Resolution Trust Corporation

1991 Annual Report

June 30, 1992

Resolution Trust Corporation
Washington, D.C.

Sirs:

In accordance with the provisions of section 501 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the Resolution Trust Corporation is pleased to submit its Annual Report for 1991. Financial operating plans and forecasts have been provided separately.

Very truly yours,

Albert V. Casey
President and Chief Executive Officer

The President of the U.S. Senate
The Speaker of the U.S. House of Representatives

President and Chief Executive Officer's Statement

1991 was a year of consolidation and change at the Resolution Trust Corporation. Consolidation, because we were able to use the infrastructure which had been built in 1990 to make significant advances. And change, because the former Chairman of the RTC completed his term of office, and Congress paved the way for fundamental structural reform.

The Resolution Trust Corporation was created by Congress in 1989 to protect deposit accounts in insolvent thrift institutions, to resolve the failed institutions, and to recover taxpayers' funds through the sale of the institutions' assets. This mission is undoubtedly one of the most difficult in American history.

To ensure that as many S&L violators as possible are punished, and to recover money for taxpayers from wrongdoers, the RTC is also authorized to investigate, initiate civil litigation, and make criminal referrals in cases involving former officers, directors, and other professionals who helped contribute to the thrift crisis.

During 1990, the RTC focused on the urgent task of closing hundreds of thrifts to stem massive losses. Asset sales were carried out mostly through auctions, portfolio sales, and individual transactions. At the same time, we were engaged in building an infrastructure to meet these challenges.

As we entered 1991, we were able to begin accelerating the determination of whether a bankrupt thrift could be salvaged, or if it was better to pay its depositors and sell its assets. By the end of the year, we had resolved the vast majority of thrifts operating in our care by following either course. We had implemented a series of new investor programs to attract more buyers. In short, by December we had cleared the hurdle in thrift closings and had reduced our asset portfolio by nearly two-thirds, from $351 billion to $129 billion. Of the remaining $129 billion in assets, nearly three-quarters of the inventory was comprised of hard-to-sell assets such as delinquent loans (20 percent), real estate owned (12 percent), other performing mortgages and loans (23 percent), other assets (13 percent), and mortgage-backed securities (4 percent).

In 1991,

- 144 thrifts were assigned to the RTC (including 21 never placed into conservatorship);
- 123 conservatorships, with $55.9 billion in deposits, were established;
- 232 thrifts were resolved;
- 7.9 million deposit accounts, totaling $79.6 billion in deposits, were protected (average account contained $10,000); and
- $114 billion in asset sales and collections were achieved.

From inception through December 31, 1991, the RTC

- resolved 584 of the 675 thrifts assigned to it, leaving 91 in conservatorship;

- achieved $228 billion in total asset sales and collections (net of putbacks), representing an average recovery rate of 95 percent of book value; and

- protected 18.9 million deposit accounts, totaling $184 billion in deposits.

We instituted new programs in 1991 to ensure a strong recovery rate for both premium and distressed assets. In June, we launched the residential securitization program, issuing securities backed by single-family and multifamily mortgages. By the end of 1991, we had sold $10.1 billion of these mortgage-backed securities. Our product was well-received by investors, who paid better prices than we hoped for when the program was instituted.

President and
Chief Executive Officer
Albert V. Casey

Philip Bermingham

Also, we implemented a mixed asset sales program in 1991, designed to dispose of low-grade and high-grade assets in large, single offerings. We initiated approximately 25 of these portfolio transactions during the year, consisting of assets with over $10 billion in book value. This has proven to be a promising approach for increasing the recovery rates for non-performing loans and other "hard-to-sell" assets.

The RTC's Seller Financing Program, in which buyers may obtain loans from the RTC to purchase certain RTC assets, became fully operational in 1991. From January 1990 to the end of December, we sold 1,432 real estate assets, with an aggregate recovery of $617 million, using seller financing. The amount of seller financing we provided totaled $496 million, or approximately 80 percent of the total sales price. In 1990, the RTC sold $74 million in assets with seller financing. That figure increased more than seven-fold to $543 million in 1991.

Throughout the year, we continued to provide affordable housing for low- and moderate-income buyers. From inception to the end of 1991, we had sold or accepted offers for about 35,000 affordable housing dwelling units, for a total recovery of

$655 million. Approximately 15,900 of these homes were single-family properties that sold for $447 million, and 176 were multifamily properties, with 19,191 units, that sold for $207 million.

Legislation passed by Congress in November strengthened the affordable housing program. Modifications to the program included extension of the marketing period, direct and exclusive negotiating authority for non-profit groups and public agencies before the marketing period begins, and stricter requirements regarding occupancy of affordable housing. These changes will help further the legislative philosophy of giving households of modest means the first opportunity to buy RTC properties.

Another important social objective the RTC must pursue is reaching out to minority- and women-owned businesses in the contracting process. From inception to the end of 1991, we awarded nearly 14,000 contracts to minority- or women-owned businesses. The estimated fees for all RTC contracts awarded in 1991 were $1.5 billion; the estimated fees for contracts awarded to minority- and women-owned businesses were $354 million.

We experienced important changes at the RTC in 1991. In October, Chairman William Seidman, who had led both the FDIC and the RTC, concluded his term of office. Mr. Seidman had carried the RTC through the critical start-up phase and had maintained stability during a time of national financial crisis. In October 1991, I joined the RTC as the agency's first President and assumed the position of Chief Executive Officer on February 1, 1992. Soon after joining the RTC, I began a review project to determine the need for organizational and other changes in the agency.

In November, Congress enacted legislation which set the course for a new, more flexible RTC operating structure. This legislation also provided for the independence of the RTC from the FDIC, and gave me authority, as CEO, to assume day-to-day management of operations. The implementation of these provisions began in 1992.

This past February 1, we began the process of restructuring the agency along the lines of a corporate organization. Following the lead of many of today's corporations, we delegated broad authority to senior management, decentralized, and streamlined operations. In March, we undertook a second phase of restructuring to remove layers of bureaucracy and begin downsizing. Our aim in this ongoing process is to improve customer responsiveness, become more efficient, and adapt to the unique challenges ahead. We must also begin to prepare for our sunset date of December 31, 1996.

Our focus now shifts to resolving the remaining inventory of thrifts, finding creative ways to package and sell our remaining hard-to-sell assets, and pursuing our caseload of litigation. The RTC has a full agenda in the coming months, but 1991 was, in many ways, a watershed year. The management and the people of the FDIC and the OTS were particularly helpful this past year, and we are indebted to them.

I wish to thank the employees of the RTC for their extensive and intelligent efforts during a most trying period. They have every right to feel proud of their accomplishments, and on behalf of the American public, the Congress, the Thrift Depositor Protection Oversight Board, and myself, I say, "Thank you." ■

March 31, 1992

Albert V. Casey

Albert V. Casey was appointed President of the RTC on October 17, 1991, by the RTC Board of Directors. By act of Congress, the position was reestablished as a Presidential appointment. Mr. Casey was appointed Chief Executive Officer by President George Bush on January 9, 1992, and was confirmed by the Senate on January 31, 1992. On February 1, 1992, he assumed the broad powers established by Congress.

Mr. Casey retired as Chairman of AMR Corporation and American Airlines, Inc. in 1985, having served as the chief executive of the airline since 1974. He remained on the board of directors until October 16, 1991.

Mr. Casey joined American Airlines after serving for eight years as President of The Times Mirror Company of Los Angeles. Previously, he held a number of positions with the Southern Pacific Company in New York and was appointed Vice President and Treasurer of REA Express in New York in 1961. Two years later he joined the Times Mirror Company and in 1964 was named Executive Vice President and a member of the Board. He was elected President in 1966 and served until February 1974.

Mr. Casey served as Postmaster General of the United States for eight months in 1986, leaving the post that August to assume his position as the Ann Cox Distinguished Professor of Business Policy at the Edwin L. Cox School of Business, Southern Methodist University. Mr. Casey left the Business School in 1988 to become Chairman and Chief Executive Officer of First RepublicBank Corporation, a position he held until February 1989.

Mr. Casey has served as a Director on a number of corporate boards and has received two honorary degrees.

Mr. Casey graduated from Harvard University in 1943 and received an MBA from the Harvard School of Business Administration in 1948. ■

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Introduction

The savings and loan crisis of the 1980s led to the creation of the Resolution Trust Corporation (RTC) on August 9, 1989, with Congress' passage of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The RTC's job is to contain, manage, and sell failed savings institutions and recover taxpayer funds through the management and sale of the institutions' assets. These thrifts include institutions that were insured by the Federal Savings and Loan Insurance Corporation (FSLIC) before FIRREA's enactment and for which a conservator or receiver is appointed between January 1, 1989, and August 9, 1992. The RTC is also authorized to investigate, initiate civil litigation, and make criminal referrals in cases involving former officers, directors, and other professionals whose negligent or fraudulent conduct caused losses to the thift industry.

Prior to FIRREA, the Federal Deposit Insurance Corporation (FDIC) led the initial multi-agency effort to oversee the operations of insolvent savings and loans, contain losses, and maintain services to depositors. Joining the FDIC in this effort were the former FSLIC, the Federal Home Loan Bank Board, the Federal Reserve Board, and the Office of the Comptroller of the Currency.

As directed by Congress, the RTC must maximize the net present value return from the sale or other disposition of savings associations and their assets; minimize the impact of such transactions on local real estate and financial markets; minimize the amount of any loss realized in the resolution of these insolvencies; and maximize the availability and affordability of residential real property for low- and moderate-income individuals.

In 1991, the RTC took control of 123 savings and loans determined to be insolvent by the Office of Thrift Supervision (OTS). During the year, the RTC closed or sold 232 insolvent savings institutions and achieved asset sales and collections of $114 billion from the failed thrifts. From inception through 1991, the RTC closed or sold 584 thrifts; total sales and collections amounted to $228 billion (net of putbacks).

The RTC operates from its headquarters in Washington, D.C., and four regional offices based in Atlanta, Georgia; Dallas, Texas; Denver, Colorado; and Overland Park, Kansas. Reporting to the regional offices are 15 consolidated offices and 15 sales centers, established at national, regional, and local levels to facilitate the sale of real estate, financial instruments, and other assets.

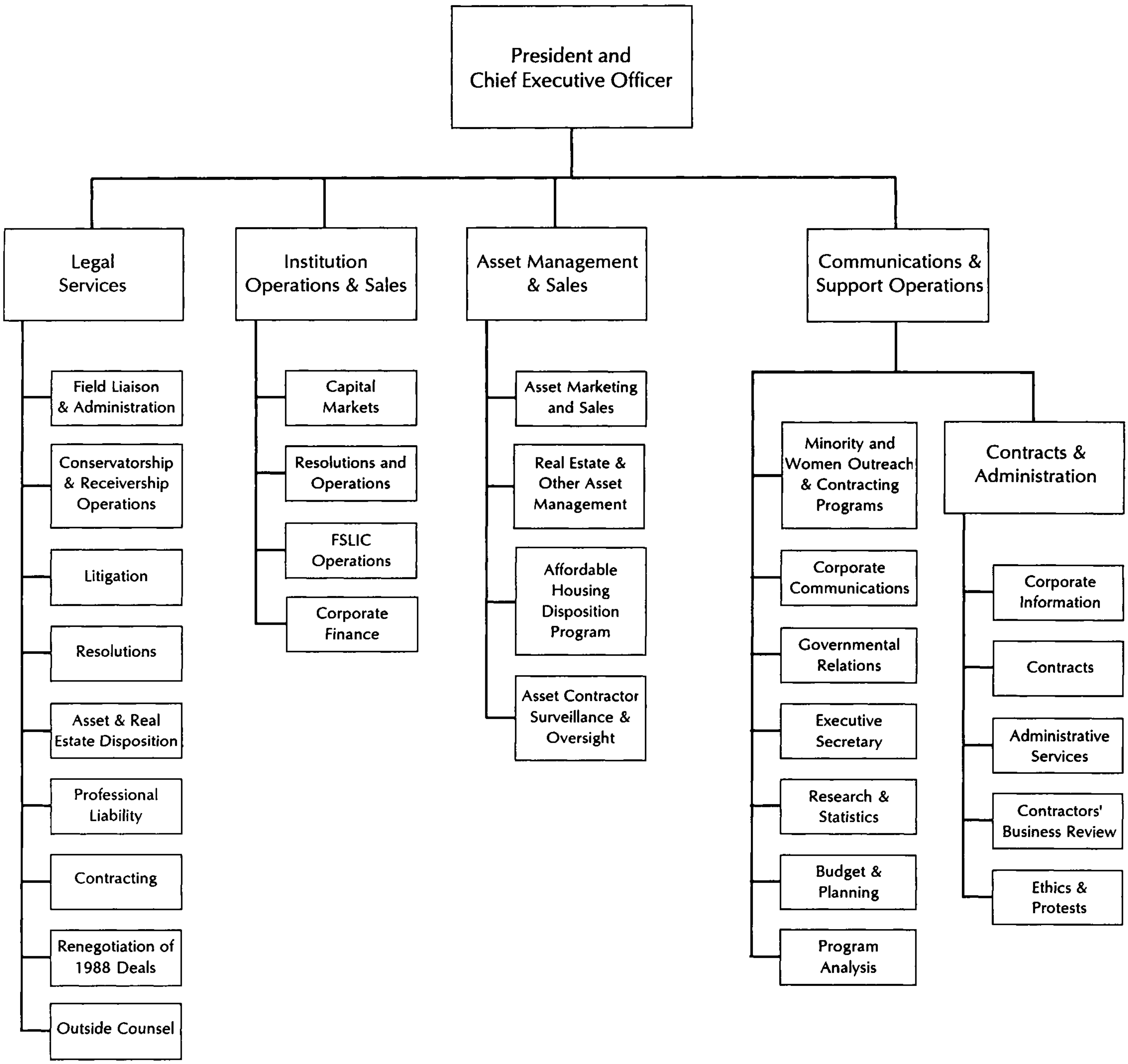
On November 27, 1991, Congress passed the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 (H.R.3435), which provided the RTC with $25 billion more in funding through April 1, 1992; extended the RTC's ability to accept appointment as conservator or receiver from August 9, 1992, to September 30, 1993; redesignated the RTC Oversight Board as the Thrift Depositor Protection Oversight Board and restructured its membership; abolished the RTC Board of Directors and removed the FDIC as exclusive manager of the RTC; and created the office of Chief Executive Officer of the RTC, requiring appointment to that office by the President with the advice and consent of the Senate. Some of these changes became effective February 1, 1992.

