

U.S. Resolution Trust Corporation

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Abstract

The Savings and Loan (S&L) industry experienced a period of turbulence at the end of the 1970's as sharply increasing interest rates caused much of the value of the industry's net worth to evaporate due to its focus on long-term, fixed rate mortgages.ⁱ As a result, a period of rapid deregulation followed, and S&Ls, also called thrifts, engaged in increasingly risky behavior despite many being clearly insolvent.ⁱⁱ This trend of yield-seeking growth on the part of zombie thrifts forced the government's hand as huge losses rendered the insurance fund backing the industry, called the Federal Savings and Loan Insurance Corporation (FSLIC), essentially bankrupt.ⁱⁱⁱ On August 9, 1989, the government passed the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), which abolished the FSLIC and created the Resolution Trust Corporation, which had resolution and disposition authority over thrifts that had failed from January 1, 1989 to August 9, 1992 (subsequently extended first to September 30, 1993^{iv} and later to July 1, 1995^v).^{vi} Immediately, the RTC was given \$50.1 billion in initial funding and management duties of tens of billions of dollars in failed thrift assets.^{vii} Using a variety of resolution methods, such as Purchases & Assumptions, Insured Deposit Transfers, and Straight Deposit Payoffs, the RTC was able to successfully resolve 747 institutions, consisting of \$455 billion (book value) in assets.^{viii} These assets were often disposed of with methods ranging from direct sales, regional and national auctions, securitization, and equity partnerships.^{ix} Despite numerous concerns centered on gaps in its funding, inadequate internal controls, and problematic contracting procedures, the Corporation managed a recovery ratio of approximately 87%^x from the disposal of these assets, and taxpayer losses were an estimated \$87.6 billion.^{xi} The RTC shut down on December 31, 1995 and transferred \$7.7 billion in remaining failed thrift assets to the FDIC.^{xii}

Keywords: Resolution Trust Corporation, Resolution, Receivership, Conservatorship, FDIC, RTC, Savings and Loans, Thrifts, Asset Management Companies

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At a Glance

The Savings and Loan (S&L) industry experienced a period of turbulence at the end of the 1970's as sharply increasing interest rates caused much of the value of the industry's net worth to evaporate due to its focus on long-term, fixed rate mortgages.^{xiii} As a result, a period of rapid deregulation followed, and S&Ls, also called thrifts, engaged in increasingly risky behavior despite many being clearly insolvent.^{xiv} This trend of yield-seeking growth on the part of zombie thrifts forced the government's hand as huge losses rendered the insurance fund backing the industry, called the FSLIC, essentially bankrupt.^{xv}

On August 9, 1989, the government passed the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), which abolished the FSLIC and created the Resolution Trust Corporation (RTC). The RTC had resolution and disposition authority over any thrifts that had failed from January 1, 1989 to August 9, 1992.²^{xvi}

The RTC was given \$50.1 billion in initial funding, as well as management duties of 262 failed thrifts, with \$115.3 billion in assets.^{xvii} Using a variety of resolution methods, such as Purchases & Assumptions, Insured Deposit Transfers, and Straight Deposit Payoffs, the RTC was able to successfully resolve 747 institutions, and to dispose of \$455 billion (book value) of their \$465 billion (book value) in assets.^{xviii} These assets were often disposed of with methods ranging from direct sales, regional and national auctions, securitization, and equity partnerships.^{xix}

Many of these transactions were done by outside contractors, as the RTC did not have the operational capacity to readily dispose of the assets of these thrifts. The contractors would usually receive management and disposition authority for nonperforming or less-marketable assets and had recovery ratios similar to other disposal methods.^{xx}

Summary Evaluation

Throughout its lifespan, the RTC continued operations through a 21-month gap in its funding, questionable internal controls, incomplete or incorrect information systems, and inadequate contracting procedures.^{xxi} Despite these serious issues, the Corporation managed a recovery ratio of approximately 87% from the disposal of these assets. Taxpayer losses were an estimated \$87.6 billion of the \$105.1 billion in funding that the RTC ultimately received.^{xxii} It was generally seen as successful in resolving the vast majority of these institutions and stabilizing a struggling industry. Just \$7.7 billion in remaining assets were passed on to the FDIC on December 31, 1995.^{xxiii}

Summary of Key Terms	
Purpose:	To resolve, manage and maximize the return on failed thrift asset portfolios with minimal taxpayer cost.
Launch Dates	February 6, 1989 (Announced) August 9, 1989 (Operational) August 9, 1989 (First Transfer)
Wind-Down Dates	July 1, 1995 (Transfer Expiration) December 31, 1995 (Last Disposal)
Program Size	Unlimited, unspecified.
Usage	747 Resolutions with \$465 billion (book value) in assets.
Type of Assets	Residential and Commercial Mortgages, Consumer loans, Mortgage-backed securities
Disposition v. Management	Disposition
Ownership	Public-owned
Centralized v. Decentralized	Centralized
Outcomes	\$455 billion (book value) disposed with 87% recovery ratio, losses of \$87.6 billion
Notable Features	Put-options allowed return of assets within a certain period.

² This was extended twice. First, to September 30, 1993, and later to July 1, 1995.

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I. Overview

Background

From the end of the 1970's onward, the U.S. Savings and Loan (S&L) industry was forced to confront a series of worsening problems. Increasing interest rates elsewhere caused savers to withdraw their money from S&Ls, who, at the time, had their deposit rates capped by the FHLBB.^{xxiv} Because S&Ls primarily originated long-term, fixed-rate mortgage loans and relied mostly on shorter-term deposit-based funding, they were quite vulnerable to changes in interest rates.^{xxv}

The initial response to this budding crisis was one of deregulation and regulatory forbearance. In 1980, Congress passed the Depository Institutions Deregulation and Monetary Control Act, gradually removing the federal government's control over deposit rates and allowing S&Ls to invest in a broader range of assets.^{xxvi} This allowed S&Ls to raise their interest rates to attract depositors, but they were unable to recoup the costs due to the long-term nature of their lower-rate, primarily mortgage-based asset pool.^{xxvii}

The composition of thrift assets also radically changed in this period. From 1981 to 1986, the percentage of thrift assets that were mortgage loans decreased from 78 percent to 56 percent.^{xxviii} S&Ls began to invest in riskier, more volatile securities, such as junk bonds and derivative instruments (Moysich 1997 - pp. 14).^{xxix} The Federal Savings and Loan Insurance Corporation (FSLIC), which insured these struggling thrifts, did not have the resources nor the capacity to resolve a growing number of insolvent S&Ls.^{xxx} The Federal Home Loan Bank Board (FHLBB), which was the principal regulator of S&Ls and of the FSLIC, had a staff of thrift examiners that was "understaffed, poorly trained for the new environment, and limited in its responsibilities and resources" (Moysich 1997 - pp.4).^{xxxi}

As a result, many of the FHLBB examiners found it very difficult to report and see negative findings properly enforced (Moysich 1997 - pp. 5-6). Solvency concerns continued to mount and, to combat this, the FHLBB would eventually lower net worth requirements in November 1980 and January 1982.^{3xxxii} However, newly formed S&Ls had up to 20 years to reach the minimum allowed net worth of three percent.^{4xxxiii} Other factors, such as the liberalization of accounting rules and ownership restrictions, resulted in overstatements of capital levels and much higher leverage ratios, respectively.^{xxxiv} The impacts of this liberalization were explained by former FHLBB Chairman, Richard Pratt, "...Two institutions with massive negative earnings could merge and the combined entity could show positive income without the operation of either institution changing."^{xxxv} This was because goodwill, under Generally Accepted Accounting Principals (GAAP), which was created when one institution purchased another for more than its book value, was allowed to be written off over 40 years, instead of 15.^{xxxvi} As a result, a slew of "goodwill mergers" took place, and, since goodwill was a

³ Requirements were lowered from five percent of insured accounts to four percent in November 1980, and from four percent to three percent in January 1982.

⁴ See footnote 3 of https://www.fdic.gov/bank/historical/history/167_188.pdf for information on the calculation of net worth.

contributor to the net worth of a thrift, these mergers dramatically inflated the net worth of many institutions.^{xxxvii}

Finally, under the generally deregulatory philosophy of the Reagan administration and its Cabinet Council on Economic Affairs, the FHLBB allowed a huge influx of new thrifts to enter the marketplace (Moysich 1997 - pp. 11-12).^{xxxviii}

Despite a decrease in interest rates in 1983, S&Ls representing 35 percent of the industry's assets were insolvent on a tangible basis.^{xxxix} The FSLIC was severely undercapitalized, but the S&L industry fought any efforts to shore up its reserves by raising the fees that S&Ls paid to the fund. By the end of 1988, 250 S&Ls with \$80.8 billion in assets were in need of resolution.^{xl} Despite its precarious position, the FSLIC resolved 222 S&Ls, totaling \$116 billion in assets, and had done so with "...minimal cash outlays and maximum use of notes, guarantees, and tax advantages, all of which make these transactions more expensive than they would have been had the FSLIC had adequate funds."^{xli} In an attempt to recapitalize the FSLIC, Congress established The Financing Corporation (FICO), which issued approximately \$10.8 billion in zero-coupon bonds and other obligations to purchase capital stock in FSLIC, much like the larger REFCORP would for the RTC.

Ultimately, these efforts to save the FSLIC would not be enough, and on August 9, 1989, Congress passed the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), which abolished the FSLIC and FHLBB and established the Savings Association Insurance Fund (SAIF), the Office of Thrift Supervision (OTS) and the Resolution Trust Corporation (RTC). The RTC had the monumental task of resolving a huge amount of failed thrifts that had overwhelmed the FSLIC.^{xlii} Additionally, the legislation established the FSLIC Resolution Fund (FRF), which was a branch of the FDIC whose primary responsibility was winding down and managing the remaining obligations of the FSLIC. The FRF would also take over any remaining obligations of the RTC after its sunset date.^{xliii}

Program Description

On the date of its inception, the RTC assumed responsibility for 262 S&Ls that the FHLBB had already placed in conservatorship since the beginning of 1989, consisting of about \$115.3 billion in assets.^{xliv} By year-end 1989, 56 more would be placed into conservatorship.^{xlv} A conservatorship is established when a regulatory authority appoints a manager, such as the RTC, to take control of a failing institution to preserve assets and protect depositors. It is meant to be a temporary solution providing time for the conservator to determine the best approach for ultimately resolving the institution (Managing the Crisis, pp. 7-8).

With an already substantial and still increasing portfolio, the RTC had to keep several mandates in mind. Most importantly, its legislation required the Corporation to maximize the net present value of the return on any asset disposition efforts while minimizing the effects of these efforts on local real estate and financial markets.^{xlvi} FIRREA also required the

RTC to efficiently use funding and to maximize the “availability and affordability” of residential property for lower-income individuals (Public Law No: 101-73).⁵ ^{xlvi}

The RTC worked in tandem with the newly-created OTS in its resolution practices. OTS would first close an insolvent thrift and then appoint the RTC as the conservator of the failing institution. OTS would assess the capital position of Institutions, and those that were undercapitalized or critically undercapitalized faced substantial restrictions designed to fix these issues.^{xlvi} Critically undercapitalized S&Ls, which, “[Had] a ratio of tangible equity to total assets that [was] equal to or less than 2%”, had ninety days before OTS was required to appoint a receiver or conservator.^{xlvi}

The legislation gave the RTC the authority to act as conservator for any thrifts that the FHLBB had put into conservatorship since the beginning of 1989 and any thrifts that the OTS put into conservatorship for three years after Congress passed FIRREA.¹ The Corporation would then assign a managing agent (usually an RTC staff member), who dealt with day-to-day operations, and one or more asset specialists to a particular institution. When appointed as a conservator, the RTC’s goals were to: (1) promote depositor confidence, (2) evaluate the condition of a given institution to determine the best method of resolution, (3) operate the institution to minimize losses, limit growth, and eliminate any speculative activities and, (4) curtail lending activity as much as possible. (“Managing the Crisis” – pp. 11)^{li} These goals were all to try and return the thrift to normal operating status and avoid going into resolution. At resolution, the thrift’s deposit liabilities (and potentially some of its assets) would either be paid off, transferred, or sold to a healthier institution.^{lii} Any remaining assets or parts of the thrift that were not sold or disposed of either in conservatorship or at resolution were given to the RTC, who now acted as a receiver rather than a conservator.^{liii} During receivership, the RTC’s primary objectives were asset disposition, subject to key mandates such as maximizing the value from sales while minimizing their effects on local real estate and financial markets and maximizing the availability of property to lower income individuals.^{liv}

Funding breakdown. In order to fund these potentially costly resolutions, the Corporation received \$50.1 billion dollars in initial funding. \$18.8 billion of this was on budget and directly appropriated by Congress, while the other \$31.3 billion was off budget, and largely financed by the Resolution Funding Corporation, or REFCORP.^{6lv} REFCORP, which was a newly-created government-sponsored enterprise (GSE), would be the primary vehicle for

⁵ The Corporation created an Affordable Housing Disposition Program (AHDP) in April 1990 to address this part of their mandate. The housing units were both single and multi-family, and qualifying households had to meet certain income criteria and agree to live in these properties for at least a year before attempting to sell them, or the RTC would receive 75 percent of the profits from selling the asset (“Managing the Crisis” - pp. 372). Nonprofit and public agencies were also eligible to buy assets as part of the AHDP. For multi-family properties, thresholds for the number of families in certain income brackets had to be maintained. See “Managing the Crisis: The RTC and FDIC Experience” Chapter 15, for more information.