Albert V. Casey, President and Chief Executive Officer of the RTC, directs the daily executive and administrative functions of the agency. In 1991, the RTC's Board of Directors, which also served as the FDIC's Board, was chaired by William Taylor. Other members of the Board in 1991 included Andrew C. Hove, Jr.; C.C. Hope, Jr.; Comptroller of the Currency Robert L. Clarke; and Timothy Ryan, Director of OTS. The Board was replaced February 1, 1992, by an Executive Committee whose membership consists of four senior vice presidents.

The RTC Oversight Board established by FIRREA formulated policy, approved funding, and provided general oversight of the RTC. It was replaced on February 1, 1992, by the new Thrift Depositor Protection Oversight Board. The Board has the authority to review the RTC's overall strategies, policies, and goals, including those deemed likely to have a material effect on the RTC's financial condition, the results of its operations, or its cash flows; or those it deems to involve substantial issues of public policy. The Board's membership was restructured, removing the Secretary of Housing and Urban Development, and adding the Director of OTS, the Chairperson of the Board of Directors of the FDIC, and the Chief Executive Officer of the RTC. The Board's membership also includes the Secretary of the Treasury, who chairs the Board; the Chairman of the Federal Reserve Board; and two public members named by the Senate, Robert Larson and Philip C. Jackson, Jr. ■

Resolution Trust Corporation

1991 Washington Office Structure



Board of Directors

William Taylor

William Taylor became the 15th Chairman of the Federal Deposit Insurance Corporation on October 25, 1991. Prior to his FDIC appointment, Mr. Taylor spent most of his professional career with the Federal Reserve System. A Chicago native, Mr. Taylor joined the Federal Reserve Bank of Chicago in 1961 as a bank examiner. In 1968, he left his federal positon to join Chicago's Upper Avenue Bank as Vice President in charge of lending. In 1972, he became Manager of the Chicago office of James W. Rouse and Company, a real estate development and mortgage banking firm. Mr. Taylor returned to the Federal Reserve System in 1976 as Chief of Financial Institutions Supervision in the Division of Banking Supervision and Regulation. He became Assistant Division Director in 1977, Associate Director in 1979, Director in 1985, and Staff Director in 1987. He also served in 1990 as Acting President of the RTC Oversight Board. Mr. Taylor received a B.A. in Business from Cornell College in Mount Vernon, Iowa. ■

Andrew C. Hove, Jr.

Andrew C. Hove, Jr., was appointed Vice Chairman of the FDIC Board of Directors on July 23, 1990. He brought to the position three decades of banking experience. During his 30 years with the Minden Exchange Bank & Trust Company in Minden, Nebraska, he rose to the ranks of Chairman and Chief Executive Officer. Mr. Hove also served as a President of the Nebraska Bankers Association, and held various other leadership roles within the association. At the American Bankers Association (ABA), Mr. Hove served as a delegate to the ABA Leadership Conference, a banking advisor, and Vice President representing Nebraska. He is a former President of the Nebraska Electronic Transfer System and Kansas/Nebraska Schools of Banking. Mr. Hove has held several civic posts and has been active in local government, holding such positions as Treasurer and Mayor of the city of Minden. He earned a B.S. degree from the University of Nebraska-Lincoln, and is a graduate of the University of Wisconsin-Madison Graduate School of Banking. ■

RTC Board of Directors

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L - R (seated): Andrew C. Hove, Jr. (Vice Chairman); William Taylor (Chairman); C. C. Hope, Jr. (Director).

L - R (standing): Robert L. Clarke (Comptroller of the Currency); Timothy Ryan (Director, Office of Thrift Supervision).

C.C. Hope, Jr.

C.C. Hope, Jr., was appointed to the FDIC Board of Directors on March 10, 1986, following an extensive career in banking. Mr. Hope spent 38 years at First Union National Bank of North Carolina in Charlotte, retiring as Vice Chairman in 1985. He is a former President of the American Bankers Association and has served as Secretary of the North Carolina Department of Commerce. Mr. Hope has also held several positions in the educational field, currently serving as a trustee on the Board of Wake Forest University, which he formerly chaired. He also served as Dean of the Southwestern Graduate School of Banking at Southern Methodist University. Mr. Hope holds a B.A. in Business Administration from Wake Forest University and has completed graduate work at the Harvard Business School and The Stonier Graduate School of Banking at Rutgers University. ■

Robert L. Clarke

Robert L. Clarke was sworn in as Comptroller of the Currency on December 2, 1985. At the same time, he became a member of the FDIC's Board of Directors. Prior to these appointments, Mr. Clarke headed the banking section at Bracewell and Patterson, a law firm in Houston, Texas, which he joined in 1968. The banking section, founded by Mr. Clarke, prepared corporate applications and securities registrations, counseled management in expansion opportunities and the effects of deregulatory initiatives, and represented institutions in enforcement matters. Mr. Clarke is a member of the Texas and New Mexico bars. He has served as a director for two state banks and has been active in several civic, political and professional organizations. Mr. Clarke received a B.A. in Economics from Rice University and an L.L.B. from Harvard Law School. ■

Timothy Ryan

Timothy Ryan was appointed Director of the Office of Thrift Supervision on April 9, 1990, following his nomination by President George Bush and confirmation by the U.S. Senate for a five-year term. Prior to his appointment, Mr. Ryan was a partner and member of the executive committee of the law firm of Reed Smith Shaw and McClay. While with the firm, he specialized in pension investment law and Washington relations for major corporations and ERISA pension and health funds. From 1981 to 1983, he served as Solicitor of Labor at the U.S. Department of Labor. Mr. Ryan is a member of the District of Columbia bar. Mr. Ryan received a bachelor's degree from Villanova University and a Juris Doctor from the American University. ■

Operations

Legal Services

The Division of Legal Services provides comprehensive legal services to the RTC for the oversight and resolution of financially troubled and insolvent institutions, liquidation and recovery of assets, prosecution and defense of litigation, and compliance with applicable civil and criminal laws. The division advises the Washington, regional, and field staffs on issues such as resolutions; conservatorship and receivership operations; asset disposition and marketing; litigation; securitization and financing of assets; claims against directors, officers, employees and insurers of failed thrifts; and special issues including tax, labor, legislation, alternative dispute resolution, public access to records, environmental matters, and the RTC's status as a governmental agency.

In September 1991, the FDIC and RTC Boards of Directors approved the establishment of a separate RTC Legal Division, now known as the RTC Division of Legal Services. Formerly, legal services were provided to the RTC by the RTC Branch of the FDIC Legal Division. The Division of Legal Services is today a fully formed, in-house legal staff that provides a wide variety of legal services.

The General Counsel heads the division and serves as the principal legal advisor to the RTC's President and Chief Executive Officer. The division is composed of the Washington Office, and staffs in the four regional offices and 15 consolidated field offices. During the third quarter of 1991, the entire staff of the RTC Legal Branch was transferred to the new division, as were 96 positions from other FDIC branches. In addition, a satellite office in Somerset, New Jersey, was made into a consolidated office with 81 authorized positions for the Division of Legal Services. During 1991, the number of authorized RTC legal personnel increased from 1,301 to 1,450 nationwide.

Washington Office

The Washington legal staff provides direct legal support to the RTC Washington staff, as well as administrative and policy direction to the legal staffs in the regional and consolidated field offices. During 1991, the Washington Office was reorganized into four departments: Corporate Affairs (including Administration, Special Projects and Employment/Labor); Litigation (including Professional Liability, Bankruptcy, Trial and Appellate Litigation, and the Drexel Task Force); Asset and Real Estate Disposition (including Securities, Finance, and Real Estate); and Conservatorship and Receivership Operations (including Resolutions, Contracting, and Thrift Agreement Administration and Oversight). An Outside Counsel Management Section, including a Minority and Women Outreach Unit, was also added to the organization during the year. The headquarters staff reviewed and completed numerous initiatives during 1991.

The Asset and Real Estate Disposition Department, together with the National Sales Center, developed a variety of sales programs to facilitate sales of real property assets, including cash flow mortgages, and completed an auction of 16 properties generating in excess of $100 million in proceeds. The department also assisted the RTC with its first offering of $480 million of mortgage pass-through securities.

The Litigation Department began monitoring over 300 appeals when RTC appellate cases were transferred to the RTC from the FDIC in November. The Litigation Department also implemented new procedures for managing litigation cases involving special issues. Additionally, the department developed tracking systems for cases involving the Federal Tort Claims Act, the Affordable Housing Disposition Program, and the repudiation of contracts and leases.

The Conservatorship and Receivership Operations Department drafted a directive relating to receivership termination procedures, including the treatment of representations and warranties made by an association upon the sale of mortgage servicing rights, and addressed the legal issues involved in the distribution of dividends by receivers. The department also issued a new version of the Standard Asset Management and Disposition Agreement along with amendments.

In the Corporate Affairs Department, the environmental law group prepared an explanatory memorandum on the Environmental Protection Agency's proposed rule on the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The department's tax group began handling tax projects involving the Division of FSLIC Operations and the Thrift Agreement Administration and Oversight Section (TAAOS), which were formerly handled by the FDIC.

The Corporate Affairs Department began implementing the RTC Legal Information System, a budget-based financial control and tracking system designed to monitor matters assigned to outside counsel and pay the associated legal bills. Implementation of the system will continue into 1992.

During the year, the Washington staff continued its program to standardize contracts, agreements, and procedures. The Washington staff issued a standard form of a purchase and sales agreement to be used for the sale of stock of a mortgage servicing subsidiary; established a nationwide network to resolve deposit insurance issues; revised the Claims Manual containing the claims procedures for receiverships; drafted the Litigation Manual covering special litigation issues; and developed form documents for auctions and the disposition of commercial properties. The Washington staff attended or conducted numerous training seminars to familiarize the regional and field staffs with new policies and procedures.

Regional and Consolidated Field Offices

The legal staffs in the four regional offices provide legal support to the RTC regional directors by developing regional procedures, resolving thrifts, advising credit review committees, and drafting regional contract solicitations. The regional legal staffs also provide administrative support to the consolidated office legal staffs, in cooperation with the Washington office, overseeing all legal functions, disseminating national and regional procedures, analyzing special issues, and training employees. In addition, the regional legal staffs provide litigation management and coordinate the hiring of outside law firms.

The role of the legal staffs in the consolidated offices is to assist the RTC in managing and liquidating assets. Responsibilities include litigation management, transaction structuring, client counseling, review and drafting of contracts and documentation, SAMDA oversight, provision of legal opinions, and comprehensive assistance with conservatorship and receivership operations.

At the end of 1991, the legal staffs in the regional and consolidated offices were working on 91 conservatorships. From inception through 1991, the staffs had also participated in the resolutions of 584 financial institutions.

Among other 1991 accomplishments, the regional and consolidated office legal staffs facilitated asset liquidation through portfolio sales, branch sales, and real estate sales, resulting in billions of dollars in sales; provided legal support to the programs for the sale of mortgage servicing rights; coordinated with SAMDA contractors on managing and disposing of billions of dollars in assets; facilitated the first civil forfeiture proceeding under FIRREA in cooperation with the Department of Justice; assisted in the negotiation of multimillion dollar settlements in the RTC's civil racketeering suit against Charles Keating, Jr. and other Lincoln Savings insiders; and assisted in the development of the new Settlement Workout Assistance Team (SWAT) program designed to settle/work out complex transactions and litigation.

In addition, during 1991, the staffs assisted in preparing standardized forms and contracts, including loan portfolio sale agreements, purchase and sale real estate contracts, exclusive listing agreements, and financing and closing documents.

Outside Counsel

Because of the magnitude of the legal workload associated with failed institutions, the division utilizes outside law firms to work under its direction. At yearend, the RTC's list of counsel utilized consisted of 3,608 law firms nationwide. One of the division's priorities is to devise and implement measures to control outside counsel fees and expenses. In 1991, division staff developed the RTC Legal Information System and implemented a more competitive hiring process.

The division has given the highest priority to developing and implementing a minority- and women-outreach program in compliance with the FIRREA requirement. At yearend, 530 firms on the list of counsel utilized were minority- or women-owned. To enhance opportunities for minority- and women-owned firms, the division attended and participated in numerous conferences and training sessions, and actively promoted joint referrals and other types of business engagements. ■

Institution Operations and Sales

The Division of Institution Operations and Sales oversees the management and operation of insolvent thrifts while they are in the RTC's conservatorship program and the negotiation and execution of the thrifts' most cost-effective resolution. The division also develops, evaluates, and operates the Corporation's funding programs and capital markets activities, and coordinates the operations of the Corporation's financial departments.

Department of Capital Markets

The Department of Capital Markets (Capital Markets) manages the method and ultimate disposition of all securities and related assets of RTC conservatorships and receiverships. It also assists with national sales programs to pool, securitize, and sell loans and other assets from RTC conservatorships and receiverships; and monitors capital markets and the broker/dealer community to ensure that the RTC receives maximum value from asset dispositions. In addition, the branch provides guidance and assistance to the RTC's regional offices and managing agents in evaluating and managing interest rate risk, downsizing efforts, and liquidity management.

During 1991, Capital Markets expanded its sales and sales support staff, including credit, analytic, back office, policy, and high-yield bond workout groups, to support increased sales activity. The sales desk managed sales of $18.8 billion (current par amount) in securities, which included $13.6 billion in mortgage-backed securities and $3.9 billion in high-yield bonds. Sales also included a variety of esoteric securities, such as options, interest rate swaps, caps, and floors, in addition to investment-grade corporate bonds, and U.S. Treasury securities.

Joint efforts by Capital Markets and the RTC's securitization program staffs allowed close coordination of the RTC's securities activities. One example is the oversight of structuring, pricing, and other issuance-related activities for all mortgage- and asset-backed securities issued by the RTC. Additionally, the sales desk began selling securities created by "swapping" conforming mortgages with the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

Sales efficiency was enhanced with the completion of a state-of-the-art trading room, which provides a vital link between securities buyers and RTC-controlled institutions. The trading room has a fully automated securities operations and support system that assists with monitoring, trading, and clearing securities sales. In 1991, data on approximately 8,000 securities worth $12 billion was entered into the system, following a nationwide effort to collect data on all securities from RTC-controlled institutions. Additional systems were created for approving and monitoring brokers and dealers seeking to purchase securities. A program was initiated to monitor the risk associated with each buyer's position. A procedures manual was developed to document the securities sales process to coincide with the centralization of the securities sales effort.

Department of Resolutions and Operations

The Department of Resolutions and Operations manages insolvent savings associations in the RTC's conservatorship program while determining, and ultimately executing, their most cost-effective resolution. The department has two groups in Washington, D.C. – Resolutions and Operations – as well as extensive operations in the four regional offices.

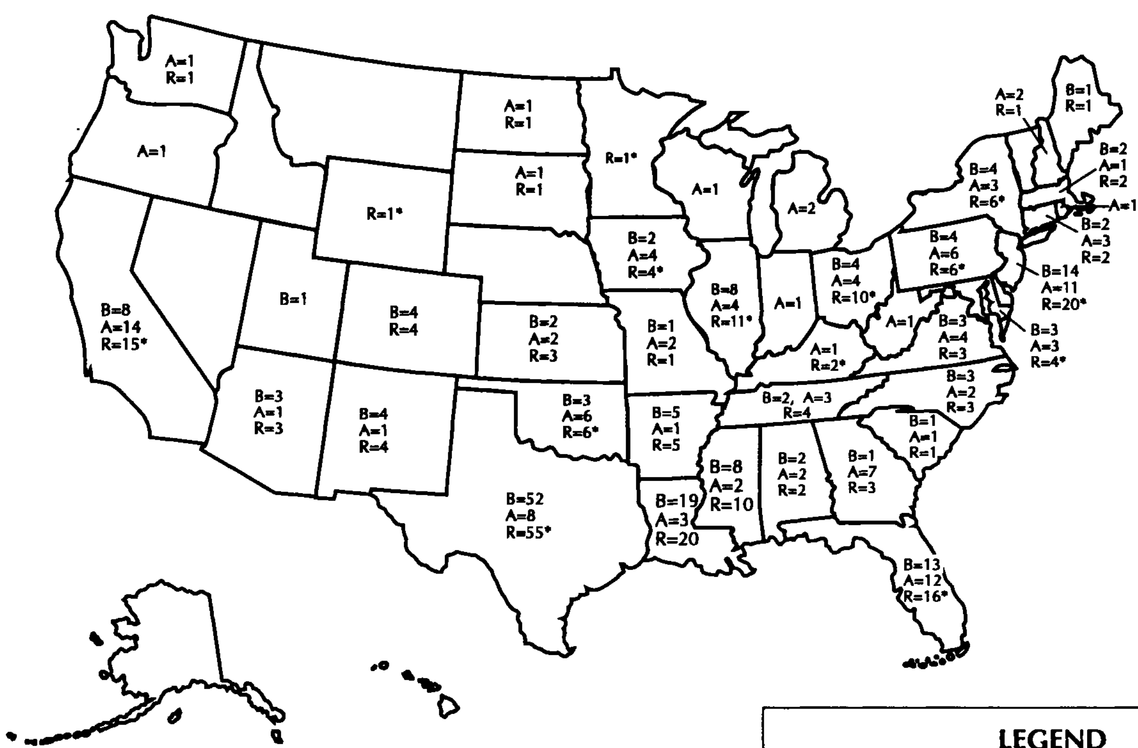
Resolutions Group

The Resolutions Group markets and sells insolvent savings institutions, including thrifts which have been placed in conservatorship and those in the Accelerated Resolution Program (ARP).

The goals of the Resolutions Group include:

- minimizing the cost of resolving thrifts to the taxpayer;
- speeding the resolution process in order to return the depositories and associated assets to the private sector at the earliest possible date;
- maintaining public service by avoiding the liquidation of institutions wherever practicable; and

1991 RTC Conservatorship & Resolution Activity



LEGEND
B = Beginning Conservatorships at 12/31/90
A = Conservatorships Added in 1991
R = Cases Resolved in 1991

* These figures include 21 associations never placed into conservatorship.

1991 RTC Conservatorship and Resolution Activity
(dollars in millions)

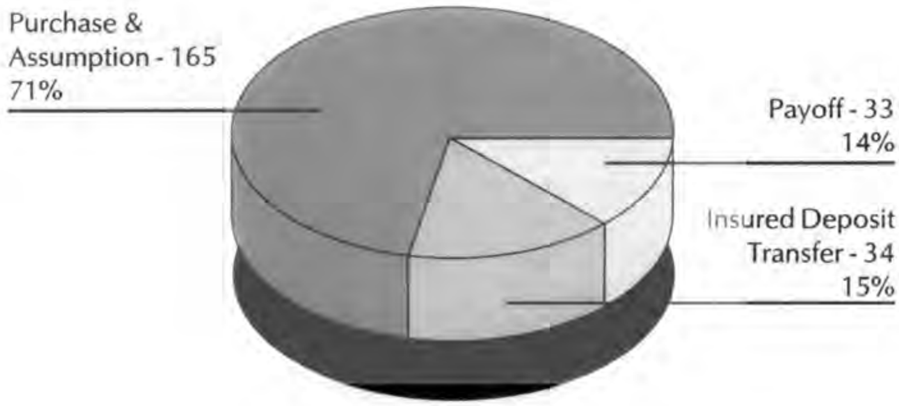
State	Conservatorships						Balance	
	Beginning	Deposits*	Added	Deposits*	Resolved	Deposits*	Ending	Deposits*
Alabama	2	$ 66	2	$ 1,607	2	$ 66	2	$ 1,607
Arizona	3	4,945	1	129	3	4,945	1	129
Arkansas	5	2,110	1	135	5	2,110	1	135
California	8	13,582	14	19,245	12	19,849	10	12,978
Colorado	4	982	0	0	4	982	0	0
Connecticut	2	101	3	323	2	101	3	323
Florida	13	8,735	12	6,285	15	8,381	10	6,638
Georgia	1	53	7	1,791	3	1,468	5	376
Illinois	8	3,258	4	158	9	2,685	3	731
Indiana	0	0	1	10	0	0	1	10
Iowa	2	1,255	4	930	3	1,323	3	862
Kansas	2	5,244	2	249	3	836	1	4,657
Kentucky	0	0	1	39	1	39	0	0
Louisiana	19	2,787	3	2,531	20	2,805	2	2,514
Maine	1	40	0	0	1	40	0	0
Maryland	3	907	3	814	3	907	3	814
Massachusetts	2	1,560	1	138	2	1,560	1	138
Michigan	0	0	2	581	0	0	2	581
Mississippi	8	581	2	87	10	668	0	0
Missouri	1	70	2	2,615	1	70	2	2,615
New Hampshire	0	0	2	278	1	86	1	192
New Jersey	14	10,323	11	2,001	19	11,057	6	1,267
New Mexico	4	2,589	1	193	4	2,589	1	193
New York	4	2,764	3	920	4	2,308	3	1,376
North Carolina	3	841	2	337	3	591	2	586
North Dakota	0	0	1	51	1	51	0	0
Ohio	4	626	4	1,127	7	1,736	1	18
Oklahoma	3	887	6	1,504	5	1,005	4	1,386
Oregon	0	0	1	1,273	0	0	1	1,273
Pennsylvania	4	4,262	6	1,297	5	4,360	5	1,200
Rhode Island	0	0	1	62	0	0	1	62
South Carolina	1	668	1	278	1	668	1	278
South Dakota	0	0	1	50	1	50	0	0
Tennessee	2	102	3	838	4	133	1	807
Texas	52	18,904	8	5,396	53	18,937	7	5,363
Utah	1	10	0	0	0	0	1	10
Virginia	3	1,436	4	2,491	3	1,436	4	2,491
Washington	0	0	1	60	1	60	0	0
West Virginia	0	0	1	35	0	0	1	35
Wisconsin	0	0	1	136	0	0	1	136
Total (40)	**179**	**$89,685**	**123**	**$55,993**	**211****	**$93,898**	**91**	**$51,780**

* Deposits at quarter prior to date of conservatorship.

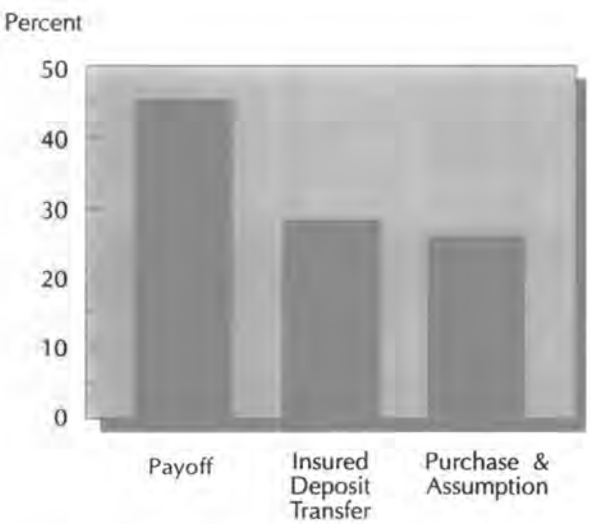
** Does not include 21 thrifts resolved in 1991 through the Accelerated Resolution Program.

Note: Detail may not add to totals due to rounding.

1991 Resolutions by Transaction Type
Number of Resolutions - 232



Cost of Resolution as a Percent of Liabilities at Conservatorship*



* Cost of resolution is the estimated dollar amount to be spent by the RTC to cover differences between cash outlays and future net asset recoveries from the resolution of insolvent S&Ls, the shortfall representing a loss to the RTC. This loss consists primarily of the negative net worth of the insolvent institution plus losses from asset sales, reduced by acquirer premiums.

- meeting specific goals relating to certain institutions such as attempting to retain the ethnic identity of ownership at insolvent institutions previously owned and/or operated by minorities.

During 1991, the RTC resolved a total of 232 thrifts (compared to 315 during 1990) headquartered in 35 states and operating a total of 2,018 deposit-taking facilities. These institutions had $74.4 billion in 7,528,126 deposit accounts (compared to $93.4 billion in 10,213,526 deposit accounts in 1990; data for both years are as of the end of the quarter prior to resolution).

In 86 percent of the thrift resolutions, accounting for 96 percent of all deposits, service was continued to most, if not all, of the depositors and their communities as healthy financial institutions acquired the institutions, their branches, and/or associated deposits. The number of total payoffs decreased to 33 in 1991 (from 47 in 1990), with total deposits involved down to $3.6 billion (from $5.8 billion in 1990).

Taxpayer Savings

The success of resolution activity generated an estimated taxpayer savings of $809 million in 1991 over the projected cost of simply closing all 232 institutions, paying off insured deposits, and selling the assets. Over 85 percent of this savings came from premiums paid by banks and thrifts primarily for the right to assume deposits (and the established customer relationships) of the failed thrifts. In 1991, these premiums totaled in excess of $700 million and were equal to approximately 1.39 percent of the assumed "core deposits" (deposits in accounts with balances of $80,000 or less, otherwise known as "retail deposits"). In 25 transactions, the premium exceeded $1 million; two resolutions each produced over $40 million in premiums. Non-payoff resolutions produced additional taxpayer savings by avoiding the administrative costs associated with mailing checks to insured depositors and, in many cases, by eliminating the carrying costs of assets when they are sold as part of the transaction.

National and Regional Resolutions
Resolutions are handled by the Major Case Transactions Group, headquartered in Washington, D.C., and resolution staff in the RTC's four regional offices, located in Atlanta; Dallas; Denver; and Overland Park, Kansas, which are coordinated by the Washington-based Field Resolutions Branch.

The Major Case Transactions Group managed the disposition of larger financial institutions, generally those with more than $500 million in total liabilities (as of the date of conservatorship). During 1991, the group completed 45 resolutions (compared to 39 in 1990) involving $51.3 billion in deposits. The major case transactions, representing 19 percent of all transactions, accounted for 69 percent of the resolved deposits.

Of the 45 major case transactions, one thrift, Alamo Federal Savings Association of Texas, San Antonio, Texas, was resolved as a total payoff of its $443 million in insured deposits. The resolutions of 10 other major transactions involved partial payoffs, i.e., the insured deposits at one or more of the branches were paid off, while other branches and

1991 Resolution Cost and Savings by State
(dollars in millions)

State	Resolved Institutions	Resolution Cost**	Estimated Savings
Alabama	2	$ 24	$ 2
Arizona	3	2,112	41
Arkansas	5	1,557	7
California*	15	6,182	102
Colorado	4	425	14
Connecticut	2	49	0
Florida*	16	2,441	43
Georgia	3	309	15
Illinois*	11	550	102
Iowa*	4	106	27
Kansas	3	150	10
Kentucky*	2	46	9
Louisiana	20	875	18
Maine	1	14	0
Maryland*	4	373	2
Massachusetts	2	553	17
Minnesota*	1	5	2
Mississippi	10	225	12
Missouri	1	4	2
New Hampshire	1	20	2
New Jersey*	20	2,711	65
New Mexico	4	1,405	2
New York*	6	744	11
North Carolina	3	132	4
North Dakota	1	5	2
Ohio*	10	307	94
Oklahoma*	6	401	19
Pennsylvania*	6	1,560	46
South Carolina	1	109	12
South Dakota	1	6	1
Tennessee	4	27	1
Texas*	55	10,130	118
Virginia	3	402	5
Washington	1	6	1
Wyoming*	1	4	3
Total (35)	**232**	**$33,964**	**$809**

* These states contain 21 thrifts resolved under the Accelerated Resolution Program.
** Resolution cost estimated at time of resolution.
Note: Detail may not add to totals due to rounding.

their deposits were acquired by healthy financial institutions. Twenty-six of the major case transactions, or 56 percent, were resolved in transactions with more than one acquirer.

Regional staff and the Field Resolutions Branch in Washington completed 166 transactions (72 percent of all cases resolved) involving $16.9 billion in deposits. These included 32 complete payoffs–22 in Texas, nine in Louisiana, and one in Florida, with a total of $3.2 billion in deposits. Twenty-one field resolution cases involved multiple acquirers. During 1991, the branch resolved nine institutions that had been owned by minority Americans. Three of these were acquired by like-minority investors, while two more (both in Texas) were liquidated because no qualified investor, minority or majority, presented an acceptable proposal.

Additionally, 21 resolutions were completed under the Accelerated Resolution Program (compared to four in 1990), in which RTC Washington-based and regional staff and the Office of Thrift Supervision (OTS) participated. These thrifts had total deposits of $8 billion (compared to $4 billion in 1990) and the transactions generated a savings over the projected cost of liquidation of $133 million.