⁶ See Table 4 for more information.

funding the RTC.⁷ REFCORP would issue 30-year bonds onto securities markets, and would then purchase nonvoting RTC capital certificates that paid no dividends.^{lvi} Of the initial off-budget funding, \$30.1 billion was committed to the RTC from REFCORP, and the remaining \$1.2 billion was provided by FHLBs.^{lvii} These funds were to be used either to provide working capital, or as loss funds for the Corporation.

Marketing process. In addition to managing the assets, the majority of which were housing-related, of these insolvent thrifts, the RTC engaged in marketing initiatives to attract willing buyers for parts of or entire thrifts. The Corporation would place advertisements with the name of each thrift in the Wall Street Journal and other related publications.^{lviii} Any interested buyers or investors had to either be cleared by the FDIC before participating in the resolution process or pay an admission fee in order to participate in the auctions (“Managing the Crisis” - pp. 314).^{lix} This marketing phase would normally occur right after the Corporation received its latest batch of funding, whereupon several dozen failed thrifts would undergo the process (“Managing the Crisis” - pp. 121).^{lx} It was in the Corporation’s interest to market as many S&Ls as they could to minimize the losses sustained while they were in conservatorship. To aid in this effort, the Corporation established several regional sales centers across the U.S, as well as a national sales center in Washington, D.C (“Managing the Crisis” - Pp. 297).^{lxi}

Valuation. Valuation would occur once a list of acceptable bidders was obtained, and the RTC differed from the FDIC in their parallel resolution processes in a few key ways.⁸ While internal appraisals were widely used at the FDIC, the RTC opted to work in conjunction with key market participants, such as real estate and financial consulting firms, to obtain a more market-oriented valuation, which was often lower than that of the FDIC.^{lxii} This sped up the asset disposition process but lowered recovery ratios (“Managing the Crisis” - Pp. 297 – 298).^{lxiii} In general, the RTC worked in tandem with the private sector much more often than the FDIC, often contracting out the marketing, valuation, and sales duties for nonperforming assets, while leaving performing assets with the more conventional servicers (“Managing the Crisis” - pp. 296).^{lxiv} These private contracts were made under the Standard Asset Management and Disposition Agreement, or SAMDA.^{lxv} The RTC was also mandated to include Minority or Women-owned Businesses (MWOBs) as contractors. MWOBs had their own separate contracting program that commenced in the early 1990’s and would be more refined as time went on.

After valuation, the RTC would hold a conference to determine the least costly resolution option. Potential contractors would attend, perform due diligence on a given portfolio of assets or securities, and submit sealed bids to the Corporation.^{lxvi} These bids would include bids for both management and disposition fees. These contractors were usually given nonperforming assets, or assets of thrifts that had substantially less franchise value.^{lxvii}

⁷ Government-sponsored enterprises (GSEs) are financial services corporations chartered by the federal government designed to facilitate the movement of various forms of credit through the financial system.

⁸ The FDIC was normally the entity that conducted resolution and disposition efforts during times of normal economic activity. Prior to FIRREA, the FSLIC was the primary resolution authority for thrifts, however.

Additionally, the Corporation engaged in direct sales of assets as their portfolio continued to grow. The methods of resolution and disposition are described in detail below.

Resolution Methods

Table 1: RTC Resolution Methods

Method	Description
Purchase and Assumption (P&A)	Healthy institution purchased all deposit liabilities and some or all assets of a failing institution.
Insured Deposit Transfer (IDT)	All insured deposits were transferred to a healthy institution. RTC sells remaining assets.
Straight Deposit Payoff (SDP)	RTC paid out money to cover depositors and sells remaining assets. Complete liquidation.
Accelerated Resolution Program (ARP)	Similar process to P&A, but done before conservatorship, with a more thorough valuation and more qualified bidders

The RTC had three primary methods of resolution when it was appointed as a conservator for a failed thrift. The first were Purchase and Assumption (P&A) Transactions, in which a solvent institution purchased, either wholesale or piecemeal, the assets and deposit liabilities (including all insured deposits) of a distressed thrift.^{lxviii} Insured Deposit Transfers (IDTs) involved the bulk transfer of insured and secured liabilities to a healthy institution. The depositors of the failed banks were given a “transferred deposit” account at the acquiring institution, which acted as the RTC’s agent.^{lxix} In Straight Deposit Payoffs (SDPs) no assets or liabilities would be assumed, and the RTC would directly pay the depositors of a failed thrift the amount of insured deposits.^{lxx} Finally, the RTC also started an Accelerated Resolution Program (ARP) to resolve thrifts with substantial franchise value prior to putting them into conservatorship in the summer of 1990.^{lxxi} The process for the ARP tended to use more selective solicitation methods and more thorough valuation processes to ensure more assets would be sold at resolution.^{lxxii} MWOBs were included in the resolution process in such a way that minority bidders would have preference if they were the same ethnicity as the previous owner, or if a property was located in an area where 50 percent or more of the residents were minorities.⁹ Due to significant stress in the banking industry at the beginning of the 1980’s, the FDIC also had been using these three as staple resolution mechanisms. However, the FDIC also modified these and introduced new measures as the crisis developed, such as using Open Bank Assistance (OBA) more frequently, income maintenance agreements, and net worth certificates.¹⁰

⁹ These preferential rules were followed only if the minority bid was less costly than a deposit payoff. The 50 percent rule was adopted in 1993.

¹⁰ See Chapter 4 of the FDIC Resolutions Handbook for more information.

<https://www.fdic.gov/bank/historical/reshandbook/resolutions-handbook.pdf#page=22>

Asset Disposition Methods

Table 2: RTC Asset Disposition Methods

Method	Description
Auctions (Regional and National)	Sealed-bid auctions of packages of loan portfolios that were valued and marketed privately.
Securitization	Commercial and residential assets packaged for sale to GSEs or private buyers. RTC used external credit support to improve credit rating.
Equity Partnerships	General Partners managed, serviced, and disposed of assets in portfolio and contracted where needed. Profits distributed pro rata.
Private Contractors	SAMDA contractors assumed all responsibility of disposition and (sometimes) management of assigned assets. No multi-asset sales allowed.

In general, performing assets tended to be the target of disposal first, as they were easier to market and sell off. Initially, any real estate sales that were done by the RTC had to be for no less than 95 percent of whatever the RTC-appraised market value was.^{11 lxxxiii}

Though primarily used as a method of resolution, P&A transactions also allowed potential buyers to select some (or all) of a failed thrift's assets to assume, in addition to their insured deposits. Auctions were a widely-used method by the Corporation, which began using regionally-based auctions in June of 1991.^{lxxxiv} Small loans were placed into pools or packages of loans which would then be sold off to willing bidders.^{lxxxv} This system of regional auctions would eventually be phased out for a more streamlined National Loan Auction Program in 1992 ("Managing the Crisis" - pp. 35).^{lxxxvi} By December 1990, the RTC also had adopted its own securitization process to aid in its disposal of troubled assets.^{lxxxvii} The securities included assets such as commercial mortgages, multifamily properties, consumer loans, and other types of nonperforming loans.^{lxxxviii} For many of these securities, the RTC provided external credit support through the use of cash reserves and other methods to ensure that they would be rated highly.^{lxxxix}

Equity partnerships were another novel mechanism for asset disposition. Generally, the RTC would act as a limited partner (LP) in conjunction with an industry-savvy private-sector investor as a general partner (GP).^{lxxx} The LP would contribute pools of non/marginally performing assets, while the GP provided asset management services.^{lxxxii} Both the LP and the GP provided equity capital.^{lxxxii} The GP would also be completely responsible for the management and disposition of whatever assets the LP contributed and received some of the proceeds from the net recovery on these assets in lieu of management fees. ("Managing the Crisis" - Pp. 300-301.)^{lxxxiii}

¹¹ This was later amended to 70 percent in March of 1991 to attract more willing buyers and accelerate the asset disposition process.

The final method of disposition involved the use of RTC contracting agreements, called SAMDA contracts. These had an initial term of three years, with the option of three one-year extensions.^{lxxxiv} There were two types of SAMDA contracts, with the differences largely based on how the disposition fees were paid out to private contractors.^{lxxxv}

The RTC also included features like asset putback provisions, or “put” options, as well as extensive Representations and Warranties (R&Ws) to encourage the timely disposition of its portfolio. Put options allowed acquirers to perform due diligence and return any S&L assets that they did not wish to keep within a specified timeframe. This was usually between 30 and 90 days, but would later be increased to 18 months in the spring of 1990 (“Managing the Crisis” - pp. 130).^{lxxxvi} R&Ws were guarantees to buyers that whatever assets they are purchasing meet certain quality requirements. These requirements would be gradually broadened to be more in-line with those offered in private markets in the early 1990s.^{lxxxvii}

Oversight. In 1990, the RTC established an Office of the Inspector General (OIG) and was also subject to the new Chief Financial Officers Act (CFOA) of 1990.^{lxxxviii} This act required the RTC and any other government corporations to submit audited financial statements and reports to Congress.^{lxxxix} In the original iteration of FIRREA, the RTC also had (1) a five member Oversight Board, which handled much of the general administrative and organizational policing of the Corporation and (2) an exclusive manager in the FDIC.^{xc}

Outcomes

Table 3: Periods of Asset Disposition (1989 – 1995, USD billions)

Time	Assets	Percentage of Total
During Conservatorship	\$157.7	39%
At Resolution	\$75.3	19%
During Receivership	\$169.6	42%
Total	\$402.6	100%

Source: Managing the Crisis - Page 33

The RTC immediately inherited 262 conservatorships from FSLIC on August 9, 1989 and opted to resolve the S&Ls with the least franchise value first (“Chronological Overview” Chapter 12, “Managing the Crisis” – pp. 24.)^{xcv} In the initial phase of the S&L crisis, the RTC had less than two months to spend their \$18.8 billion in appropriated funds due to the fiscal year ending and its appropriations expiring.^{xcvii} As a result, many of the resolutions in 1989 were Straight Deposit Payoffs and Insured Deposit Transfers, despite the associated costs being higher.^{xcviii} The RTC also used this initial \$18.8 billion to lend to thrifts in conservatorship at relatively low interest rates, replacing high-cost funding from certificates of deposit (CDs).^{xcix} This helped lower the operating losses for insolvent S&Ls. Concerns from politicians and local institutions about excessive dumping of troubled assets hampered the Corporation’s resolution efforts, and a lack of willing buyers, despite ample invitations to bid on failed thrifts, contributed to the RTC sustaining heavy operating losses in the first three years of its lifespan.^{cx} The majority of the Corporation’s losses would occur during this time period.^{cxv} Other initiatives, such as the widely-successful “Operation Clean Sweep” (discussed below) and less-successful asset putback provisions, were part of the Corporation’s early efforts.

As the initial impact of the crisis became less pronounced, the RTC’s losses lessened and it was able to dispose of more assets in more varied ways. Due to their cost-effectiveness, P&A transactions became the primary method of resolution and a significant part of asset disposition, as well.^{cxvii} Other initiatives, such as the ARP, equity partnerships, in-house securitization, broad auction systems, and the widespread use of contractors all were effective means of effective asset disposition.^{cxviii} The Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 (RTCRRIA) gave the RTC \$25 billion in additional funds from taxpayers, but with a set expiration date of April 1, 1992 (Public Law No: 102-233).^{cxix} After the expiration of this appropriation, the Corporation did not receive additional funding from April 1992 until December 1993, a period of almost 21 months.^c During this time, the RTC experienced numerous delays in resolution and disposition procedures until finally being granted the remainder of its expired RTCRRIA appropriation (\$18.3 billion) in the Resolution Trust Corporation Completion Act of 1993 (RTCCA) (Public Law No: 103-204).^{ci}

The RTC was then able to finish managing the crisis, sustaining total losses of about \$87.6 billion of the \$105.1 billion in total funding.^{cii} Despite the problematic nature of a significant

portion of its assets, the Corporation managed an overall recovery rate of approximately 87%.^{ciii} From its inception on August 9, 1989 to its closing date on December 31, 1995, the RTC resolved a total of 747 failed thrifts, with \$402.6 billion in assets at failure and \$220.6 billion in deposit liabilities at the time of resolution.^{12civ} These outcomes are discussed in detail below.

Market Conditions. Financial markets, particularly early on in the crisis, were extremely risk-averse to the RTC's asset disposition efforts. In the first quarter of 1990, for instance, over 7,500 institutions were invited to bid on 52 thrifts that had already been resolved. Despite this, only 194 submitted bids, and only two of the transactions were whole thrift, indicating that the market thought that there was not only a glut of thrifts, but also that the asset side of their balance sheets held little value. ("Managing the Crisis" - pp. 128)^{cv}

Table 4: RTC Funding Breakdown (1989 - 1995, USD Billions)

Legislation	Appropriation	REFCORP	FHLBs	Total
FIRREA (1989)	\$18.8	\$30.1	\$1.2	\$50.1
RTCFA (1991)	\$30	-	-	\$30
RTCRRIA (1991)	\$25	-	-	\$25
RTCCA (1993)	-. ¹³	-	-	-
Total	\$73.8	\$30.1	\$1.2	\$105.1

Source: Managing the Crisis - Page 124 - 126

The Resolution Trust Corporation Financing Act (RTCFA) of 1991 and the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act (RTCRRIA) of 1991, gave the RTC an additional \$30 billion and \$25 billion dollars in funding, respectively.^{cvi} However, the RTCRRIA stipulated that, in the case of the RTCRRIA, it had to be used before April 1, 1992.^{cvi} The RTC was unable to use all of the \$25 billion from RTCRRIA, and was forced to give \$18.3 billion back to the Treasury due to the deadline passing.^{cvi} As a result, the RTC did not receive any new appropriations or funding from either Congress or REFCORP until December 17, 1993, when the Resolution Trust Corporation Completion Act (RTCCA) of 1993 was passed, a period of 21 months.^{14cix} As a result of this funding gap, the number of days until resolution increased to 596, or over 19 months.^{cx} RTCCA allowed the remaining \$18.3 billion to be used to finish the resolution and disposition processes. Over the course of the RTC's lifespan, the average length of a conservatorship lasted approximately 13 months.^{cx}

¹² See Table 5 and Table 8 for more information.

¹³ The RTCCA of 1993 released the leftover \$18.3 billion that were given to the RTC as a result of RTCRRIA (1991) but never committed before the April 1, 1992 deadline. RTCCA allowed the Corporation to use these funds to finalize the resolution and disposition of any remaining assets. These funds are excluded from the funding total, as a result.

¹⁴ The RTCCA also extended the RTC's conservatorship / receivership authority from September 30, 1993 to July 1, 1995.

Asset Putback Provisions, often called “put” options, enabled acquirers to return any assets that they did not ultimately want. The RTC sold about \$40 billion in failed assets with put options attached.^{cxii} While this approach was initially thought to have sped up asset disposition, over \$20 billion in assets would ultimately be returned through this method.^{cxiii}

Despite concerns about the additional administrative burden and substantial claims costs, the RTC found that asset sales with Representations and Warranties were generally more profitable. For instance, single-family mortgages were expected to sell nearly two to three hundred basis points higher with R&Ws than without, while costs were expected to be in the range of just 24 to 36 basis points (Moreland-Gunn et al. 1996 - pp. 12).^{cxiv}

Resolution Methods

Table 5: Results of RTC Resolutions (USD Millions)

Method	Number	Assets	Deposits	Cost	Avg. Cost
Purchase and Assumption (P&A)	458	\$316,582	\$161,000	\$62,395	19.7%
Insured Deposit Transfer (IDT)	158	\$52,208	\$31,000	\$15,974	30.6%
Straight Deposit Payoff (SDP)	92	\$12,013	\$8,400	\$6,375	53.1%
Accelerated Resolution Program (ARP)	39	\$21,812	\$20,200	\$2,800	12.8%
Total	747	\$402,615	\$220,600	\$87,544	21.7%

Source: Managing the Crisis – Pages 123, 142 – 144

P&As made up about two-thirds of the RTC’s resolution methods in its six year lifespan, representing \$161 billion of failed thrift deposit liabilities.^{cxv} IDTs and SDPs comprised the other third of resolutions, or about \$39.4 billion of failed thrift deposit liabilities.^{15cxvi} SDPs were much more common early on in the crisis. In 1989, for instance, the majority of resolutions were SDPs and IDTs despite them being more costly resolution methods.^{cxvii} This was largely due to the need to use the \$18.8 billion in original funding before the fiscal year ended. Of the 92 SDPs that took place, 84 of them occurred between 1989 and 1991.^{cxviii}

Combined, the average cost of the three major resolution mechanisms as a percentage of total assets was about 21.8%.^{cxix} P&As were, predictably, the most cost effective of these, while IDTs and SDPs were not used as often, and were significantly more expensive as a percentage of total assets.¹⁶ (“Managing the Crisis” - pp. 142)^{cxx} The Accelerated Resolution Program, though not widely used due to the funding drought in 1992 and 1993, was used to resolve 41 failed thrifts.^{17cxxi} These institutions represented \$20.2 billion of total failed thrift deposits, and the RTC’s losses were lowest for ARP institutions. 80% of all conservatorships, or 567, were for thrifts that had \$500 million in assets or less.^{18cxxii}

The RTC’s approach to quickly minimize their initially high operating losses was best seen in “Operation Clean Sweep”, where, in the period from March 21, 1990 to June 30, 1990, the

¹⁵ See Figure 1 and Table 9 for more information.

¹⁶ See Figure 3 for more information.

¹⁷ This includes two institutions that were not yet in conservatorship and were resolved via P&A transaction and thus were not in the ARP.

¹⁸ See Table 10 for more information.

RTC resolved 155 thrifts with \$44.4 billion and \$38.7 billion in total assets and deposits, respectively.^{cxxiii} The total cost of these resolutions came in at an estimated \$18 billion, which was well under the \$32 billion allocated for the project.^{cxxiv} 78 of the resolutions, totaling \$36.6 billion in assets, were P&As.^{cxxv} IDTs and Straight Deposit Payoffs made up just \$7.8 billion, or 17.6% of the total number of assets.^{cxxvi} The conservatorships chosen were projected to have some of the highest resolution costs, and helped improve public perception of a politically unpopular program.^{cxxvii}

Asset Disposition Methods

Table 6: Estimates of RTC Disposition Efforts (USD Billions)

Method	Number	Assets	Recovery	Avg. Recovery
Auctions (Regional and National)	20	\$4.9	\$2.4	48.8%
Securitization ¹⁹	72	\$42.2	\$14.6	34.7%
Equity Partnerships ²⁰	42	\$9.0	\$4.1	45.6%
Private Contractors ²¹	199	\$48.5	\$23.3	48.0%
Total	-22	\$104.6	\$44.8	42.8%

Source: Managing the Crisis, pages 321 – 324 (Auctions), 360 (Contractors), 420 (Securitizations), 447 (Equity Partnerships)

Of the \$105.1 billion in financing given to the RTC via direct appropriation or through REFCORP, \$87.6 billion was used as loss funds.^{cxxviii} However, 94.4% of these losses, or \$82.7 billion, occurred from 1989 to 1991.^{23cxxix} This very clearly illustrates the RTC’s objective of handling the least marketable institutions first. The assets from these thrifts couldn’t be sold directly or auctioned off because their market value was substantially less than the 95 percent minimum disposition price required by FIRREA.^{cxxx} Some assets were able to be disposed of at resolution, usually via P&A transactions. While few P&As were whole-thrift, the RTC pushed heavily for the disposal of assets during the resolution process and, by the end of the program, \$75.3 billion assets had been disposed of at the time of resolution.^{cxxxi} Less than half of the assets that the RTC managed were retained for disposition during the receivership process.^{cxxxii}

¹⁹ “Number” is the total number of securities issued by the RTC. “Assets” represents the original value of the securities issued. “Recovery” represents the value of these securities as of June 30, 1997. These data exclude 2 commercial real estate securities issued by the FDIC for \$762 million and \$723 million.

²⁰ “Number” is the number of equity partnerships engaged in by the RTC, not including Judgements, charge-offs, and deficiencies (JDCs). See Table I. 17-3 in “Managing the Crisis” for more information. “Recovery” is the NPV of the RTC’s net collections.

²¹ “Number” is the number of contracting agreements issued. “Recovery” represents Gross Collections from the RTC. These collections exclude all loan payments made prior to 1993, and any collections for assets withdrawn by the RTC were recorded as the lesser of 90 percent of an asset’s estimated recovery value or its derived investment value. See Table I. 14-13 of “Managing the Crisis” for more information.

²² The sum of disposition efforts was not calculated because of heterogeneity across asset disposition methods. The number of assets ultimately disposed of in each method is not known.

²³ See Figure 2 for more information.

A total of 20 regional and national loan auctions, were conducted from June 1991 to December 1995. The RTC sold over 141,000 loans at these and managed a recovery ratio of 48.8%. National auctions had a much greater recovery value.^{cxxxiii}

The RTC's securities that were backed by residential and multi-family real estate sold very well, making the Corporation the third-largest issuer of residential mortgage-backed securities (RMBS) behind Fannie Mae and Freddie Mac.^{cxxxiv} The RTC's massive commercial securitization efforts helped blossom the commercial mortgage securitization industry from \$6 billion in 1990 to \$80 billion by 1997.^{cxxxv}

Equity partnerships allowed the Corporation to retain a role in how its assets were managed and curry additional interest with potentially willing acquirers.^{cxxxvi} As a whole, equity partnerships performed as well as or slightly above other RTC resolution methods, such as auctions, multi-asset sales transactions, and sealed bids. ("Managing the Crisis" - pp. 447-448)^{cxxxvii}

Over the course of the RTC's term, 199 SAMDA contracts spanning 91 different contractors were issued.^{cxxxviii} These contractors had net collections of about \$18.9 billion ("Managing the Crisis" - pp. 360).^{cxxxix} At the end of the program on December 31, 1995, about \$2.1 billion in assets remained, and were given to the FDIC along with the rest of the RTC's assets.^{cxl} Owned real estate (ORE) assets represented \$18.7 billion, or 40.3 percent of total SAMDA assets, with a collection ratio of 51.3 percent.^{cxli}

Losses and Recoveries

747 institutions were resolved by the RTC, and, from 1986 through 1995, the number of thrifts in the U.S. declined from 3,234 to 1,645.^{cxlii} Cost estimates varied widely, but the FDIC suggested, after factoring in costs from both the RTC, the FSLIC, FRF, and any indirect costs, that the total public sector losses were about \$123.8 billion. Private sector loss estimates were high too, at \$29.1 billion. (Curry and Shibus 2000 - pp. 33)^{cxliii} GAO reported that direct costs were a bit higher, at \$160.1 billion, with \$87.9 billion in direct costs to the RTC.^{cxliv} Overall recovery rates on asset disposition efforts were been estimated to be about 87% (Shorter 2008).^{cxlv} \$7.7 billion in failed thrift assets remained as of December 31, 1995, which were transferred to the FRF.^{cxlvi} Of the approximately \$465 billion (book value) in assets that the RTC was tasked with disposing, it managed to dispose of approximately \$455 billion (book value), or 98 percent ("Chronological Overview" Chapter 18).^{cxlvii}

II. Key Design Decisions

1. The Resolution Trust Corporation was a part of a package of programs established through the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA)

FIRREA created the Resolution Trust Corporation and abolished the Federal Home Loan Bank Board (FHLBB) and FSLIC, while transferring the remaining duties of managing the FSLIC's affairs to the FDIC-run FSLIC Resolution Fund (FRF).^{cxlviii} Any responsibilities for

managing failed thrifts then fell on the RTC and OTS. SAIF took over what would effectively become deposit insurance for S&Ls once the crisis had been resolved.

2. Congress passed FIRREA on August 9, 1989, to provide the legal basis for the Resolution Trust Corporation.

Title V, Section 501 of FIRREA established the RTC and its Oversight Board, as well. It stated specifically that the duties of the RTC were to “manage and resolve” depository institutions that were insured and had been placed into conservatorship by the FSLIC from January 1, 1989 to August 9, 1989 (Public Law No: 101-73).^{cxlix} Additionally, it gave the RTC resolution authority over any S&Ls that would become insolvent in the three-year period following August 9, 1989.^{cl}

3. The RTC’s communication efforts largely centered around the protection of depositors and minimizing losses to the taxpayer, while committing to being as transparent as possible.

Much of the RTC’s early days were fraught with severe political backlash, primarily due to the speed of its cleanup and the allocation of its funds. In particular, Representatives Annunzio and Carroll Hubbard, from Illinois and Kentucky, respectively, were some of the program’s earliest detractors. In his prepared statement at the first meeting of the Oversight Board in front of the House Committee on Banking, Finance, and Urban Affairs, Representative Annunzio explained that, “The American people are disgusted with the lack of progress of the savings and loan cleanup. Every constituent is deeply frustrated with the slow pace of the RTC and the Justice Department.”^{cli} He went on to motion against the company’s extensive use of put options, which had, “...created a situation in which the acquirers have up to an 18-month free ride period to examine an institution’s assets.”^{clii}

Representative Hubbard echoed this sentiment in his own statement, “You may not get out among the American people as I do and many of our colleagues do, but you must realize that support for this operation is gone. Yesterday the RTC said it needs more money. We here, have the bottom line. You cannot get another dollar of public funds for this operation until the taxpayers’ interests come first, and the crooks, and the con artists, and the financial gunslingers are put in jail.”^{cliii}

Both of these accounts, as well as those of others on the committee, signified a dwindling pool of public support, if not one that had been already completely evaporated so shortly into the program’s lifespan.

In this same session, then-Chairman of the Oversight Board Nicholas Brady explained that their primary goal when creating the RTC, first and foremost, had been to protect depositors.^{cliv} Brady addressed the claim of being too lenient on thrifts, “We are not bailing out shareholders of S&Ls, we are not bailing out management, we are not in this to preserve the institutions; in fact, many will be lost. [Money] spent [is] spent to protect depositors.”^{clv} Much of his communication to the Committee was that the problems facing the industry were much more widespread than previously thought, and that the RTC wasn’t in the business of speculating on future losses.^{clvi} He did say that, based on the current economic climate, losses

were likely to range from \$90 to \$130 billion, which ultimately slightly more than what the RTC ended up sustaining.^{clvii} Brady ended his statement by reaffirming the RTC's original commitment made by President Bush to, "protect depositors, clean up the industry at the least cost to the taxpayers, and punish the criminals."^{clviii}

The philosophy of "depositors first", according to RTC resolution data, shows up in the composition of the Corporation's resolution strategies throughout its lifespan. Early on, the RTC opted to engage in more rapid resolution methods via Straight Deposit Payoffs (SDPs) and Insured Deposit Transfers (IDTs), for many of the thrifts that had been in conservatorship prior to FIRREA.^{clix} Using these tools, depositors who had been in limbo would be made whole much more quickly than if the RTC had used the marketing and solicitation tactics necessary to complete a Purchase and Assumption (P&A) transaction, despite them usually resulting in lower costs.^{clx}

William Seidman, the Chairman of the RTC, would reinforce the ideas in Brady's testimony with his own about two years later. Seidman explained that, of the 646 institutions that the RTC had become responsible for, they had closed 511 of them, and approximately 16 million depositors, with average balances of about \$9,000, had been protected.^{clxi} In his rundown on the program's operations, Seidman also talked about the RTC being, "committed to a philosophy of openness and public accountability."^{clxii} To this end, Seidman cited 1) the establishment of a "Public Reading Room", which had synthesized over 29,000 inquiries from the RTC's creation through July of 1991, and 2) the creation of regional "Public Service Centers", which had processed about 20,000 inquiries in the same time period.^{clxiii}

Because the Oversight Board and RTC executives were required to regularly meet with members of Congress, these publicly available testimonies and discussions made up a substantial part of the RTC's communications efforts.²⁴

4. The Corporation was managed at first by the FDIC and had a five-member Oversight Board but Congress gave it more operational independence in 1991.