Accelerated Resolution Program

In 1990, in cooperation with the OTS, the RTC initiated the Accelerated Resolution Program based on the premise that early intervention of a failing thrift could create significant taxpayer savings. The program is unique in that it avoids the conservatorship process. Thrifts eligible for the program are those that the Director of the OTS has determined are in danger of failing and whose financial condition would cause them to be placed into RTC conservatorship within one year. Selected institutions are generally limited to those having acceptable management structure, stable operations, and significant franchise value. Once a thrift is targeted for the program, the OTS plays a major role in its marketing in cooperation with the RTC. During the critical due-diligence period, OTS personnel are on-site at the institution to assist potential acquirers in the information-gathering process.

In 1991, 21 thrifts, with a total of $8 billion in insured deposits, were resolved through the ARP process. In aggregate, the cost of resolution, as a percent of insured deposits, was 11 percent. This compares to 42 percent for all 232 RTC transactions completed during the year. If the 21 ARPs had instead been placed in conservatorship, the ultimate taxpayer cost of resolution could have nearly quadrupled, costing an additional $2.3 billion.

The ARP cases ranged from the very large (First Federal Savings and Loan Association of Pittsburgh, Pittsburgh, Pennsylvania, and United Savings of America, Chicago, Illinois, each with deposits in excess of $1 billion) to five small thrifts, each with less than $50 million in deposits. Two ARP resolutions involved no cost to the taxpayers as the acquirers of the $34 million Capital Federal Bank for Savings, Chicago, Illinois, and the $123 million Larchmont Federal Savings and Loan Association, Larchmont, New York, required no assistance from the RTC and paid the RTC for its administrative costs. The 21 ARPs included thrifts with headquarters in 14 states, including three each in California and Ohio, and two each in Illinois, New York, and Texas. One accelerated resolution, Home Federal Savings and Loan Association of Harlan, Harlan, Iowa, with $87.4 million in deposits, involved multiple acquirers.

Size of Resolved Institutions

The largest resolution of 1991 was City Savings Bank, FSB (City Savings), Somerset, New Jersey, with $5.7 billion in deposits and 109 offices. In September 1990, all 27 of City Savings' Florida offices and nine of its New Jersey branches were sold to two acquirers, who assumed $1.4 billion in deposits and purchased $1.1 million in assets. Because no acceptable bids had been received for the remaining 73 New Jersey offices, a new corporate entity was formed and remarketed. The January 1991 conclusion of the transaction involved the insured deposit transfer of the deposits at 66 offices to five acquirers, while deposits at seven offices and certain wholesale deposits were paid off.

Rounding out the top five 1991 resolutions, each with more than $2 billion in deposits, were three institutions based in California and one in Texas. Columbia Savings and Loan Association, Beverly Hills, California, had the second largest deposit base with a total of $4.8 billion. It was acquired by American Savings Bank, F.A., Stockton, California, in an insured deposit transfer of

$1.2 billion in retail deposits in 20 branches. Brokered deposits, and deposits generated through a telemarketing operation, were paid off by the RTC.

Imperial Federal Savings Association, San Diego, California, was acquired by two organizations. Household Bank, FSB, Newport Beach, California, the thrift subsidiary of the $30 billion financial services conglomerate Household International, Prospect Heights, Illinois, acquired $2.9 billion in deposits in 48 offices in southern California. The remaining 30 offices and $1.5 billion in deposits were acquired by Bank of the West, San Francisco, California, the U.S. subsidiary of France's Banque Nationale de Paris.

Southwest FSA, Dallas, Texas, the multi-billion dollar thrift formed as a result of a 1988 FSLIC transaction which combined four failed Texas S&Ls, was the fourth largest 1991 transaction. Two thrift subsidiaries of the $10 billion Temple-Inland, Inc. conglomerate – Guaranty Federal Savings Bank, Dallas, Texas, and Kilgore Federal Savings and Loan Association, Kilgore, Texas – together assumed $2.2 billion in deposits in 45 Texas offices. An additional $950 million of deposits, in 16 offices, were paid off by the RTC.

With $2.4 billion, Lincoln Savings and Loan Association (Lincoln), Irvine, California, was the fifth largest resolution in terms of deposits, but was number one in terms of estimated cost of resolution at the date of resolution, at $2.8 billion. The high cost of resolution, which exceeded insured deposits, was caused because Lincoln held an additional $1.8 billion in non-deposit (and non-transferred) liabilities (primarily prior RTC advances made to the thrift to deal with depositor runoff before assets could be liquidated). The core deposits at Lincoln were only $898 million and were assumed by Great Western Federal Savings Bank, Beverly Hills, California.

Of the 232 resolutions, 20 transactions (or nine percent), each with deposits in excess of $1 billion, accounted for 54 percent of all resolved deposits during the year. The 119 smallest transactions, those with deposits of less than $100 million each, accounted for less than eight percent of total resolved deposits.

Whole Franchise Transactions
In 1991, the RTC resolved 151 institutions on a "whole franchise" basis, i.e., only a single financial

The following is a breakdown of resolved institutions by deposit amount:

Deposit Amounts of 1991 Resolved Institutions

$ of Deposits	Number of Resolutions	% Total Resol.	Total Deposits ($ Millions)	% Total Deposits
Over $2.5 Billion	4	1.7%	$18,140	22.5%
$1.00B to $2.499 B	16	6.9%	25,102	31.1%
$500MM to $999MM	20	8.6%	14,387	17.8%
$250MM to $499MM	29	12.5%	10,378	12.9%
$100MM to $249MM	44	19.0%	6,852	8.5%
$ 50MM to $ 99MM	43	18.5%	3,188	3.9%
Under $50 Million	76	32.8%	$ 2,657	3.3%

institution was involved in the acquisition of the thrift or its deposits. These thrifts held a total of $45.9 billion in deposits and were acquired by 128 different financial institutions.

Two acquirers completed four whole franchise transactions. The Arizona, California, New Mexico, and Texas banking units of BankAmerica Corp., San Francisco, California, each acquired a single thrift in these four states, resulting in the assumption of a total of $5.1 billion in deposits. The thrift subsidiaries of Temple-Inland, Inc. also acquired four thrifts, all Texas-based, with an aggregate $1 billion in deposits. Great Western Financial Corporation, the holding company for the Beverly Hills- headquartered thrift, completed three 1991 whole franchise transactions, all Florida-based, assuming over $4.5 billion in deposits. Magnolia Federal Bank for Savings, Hattiesburg, Mississippi, was also a three-time acquirer, assuming a total of $79 million in Mississippi-based deposits.

Branch Resolutions

During 1991, 48 resolutions, or nearly 25 percent of the total number of transactions (excluding total liquidations), involved a branch breakup, compared to 35 such transactions in 1990. In the 48 branch breakup transactions, a total of 179 financial institutions acquired one or more branches and/or their deposits. Thirty of these transactions involved four or fewer acquirers, while six of the sales involved 10 or more successful bidders. In the single most complex transaction, 22 financial institutions acquired the nearly $1 billion in deposits at the 32 offices of First Savings of Arkansas, Little Rock, Arkansas. The thrifts involved in branch breakup transactions had total deposits of $34.9 billion (compared to $20.9 billion in 1990) and had 45 percent of all deposits not associated with complete liquidations (compared to 23 percent in 1990).

Nineteen of the S&Ls involved in resolutions with multiple acquirers had deposits exceeding $500 million; five of these were multi-state operations. Eight of the institutions resolved through branch sales had deposits under $100 million. In 1990, branch resolutions were concentrated in a few states, while in 1991, thrifts headquartered in 23 states were involved in these multi-acquirer resolutions. There were four branch resolutions each in Florida, New Jersey, and Texas, and three each in Arkansas, California, Iowa, Louisiana, and Mississippi.

Cost of Resolutions and Savings

The total cost estimated at the dates of resolution for the 232 institutions resolved in 1991 is $34 billion. The cost is estimated until all assets associated with the institutions are sold. The total resolution cost is estimated to be $809 million less than the cost the taxpayers would have borne if all 232 resolutions had been payoffs, in which the RTC receives no premium income, has to assume the administrative cost of closing out the insured accounts, and carries and sells all of the assets.

Minority-Owned Thrift Resolutions

The RTC began 1991 with nine thrifts in conservatorship which had been owned and/or operated by minority Americans. (In 1990, 14 minority-owned thrifts were resolved by the RTC.) During 1991, an additional five minority-owned thrifts were placed in conservatorship. RTC policy gives preference to bidders who are of the same ethnic identity as the previous thrift owners.

Three of these minority institutions were acquired by people of the same ethnic identification as the previous owners. Two of these institutions were acquired by newly chartered financial institutions, allowing continuing ownership by black-American investors. Founders National Bank (formerly Founders Federal Savings and Loan Association), Los Angeles, California, opened on Martin Luther King Day in 1991; First Tuskegee Bank (formerly Tuskegee Federal Savings and Loan Association, F.A.), Tuskegee, Alabama, a newly chartered state bank, opened on October 14, 1991. The deposits of the failed Amigo Federal Savings and Loan Association, Brownsville, Texas, were assumed by the Hispanic-American-owned Brownsville National Bank, Brownsville, Texas. The two transactions in which new thrifts acquired institutions involved the interim capital assistance option offered by the RTC to minority purchasers for a total of $3.3 million. Four other minority institutions were acquired by majority institutions, as no acceptable proposals from minority bidders were submitted. No acquirer was found for two minority institutions and the thrifts' insured deposits were paid off.

Minority Participation
By yearend 1991, the RTC's National Marketing List, a list of approximately 9,400 investors, included over 225 organizations (or individuals) identifying themselves as minority or women investors (48 Asian-Americans, 58 black-Americans, 53 Hispanic-Americans, 44 native Americans, and 32 women). The RTC traditionally buys additional space in local newspapers to advertise the availability for purchase of minority institutions. This stimulates additional interest in the thrift, particularly from private investors.

Operations Group

The Operations Group manages and oversees conservatorship and receivership operations, pays off insured deposits, administers resolution agreements, and investigates fraud and other abuses. The overall goal is to protect insured depositors and preserve the thrifts' assets while preparing the institutions for resolution. The group is comprised of the Office of Conservatorship Operations and the Office of Investigations.

Office of Conservatorship Operations

Institutions and Assets in Conservatorship
From the RTC's inception in August 1989 through 1991, the RTC managed 648 institutions in the conservatorship program. When the RTC was established, the Office of Conservatorship Operations (Conservatorship Operations) immediately assumed responsibility for 262 conservatorships from the FDIC. Since that time, 557 conservator-ships have been resolved, leaving 91 in the program at yearend 1991.

At the beginning of 1991, the RTC was managing 179 thrifts in the conservatorship program. During the year, an additional 123 thrifts were placed into the program, and 211 thrifts in conservatorship were resolved. Twenty-one thrifts never placed in conservatorship were resolved through the Accelerated Resolution Program (ARP) in 1991. There were six non-conservatorship institutions resolved in 1990; four were resolved through ARP.

The following chart shows the number of thrifts placed in the RTC conservatorship program and the number of resolutions:

Conservatorship Institutions 1989-1991

	Conservatorships Established	Conservatorships Resolved	Total Resolutions
Pre-FIRREA 1989	262		
Post-FIRREA 1989 (8/9 - 12/31)	56	37	37
1990	207	309	315*
1991	123	211	232**
Total 1989-1991	648	557	584

* Includes six non-conservatorship institutions resolved in 1990, four of which were resolved through the Accelerated Resolution Program.
** Includes 21 institutions resolved in 1991 through the Accelerated Resolution Program.

The following chart shows the number of institutions placed in conservatorship in 1990 and 1991:

Institutions in Conservatorship in 1990 and 1991

	1990	1991
Beginning of	281	179
New Conservatorships	207	123
Resolved Conservatorships	(309)*	(211)*
End of	179	91

* Does not include 6 non-conservatorship institutions resolved in 1990 and 21 institutions resolved in 1991 through the Accelerated Resolution Program.

Conservatorship Asset Sales
A primary goal for the RTC is to prepare conservatorships for resolution by "downsizing" the institutions, which includes curbing unnecessary lending, reducing costs, and selling assets.

At the beginning of 1991, the amount of assets in conservatorship institutions totaled $87.6 billion. By yearend, the amount had dropped to $47.3 billion. During the year, the number of institutions in conservatorship decreased by 88. The 123 institutions added to the program in 1991 had assets of $70.9 billion when they entered the conservatorship program; 211 conservatorship institutions were resolved, reducing assets from the program by $69.2 billion.

In 1991, 302 institutions were active in the conservatorship program. Sales and payoffs/maturities in these institutions totaled $56.9 billion, or 35.8 percent of available assets.

Conservatorship Operations works closely with the Department of Real Estate and Other Asset Management and the Department of Capital Markets to facilitate the sale of securities, loans, real estate, and other assets through a variety of programs. In 1991, Conservatorship Operations had primary responsibility for the sale of mortgage servicing rights, management and marketing of subsidiaries, and administration of claims related to representations and warranties.

Sale of Mortgage Servicing Rights – The dramatic fall in interest rates toward the end of 1991 precipitated substantial increases in mortgage prepayments, causing volatility in the mortgage servicing market. Prices on servicing portfolios that were sold increased an estimated 14 percent by yearend. During 1991, approximately $85.8 billion in mortgage servicing rights were sold and transferred, which included both portfolios and mortgage subsidiaries.

In February 1991, the RTC and Freddie Mac implemented a program to sell to Freddie Mac RTC-owned minority participations in Freddie Mac loans. In 1991, the RTC completed 149 transactions with Freddie Mac under this program, selling Freddie Mac over 79,000 minority retainages with a total unpaid principal balance of over $177 million and total proceeds to the RTC of over $168 million.

On October 23, 1991, the RTC Committee on Management and Disposition of Assets approved a request to authorize the sale of Multifamily Servicing Rights with standard industry representations

1991 Conservatorship Asset Sales and Other Activities

(dollars in millions)

	1/1/91 Balance	New Institutions	Activities*			Resolutions	12/31/91 Balance
	179 Institutions	123 Institutions	Sales	Payoffs/ Maturities	Adjustments**	211 Institutions	91 Institutions
Cash and Securities	$24,263	$19,375	$14,905	$15,781	$14,784	$15,571	$12,166
1 - 4 Family Mortgages	23,791	18,918	9,601	4,111	578	18,624	10,952
Other Mortgages	17,840	16,731	2,264	2,845	121	17,099	12,484
Other Loans	5,866	5,019	1,483	2,136	378	4,770	2,874
Owned Assets	8,877	6,122	2,124	152	14	7,590	5,147
Other Assets	6,929	4,766	437	1,034	(987)	5,529	3,709
Totals	**$87,566**	**$70,931**	**$30,814**	**$26,059**	**$14,888**	**$69,183**	**$47,332**

* Includes activities from all institutions in conservatorship at any time during 1991.