Under the original legislation, the FDIC acted as the day-to-day manager of the RTC and the FDIC's board was the RTC's board.^{clxiv} The Corporation was responsible for any administrative costs.^{clxv} The members of the Oversight Board consisted of the following:

- 1) The Secretary of the Treasury
- 2) The Chairman of the Federal Reserve Board of Governors
- 3) The Secretary of Housing and Urban Development
- 4) Two "independent members" appointed by the President. These nominations would be advised on by the Senate Committee on Banking, Housing, and Urban

²⁴ The RTC also faced a substantial amount of criticism from the Government Accountability Office (GAO) during its early years. The specifics, as well as the RTC's subsequent efforts to address them, are outlined in the Evaluation section.

Affairs^{clxvi} These members would have three year terms and had to be from different political parties.^{clxvii}

The board had several important functions, such as the ability to establish national and regional advisory boards, evaluate audits conducted by the Inspector General, and generally review the Corporation's performance.^{clxviii} In addition, a variety of internal controls had been adopted with the passage of FIRREA.

- 1) The RTC would receive an annual audit by the General Accounting Office with the help of an independent CPA^{clxix}
- 2) The RTC was required to submit annual reports that included audited financial statements^{clxx}
- 3) The Oversight Board was authorized to remove the FDIC as exclusive manager if the FDIC failed to adhere to the strategic plan, failed to maintain / achieve financial goals, committed fraud or abuse, and/or failed to obtain value that was close to the market value of the assets they were selling^{clxxi}
- 4) The clearly defined sunset date of the Corporation acted as an internal control mechanism as well, to ensure that the government would not remain as a major player in the mortgage market for longer than necessary

The Corporation was authorized to have contractors take part in its resolution activities, provided they complied with any relevant FIRREA provisions and acted as a fiduciary for the assets under contract. These contractors could not be in any way affiliated with or be employed by any RTC-managed institution.

Additionally, the RTC Oversight Board was required to appear twice a year before the Committee on Banking, Finance, and Urban Affairs and answer questions about the RTC's activities. The board also published annual reports from 1989 to 1995. Section 501 of FIRREA specified a "semiannual appearance" by the members of the RTC's Oversight Board to report on:

- 1) Matters of thrift resolution and asset disposition
- 2) Cost estimates for remaining resolution and disposition efforts
- 3) The impacts that asset disposition efforts were having on local real estate and financial markets
- 4) Estimates of remaining costs and exposure, additional income, and funding needs^{clxxii}

The annual reports, which were publicly available, contained audited financial statements from the Corporation, overviews of its asset disposition methods, and comments from the Oversight Board of the RTC (later the Thrift Depositor Protection Oversight Board) about the Corporation's operation.^{clxxiii} Extensive statistics about the number and cost of resolutions for individual institutions, as well as the number of conservatorships, were also made publicly available through these reports.^{clxxiv}

However, the passing of the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 on November 27 streamlined much of the RTC's administrative structure and gave it more freedom to act independently. Some of the issues included, "...The RTC's need for interim funding and concerns that its dual board structure was cumbersome and inefficient (for example, the Oversight Board had to approve policies recommended by the RTC/FDIC board..."^{clxxv} Ultimately, RTCRRIA did the following:

- 1) Repurposed the RTC's Oversight Board as the Thrift Depositor Protection Oversight Board, which no longer included the Secretary of Housing and Urban Development.^{clxxvi}
- 2) Abolished the RTC's board of directors^{clxxvii}
- 3) Removed the FDIC as the exclusive manager of the RTC^{clxxviii}
- 4) Established the Office of the Chief Executive Officer of the RTC. The CEO would be a presidential appointee (Public Law No: 102-233)^{clxxix}

5. There was no statutory limit to the size of the RTC's balance sheet.

The OTS would appoint the RTC as the conservator of any previously FSLIC-insured thrifts that became insolvent within the time period specified by FIRREA.^{clxxx} The legislation made no indication of an overall limit on the size of its balance sheet.

6. The RTC received \$50.1 billion in initial funding from Congress, through FHLBs, and via The Resolution Funding Corporation (REFCORP).

The funding of REFCORP was a topic of substantial Congressional debate. While the RTC could have been funded completely through appropriations, the costs would have more significantly impacted the federal deficit.^{clxxxi} \$18.8 billion of the original \$50.1 billion was on budget, appropriated by Congress, and expected to be used by the end of the fiscal year (September 30, 1989).^{clxxxii} \$31.3 billion was off budget, with \$1.2 billion being provided by Federal Home Loan Banks (FHLBs) and \$30.1 billion raised by REFCORP.^{clxxxiii} REFCORP was managed by the FHLB system, and would issue long-term (30-40 year) debt onto public securities markets to obtain funding.^{clxxxiv} With this funding, REFCORP would then purchase nonvoting RTC capital certificates that paid no dividends. Interest on the bonds was paid by Federal Home Loan Banks (FHLB), and the U.S. Treasury ("Managing the Crisis" - pp. 124).^{clxxxv} By structuring the funding this way, Bush administration officials said, "would allow [Bush] to have an increased revenue base under which to finance Federal programs without increasing the deficit or exceeding Gramm-Rudman targets" (Dowd 1989).^{clxxxvi}

While the original \$50.1 billion was a mix of taxpayer, REFCORP, and FHLB funding, the RTCFA of 1991 and the RTCRRIA of 1991 gave \$30 and \$25 billion in taxpayer funding. These funding infusions brought the total to \$105.1 billion for loss-sharing and working capital

(Public Law No: 102-18 and Public Law No: 102-233).^{25clxxxvii} Approximately \$87.6 billion in direct taxpayer losses were ultimately incurred.^{clxxxviii}

All loss funds were provided via Congressional appropriations, REFCORP or FHLBs, and the RTC was to take on any losses realized. Losses were calculated by seeing how much the RTC would need to pay to cover depositor claims, then estimating how much it would recover from the sale of that institutions' assets. Any amount recovered from these sales was to be considered working capital. The RTC also had the capacity to file in bankruptcy court to recover on losses. For instance, the FDIC and RTC both filed a \$6.8 billion claim against Drexel Burnham Lambert, Inc. in 1990 due to heavy junk bond-related losses incurred by 45 institutions under their management ("Chronological Overview" Chapter 13).^{clxxxix}

7. Initially, FIRREA stated that the RTC would have resolution authority over depository institutions that were FSLIC insured and in conservatorship during a defined period.

The newly-created Office of Thrift Supervision (OTS) was responsible for placing any insolvent thrifts into conservatorship and appointing the RTC as the resolution authority.^{cx} Any thrifts that had either been in conservatorship from January 1, 1989 to August 9, 1989, which was the day FIRREA was passed, were eligible.^{cxci} Additionally, the OTS could also appoint the RTC as a conservator for any failed S&L's for three years following the passage of FIRREA.^{cxcii}

Originally, the RTC had a sunset date of December 31, 1996, but the RTC Completion Act of 1993 would amend both the sunset and eligibility dates to December 31, 1995 and July 1, 1995, respectively.^{cxiii}

8. All assets of failing savings and loans institutions were eligible.

The vast majority of the RTC's assets were real-estate related, with about half consisting of commercial and residential mortgages.^{cxiv} All other types, such as owned real estate, other assets/loans, and securities made up the other half of its portfolio.^{cxv}

9. The RTC was appointed as the conservator or receiver of a thrift by the Office of Thrift Supervision (OTS) after it had declared the institution insolvent.

The Office of Thrift Supervision had five tiers of capital adequacy in their Prompt Corrective Action (PCA) Guidelines. Critically undercapitalized institutions, which were ones that, "[Had] a ratio of tangible equity to total assets that is equal to or less than 2%."^{cxvi} Institutions that were undercapitalized or critically undercapitalized often faced limitations such as those on asset growth, capital distributions, and expansion through acquisitions or branches.^{cxvii} If an S&L had been critically undercapitalized for ninety days, the OTS was required to appoint a receiver or conservator, though this was not the only way OTS was able to utilize its conservatorship authority.^{cxviii}

²⁵ See Table 4 for more information.

Initially, the RTC was eligible to act as a resolution authority for institutions put into conservatorship from January 1, 1989 to August 9, 1992. This horizon would later be extended twice - first, to September 30, 1993 with the passing of the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act (RTCRRIA) of 1991, and finally to July 1, 1995 with the passing of the Resolution Trust Corporation Completion Act (RTCCA) of 1993 (Public Law No: 103-204).^{ccix}

10. The RTC adopted conventional resolution methods used by the FSLIC and FDIC, and also introduced an accelerated method that skipped conservatorship.

The RTC resolved 747 insolvent institutions through a variety of conventional resolution methods. These were Purchases and Assumptions (P&As), Insured Deposit Transfers (IDTs), and Straight Deposit Payoffs (SDPs).^{cc} P&As were the RTC's preferred method of resolution, as they were by far the most cost-effective.^{cci} However, they required a lengthy marketing, valuation, and bidding process that IDTs and SDPs did not need. About two-thirds of resolutions were done through P&As.^{ccii} By the spring of 1990, the RTC also allowed individual branches of failed thrifts to be purchased, thus encouraging a broader group of acquirers to participate.^{cciii}

IDTs were more cost-effective than an SDP due to the agent (purchasing) bank's ability to offer its services to new potential depositors.^{cciv} SDPs were used more early on, but were more costly than the other two due to the RTC having to directly pay off all deposit liabilities and take on all assets.

In the event that a resolution prior to insolvency could save taxpayers money, the RTC and OTS developed the Accelerated Resolution Program (ARP) on July 10, 1990.^{ccv} The Corporation theorized that, early conservatorship for thrifts that still had some market value would cost more to the taxpayer due to the negative public connotation around conservatorship.^{ccvi} The goal behind the ARP was to assist institutions prior to conservatorship that still had substantial franchise value and had not been declared insolvent by the OTS. Rather than use broad solicitation methods, the RTC opted to market more selectively, using the FDIC's National Marketing List (The "List") in conjunction with the OTS.^{ccvii} The List aggregated sets of potential acquirers into one database, and the RTC Marketing Section would target specific potential buyers based on the types of assets that they were scheduling to sell.^{ccviii} Valuation was generally more thorough because the Corporation wanted all of a failed thrift's assets to be offered at sale.^{ccix} While conventional RTC resolutions sometimes had assets sold before the resolution process, ARPs had all of a thrift's assets on sale.^{ccx} No put options were available for ARP transactions.²⁶ Generally, loans were sold to asset-only acquirers at higher prices than the RTC's valuation, though lower than what the FDIC would value them at. This reflected the difference in valuation methodologies, where the RTC was more likely to accept bids that were lower because they tended to account for marketplace realities.^{ccxi}

²⁶ However, there were standard Representations and Warranties agreements on all ARP transactions.

Institutions that were resolved via the ARP all were done through P&As, and 41 of the 747 resolutions were ARP.^{ccxii} The program's effect was limited in part due to the RTC's appropriation expiring on April 1, 1992 and the 21 month funding gap that followed.^{ccxiii} However, the costs for resolutions under the program were much less, and a greater percentage of assets tended to be purchased.^{ccxiv}

11. Congress mandated that the RTC balance the interests of the taxpayers with the potential social and economic impacts of its asset sales.

In FIRREA, Congress gave the RTC several mandates that often conflicted with one another. The RTC was required to:

- 1) Maximize the NPV of the return on any asset disposition efforts or sales.^{ccxv}
- 2) Minimize the impact that these disposition efforts would have on local real estate and financial markets.^{ccxvi}
- 3) Maximize both the "preservation and affordability of residential real property for low and moderate-income individuals."^{ccxvii}

These mandates could conflict. For instance, the first objective might involve the sale of as many assets as possible, as quickly as possible, to ensure the highest rate of return. In doing so, however, this could be considered "dumping", and potentially impact local real estate and financial markets. Additionally, compliance with the affordable housing mandate could involve reserving certain portions of the asset portfolio for lower-income buyers, which could increase costs to the RTC.^{ccxviii} FIRREA and RTCRRIA gave the RTC mandates to include MWOBs in their contracting agreements, and established an Office of Minority and Women Outreach and Contracting Program.^{ccxix} In 1992, for instance, MWOBs received approximately \$323 million, or 28 percent, of total fees, which was close to the 30 percent target that RTC had set.^{ccxx}

12. The RTC experimented with various approaches to sell assets, including auctions and more novel securitizations and private-sector partnerships.