** Adjustments include new asset purchases, valuation revisions, and other transactions affecting value.

Note: "Securities" include investment-grade securities and mortgage-pool securities. "Other loans" include commercial, consumer, and student loans. "Owned assets" consist of repossessed residential and non-residential real estate, land, and other repossessed assets." Other assets" include a wide array of assets, some types of mortgage servicing rights, office equipment, and subsidiary companies of controlled institutions.

and warranties backed by an RTC corporate indemnification. During 1991, the RTC entered into Memoranda of Understanding with Fannie Mae and the Government National Mortgage Association (Ginnie Mae), establishing the rights and responsibilities of all parties regarding the servicing of loans. These agreements between the agencies and the RTC have permitted a smoother sales process and an orderly transfer of servicing, minimizing disruption to the mortgagors.

Representations and Warranties – Conservatorship Operations manages the establishment of reserves, reviews and reconciles sales agreements, and analyzes and pays claims for representations (reps) and warranties associated with sales of loans, securitizations, and servicing rights. A Warranties and Representations Account Processing System (WRAPS) was developed to track contracts, reserves, and claims activities for the $86 billion in sales under administration at yearend. A private sector contractor was hired to administer the claims for residential loan products during the year and, as of December 31, 1991, had 449 sales agreements with $45 billion under administration.

RTC Advances to Conservatorships/ Receiverships – In 1991, advances totaling approximately $17.3 billion were made to conservatorships for liquidity needs, to replace high-cost liabilities, and to fund the payment of maturing deposits and Federal Home Loan Bank advances as institutions were prepared for resolution. Advances to receiverships were also made during the year for a variety of situations, such as the requirement to repurchase certain

The following chart summarizes RTC advance activity during 1991:

assets that are returned or "put back" by acquiring institutions. During the year, the RTC advanced $1.2 billion to receiverships.

1991 RTC Advance Activity - Principal Amount Only

(dollars in billions)

	Conservatorships	Receiverships	Total
Beginning Balance	$ 9.0	$13.7	$22.7
PLUS:			
New Advances Made	17.3	1.2	18.5
LESS:			
Repayments	(5.6)	(17.3)	(22.9)
TRANSFERRED:			
at Resolution*	(15.8)	15.8	0.0
Ending Balance	$ 4.9	$13.4	$18.3

* As conservatorships are resolved, advances to conservatorships are transferred to the receiverships and reclassified as receivership advances.

RTC Advance Repayments - RTC advances are considered secured claims that are to be repaid in full. Like liquidating dividends, advance repayments are paid from the sale of the institution's assets. During 1991, over $22.9 billion in advances was repaid from both conservatorships and receiverships.

Closings and Receivership Operations

Policy Development and Guidance - When the resolution of a conservatorship or a failed institution is authorized by the RTC, staff from a number of different operational areas are called into action to:

- facilitate the transfer of the institution to the acquiring entity,
- provide timely payment of insurance to depositors if necessary,
- establish and administer a process for payment of creditor claims,
- ensure proper accounting for the transaction, and
- monitor compliance by all parties with the terms of the resolution agreement.

One of the RTC's most significant challenges in 1991 was to put in place the staff and operational controls needed to handle an unprecedented level of resolution activity during the year.

Insurance Payments - During 1991, nearly eight million depositors with accounts in insolvent thrifts were protected from financial loss. Nearly six million of these depositors were protected as a result of the purchase and assumption of failing thrifts by financially strong institutions. The insured deposit accounts of approximately 1.3 million additional depositors were transferred from insolvent thrifts to other institutions. The remaining depositors were paid insurance on their accounts by RTC check in payoff transactions.

Option to Repurchase Assets - During 1991, approximately $21 billion in assets was transferred to various acquirers during the resolution process. Approximately $10 billion (or 48 percent) of these assets provided the acquirer with putback options to cancel the sale of certain assets and return them to the RTC. By yearend, the RTC had repurchased $3 billion of the assets that had putback options, as well as $4 billion that had been transferred to acquirers in 1990. Through 1991, acquirers had retained $22 billion in assets. The estimated value of the assets that remained subject to repurchase at yearend was $.9 billion.

Liquidating Dividends - In 1991, receiverships provided a faster return on dividend payments to RTC corporate and other creditors than in 1990. During the year, 364 dividends were paid, returning $17.1 billion in cash to the Corporation and $20.9 billion in non-cash proceeds, totaling $38.0 billion. Distributions were simultaneously made to depositors that had funds in excess of the insured limit and general trade creditors.

The following chart shows the amount of assets put back to the RTC by thrift acquirers:

Summary of Asset Repurchase Data
(dollars in billions)

	Balance at Beginning of Year	Transfers Subject to Putback	Repurchases by the RTC	Assets Retained by Acquirers	Year-end Cumuiative RTC Exposure
1989	$ 0.0	$ 1.6	$ 0.0	$ 0.5	$1.1
1990	1.1	32.0	13.1	10.4	9.6
1991	9.6	9.8	7.1	11.4	0.9
Cumulative Totals	----	$43.4	$20.2	$22.3	----

Office of Investigations

The RTC investigates all thrifts under its control to determine whether a thrift's demise was caused by negligent or fraudulent conduct of its directors, officers, and associated professionals. If misappropriated funds or negligence is discovered, recovery is sought from any available source. FIRREA gave the RTC authority to bring civil, but not criminal, actions against such individuals. In December 1989, the RTC established the Office of Investigations (Investigations) to oversee investigations and civil recovery actions for money damages and restitution from directors, officers, or other professionals who were found guilty of fraud, mismanagement, or professional malpractice associated with thrift failures.

The primary focus in 1991 was moving the large inventory of claims, arising from the 318 failed institutions under the RTC's control in 1989, closer to successful conclusions, as well as moving forward on claims identified in the institutions taken under RTC control in 1990 and 1991. RTC's Professional Liability Section (PLS) focused on organizing and assigning in-house and outside counsel to provide expedited legal services on the 318 institutions with cases for which the statute of limitations will expire in 1992.

Caseload
By December 31, 1991, Investigations had completed or had begun examining each of the 675 thrifts placed under RTC control to determine the potential for civil recoveries and whether criminal conduct was involved in the failure. A total of 658 Preliminary Findings Reports had been completed, representing 97 percent of all the thrifts. The investigation of each institution can represent at least six potential civil liability claims as well as criminal referrals. The civil liability areas are: fidelity bond insurance, director and officer liability, accountant malpractice, attorney malpractice, appraiser malpractice, and securities broker professional malpractice. Civil liability areas are investigated simultaneously so that the strongest and most cost-effective claims are pursued in each institution.

Civil Litigation and Criminal Prosecutions
During 1991, the RTC settled seven professional liability cases and filed 26 lawsuits on behalf of the institutions managed. From the RTC's inception in August 1989 through 1991, 19 settlements have been reached in 16 institutions. From its inception through 1991, the RTC had 105 lawsuits with multiple claims pending in 68 institutions against directors and officers, accountants, attorneys, appraisers, bond carriers, brokers, and "others," such as insurance carriers and developers. There are 318 institutions for which the statute of limitations will expire in 1992. Civil cash recoveries and fully agreed-to settlements executed in 1991 totaled $93.5 million, compared with $9.9 million in 1990. Civil recoveries from the RTC's inception through December 31, 1991, totaled approximately $107.5 million. Another $17 million in agreed-to settlements is anticipated to be recovered in the first half of 1992.

FIRREA and the Crime Control Act of 1990 gave the RTC and other agencies the authority to exercise a number of powers designed to recover assets and punish individuals responsible for fraudulent actions against financial institutions, including powers to obtain prejudgment attachments of assets, asset freezes, asset seizures, and forfeitures.

Interagency Coordination
The Department of Justice (DOJ) is responsible for prosecuting criminal conduct committed by insiders and parties associated with RTC-controlled savings associations. RTC investigators and attorneys work closely with the Federal Bureau of Investigation (FBI), U.S. Attorneys' offices, the Internal Revenue Service (IRS), the Securities and Exchange Commission (SEC), OTS, and the Secret Service to provide the necessary documents, work papers, and, in some cases, expert testimony needed to prosecute criminal conduct in failed thrifts. The RTC allocates substantial investigative resources to assist the DOJ in pursuing criminal cases.

By yearend, Investigations had uncovered suspected criminal conduct in 417, or 62 percent, of the 677 institutions coming under the RTC's control. Fraud and potentially criminal conduct contributed to the failure of 234, or 35 percent, of the agency's thrifts. At yearend, 2,042 criminal referrals had been filed with the DOJ, 747 of which were filed by the RTC. By yearend, 527 defendants had been indicted or charged, and 331 defendants had pled guilty or been convicted for criminal offenses in RTC-controlled institutions. Sentences totaling 551 years have been handed down from inception through 1991. The amount of restitution awarded totaled approximately $82 million.

Special Projects and Functions
During 1991, Investigations, the RTC's General Litigation Section, and PLS implemented a pilot project in the Western Region to identify

The following chart shows the RTC's lawsuit caseload and cash recoveries:

Professional Liability Activity

Lawsuits Filed - 1991	26
Total Lawsuits Pending*	105
Settlements*	19
Closed cases (number of thrifts)*	135
Cash Recoveries - 1989	$ 4.2 million
Cash Recoveries - 1990	9.9 million
Cash Recoveries - 1991	30.6 million
Fully Agreed-to Settlements Executed - 1991	62.8 million
Total Recoveries (Inception through 1991)	**$107.5 million**

* From inception in August 1989 through 1991

The following chart shows RTC detection of criminal activity by savings and loan directors, officers, and other professionals, and legal action undertaken by the Department of Justice, as of December 31, 1991. Thrifts referred to are now under RTC control.

Major S&L Criminal Activity

(from inception in August 1989 through 1991)

Institutions with Suspected Criminal Conduct	417 (62%)
Cases where Fraud/Abuse Contributed to Failure	234 (35%)
Indictments/Charges	527
Pleas/Convictions	331
Prison Sentences	551 years
Restitution	$82 million

and pursue civil fraud cases against thrift borrowers. In 1991, two complaints were completed and 12 complaints were being prepared. The RTC expects to serve these complaints during the first half of 1992.

Accountant Liability Group
A national committee, comprised of RTC investigators and PLS attorneys with public accounting backgrounds, was formed to coordinate and accelerate the pursuit of accountant liability claims. The primary goals of this committee are to provide training, guidelines, and resources to promote nationwide consistency in the approach to accountant liability investigations, and to determine methods to consolidate, coordinate, and accelerate accountant liability claims.

Special Investigations Section
The Special Investigations Section was created in 1991 to support the Drexel Burnham Lambert and Michael Milken cases and to handle multi-institution and multi-region investigations. RTC investigators assigned to this section work with a team of lawyers, accountants, and outside investigators to perform in-depth analyses of the defendants' assets.

Fraud Section
In 1991, Investigations received authorization to begin staffing its Fraud Section. In January 1992, the section's staff will begin working closely with other government agencies to uncover fraudulent thrift activity and to support the criminal prosecution of those individuals who defrauded the thrifts.

Asset Tracing
The Investigative Systems Section developed a network of databases, inter-governmental contacts, and other resources to trace assets and to complete background checks on potential RTC employees and contractors. Recognizing the critical need to locate recovery sources, and based on a study showing better results and cost savings from in-house searches, the RTC established an asset tracing program, placing asset tracing units and technicians in its field offices to conduct first-level asset searches.

Background Checks/Contractor Verification
FIRREA sets standards of competence and integrity for individuals who intend to perform contract services for the RTC. FIRREA prohibits anyone who has been convicted of a felony from contracting with the RTC. The RTC issued a regulation entitled *Qualifications of Ethical Standards of Conduct for, and Restrictions on the Use of Confidential Information by Independent Contractors, 12 CFR § 1606.* Prospective contractors "self-certify" that they are in compliance with these standards. The RTC believes it would be imprudent to rely solely on this self-certification process to ensure contractor compliance with FIRREA. Therefore, among other safeguards, the RTC has established a background check unit within Investigations to screen prospective employees and contractors prior to awarding contracts. During 1991, Investigations Systems received and processed background check requests for 2,339 prospective RTC employees and 11,134 key personnel of prospective contracting firms.

Division of FSLIC Operations

The Division of FSLIC Operations (DFO) manages the assistance agreement obligations of the FSLIC Resolution Fund (FRF), an appropriated fund which was established under FIRREA. The FRF's financial position and operating activities are reported separately from the RTC's. The RTC's resources allocated under the FRF are used to manage and renegotiate the financial assistance agreements transacted by the former FSLIC to resolve insolvent thrifts. The majority of these resources are allocated to assistance agreements made by the FSLIC between January 1, 1988, and August 9, 1989, with 96 acquirers to facilitate the acquisition of over 200 failed or failing thrifts from the FSLIC. On January 16, 1991, DFO was transferred from the FDIC to the RTC to consolidate authority as it attempts to renegotiate the 1988-89 FSLIC agreements and otherwise reduce the associated costs, as mandated by Congress. By yearend, DFO had administered 131 assistance agreements and terminated 25 agreements.

In 1991, DFO contracted with an investment firm to provide investment advisory services during the liquidation or restructuring of the FRF capital instruments portfolio, which includes securities and junk bonds. The firm also reviewed the marks on non-covered assets, which are purchased assets without a guarantee of return by the FRF, to determine the amount of goodwill reimbursable under the agreements and the renegotiation of certain 1988 transactions. As part of its review, the firm focused on the FRF equity positions that are represented by stock warrants.

Covered Asset Write-downs
During 1991, write-downs of covered assets, which are purchased assets guaranteeing a return to the acquirer by the FRF, were approved by RTC staff in an aggregate amount of $2.9 billion. These write-downs will save the federal government, as a whole, between $160 million and $274 million on a present value basis. Minimum savings were calculated without regard to tax-sharing provisions; the maximum savings incorporates the tax-sharing provisions assuming the assisted institutions will fully utilize such benefits.

Early Case Terminations
Termination activities have focused on 51 small and all-cash 1988-89 FSLIC assistance agreements and on agreements held by RTC-controlled institutions. As of December 31, 1991, 27 of the small transaction agreements had been terminated.