Much of the Corporation's early efforts both in resolution and in disposition were to tackle the institutions that had the least franchise value and were taking on the most losses. To quickly resolve these institutions, the RTC relied heavily on Straight Deposit Payoffs and Insured Deposit Transfers. The RTC conducted more SDPs in the earlier years of its lifespan due to the number of institutions that had been deemed insolvent for an extended period of time or were located in acutely distressed markets and had very little franchise value ("Managing the Crisis" - pp. 23).^{27ccxxi} IDTs and SDPs, for these institutions, were the only real method of resolution left, per FIRREA standards. Because of these conditions, the majority of IDTs and SDPs were conducted from 1989 through 1991, when the stresses of the crisis were most prominent.^{ccxxii} These were the years that the RTC incurred the vast majority of its losses.

²⁷ See Figure 1 for a detailed breakdown of resolution methods.

The RTC employed a number of novel measures to sell their more distressed assets first, while recovering more from their disposition than they might otherwise have gotten.

Regional and National Loan Auctions. A total of 20 regional and national loan auctions were conducted from June 1991 to December 1995.^{ccxxiii} The Corporation established the National Loan Auction Program in September of 1992 to better dispose of the considerable pool of “hard-to-sell” assets.^{ccxxiv} These auctions generally lasted about two to three days, and potential bidders were required to put down a \$50,000 deposit to participate.^{ccxxv}

Approximately 141,000 loans, with a book value of \$4.9 billion, were sold for about \$2.4 billion netting the RTC a recovery value of about 48.8% of book value (“Managing the Crisis” - pp. 321 – 324).^{ccxxvi} Total national auction costs ran about \$30.6 million.^{ccxxvii}

There was a wide variety of loans available for sale, and one of the challenges that the RTC faced was that small loans, just like the larger, more complex ones, required the same amount of administrative due diligence. Regional auctions were designed to sell this large inventory of small assets that the RTC had. Thus, it was often in the RTC’s best interest to package and quickly dispose of them to increase their capacity to handle larger accounts.^{ccxxviii} National auctions grew out of the increasing number of nonperforming and “hard-to-sell” loans, which eventually prompted RTC to relax its criteria for what loans would be allowed in the auctions. While the program originally was designed for nonperforming loans, eligibility would widen as the auctions went on to include sub / marginally performing loans and related instruments with significantly diminished market value.^{ccxxix} Owned Real Estate, or ORE, generally included any real property which had a title that was acquired by foreclosure, a deed in lieu of foreclosure, or to protect the thrift’s interest in any residual debts that had been contracted. (“Managing the Crisis – pp. 773).^{ccxxx} Broker listings, normally conducted by SAMDA contractors, were the primary method through which the RTC disposed of ORE, but auction methods become more popular as its ORE holdings grew.^{ccxxxi}

Additionally, the Corporation did not want to disenfranchise smaller potential bidders, and, as a result, stratified some loan packages in its National Loan Auction program to keep their value below \$2 million so that the RTC’s Small Investor Program could market them to smaller, non-institutional investors.^{ccxxxii} Finally, Owned Real Estate, or ORE, was a particularly challenging portion of the RTC’s portfolio. Because it was often acquired under particularly stressful circumstances, ORE was often lumped into pools with other nonperforming loans and related instruments. Significant growth in the Corporation’s ORE portfolio forced it to turn to an auction method to more rapidly dispose of its portfolio of these assets.^{ccxxxiii}

Use of Contractors. Since the RTC was so quickly expected to resolve and dispose of hundreds of billions of dollars of assets, FIRREA specifically mentioned that the RTC would be allowed to use private contractors so long as the Corporation determined that “...utilization of such services are practicable and efficient.”^{ccxxxiv}

RTC contractors, operating under Standard Asset Management and Disposition, or SAMDA, agreements, were normally given loans or asset pools that were either nonperforming or had less franchise value overall.^{ccxxxv} The RTC did not have the staffing nor the requisite

experience in asset disposition to properly value, market, and sell many of the “hard-to-sell” assets, and thus had to rely more heavily on private contractors.^{ccxxxvi}

SAMDAs typically had terms of three years, but had the option of three one-year extensions, if needed.^{ccxxxvii} Original SAMDA contracts, called SAMDA I, had their fee structures tied to the sales of individual assets.^{ccxxxviii} SAMDA II contracts, which began in April of 1991, had their disposition fees tied to the performance of the entire pool of assets that the contractor was managing.^{ccxxxix} These contracts could also be amended to include only asset management and not disposition responsibilities.^{28cccxl} Per the name of the contracting agreement, these entities, which were often asset or property management firms, would have full management and disposition authority. Entities under a SAMDA contract were also mandated to enter into subcontracting agreements with other firms to help them speed up parts of the disposition process.^{ccxli} 199 SAMDAs would be issued to 91 contractors, covering about \$48.5 billion in failed thrift assets (“Managing the Crisis” - pp. 364).^{ccxlii}

Securitization. The RTC helped pioneer a substantial private securitization effort starting in December 1990.^{ccxliii} This initiative was done because many of the assets had several undesirable qualities, such as “documentation inaccuracies, servicing problems, and late payments” (Managing the Crisis” - pp. 42).^{ccxliv} As the need to reduce the size of the RTC’s balance sheet increased, so too did the types of collateral that the Corporation made eligible for securitization. Other assets, including commercial mortgages, multifamily properties, and consumer loans would be included as time went on.^{ccxlv} The RTC was forced to deal with informational deficiencies, particularly with its commercial securities, that hampered its sales. The Corporation would eventually author Portfolio Performance Reports (PPR) that would go on to become industry standards amongst issuers of securities.^{ccxlii}

To ensure that there would be sufficient demand for private securities, the RTC initially pushed for a government guarantee on them.^{ccxlvii} However, the RTC’s Oversight Board did not support a government guarantee due to the Corporation’s temporary nature and the potential for its securities to compete with others issued by the U.S. government.^{ccxlviii} When this failed, the RTC instead backed them with cash collateral for external credit enhancement features, such as overcollateralization, subordination, and cash reserve funds to ensure they would receive high ratings.^{ccxlix}

To increase the pool of potential investors, the RTC also tied the interest rate of many of the residential MBS to the LIBOR rate, making them more attractive to international buyers.^{cccl} Additionally, many of the commercial securities also had substantial Representations and Warranties, such as repurchase agreements and environmental indemnifications, which made purchasing them more attractive.^{cccli}

Fannie Mae and Freddie Mac were involved in an initiative called the Agency Swap Program, in which they would either engage in cash sales to buy pools of conforming residential mortgages or swap these pools of mortgages for Agency securities.^{cccli} Due to their agreements with the RTC, Fannie Mae and Freddie Mac also required significant credit

²⁸ These amendments were called Standard Asset Management Agreements, or SAMAs, which were amendments to the structure of a SAMDA contract.

enhancement on the part of the Corporation to take the pools of loans on.²⁹ Approximately \$6.1 billion of conforming residential mortgages were sold to the GSE's.^{ccliii}

The RTC also launched a commercial securitization program in January of 1992, which was one of the precursors to the commercial real estate securitization boom that followed shortly after the S&L crisis^{ccliv}. These commercial securities were comprised of commercial loans that often had missing documentation, were in arrears, or had multiple original lenders.^{cclv} As a result, large credit-enhancement levels were necessary in order to obtain high credit ratings by ratings agencies.^{cclvi} There were a total of 72 Residential and Commercial MBS transactions, totaling \$42 billion ("Managing the Crisis" - pp. 414 – 417).^{cclvii}

Equity Partnerships. The RTC formally introduced these partnerships in the fall of 1992, in part due to the huge inventory of nonperforming loans that it still had.^{cclviii} In these partnerships, the RTC would act as a limited partner (LP) and provide troubled assets while a private entity would act as the general partner (GP) and manager of these assets.^{cclix} Equity capital was provided by both the LP (as asset pools) and the GP.^{cclx} Additionally, the GP would receive a pro-rata portion of the proceeds from the net recovery on any assets. ("Managing the Crisis" - Pp. 300-301).^{cclxi}

The Corporation believed that, for hard-to-sell pools of assets, securitization would be a more cost-effective method of disposing of them compared to a direct sale.^{cclxii}

These partnerships would later be expanded and geographically parsed out so that the Corporation could more widely market them to smaller, non-institutional investors, similar to their auction-based efforts.

The RTC was originally scheduled to be shut down on December 31, 1996. However, this shutdown date was moved up to December 31, 1995 with the passing of the Resolution Trust Corporation Completion Act in 1993.^{cclxiii} If any thrifts remained in conservatorship or receivership after December 31, 1995, the FSLIC Resolution Fund (FRF) would become responsible for them ("Chronological Overview" Chapter 18).^{cclxiv} Additionally, all assets and liabilities of the RTC would be transferred to the FRF, which would then transfer any profits from the sale of these assets to REFCORP to help it pay off any residual debts.

In total, the RTC used seven different types of equity partnerships over the course of its operation ("Managing the Crisis" - pp. 433).^{30cclxv} A total of 72 partnerships, comprised of \$21.4 billion (book value) in assets, were created, with the LP and GP receiving proceeds based on their share of ownership.^{cclxvi}

13. Initially, the RTC was required to sell distressed assets at a minimum of 95 percent of the market value established by the Corporation.

Valuation was normally done through appraisals and in consultation with Wall Street investment houses and other, similarly qualified firms. It used an asset valuation methodology called Derived Investment Value (DIV), which, "...attempted to value individual

²⁹ This credit enhancement was usually in the form of cash reserves withheld from the purchase price of the loan pool.

³⁰ See "Managing the Crisis" – Chapter 17, for more information on Equity Partnerships.

assets packaged for portfolio sales as investors would perceive the value of those assets.”^{cclxvii} This threshold would, in March 1991, be reduced to 70 percent with an amendment to FIRREA to accelerate the disposition process.^{cclxviii}

14. To help facilitate its asset disposition efforts, the RTC included put-option clauses and robust Representations and Warranties to encourage potential buyers to take on more troubled assets.

Asset putback provisions, or “put” options, were often used in lieu of more robust representation and warranty agreements early during the S&L crisis. The initial terms on these were anywhere from 30 to 90 days, but would later be extended to 18 months in spring of 1990.^{cclxix} The RTC sold about \$40 billion in assets that had put options on them, and over \$20 billion were returned, indicating that institutions would often pick and choose which assets to keep.^{cclxx}

The RTC was initially hesitant to include robust, market-oriented R&Ws, as they would, in theory, represent a substantial source of potential liabilities if the asset was not of sufficient quality or managed well. However, a product without R&Ws was seen as being potentially more risky. Initially, the RTC tried to avoid putting R&Ws on its sales of loans largely due to a lack of experience, and in some cases opted to use put-option clauses as a way to avoid using them.^{cclxxi} The risk-based concerns, as well as the RTC’s relative lack of experience in selling troubled assets, made selling much of its loan portfolio much more difficult throughout the early 1990’s.^{cclxxii} As a result, the RTC would eventually end up expanding its R&W criteria to be more in-line with what market participants were offering. (Moreland-Gunn et al. 1996 - pp. 3)^{cclxxiii}

III. Evaluation

FIRREA and its related legislation mandated the RTC to publish detailed, audited reports and to give access to any information necessary to conduct analysis on the Corporation’s performance to other organizations, such as the Government Accountability Office (GAO).^{cclxxiv} One of the many reports that GAO released addressed the myriad of funding concerns, information system inadequacies, and administrative difficulties that the RTC dealt with during the crisis.^{cclxxv} GAO even went as far to, “...designate the RTC as one of 18 high-risk institutions that were particularly vulnerable to fraud, waste, and mismanagement.”^{cclxxvi}

Funding concerns. The most evident example of the Corporation’s serious funding troubles was the \$18.3 billion in loss funds that the RTC was required to return after April 1, 1992 because it was not able to use all the funds before the appropriation from RTCRRIA expired.^{cclxxvii} GAO explained the importance of continued RTC funding, as the Office of Thrift Supervision (OTS), which had been working on identifying potentially failing thrifts, had already flagged over 80 additional ones with almost \$50 billion in assets that were likely to fail in the next year (Bowsher 1993 - pp. 8-9).^{cclxxviii} Without funding, the RTC would have been unable to undergo their resolution procedures, resulting in costly delays. This gap in

funding would cause the number of resolutions to fall to just 60 in 1992, compared to 211 in 1991, and the average number of days until resolution to rise to 596, a dramatic increase from 429 in 1991.^{cclxxxix}

The usage of REFCORP adversely impacted the FHLB system, as its banks were required to pay interest on its bonds. As a result, it was predicted that, “...these contributions to [REFCORP] will substantially reduce the Banks’ net income, and, as a result of the adverse effect on the Banks’ ability to pay dividends to members, the thrift industry’s net income will decline as well.” Additionally, the issuance of the REFCORP bonds themselves also was a point of contention. GAO reported that long-term REFCORP bonds were sold at rates that were higher than equivalent Treasury debt, which resulted in an additional \$3 billion in additional interest costs to REFCORP that could have potentially been avoided.^{cclxxx}

Information Systems. GAO also criticized the RTC’s inefficient and inadequate Real Estate Owned Management System (REOMS), citing that much of the records were missing key data points. The report specifically mentioned that, “[a]bout 80 percent of the unsold properties on REOMS lacked one or more key data elements, such as listing price, date listed for sale, and identification of broker.”^{cclxxxix} These were not minor details, but crucial pieces that were missing that could seriously delay sales and acquisitions. However, the report did note that the Corporation had been in the process of rolling out a “data integrity program”, but that persistent errors in an estimated 37 percent of REOMS records still existed.^{cclxxxii} The RTC’s Asset Manager System (AMS), which tracked income and expense data for contractors, as well as automated payments to them, also saw its fair share of criticism, centering on the calculation of fees, transferring data effectively, and validating correct payment amounts to contractors (Rhile 1992).^{cclxxxiii}

Because of the lack of data, GAO reported that the RTC’s sales evaluation methods were weak. Much of the data the RTC used in evaluating SAMDA contract-driven disposition versus RTC-run auction sales came from the aforementioned problematic information systems.^{cclxxxiv} In fact, the RTC did not, at the time of the report, have a standard reporting schedule for its contractors, meaning that data like contracting fees, revenues, and expenses, were not made available to the Corporation because “some field offices [did] not require reporting until assets [were] sold (Bowsher 1993- pp. 20).”^{cclxxxv} Even certain key financial elements, such as operating income and expenses, were excluded from the RTC’s own analysis.^{31cclxxxvi}

Asset disposition. Finally, GAO’s report identified a conflict between one of RTC’s mandates and its asset disposition behavior. FIRREA statutes specifically stated that the RTC must maximize the net present value of the return of any asset disposition efforts.^{cclxxxvii} However, this was called into question as the Corporation appeared to be emphasizing balance sheet reduction.^{cclxxxviii} Four DC Metro-area region auctions were used as an example of instances where RTC staff, “...failed to provide potential buyers complete and accurate asset information, allow adequate time to evaluate assets, and properly prepare assets for sale. These planning and management inadequacies caused delays in closing, cancellations of

³¹ Additional variables that were not included were property management expenses and litigation and foreclosure expenses. See Bowsher 1993 - Pp. 20 for more information.

contracts, and lower recoveries” (Bowsher 1993 - pp. 17).^{cclxxxix} While put-option clauses would have, in theory, had the potential to alleviate some of these issues, their lengthy return window and high return rates meant that there were still valid concerns. These issues very clearly ran contrary to the RTC’s NPV maximization mandate, as well as the one that specifically mentioned minimizing the effects of asset disposition efforts on local real estate markets.^{ccxc}

These concerns were also raised in Congress, as the RTC would also obtain significant feedback from a number of businesspeople and policy experts such as Irvine Sprauge, former chairman of the FDIC, Thomas Bennett Jr, executive vice president of Stillwater National Bank and Trust, and others.^{ccxc} Much of their concern in 1989 and 1990 was that the Corporation would be too quick to “dump” bad assets into distressed local real estate and financial markets and further damage them.^{ccxcii} The desire to return assets quickly to local control was prevalent as well, as the RTC was a massive player in many of these local markets despite being more of a liquidator than an active participant (“Disposition of Assets by the RTC” pp. 19-21).^{ccxciii}

Certain publications, such as the Orange County Register, assailed the RTC about the practice of, in some cases, keeping executives of failed thrifts onboard and paid without any specific duties.^{ccxciv} The RTC’s annual reports had a section and data available that detailed the executive compensation schedules both pre and post-conservatorship, and the then-chairman of the Corporation, William Seidman, made clear that any incidents of this nature were not intentional and would be rectified. (“Disposition of Assets by the RTC” – pp. 9)^{ccxcv}

Additionally, The RTC Completion Act of 1993 (RTCCA) put more stringent requirements on the RTC with respect to the disposition of larger assets. Post RTCCA, the Corporation was now required to assign management and disposition authority to a “qualified entity”, who would then “(1) analyze each asset and consider alternative disposition strategies, (2) develop a written management and disposition plan for the asset, and (3) implement this plan for a reasonable period of time...” (Public Law No: 103-204).^{32ccxcvi}

Market Conditions. In addition to potential bidders being exceptionally wary of the assets of these distressed institutions, the RTC was also warned about dumping huge amounts of distressed assets into local real estate markets.^{ccxcvii} In many real estate markets, such as Oklahoma’s, the RTC was the largest financial institution, and often owned the most real estate assets.^{ccxcviii} This exacerbated the concern of the RTC liquidating its assets too soon, particularly if there weren’t enough buyers to satisfy demand. This was a common concern in the early days of the crisis as real estate values continued to plunge amidst the RTC’s disposition efforts. Some suggested that the RTC ought to break up its huge pools of performing loans into smaller ones so that local and community banks could purchase them (“Disposition of Assets by the RTC” – pp. 68 - 69).^{ccxcix} The RTC would, in 1990, address these concerns by breaking up its asset pools and encouraging more regionally based sales and loan auctions so that smaller and more local bidders could more easily participate.

³² The RTC was required to do these additional steps for real property with a book value of greater than \$400,000 and nonperforming real estate assets that had a book value of \$1 million. See Gianni 1995 - Pp. 13, 14 for more information.

Despite these assertions that the RTC was too quick to sell assets and engaging in “fire sale” practices despite some of its FIRREA mandates, more analysis has suggested that the acquirers of thrifts or assets did not see dramatic bumps in their stock prices following the announcement of acquisition.^{ccc} The opposite effect, in some cases, was found to be true, where institutions that were counterparties in whole-thrift P&A, mutual institution, and Western property transactions saw “persistently negative abnormal returns.”^{ccci}

Contracting Issues. The RTC’s lack of infrastructure was made evident by the quick onset of the S&L crisis and the sudden influx of hundreds of billions of dollars in troubled assets. As a result, it heavily relied on outside contracting and private-sector expertise much more than the FDIC, which was also resolving other troubled institutions at the time.^{cccii} While the RTC had a decentralized organizational structure with multiple regional and consolidated offices spread throughout the U.S., the organization was never staffed fully and was thus not able to be a proper administrator for these contractors. Any contractor whose annual fees amounted to over \$50,000 was required to undergo a background check, and 5 contractors in a sample of 30 of the RTC’s top 100 contractors had not done this (Gianni 1993 - pp. 16).³³ Fees for subcontractors under SAMDA agreements, on average, were five times as much as the fees paid by the RTC to the SAMDA contractors themselves. (“Managing the Crisis” - pp. 361)^{ccciii}

To alleviate some of these contracting concerns, the RTC created three new contracting compliance positions and adopted a Competition Advocate Program to ensure contractors were fairly competing against one another.^{ccciv} However, at the time of the report over 25,000 contracts had already been issued, and only 13 people were given the task of monitoring both outstanding contracts and the dozens of new ones that were being created.^{cccv}

RTC Improvements. Many of these reports were authored from 1991 to 1993, and thus gave the RTC multiple opportunities to more effectively manage its administrative, informational, and financial shortcomings. In total, GAO identified 21 major reforms that fit into four broad categories: 1) general management functions, 2) resolution and disposition activities, 3) contracting (including MWOB) activities, and 4) Oversight Board reform.^{cccvi} In its final analysis of RTC’s progress on implementing these management reforms, GAO reported that, of the 21, only two were still works in progress, while the rest had either been completed or had had action taken.^{cccvii}

Another GAO report, released in May of 1995, suggested that the RTC had made significant improvements in several areas. GAO found that sales methods that involved the Corporation maintaining a residual ownership role in the assets would be vital to clearing their remaining inventory, much of which was comprised of hard-to-sell assets (Gianni 1995- pp. 12 – 14).^{cccviii} Contract issuance decreased by 51 percent in the first six months of 1994 compared to the first six of 1991, partially due to a diminishing asset portfolio as well as more stringent oversight.^{cccix} Assets under contractor management also decreased by 76 percent (Gianni 1995 - pp. 15 – 16).^{cccx} Tighter internal controls, such as more robust auditing procedures and adopting data quality plans to obtain critical data elements for assets in its 17 major systems were some of the ways the RTC tackled some of these criticisms.^{cccxi} In light of these

³³ These contractors had average annual fees ranging from \$6 million to \$34 million each.

continued changes, the GAO removed the RTC from its high-risk list in its February 1995 High-Risk series report.^{cccxi}

The RTC was not without its share of problems, many of which stemmed from inadequate pre-development at the time of its inception and the monumental task of resolving a huge portion of a severely stressed Savings and Loans industry within a few short years. However, the Corporation, spurred on by GAO recommendations and key pieces of legislation like RTCRRIA and RTCCA, was able to work towards, and make, improvements in several key areas.

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V. Key Program Documents

Program Summary

“Managing the Crisis: The FDIC and RTC Experience 1980 – 1994.” Federal Deposit Insurance Corporation (FDIC). August 1998 – *Detailed overview of both the RTC and FDIC’s responses to the Savings and Loans Crisis. Chronology and breakdown of methods.*

<https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf>

Public Law No: 101-73 – *Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The legislation that created the RTC.* <https://www.congress.gov/bill/101st-congress/house-bill/1278/text>

“Managing the Crisis: The FDIC and RTC Experience – Chronological Overview.” Chapters 12 - 18. Federal Deposit Insurance Corporation (FDIC). January 2018 – *FDIC Overview of the Savings and Loans Crisis broken down by year with significant events and statistics. Goes far beyond just 1989 – 1995. Chapters 12 – 18 are those years, however.*

<https://www.fdic.gov/bank/historical/managing/chronological/>

Legal / Regulatory Guidance

Public Law No: 101-73 - *Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The legislation that created the RTC.* <https://www.congress.gov/bill/101st-congress/house-bill/1278/text>

Public Law No: 102-18 – *Resolution Trust Corporation Funding Act of 1991. Gave the RTC an additional \$30 billion in funding.* <https://www.congress.gov/bill/102nd-congress/senate-bill/419/text>

Public Law No: 102-233 – *Resolution Trust Corporation, Refinancing, Restructuring, and Improvement Act of 1991. Gave the RTC an additional \$25 billion in funding and implemented broad oversight reforms for the institution.* <https://www.congress.gov/bill/102nd-congress/house-bill/3435/text>

Public Law No: 103-204 – *Resolution Trust Corporation Completion Act 1993. Authorized the expired appropriation from the RTCRRIA of 1991 and moved the closing date of the RTC up by a year.* <https://www.congress.gov/bill/103rd-congress/senate-bill/714/text>

“Strategic plan for the Resolution Trust Corporation.” Resolution Trust Corporation Oversight Board. 31 December, 1989 – *Draft of the RTC’s strategic plan, submitted to Congress as per its FIRREA mandate. Contains implementation procedures, comments, and policy discussion about various methods of disposition and resolution.*

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Press Releases/Announcements

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“The Resolution Trust Corporation and Congress, 1989 – 1993. Part II: 1991 – 1993.” (Lee 2006) – *Summary report on the Congressional intersection that the RTC had, with specific analysis on the three pieces of legislation from 1991 – 1993 that definitively impacted its structure.* <https://www.fdic.gov/bank/analytical/banking/br18n3full.pdf>

Gianni, Gaston L. “Resolution Trust Corporation: Better Assurance Needed That Contractors Meet Fitness and Integrity Standards.” (Gianni 1993) – *GAO report by Gaston Gianni, Associate Director of Government Business Operations Issues. Report highlights several major weaknesses in the RTC’s contracting program.*
<https://www.gao.gov/assets/220/218190.pdf>

“Resolution Trust Corporation: Western Storm Investigation and Related Contracting Deficiencies.” (Gianni 1992) – *GAO report by Gaston Gianni that analyzes the RTC’s handling of Operation “Western Storm” while presenting new contracting issues.*
<https://www.gao.gov/assets/110/104729.pdf>

“Resolution Trust Corporation: Efforts Under Way to Address Management Weaknesses.” (Gianni 1995) – *GAO report by Gaston Gianni that details the increased effort that the RTC has been putting forth to address issues expressed in previous reports. Specifics around contracting oversight and mandate adherence, for instance.*
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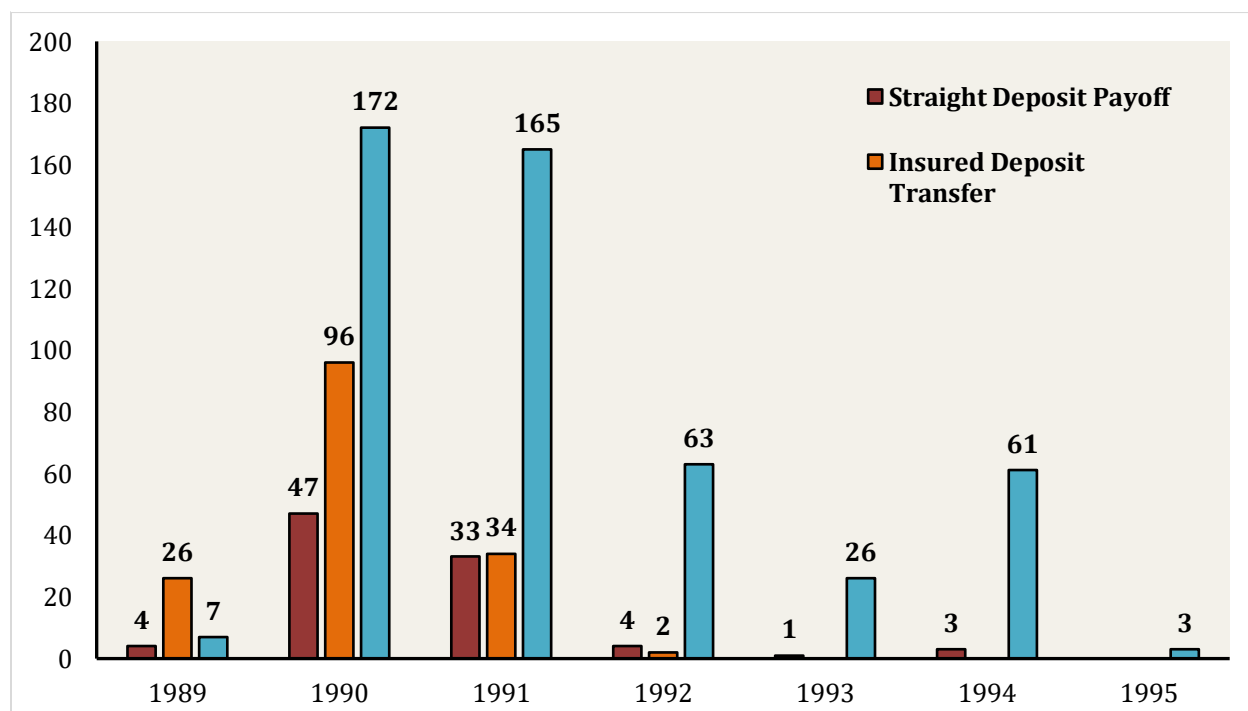
VI. Data Appendix