Mark-to-Market Project
In 1988, FSLIC executed 30 assistance agreements providing reimbursement to associations for the amortization of goodwill created by the mark-to-market (the difference between book and fair market value) of acquired assets that were not covered for capital losses or yield maintenance–a defined level of return on covered assets. Many of the assistance agreements require that these mark-to-market computations be approved by the FRF (as successor to the FSLIC under these agreements, and therefore a party to the agreements). Given the disparity and magnitude of the marks-to-market submitted for approval, DFO staff reviewed 15 of these agreements representing approximately $2.5 billion of reimbursable goodwill assistance, or added monetary value to a failed thrift's capital base, generated by $15 billion of assets and liabilities. The cost savings realized were significant. During 1991, negotiations were completed on six of these marks, generating estimated savings of $346 million based on net value to the FRF over the remaining life of the agreements.

FRF Capital Instrument Restructuring
Since March 1990, DFO staff has been actively managing the orderly liquidation or restructuring of the FRF capital instruments portfolio, valued at approximately $1.1 billion as of December 1989. At yearend 1991, approximately 93 percent of the book value of FRF holdings had been disposed of through redemptions, restructuring, or write-offs. Despite the depressed nature of the thrift equities market, DFO realized cash and other considerations totaling $192 million through dispositions. An additional $251 million in instruments were restructured to salvage investments.

Covered Asset Dispositions
On July 9, 1991, the RTC Board of Directors revised the asset sales policy for these assisted agreements, making it more consistent with RTC policy. The revisions included requiring appraisals every two years and setting price limitations dependent upon market exposure. During 1991, the aggregate book value of covered assets was reduced by $14.8 billion, or 51 percent, to approximately $14 billion.

Department of Corporate Finance

The Department of Corporate Finance was established on January 16, 1991, to initiate the transition of accounting responsibilities from the FDIC to the RTC. To facilitate this major undertaking, two offices were created: the Office of Field Asset and Accounting Operations, and the Office of Accounting Services.

Office of Field Asset and Accounting Operations

The Office of Field Asset and Accounting Operations is comprised of the Field Accounting, Asset Operations, Accounting and Operational Controls, and Treasury Management Sections. The office acts as a liaison between the field offices and headquarters' accounting and asset operations departments. It is responsible for the development of policies, procedures, program activities and oversight of the RTC's national financial operations departments to ensure compliance and integrity of accounting and financial information for receiverships and conservatorships; directs a nationwide cash-management program for receiverships, the funds position and investment management of receivership activity; and develops and monitors a national internal financial controls program.

Additionally, the office established the Asset Reconciliation Program to monitor the status of asset sales, disposition, and management as well as the reconciliation of these transactions with the receiverships' general ledger system. As of December 31, 1991, RTC receiverships held $81.8 billion (book value) in assets, while conservatorships held $47.3 billion (book value) in assets.

The office completed the stratification of all receivership assets in accordance with the Thrift Financial Report and accounting for all asset transactions by receivership. The office also developed a sales support infrastructure for the securitization of loans.

In 1991, the office also initiated the successful transition of all RTC receivership treasury operations (cash management) from the FDIC to the RTC; implemented the Financial Review and Analysis Program for receiverships used to identify and solve financial and accounting issues as they arise; established a "Top Ten" Financial Issues List to identify and monitor progress on nationwide key issues to improve fiscal integrity; oversaw the Liabilities Accounting Program, which reviews depositor and creditor claims against the receiverships; and established a Securitization Support Program to delineate the accounting and operational steps necessary for each loan securitization transaction. Additionally, the office implemented a systematic mechanism to distribute receivership deposits across the entire Federal Home Loan Bank System in lieu of concentrating all deposits in the Federal Home Loan Bank of Chicago.

Office of Accounting Services

The Office of Accounting Services is responsible for the integrity of the RTC corporate accounting records and for the official corporate financial statements that reflect the financial performance of the RTC in its corporate, conservatorship, and receivership capacities.

In 1991, the office initiated the development of the RTC Financial Management System (FMS). The FMS will integrate the new General Ledger system and numerous other sub-systems into a comprehensive financial management system. The system should enhance data integrity, the use of personnel resources, and the generation of financial management information. The system will serve all RTC offices throughout the nation, and is expected to be fully operational by the third quarter of 1992.

The office continues development of accounting and tax programs to standardize the RTC's accounting and tax policies. These programs provide field accountants with direction for handling both technical and procedural accounting and tax issues.

The department provided tax advice on issues central to the RTC's renegotiation efforts of the 1988 FSLIC deals. The ongoing review of tax benefits due to the FSLIC Resolution Fund from the assistance agreements has provided substantial benefits to the fund. ■

Asset Management and Sales

The Division of Asset Management and Sales manages and disposes of billions of dollars in assets acquired from failed thrifts.

During 1991, RTC conservatorship, resolution, and receivership asset sales and collections totaled $114 billion; from inception through 1991, asset sales and collections amounted to $228 billion (net of putbacks). At yearend, conservatorship and receivership assets under RTC management totaled $129 billion.

Asset Marketing and Sales, Real Estate and Other Asset Management, the Affordable Housing Disposition Program, and Asset Contractor Surveillance and Oversight all contribute to the expeditious and efficient disposition of assets. The majority of the division's operations are in the regional and consolidated field offices, where most of the asset management and sales functions are administered.

Department of Asset Marketing and Sales

The Department of Asset Marketing and Sales is responsible for marketing and selling assets, including developing, reviewing, evaluating, and overseeing the implementation of asset sales policies, procedures, and programs nationwide, exclusive of mortgage banking subsidiaries, servicing rights, and securities. Asset Marketing and Sales also manages and implements the RTC Securitization and Agency Swap Programs, and oversees the National Sales Center and the Transaction Oversight Program.

In 1991, Asset Marketing and Sales developed the Asset Sales Guide, the Integrated Marketing Strategy Guide, and the Due Diligence Manual. The Asset Sales Guide is a comprehensive manual outlining the policies and procedures for the effective implementation of all marketing programs, including securitization, portfolio sales, auctions, and sealed bid transactions. The Integrated Marketing Strategy Guide contains guidelines on accelerating asset identification, stratification, and disposition activities. The Due Diligence Manual aids in ensuring standard preparation, presentation, and valuation of RTC assets, including one- to four-family, multifamily, and commercial properties.

Industry Relations

The asset-marketing process involves developing and enhancing the RTC's relationship with industry trade associations and their members who are prospective purchasers of RTC assets. This is accomplished through special events that highlight the RTC's sales initiatives. This outreach program gives the RTC the opportunity to meet directly with the real estate and financial communities, and promotes the RTC as an aggressive sales organization. In 1991, the RTC participated in over 15 national and regional business trade shows, conferences, and seminars.

Marketing Systems

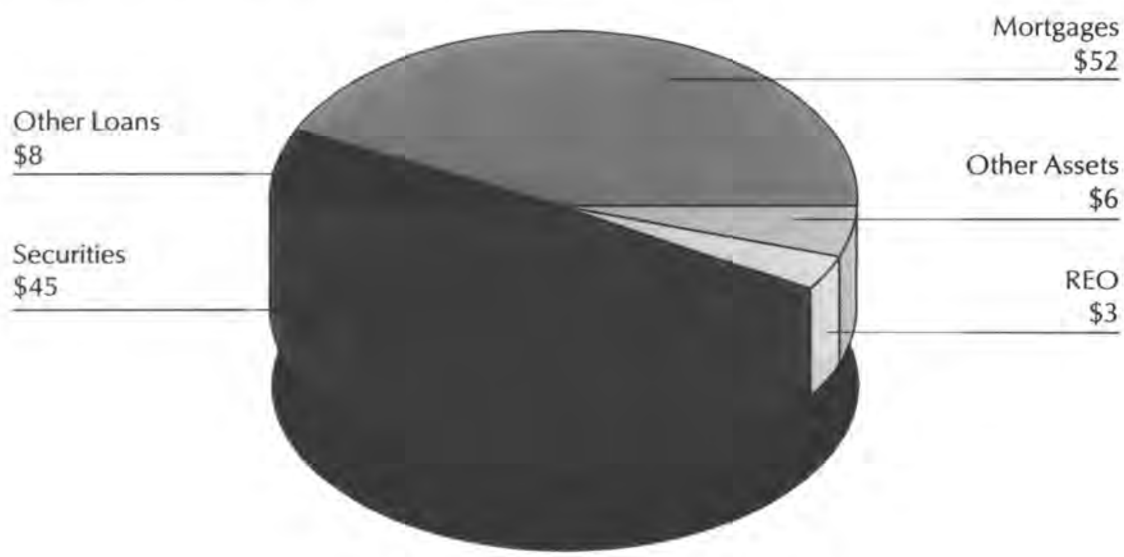
Marketing Systems supports the sale of RTC assets through information management systems that promote the efficient and effective collection and dissemination of inventory, sales, and investor-related information. One national project under development in conjunction with the Office of Corporate Information and the sales centers is the National Asset Marketing Application. This database lists the interests of those investors who are prospective purchasers of assets from the RTC on a national basis. By yearend, approximately 6,000 buyers and their interests were catalogued.

In addition, a national asset sales and special events calendar was developed to provide a consolidated listing of all assets that have been slated for sale nationwide. A schedule of special events such as "Affordable Housing Seminars," "Broker Outreach," "How to Buy Real Estate," and "Seller Financing Guidelines" have been included in this calendar.

Customer Service/Telemarketing
Customer Service/Telemarketing responds to general public inquiries about the RTC, conducts advertising and industry outreach efforts, and offers information on RTC products and services. In March 1991, the RTC selected a contractor to handle the telemarketing operation; by yearend, over 400,000 calls had been received and over 550,000 brochures, reports, and calendars had been issued to potential buyers. Telemarketing programs make RTC asset information available to a wide national audience. In 1991, three programs were developed to reach more affordable housing purchasers and the real estate brokerage community. These programs are the Broker Hotline, the Texas Home Sale initiative, and the Affordable Housing Hotline.

1991 Asset Sales and Collections - Conservatorships, Resolutions and Receiverships
(dollars in billions)

Total Sales and Collections: $114 Billion



The Broker Hotline strengthens the relationship between the RTC and real estate brokers, and promotes better communication. Items that may be obtained by calling the hotline include brochures, a national calendar of broker outreach events, and registration forms for selected RTC-sponsored seminars. The hotline also provides a vehicle for the brokerage community to direct inquiries and issues to the RTC.

The Texas Home Sale initiative helped dispose of RTC affordable housing properties in Texas. Advertising and promotional outreach featured an 800 number, generating 8,335 calls, and resulted in the mailing of 7,703 sales packages. The overwhelming response to this program was the impetus for establishing a similar initiative targeted to the affordable housing community nationwide.

The Affordable Housing Hotline presents a highly accessible format in which callers may request information in English or Spanish. Callers may obtain the "Buying a Single Family Home" brochure, Calendar of Events (RTC sales and outreach events scheduled nationwide), State Clearinghouse Locator, and the Affordable Housing Bulletin Board.

Securitization

In February 1991, the RTC Oversight Board authorized the RTC to proceed with the sale of residential mortgage assets through private securitization. A shelf registration statement was filed with the Securities and Exchange Commission in May 1991. The registration statement was declared effective in June 1991, and the RTC immediately began securitization activity.

When the RTC entered the market in June 1991, it promptly assumed a dominant position in the private mortgage-backed securities (MBS) market. In 1991:

- The RTC issued $7.6 billion of single-family certificates at a weighted average price of 100.4 percent of outstanding principal balances.
- The RTC issued $2.6 billion of multifamily certificates at a weighted average price of 100.6 percent of outstanding principal balances.
- Of $7.6 billion in single-family transactions, $3.3 billion consisted of "AA" rated transactions and $4.3 billion consisted of "AAA" rated transactions.
- Credit enhancement for these securities was predominantly in the form of cash reserve funds pledged to the benefit of security holders. Reserve funds as a percentage of outstanding loan principal balances follow:

"AA" rated 1- to 4-family	13.05%
"AAA" rated 1- to 4-family	19.74%
"AA" rated 5+ family	28.32%

- A variety of different collateral types were used to back RTC MBS, including:

Type	*Number of Transactions*
Treasury ARMs	6
Fixed Rate	4
11th District Cost of Funds	7
LIBOR	1
Mixed	4

National Sales Center

The National Sales Center (NSC) took the leadership role in the sale of approximately $3.8 billion (book value) in real estate and financial instruments, most of which were sold through portfolio transactions, including over $2.4 billion in hard-to-sell real estate and non-performing mortgages.

The NSC also established several successful pilot programs that have been implemented in the field offices. They include the first "structured" transaction (a transaction in which sales staff work with an investor to package assets for sale), which included assets from the former Commonwealth Federal Savings Association, Houston, Texas, and the former Alamo Federal Savings Association of Texas, San Antonio, Texas, totaling $179 million; followed by the $1 billion West Coast Structured Transaction, which included assets from a number of failed West Coast thrifts.

From inception through December 31, 1991, 125 real estate auctions were held nationwide, resulting in the sale of 9,203 properties with total gross proceeds of approximately $368 million. Of the total, 2,203 residential affordable housing properties and 1,693 affordable housing/conventional properties were sold for $96 million. Over 34,000 registered bidders participated in the auctions. Four loan auctions were conducted during the year for a total of over $100 million in sales.

The NSC also sponsored the Premier Commercial Auction, held on November 21, 1991–the largest RTC commercial real estate auction up to that date. Sixteen properties were sold for a total of $112 million.

During the year, the NSC created the Competitive Solicitation Process, which was designed to respond to investor demands that the RTC sales process mirror private industry practice of putting sales contracts out for competitive bid. Through this process, a $500 million asset-value contract was signed with Patriot American Investors, L.P., New York, New York.

The NSC implemented the Investor Outreach Program, in which the program staff works with potential individual, institutional, corporate, and international investor groups. Program staff participates in individual investor presentations and group presentations; compiles collateral presentation materials for major investors; develops marketing, sales, and public relations strategies; and serves as the liaison with major trade associations and business groups. Program staff also produces the monthly Major Asset Sales Calendar and Newsletter.

Transaction Oversight

The Transaction Oversight Section participated in achieving a consistent level of sales operations within its decentralized structure. The section advised and consulted with the regional and consolidated offices in the areas of case preparation, submission of reports to the Corporation's Committee on Asset Management and Disposition, and the evaluation of the consistency of asset marketing and the quality of the performance of national due- diligence contractors and loan sales advisors.