Table 7: Characteristics of SAMDA Contracts and amendments

Program	Contracts	Inception Date	Types of Fees	Fee Determination
SAMDA I	160	August 1990	Management, disposition, and incentive fees	Disposition and incentive fees tied to individual asset sales
SAMDA II	39	April 1991	Management, disposition, and incentive fees	Disposition fees tied to performance of entire asset pool
SAMA	N/A	January 1992	Management and incentive fees only	N/A
Total	199			

Source: *Managing the Crisis – Page 353*

Figure 1: Resolution Methods by year (1989 - 1995)



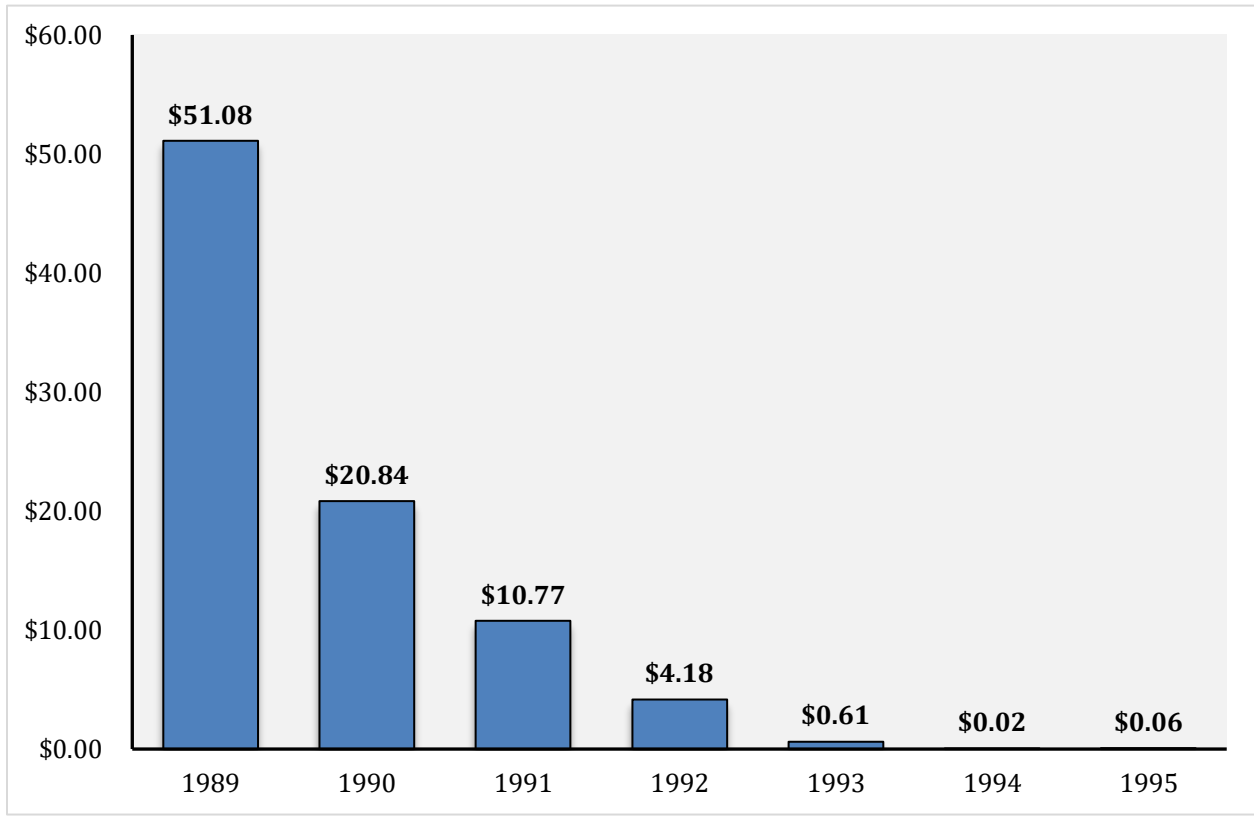
Source: *Managing the Crisis - Page 122*

Table 8: Details on RTC Thrift Failures (1989 - 1995, USD Billions)

Year	Thrift Failures	Assets at Failure	Assets at Resolution	Assets retained post-resolution	Deposits at Failure	Deposits at Resolution
1989	318	\$141,749	\$89,144	\$61,396	\$112,919	\$85,930
1990	213	\$130,247	\$81,166	\$53,209	\$98,672	\$69,062
1991	144	\$79,034	\$47,344	\$35,418	\$64,847	\$40,336
1992	59	\$44,885	\$22,480	\$15,486	\$33,698	\$21,672
1993	9	\$6,105	\$4,170	\$3,560	\$4,823	\$3,101
1994	2	\$129	\$129	\$71	\$124	\$124
1995	2	\$426	\$426	\$387	\$408	\$407
Total	747	\$402,575	\$244,859	\$169,527	\$315,491	\$220,632

Source: Managing the Crisis - Page 117

Figure 2: Total RTC Losses (1989 - 1995, USD Billions)



Source: *Managing the Crisis - Page 139*

Table 9: RTC Conservatorships by asset size (1989 – 1995, USD Billions)

Type	Number	Percentage of Total
> \$500 million	139	20%
\$100 to \$500 million	274	39%
< \$100 million	293	41%

Source: *Managing the Crisis - Page 118*

- ⁱ https://www.federalreservehistory.org/essays/savings_and_loan_crisis
- ⁱⁱ https://www.federalreservehistory.org/essays/garn_st_germain_act
- ⁱⁱⁱ https://www.federalreservehistory.org/essays/savings_and_loan_crisis
- ^{iv} <https://www.congress.gov/bill/102nd-congress/house-bill/3435/text> - Sec. 102
- ^v <https://www.congress.gov/bill/103rd-congress/senate-bill/714/text> - Sec. 27
- ^{vi} <https://fraser.stlouisfed.org/title/1046>
- ^{vii} <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 124
- ^{viii} <https://www.fdic.gov/bank/historical/managing/chronological/1995.html>
- ^{ix} <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 296
- ^x https://fraser.stlouisfed.org/files/docs/publications/rtc/ar_rtc_1995.pdf - pp. 178
- ^{xi} <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 139 – The actual data rounds it to \$87.6 billion
- ^{xii} <https://www.fdic.gov/bank/historical/managing/chronological/1995.html>
- ^{xiii} https://www.federalreservehistory.org/essays/savings_and_loan_crisis
- ^{xiv} https://www.federalreservehistory.org/essays/garn_st_germain_act
- ^{xv} https://www.federalreservehistory.org/essays/savings_and_loan_crisis
- ^{xvi} <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 501
- ^{xvii} <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 118 and 124
- ^{xviii} <https://www.fdic.gov/bank/historical/managing/chronological/1995.html>
- ^{xix} <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 296
- ^{xx} <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 364 shows NPV of recovery for SAMDAs and pp. 447 looks at recovery ratios for other types. SAMDA recoveries were still less, but not dramatically so when compared to non-equity partnership methods.
- ^{xxi} <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 741 for funding gap, see evaluation section endnotes for details on issues the RTC faced.
- ^{xxii} https://www.everycrsreport.com/files/20080926_RS22959_ea6bff6b53cc5935a48babae0cd85400cda96cf8.pdf - pp. 8 for 85%. <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> pp. 116 for \$87.5 billion. Data rounds to \$87.6 billion. For \$105.1 billion, <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 124-126 for \$50.1 in initial, plus \$30 and \$25 billion in additional funding.
- ^{xxiii} <https://www.fdic.gov/bank/historical/managing/chronological/1995.html>
- ^{xxiv} https://www.federalreservehistory.org/essays/savings_and_loan_crisis
- ^{xxv} Ibid.
- ^{xxvi} https://www.federalreservehistory.org/essays/monetary_control_act_of_1980
- ^{xxvii} https://www.federalreservehistory.org/essays/savings_and_loan_crisis
- ^{xxviii} https://www.fdic.gov/bank/historical/history/167_188.pdf - pp. 13
- ^{xxix} Ibid. pp. 12
- ^{xxx} https://www.federalreservehistory.org/essays/savings_and_loan_crisis
- ^{xxxi} https://www.fdic.gov/bank/historical/history/167_188.pdf
- ^{xxxii} Ibid. pp. 7
- ^{xxxiii} Ibid. pp. 7
- ^{xxxiv} Ibid. pp. 7 - 9
- ^{xxxv} <https://babel.hathitrust.org/cgi/pt?id=pur1.32754063100741&view=1up&seq=50> – pp. 38 - 39
- ^{xxxvi} Ibid. – pp. 38
- ^{xxxvii} Ibid. – pp. 38
- ^{xxxviii} https://www.fdic.gov/bank/historical/history/167_188.pdf pp. 11 - 12
- ^{xxxix} Ibid. pp. 14
- ^{xl} Ibid. pp. 20
- ^{xli} https://www.fdic.gov/bank/historical/history/167_188.pdf - pp. 22
- ^{xlii} <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 501
- ^{xliiii} <https://www.fdic.gov/bank/historical/managing/chronological/1995.html>
- ^{xliiv} <https://www.fdic.gov/bank/historical/managing/chronological/1989.html>
- ^{xlv} Ibid.

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- xlvi <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 501
- xlvii Ibid. – Sec. 501
- xlviii Ibid. – pp. 2
- xlix Ibid. - pp. 2 - 3
- ¹ Ibid. – Sec. 501
- li <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 11
- lii Ibid. – Ch. 4, see subheadings and pp. 767 for more info.
- liii Ibid. – pp. 11
- liv Ibid. pp. 11 – 12 – “Major Objectives of the FDIC and the RTC.” Talks about the objectives of the RTC. If you look at pp. 11, the text mentions that the RTC’s role as receiver is similar to the FDIC’s. In pp. 10, the text mentions that the FDIC had liberties to ensure liquidation of failed banks (IE – Disposition of their assets after deposits had been paid off).
- lv Ibid. pp. 124
- lvi <https://www.gao.gov/assets/110/102606.pdf> - Short GAO report that talks about REFCORP before it was passed: <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 511
- lvii <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 120-121, and 125
- lviii Ibid. – pp. 18
- lix Ibid. - pp. 314
- lx Ibid. - pp. 121
- lxi Ibid. – pp. 297
- lxii Ibid. – pp. 297 - 298
- lxiii Ibid. – pp. 297 - 298
- lxiv Ibid. - pp. 296
- lxv Ibid. – pp. 303 (for MWOBs)
- lxvi Ibid. - pp. 121
- lxvii Ibid. – pp. 296 – Extrapolated the phrase “franchise value” based on contextual readings to mean “less valuable overall”
- lxviii Ibid. – pp. 19
- lxix <https://www.fdic.gov/bank/historical/reshandbook/resolutions-handbook.pdf> - pp. 26
- lxx Ibid. – pp. 25
- lxxi <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 134 - 135
- lxxii Ibid.
- lxxiii Ibid. - pp. 13
- lxxiv Ibid. – pp. 321
- lxxv Ibid. – pp. 318-319
- lxxvi Ibid. – pp. 35
- lxxvii Ibid. – pp. 405
- lxxviii Ibid. – pp. 402 - 404
- lxxix Ibid. – pp. 408
- lxxx Ibid. – pp. 431 - 433
- lxxxi Ibid. – pp. 431 - 433
- lxxxii Ibid. – pp. 431 - 433
- lxxxiii Ibid. – pp. 300 - 301
- lxxxiv Ibid. – pp. 354
- lxxxv Ibid. – pp. 355 - 358
- lxxxvi Ibid. – pp. 130
- lxxxvii Ibid. – pp. 298-299
- lxxxviii Ibid. – pp. 490
- lxxxix Ibid. – pp. 490
- xc <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 501
- xci <https://www.fdic.gov/bank/historical/managing/chronological/1989.html> and <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 24
- xcii <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 124 - 125
- xciii Ibid. – pp. 125