Department of Real Estate and Other Asset Management

The Department of Real Estate and Other Asset Management develops and oversees the implementation of nationwide policies, procedures, and programs to manage and dispose of the RTC's real estate owned (REO), performing and non-performing loans, and other assets. In 1991, Real Estate and Other Asset Management was comprised of three sections: Real Estate, Loans and Other Assets, and Program Planning and Analyses.

During 1991, 166 Standard Asset Management and Disposition Agreements (SAMDAs) were awarded, representing a book value of over $33 billion in assets and an estimated recovery value of $19 billion. Formal procedures were established for reviewing SAMDAs, including the creation of the SAMDA Interpretations Committee. Performance ratings, including procedures on uniform criteria to measure and rate the performance of asset management contractors, were also created.

The department also revised the Asset Management and Disposition Manual, containing the RTC's sales policies and procedures. This manual serves as the main guide in managing and disposing of assets. The Asset Management Delegations of Authority, which were also revised in 1991, reflected the streamlining of responsibilities implemented by the President and Chief Executive Officer during his first quarter in office.

Real Estate Section

During 1991, the Real Estate Section developed and administered an environmental program to safeguard the natural resources of RTC property and identify potential hazards. This included hiring 45 environmental specialists in the national, regional, and consolidated field offices to carry out RTC policies, and developing an Environmental Reference Manual on hazards and environmental resources for distribution to all RTC field offices and SAMDA contractors. Nearly 1,000 RTC field staff and contractors were trained in RTC environmental policy.

In an effort to comply with a FIRREA mandate, the RTC awarded a contract to the The Nature Conservancy, Arlington, Virginia, a private, non-profit organization with state chapters, to aid in the identification of environmentally sensitive RTC properties with endangered species. In 1991, the RTC sold 10,155 acres of undeveloped land in Texas to The Nature Conservancy of Texas for use as an endangered species habitat.

The section also initiated the development of a policy on lead-based paint; reviewed the RTC's List of Environmentally Significant Properties and removed over 2,000 inaccurate property listings; met with the U.S. Army Corps of Engineers, the Department of the Interior, and the

Environmental Protection Agency to discuss interagency relationships; and coordinated the sale of Nags Head Woods, a unique maritime forest on the Outer Banks of North Carolina, to the Nature Conservancy of North Carolina.

During 1991, the Real Estate Section developed and administered appraisal and valuation policies. Three amendments to the RTC's Real Estate Appraisal Regulation, 12 CFR 1608:

- raised the de minimis threshold from $50,000 to $100,000;
- clarified the definition of real estate and real property; and
- permitted the use of appraisals prepared for loans insured or guaranteed by an agency of the federal government.

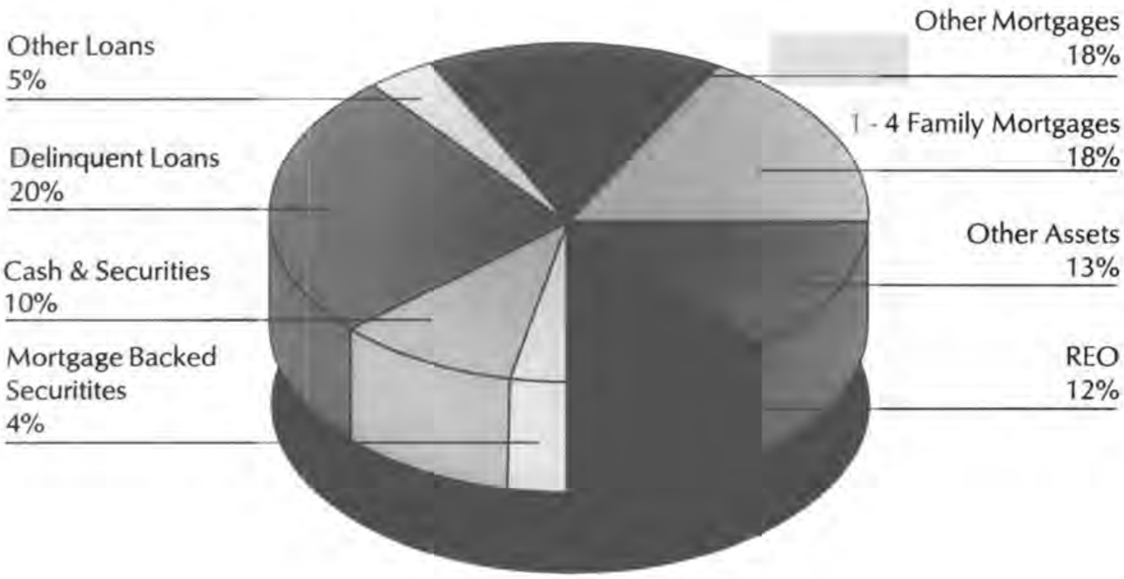
Documents and procedures were also developed for prequalifying appraisers, and the appraisal instructions for affordable housing properties were revised. Requirements were also established to set up a program to track appraisals. In addition, staff undertook a study of the standard valuation methodology for structured transactions and portfolio sales.

Loans and Other Assets Section
The Loans and Other Assets Section assumed new responsibility during the year–the development and administration of the Program Compliance Review, an internal control mechanism. A peer review program was developed to evaluate consolidated field office compliance with RTC policies and procedures in the following areas:

- Administration
- REO
- Loans and Other Assets
- SAMDA Oversight

Conservatorship and Receivership Assets Under RTC Management as of December 31, 1991

Total Assets: $129 Billion



(Percentage of Gross Assets)

- Contracts
- Affordable Housing
- Sales Center
- Operations

Section staff evaluated and revised the RTC's policy on the management of furniture, fixtures, and equipment and developed an inventory system.

Program Planning and Analyses Section

The Program Planning and Analyses Section was responsible for generating all asset-related reports for the division, as well as many reports for the Corporation. The group's primary focus is on asset sales goals and performance reports. The staff prepared management reports for the division, analyzing the following information:

- Seller financing transaction status;
- Real Estate Owned Management System (REOMS) errors and omissions;
- RTC asset composition and balances for conservatorships and receiverships;
- SAMDA contractor activity;
- REO and loans status; and
- Asset Management System.

The staff also prepared Oversight Board briefing packages for senior management.

The semiannual real estate owned inventory book was prepared by the staff in this section. All real estate owned information is updated on June 30 and December 31 of each calendar year.

SAMDA Sales

From inception through December 31, 1991, 166 contracts were awarded under the basic SAMDA program, with $33.4 billion (book value) in assets from receiverships and conservatorships. Sales by SAMDA contractors totaled $3.3 billion (book value). Most of the sales took place in 1991; only three SAMDA contracts were issued in 1990. An additional 30 contracts to manage $4.6 billion in assets were in the solicitation process.

Seller Financing

During 1991, the RTC seller financing program became fully operational. Program policies and procedures were developed during the year, including the creation of the Commercial Real Estate Loan Underwriting and Processing Manual. A national seller financing task force was also established to design and lead the implementation of seller financing policies and procedures. The RTC contracted with nine regional underwriters to underwrite seller financing transactions.

From January 1, 1990, through December 31, 1991, the RTC sold and financed 1,432 real estate assets, with an aggregate recovery of $617 million. The amount of seller financing totaled $496 million, or approximately 80 percent of the total sales price; the RTC received $121 million in down payments. In 1991, the RTC sold $543 million in assets using seller financing, more than seven times the amount in 1990 ($74 million). As of December 31, 1991, $250 million in seller-financed loans were being processed for commercial REO transactions, which are expected to close during the first quarter of 1992.

In the fourth quarter of 1991, RTC-financed commercial real estate sales surged. As of September 30, 1991, the RTC had closed $258 million in RTC seller-financed loans for commercial real estate. By December 31, 1991, the RTC had closed more than $496 million in such loans, a 92 percent increase.

Affordable Housing Disposition Program

FIRREA requires the RTC to identify real estate assets suitable for low- to moderate-income housing and to offer income-eligible purchasers and non-profit housing organizations an exclusive 90-day marketing period and option to purchase these properties. Non-profit housing organizations include consumer and public interest groups, as well as state and local housing agencies. Some of these organizations also act as clearinghouses to disseminate information about properties available for sale by the RTC.

From the inception of the RTC's Affordable Housing Disposition Program, in August 1990, through 1991, the RTC sold or accepted offers for 15,957 single-family affordable housing properties for a total of $447 million. These properties were sold primarily through auctions and sealed bids.

Over 150 affordable housing sales events were held in 30 states and have resulted in more than 11,000 property sales. Sixty-nine percent of the buyers were from lower-income families–those with incomes of less than 80 percent of the national median income–with an average income of $21,986. The average sales price of a single-family property in the program was $28,056, with single-family sales averaging 80 percent of appraised value.

Through yearend 1991, the RTC provided $58 million in seller financing to purchasers of affordable housing properties, and affordable housing purchasers utilized about $50 million of RTC below-market mortgage revenue bond funds.

From inception through 1991, the RTC sold or accepted offers for 176 multifamily properties with over 19,000 units under the Affordable Housing Disposition Program, for a total of $207 million. Approximately $15 million of multifamily properties were seller-financed.

By yearend 1991, approximately 805 properties with no reasonable recovery value were made available for conveyance to non-profit organizations and public agencies. Almost 500 were conveyed.

In 1991, the RTC took steps to increase affordable housing program sales. These efforts included:

- offering seller financing on all multifamily properties for sale, with a 15 percent down payment from for-profit entities and a 5 percent down payment from non-profit and public agencies;

In 1991, the RTC sold the following properties to state and local housing authorities through its Affordable Housing Disposition Program:

Properties Sold to State and Local Housing Authorities

Housing Authority	Property	Sales Price
• San Antonio Housing Authority, San Antonio, TX	Dietrich Rd. Apts. San Antonio, TX	$375,000
• Albuquerque Housing Authority, Albuquerque, NM	Beach Apts. Albuquerque, NM	$1,100,000
• Albuquerque Housing Authority, Albuquerque, NM	Garcia/Laurent Apts. Albuquerque, NM	$161,000
• Sacramento Housing Authority, Sacramento, CA	Strawberry Manor Duplexes Sacramento, CA	$249,155
• Panama City Housing Authority, Panama City, FL	Highland Square Lakewood, CA	$103,317
• Colorado Housing and Financial Authority, Denver, CO	10 Properties:	$3,100,000
	Arvada Place Arvada, CO	
	Chestnut Glen Colorado Springs, CO	
	Le Baron (Grace Apts.) Denver, CO	
	Louisiana Apts. Denver, CO	
	Fountain Mesa Fountain, CO	
	Highland Square Lakewood, CO	
	Bass Apts. Grand Junction, CO	
	Columbine Ct. Denver, CO	
	Lafayette Apts. Denver, CO	
	Zuni Apts. Westminster, CO	

- offering seller financing for single-family properties for as low as a 3 percent down payment;

- increasing market awareness of the statutory low-income requirements of the program by purchasers through RTC outreach at nationwide investor seminars and the use of Technical Assistance Advisors that provide assistance to non-profit and public agency purchasers;

- increasing RTC due-diligence performed on properties prior to marketing under the program;

- offering properties to back-up bidders if the initial offer falls through; and

- standardizing paperwork and operating procedures at field offices, making it simpler for potential purchasers to participate in the program.

In April 1991, affordable housing programs were created in RTC sales centers nationwide. Sales centers provided complete and up-to-date information on all RTC-owned assets, and held auctions, portfolio sales, and sealed bid events to sell affordable housing properties.

In December 1991, an RTC directive was issued establishing guidelines for physical assessment and repair of single-family affordable housing properties. Habitability standards must be met in order for a single-family property to be eligible for Federal Housing Authority mortgage insurance or RTC single-family seller financing. Asset managers perform an analysis of each property to be sold to determine the cost-effectiveness of performing repairs on these properties to make them eligible for third party or RTC financing. The RTC may make minor repairs on these properties to facilitate financing if it is economically feasible and will further the program goals.

Department of Asset Contractor Surveillance and Oversight

The Department of Asset Contractor Surveillance and Oversight develops and implements a consistent and comprehensive nationwide program to audit RTC contractors. These audits provide RTC field and headquarters personnel with a thorough, qualitative assessment of contractor performance. The audits assess the adequacy of accounting and administrative controls, the accuracy of financial and operational reports, the propriety of costs and fees incurred, the quality and appropriateness of asset management and disposition activities, and the contractor's compliance with RTC policies and applicable laws and regulations.

Audit service contractors, primarily accounting firms with extensive financial institution and real estate expertise, remain alert for errors and irregularities, and potential fraud and abuse. Audit reports provide recommendations for correcting deficient performance and contain a schedule of questionable or improper costs and fees. These reviews significantly enhance field staff monitoring activities and provide management with a scorecard on contractor effectiveness and risk exposure.

During 1991, Asset Contractor Surveillance and Oversight initiated 50 internal control reviews of SAMDA contractors, representing approximately $13 billion in assets. These reviews facilitate meeting the requirements of the Chief Financial Officers Act, enacted on November 15, 1990, and enable management to assess the adequacy of current internal control requirements. Contracts were selected for review based on field office recommendations and the size and nature of the asset portfolio.

One review identified a large SAMDA contractor whose internal controls did not adequately safeguard RTC assets. Asset Contractor Surveillance and Oversight worked in conjunction with the field office to ensure that all necessary improvements were quickly implemented by the contractor.

In mid-1991, Asset Contractor Surveillance and Oversight engaged an independent public accounting firm to conduct a termination audit of 10 asset management contracts issued to the Ralph Edgar Group, Lake Geneva, Wisconsin. This was the first large contractor terminated by the RTC. Asset Contractor Surveillance and Oversight shut down the contractor's operations and took custody of accounting records, computer databases and other documents; performed a financial and performance assessment of the Ralph Edgar Group's results; oversaw cash receipt and deposit of post-termination cash activity to various bank accounts; and reconciled all operating accounts.

Other audits in 1991 identified weaknesses in the internal accounting and administrative controls of a large mortgage loan servicing contractor and potentially fraudulent billing practices by a due-diligence contractor.

During 1991, a total of 232 contracting-related investigations were opened by Asset Contractor Surveillance and Oversight; 66 of those were completed. These investigations included a myriad of allegations including false fitness and integrity certifications, conflict of interest, false claims, and poor contractor performance.