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- xciv Ibid. – pp. 125
- xcv Ibid. – pp. 128 about lack of buyers. For operating losses, see Ibid. – pp. 139
- xcvi Ibid. – pp. 139
- xcvii Ibid – pp. 18. P&As were a method of disposition as well as of resolution since buyers were able to purchase assets and not just deposit liabilities.
- xcviii Ibid. – Chapter 12, pp. 295 – 305, see subheadings.
- xcix <https://www.govinfo.gov/content/pkg/STATUTE-105/pdf/STATUTE-105-Pg1761.pdf> - pp. 1
- c <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> – pp. 741
- ci <https://www.govtrack.us/congress/bills/103/s714/text> - Sec. 2
- cii <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 53. \$87.5 billion is what they say but data rounds to \$87.6 billion
- ciii https://fraser.stlouisfed.org/files/docs/publications/rtc/ar_rtc_1995.pdf - pp. 148
- civ <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 146 for assets. Pp. 123, chart I.4-2 for deposits.
- cv Ibid. – pp. 128
- cvi <https://www.govtrack.us/congress/bills/102/s419/text> - RTCFA. <https://www.congress.gov/bill/102nd-congress/house-bill/3435/text> - RTCRRIA.
- cvi <https://www.congress.gov/bill/102nd-congress/house-bill/3435/text>
- cvi <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 126
- cix Ibid. – pp. 741
- cx Ibid. – pp. 127 – Table I.4-3
- cxii Ibid. – pp. 127 – Table I.4-3
- cxii Ibid. – pp. 19
- cxiii Ibid. – pp. 19
- cxiv <https://www.fdic.gov/bank/analytical/banking/vol8n3full.pdf> - pp. 12
- cxv <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 122 -123, tables I.4-2 and I.4-3.
- cxvi Ibid. – pp. 123
- cxvii Ibid. - pp. 122
- cxviii Ibid. – pp. 122
- cxix Ibid. – pp. 142 – Chart I.4-7
- cxx Ibid. – pp. 142 – Chart I.4-7
- cxxi Ibid. – pp. 117 – Table I.4-1
- cxxii Ibid. – pp. 118 – Table I.4-1 and Ibid. – pp. 123 – Chart I.4-2
- cxxiii Ibid. – pp. 128
- cxxiv Ibid. – pp. 129
- cxxv Ibid. – pp. 129
- cxxvi Ibid. – pp. 129
- cxxvii Ibid. – pp. 130
- cxxviii Ibid. - pp. 53. \$87.5 billion is what they say but data rounds to \$87.6 billion.
- cxxix Ibid. – pp. 139 – Chart I.4-3
- cxxx Ibid. – pp. 303
- cxix Ibid. – pp. 128 For whole thrift. Ibid. – pp. 287 – 288 for \$75.3 billion.
- cxix Ibid. – pp. 288.
- cxix Ibid. – pp. 321 – 324. Tables I.13-4 and I.13-5. Total book value vs total sales price.
- cxix Ibid. – pp. 414
- cxix Ibid. – pp. 414
- cxix Ibid. – pp. 431
- cxix Ibid. – pp. 447 - 448
- cxix Ibid. – pp. 330 - 331
- cxix Ibid. – pp. 360 – Table I.14-13
- cxli Ibid. – pp. 360 – Per FIRREA, FDIC was to be given responsibility of any assets that the RTC had left over.
- cxli Ibid. – pp. 365 – Table I.14-16
- cxlii <https://www.fdic.gov/bank/analytical/banking/br2000v13n2.pdf> - pp. 28

- exliii **Ibid.** – pp. 33
- exliv <https://www.gao.gov/assets/230/222902.pdf> - pp. 15
- exlv https://www.everycrsreport.com/files/20080926_RS22959_ea6bff6b53cc5935a48babae0cd85400cda96cf8.pdf - pp. 7
- exlvi <https://www.fdic.gov/bank/historical/managing/chronological/1995.html>
- exlvii **Ibid.**
- exlviii <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 401
- exlix **Ibid.** – Sec. 501
- cl **Ibid.** – Sec. 501
- cli <https://babel.hathitrust.org/cgi/pt?id=uc1.31210014948929&view=1up&seq=6> – pp. 6
- clii **Ibid.** – pp. 7
- cliii **Ibid.** – pp. 8
- cliv **Ibid.** – pp. 12
- clv **Ibid.** – pp. 12
- clvi **Ibid.** – pp. 16 - 18
- clvii **Ibid.** – pp. 18
- clviii **Ibid.** – pp. 19
- clix <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 122
- clx **Ibid.** – pp. 24
- clxi <https://babel.hathitrust.org/cgi/pt?id=uva.x002061660&view=1up&seq=136> – pp. 129 and 135
- clxii **Ibid.** – pp. 132 - 133
- clxiii **Ibid.** – pp. 133
- clxiv <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 501
- clxv **Ibid.** – Sec. 501, spot search “Administrative Expenses” – Match 13 of 24
- clxvi **Ibid.** – Sec. 501
- clxvii **Ibid.** – Sec. 501
- clxviii **Ibid.** – Sec. 501
- clxix <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 501, spot search “Annual Audit”. Match 19 of 61.
- clxx **Ibid.** – Sec. 501, spot search “Annual Report”. Match 7 of 18.
- clxxi **Ibid.** – Sec. 501, spot search “Intervention by Oversight Board in Extraordinary Circumstances”
- clxxii <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 501, spot search, “semiannual appearance required”
- clxxiii https://fraser.stlouisfed.org/files/docs/publications/rtc/ar_rtc_1994.pdf - pp. 5 is table of contents to get an idea of what’s there.
- clxxiv **Ibid.** pp. 45 – 46 for reference.
- clxxv https://www.everycrsreport.com/files/20080926_RS22959_ea6bff6b53cc5935a48babae0cd85400cda96cf8.pdf - pp. 5
- clxxvi <https://www.congress.gov/bill/102nd-congress/house-bill/3435/text> - Sec. 302
- clxxvii **Ibid.** - Sec. 310
- clxxviii **Ibid.** - Sec. 314
- clxxix **Ibid.** - Sec. 201
- clxxx **Ibid.** – Sec. 201, spot search “Whenever the Director of the Office of Thrift Supervision”
- <https://digitalcommons.law.scu.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1678&context=lawreview> – pp. 11
- clxxxii <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 124
- clxxxiii **Ibid.** – pp. 124
- clxxxiv <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - Sec. 511
- clxxxv <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> – pp. 124
- clxxxvi <https://www.nytimes.com/1989/02/07/business/bush-savings-plan-calls-for-sharing-the-cost-broadly-big-sale-of-bonds.html>
- clxxxvii <https://www.govtrack.us/congress/bills/102/s419/text> - RTCFA. <https://www.congress.gov/bill/102nd-congress/house-bill/3435/text> - RTCRIA.

- clxxxviii <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 53. \$87.5 billion is what they say but data rounds to \$87.6 billion
- clxxxix <https://www.fdic.gov/bank/historical/managing/chronological/1990.html>
- cx c <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> – Sec. 201, spot search “Whenever the Director of the Office of Thrift Supervision”
- cxci [Ibid.](#) – Sec. 501, spot search, “for which a conservator” – Match 1 of 2.
- cxcii [Ibid.](#)
- cxci <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 12
- cxci [Ibid.](#) – pp. 296
- cxci [Ibid.](#) – pp. 296
- cxci <https://occ.gov/static/ots/exam-handbook/ots-exam-handbook-080a.pdf> - pp. 1
- cxci [Ibid.](#) – pp. 2
- cxci [Ibid.](#) - pp. 3
- cxci <https://www.congress.gov/bill/102nd-congress/house-bill/3435/text> - RTCRRIA of 1991;
<https://www.congress.gov/bill/103rd-congress/senate-bill/714/text> - RTCCA of 1993
- cc <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> – pp. 120 - 121
- cci [Ibid.](#) – pp. 142, Chart I.4-7
- ccii [Ibid.](#) – pp. 122, Table I.4-2
- cciii [Ibid.](#) – pp. 133
- cciv [Ibid.](#) – pp. 23
- ccv [Ibid.](#) – pp. 134
- ccvi [Ibid.](#) – pp. 134
- ccvii [Ibid.](#) – pp. 134 - 135
- ccviii https://fraser.stlouisfed.org/files/docs/publications/rtc/ar_rtc_1989.pdf - pp. 26
- ccix <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf>. – pp. 135
- ccx [Ibid.](#) – pp. 135
- ccxi [Ibid.](#) – pp. 316
- ccxii [Ibid.](#) – pp. 117, Table I.4-1
- ccxiii [Ibid.](#) – pp. 741
- ccxiv [Ibid.](#) - pp. 142, Chart I.4-7 for costs; [Ibid.](#) pp. 134 – 135 for number of assets sold.
- ccxv <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 501, Search “Maximize” Match 1 of 3. There are two “other” mandates that are much more standard and not referenced much, if at all. The three listed were by far the most important.
- ccxvi [Ibid.](#)
- ccxvii [Ibid.](#)
- ccxviii <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 12
- ccxix <https://www.gao.gov/assets/220/217988.pdf> - pp. 4-5
- ccxx [Ibid.](#) - pp. 3
- ccxxi <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> – pp. 23
- ccxxii [Ibid.](#) – pp. 122, Table I.4-2
- ccxxiii [Ibid.](#) – pp. 321 – 324, Tables I. 13-4 and I. 13-5
- ccxxiv [Ibid.](#) – pp. 322
- ccxxv [Ibid.](#) - pp. 323
- ccxxvi [Ibid.](#) – pp. 321 - 324
- ccxxvii [Ibid.](#) – pp. 324, Table I. 13-5
- ccxxviii [Ibid.](#) – pp. 296 and 321
- ccxxix [Ibid.](#) – pp. 322
- ccxxx [Ibid.](#) – pp. 773
- ccxxxi [Ibid.](#) – pp. 304
- ccxxxii [Ibid.](#) – pp. 322
- ccxxxiii [Ibid.](#) – pp. 304
- ccxxxiv <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Spot search “are practicable and efficient”
- ccxxxv <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 297 - 298
- ccxxxvi [Ibid.](#) – pp. 13

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- ccxxxvii <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> – pp. 354
- ccxxxviii Ibid. - pp. 353 – Table I.14-11
- ccxxxix Ibid. - pp. 353
- ccxl Ibid. – pp. 353
- ccxli Ibid. – pp. 361
- ccxlii Ibid. – pp. 36 and 364
- ccxliii Ibid. – pp. 405
- ccxliv Ibid. – pp. 42
- ccxlv Ibid. – pp. 402 – 404, see subheadings before “RTC Agency Swap Program”
- ccxlvi Ibid. – pp. 417
- ccxlvii Ibid. – pp. 405
- ccxlviii Ibid. – pp. 406
- ccxlix Ibid. – pp. 409 – 410, see subheadings.
- ccl Ibid. – pp. 413
- ccli Ibid. – pp. 415
- cclii Ibid. – pp. 404
- ccliii Ibid. – pp. 404
- ccliv Ibid. – pp. 414 - 415
- cclv Ibid. – pp. 415
- cclvi Ibid. – pp. 415
- cclvii Ibid. – pp. 414 - 417
- cclviii Ibid. – pp. 431 for reasons why, end of pp. 433 for dates.
- cclix Ibid. – pp. 431 – 432
- cclx Ibid. – pp. 45
- cclxi Ibid. – pp. 301 - 300
- cclxii Ibid. – pp. 301
- cclxiii <https://www.congress.gov/bill/103rd-congress/senate-bill/714/text> - Spot search, “December 31, 1995”
- cclxiv <https://www.fdic.gov/bank/historical/managing/chronological/1995.html>
- cclxv Ibid. – pp. 433
- cclxvi Ibid. – pp. 301
- cclxvii [Ibid – pp. 316](#)
- cclxviii Ibid. – pp. 13, footnote 9.
- cclxix Ibid. – pp. 130
- cclxx Ibid. – pp. 130 - 131
- cclxxi <https://www.fdic.gov/bank/analytical/banking/vol8n3full.pdf> - pp. 2
- cclxxii Ibid. – pp. 2
- cclxxiii Ibid. – pp. 3
- cclxxiv <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 501. For reports, spot search, “The Oversight Board and the Corporation shall annually submit a full report”; for GAO, spot search, “GAO Examination of Certain FSLIC Resolutions”
- cclxxv <https://www.gao.gov/assets/110/104940.pdf> - pp. 3
- cclxxvi <https://www.gao.gov/assets/230/220956.pdf> - pp. 5
- cclxxvii <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 17
- cclxxviii <https://www.gao.gov/assets/110/104940.pdf> - pp. 8 - 9
- cclxxix <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 126 - 127
- cclxxx <https://www.gao.gov/assets/220/213830.pdf> - pp. 3
- cclxxxi <https://www.gao.gov/assets/90/82698.pdf> - pp. 2
- cclxxxii <https://www.gao.gov/assets/110/104940.pdf> - pp. 17 - 18
- cclxxxiii <https://www.gao.gov/assets/90/82698.pdf> - pp. 3
- cclxxxiv <https://www.gao.gov/assets/110/104940.pdf> - 18 - 21
- cclxxxv Ibid. – pp. 20
- cclxxxvi Ibid. – pp. 20
- cclxxxvii <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> – Sec. 501, Spot search “net present value”

- cclxxxviii <https://www.gao.gov/assets/110/104940.pdf> - pp. 16
- cclxxxix *Ibid.* - pp. 17
- ccxc <https://www.congress.gov/bill/101st-congress/house-bill/1278/text> - Sec. 501, Spot search, “minimizes the impact of such transactions”
- ccxci <https://babel.hathitrust.org/cgi/pt?id=pst.000017166768&view=1up&seq=7> - pp. 7 (Table of Contents)
- ccxcii <https://www.fdic.gov/bank/historical/managing/documents/history-consolidated.pdf> - pp. 296 and
- ccxciii <https://babel.hathitrust.org/cgi/pt?id=pst.000017166768;view=1up;seq=28> - pp. 19 - 21
- ccxciv *Ibid.* - pp. 9
- ccxcv *Ibid.* - pp. 9 - 10
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