During the latter half of 1991, Asset Contractor Surveillance and Oversight devoted significant time to developing a viable program that would meet the fitness and integrity aspects of FIRREA. This included coordinating with and obtaining approval from the banking agencies, the Federal Bureau of Investigation, and other government and private agencies to gain access to their investigative databases to ensure the RTC would not contract with individuals and entities that are in violation of FIRREA's fitness and integrity standards.■

Communications and Support Operations

The Division of Communications and Support Operations assists the RTC in fulfilling its missions through a variety of activities. These activities, carried out by individual offices, include minority and women outreach, corporate communications, governmental relations, research, budget and planning, program analysis, and contracting and administration. The Executive Secretary also reports to the Division of Communications and Support Operations.

Office of Minority and Women Outreach and Contracting Programs

In 1991, the Office of Minority and Women Outreach and Contracting Programs was established, and focused on four primary objectives: reaching out to minority- and women-owned businesses (MWOBs); developing certification procedures; increasing contracting opportunities for MWOBs; and adding a final rule on the specifics of the program.

In February 1991, 11,000 MWOBs were registered in the RTC's National Contractor Database. As a result of extensive outreach efforts, by December 1991, the number of registered MWOBs had risen to over 22,000, an increase of 100 percent. Registered MWOBs were concentrated in the areas of real estate consulting, real estate brokerage, construction, property management, asset management, other consulting, leasing, and marketing/sales.

An analysis of the registration data, awards, and estimated fees shows that minority firms represented 12 percent of registered contractors, and received 8 percent of the awards and 8 percent of the fees during 1991. Non-minority women-owned firms represented 15 percent of the total and received 18 percent of the awards and 15 percent of the fees.

From the RTC's inception in August 1989 through yearend 1991, approximately 26 percent of contracts (13,783 awards) and 22 percent of estimated fees ($354 million) had been awarded to minority- and women-owned businesses.

During the year, the office developed procedures to certify and verify applicants' background and experience in order to preserve the program's integrity. The program also held six nationwide seminars on "How to Work with the RTC" to attract and inform minority- and women-owned businesses about the business opportunities available with the RTC. Over 2,800 persons attended these one-day sessions presented by RTC officials. The program activities were expanded and staffing levels were increased throughout the regional and consolidated field offices to facilitate the office's objectives.

A memorandum of understanding was signed April 1, 1991, with the Minority Business Development Agency (MBDA) of the U.S. Department of Commerce, which will allow MWOBs access to the resources of a network of 100 Minority Business Development Centers for assistance in developing bid proposals.

Promotional activities included the program's participation in national and local minority and women's conferences, and advertisements in minority media in various cities. National conferences included the Congressional Black Caucus Legislative Weekend, the Hispanic Congressional Caucus Annual Legislative Review, the National Urban League Annual Conference, the Minority Environmental Contractors Conference, the U.S. Hispanic Chamber of Commerce Annual Conference, the Salute to Blacks in Business, and MEDweek (an annual conference co-sponsored by the Small Business Administration and the MBDA).

In an effort to include MWOBs in the asset management and disposition process, the RTC implemented a pilot program designed to downsize asset management portfolios. The program, conducted by the Denver Regional Office, was specifically targeted at minority- and women-owned businesses that could manage and dispose of smaller asset portfolios. The solicitation list was developed from the RTC's Contractor Database and from responses to advertisements placed in minority print and broadcast media. At least 80 percent of the firms selected from the database for the solicitations were MWOBs. Three of the four contracts in this 1991 pilot program were awarded to MWOBs.

Office of Corporate Communications

The Office of Corporate Communications (OCC) serves as the frontline for the RTC as it responds to scores of daily telephone inquiries from interested parties around the country and abroad. Its information programs are integral to the public's awareness and understanding of the RTC. The public includes the national and international press, lawyers, trade associations, contractors, depositors, and prospective purchasers of RTC assets and institutions. The RTC continues to be one of the most visible and closely observed federal agencies, making the job of the OCC staff a demanding one.

The OCC staff advises and assists the President and CEO and other senior RTC executives in developing and executing the RTC's public affairs programs. In addition, the staff briefs RTC managers prior to media interviews, organizes media training, and provides managers with material and policy interpretations in advance of speaking engagements.

The OCC headquarters staff issues all major press releases (over 500 from headquarters in 1991), many announcing conservatorship or receivership transactions, or case resolutions. Other press release topics include major asset offerings and sales, contract awards, legal matters, affordable housing efforts, and securitization efforts. The OCC staff also writes and edits speeches, opinion editorials, and letters to the editor for the President and CEO and other key RTC officials, as well as copy for various publications. In addition, the OCC staff produces publications such as the RTC's Annual Report.

OCC maintains a staff of public information specialists in the RTC's four regional offices, who serve as regional spokespersons for the agency. They also coordinate media relations on-site when savings institutions are placed into RTC conservatorship or receivership, and issue press releases of regional interest (over 220 in 1991).

Initial press release distribution is accomplished through facsimile transmission (fax), enabling OCC to notify other regulatory agencies, newswire services, and local newspapers immediately of S&L closings and other important matters. In addition, non-media customers may access any press release issued by the RTC through an on-line fax system, a service established by OCC through an agreement with a private vendor.

OCC keeps the RTC informed about media coverage of its activities through a daily clipsheet, a daily summary of emerging news stories, a weekly wrap-up of news articles, and regional newsletters.

Office of Governmental Relations

The Office of Governmental Relations serves as the RTC's legislative liaison with officials of the Congress, bank and thrift supervisory agencies, other federal agencies, state and local governments, and professional organizations.

The office expanded its operations during 1991 to provide a broad range of legislative- and constituent-related services. The staff worked closely with RTC divisions and offices on legislative initiatives proposed by the Congress leading to the RTC Funding Act of 1991; the RTC Refinancing, Restructuring, and Improvement Act of 1991; the RTC Thrift Depositor Protection Reform Act of 1991; and the Federal Deposit Insurance Corporation Improvement Act of 1991. The staff supported these legislative activities by attending over 600 meetings with officials of the Congress, and responding to over 10,000 telephone and written inquiries from Congressional offices about the RTC's operations.

Office of the Executive Secretary

The Office of the Executive Secretary (OES) processes actions for the RTC's Board of Directors and its standing committees. To streamline the RTC's decision-making process, Congress passed legislation in November 1991 that would eliminate the RTC Board structure in early 1992. As a result, OES began developing procedures to ensure that future decisions made by the RTC's President and Chief Executive Officer and other senior managers would be fully documented and readily available.

Board of Directors Services – The Board Services staff provides public notice of meetings of the RTC Board of Directors, records all votes, and prepares minutes and transcripts of the meetings.

In 1991, the RTC Board of Directors held 35 closed meetings, primarily dealing with major failed institutions, and 14 meetings open to public observation. The OES staff processed, by notational vote, 29 Board decisions relating to such issues as the smaller, routine failed thrift resolutions, and space and procurement authorizations. During the year, 372 items were presented to the Board for decision.

Records Services – One of OES' critical responsibilities is to ensure that all documents pertaining to and supporting Board decisions are intact and properly filed. To handle agency staff requests for copies of this documentation prior to consummating transactions, the Record Services staff installed an automated system to track Board actions. The system has improved responsiveness and reduced the time devoted to the search activity. In addition, staff developed an automated index of all RTC delegations of authority.

OES publishes in the *Federal Register* notices of proposed and final RTC rules and policy statements. In 1991, the Board approved 17 notifications, which included two final rules and seven policy statements.

Committee Services – During 1991, the Board continued to use a standing committee structure to enhance its decision-making process by ensuring that a sufficiently competent body acted on matters requiring major decisions. Three standing committees supported the Board: (1) the Senior Committee on Management and Disposition of Assets; (2) the Committee on the Management and Disposition of Assets; and (3) the Contractors Conflicts Committee, dealing with complex ethics-related issues concerning private contractors. (A joint RTC/FDIC committee for issues related to legal contractors also provided support.)

In 1991, the Committee Services staff organized and produced agendas and minutes for 148 committee meetings, involving the processing of 859 cases. In addition, the staff responded to an average of 50 weekly requests for information about committee actions and for certifications on those actions.

The staff also assumed responsibility for operating the automated system that processes and tracks all asset disposition cases handled in Washington. As a result, the RTC field and headquarters staffs were able to contact a central source to obtain information needed to close cases and sell assets.

Freedom of Information/Privacy Acts – OES is responsible for ensuring that the RTC complies with the Freedom of Information Act (FOIA) and the Privacy Act. During 1991, the RTC issued a directive to employees on FOIA policy and procedures for the disclosure of asset-related sales information. After the sale of an asset, members of the public may obtain information about the sale from the Public Reading Room in Washington or the regional Public Service Centers rather than submit a FOIA request. In 1991, the RTC completed 2,218 of the 2,486 FOIA requests it received, which was more than twice the number of requests (1,174) it received in 1990.

Reading Room – To ensure the timely release of as much information as feasible, the RTC established four Public Service Centers in 1991, one in each RTC regional office. By yearend, staff in these facilities and in the Reading Room in Washington, D.C., had responded to over 93,000 requests for information.

To expand the availability of public information, the Reading Room installed a "public information" database and obtained certain contract-related documents.

Records Management – In 1991, the RTC made significant progress in managing its records. The Corporation established records management units in its 15 consolidated offices and four regional offices. Records managers in each field site reviewed the Corporation's contractor-developed records disposition schedules and various draft policy guidelines prepared by the OES. During the year, 139 policy directives were issued. Through its Document Management System, OES made all RTC directives available electronically to employees throughout the nation.

In light of the voluminous records created by failed institutions, OES recognized that it faced a formidable challenge in the area of records management. By yearend, over one million cubic feet of these records were managed by the RTC. To address issues related to these records, the Records Management staff began planning records center storage facilities, finalized the design of an automated system to track the records throughout their life cycles, and coordinated its plans with the National Archives and Records Administration.

Office of Research and Statistics

The Office of Research and Statistics (ORS) conducts the research and planning necessary for the RTC's effective operation. The office consists of two sections, Financial Modeling and Statistics, and Financial Markets and Institutions.

The Financial Modeling and Statistics Section regularly provides data to Congress, the Oversight Board, other RTC offices, and the public on the status of the RTC's efforts to close insolvent institutions and sell assets. *The RTC Review*, ORS' publication with a distribution of over 2,600, is the primary means for disseminating this information. During 1991, the Financial Modeling and Statistics Section contributed to a number of large agency-wide projects. The staff estimated annual asset sales and assisted in developing official sales goals, led efforts to design and test the Corporate Information System, and was instrumental in developing a payment system for creditors of pass-through receiverships. The staff continued to provide projections of long-term RTC cash flows and funding requirements, as well as public information packages for distribution to potential bidders of insolvent thrifts.

The Financial Markets and Institutions Section addresses the policy- and economics-oriented issues of asset management and disposition. ORS stepped up its efforts to monitor and analyze regional real estate markets through publication of the semi-annual *Regional Economic Review*, which provides valuable indicators of market conditions. During 1991, the staff designed the methodology for the Estimated Cash Recovery system necessary for the RTC to reserve for financial losses adequately. The system will be fully implemented in 1992. Analytical assistance for the 1988 FSLIC deal re-negotiations and for the re-design of the SAMDA contracts was also provided. In addition, the staff prepared a Congressionally mandated report monitoring the RTC's completion of eight specific management initiatives. The section regularly coordinates testimony presented to Congressional committees.

Office of Budget and Planning

The Office of Budget and Planning coordinates and oversees the RTC's ongoing budget process, which includes budget formulation, budget execution, and performance planning and measurement.

In 1990, the RTC budget estimates were developed primarily from a top-down approach in four discrete quarterly budgets prepared along organizational lines. In 1991, the annual operating expense budget was also prepared along organizational lines of authority, but from a bottom-up approach with performance plans identified at each operational location. This created a more fully integrated planning and budget process, and provided the basis for performance measurement during 1991. The 1991 budget also more clearly outlined the range of resources in terms of personnel and dollars required to conduct RTC operations.

In 1991, the RTC conducted a midyear budget review to accommodate functional and organizational realignments that were concluded either in the first half of the year or planned for the second half. While remaining within the originally authorized expense estimates, the budget was adjusted so that new initiatives were fully reflected. During the year, the RTC Corporate Status Report continued to be refined to better reflect an assessment of the resources necessary to conduct RTC operations in terms of actual versus planned resource utilization.

The RTC budget process was profoundly affected by continued growth in RTC operations in 1991. During 1991, the RTC added 123 thrifts to the 179 thrifts already in conservatorship from 1990, and resolved 211 of these institutions. The RTC also resolved 21 institutions in the Accelerated Resolution Program. The value of assets managed in RTC receiverships increased to almost $81.8 billion at yearend 1991 from $58.1 billion at yearend 1990.

Additionally, newly defined functional requirements necessitated identifying resources to support the new functions and the transfer of functions from the FDIC. Specifically, accounting systems and services as well as legal operations supporting RTC operations required realignment of the budget within the existing authority.

Overall, the RTC added 3,461 personnel in 1991, an increase of 71 percent over yearend 1990. Operating expenses for the RTC (in its corporate, receivership, and conservatorship capacities) totaled $2.6 billion in 1991. Of this amount, Outside Services, Receivership Real Estate, and Employee Compensation accounted for 53 percent, 18 percent, and 16 percent, respectively. About 76 percent of the Outside Services expenses were attributed to Resolutions and Operations activities and to Asset Management and Sales activities.

The Office of Budget and Planning continued efforts to refine the budget process to provide both an operating budget and the ability to periodically assess performance in a variable budget environment. The availability of consistent and sufficient data has helped this process considerably and will allow the office to develop and test the variable budget process further in 1992 on a limited basis prior to full implementation in 1993.

Office of Program Analysis

The Office of Program Analysis provides oversight and analysis of selected RTC activities for the Executive Director. The office provides functional oversight and analysis of RTC activities to enable senior RTC management to assess the effectiveness of established program goals. Reviews and administrative activities provide early recognition of issues affecting RTC initiatives. Special "ad hoc" reviews are also performed on request to address the particular needs of senior management. Through the Ombudsman's Office, complaints from the general public and other interested parties are answered.

During 1991, the office coordinated the investigation of and prepared the responses for numerous Office of Inspector General Hotline calls; performed site visits to review selected conservatorships, receiverships, consolidated, and regional office operations; and conducted special "ad hoc" review projects addressing Corporate needs and in response to Congressional inquiries. The office also directed a review of internal controls related to cash receipts and disbursements at each consolidated field office, resulting in greater uniformity between sites and a higher level of control.

The Ombudsman's Office coordinates individual inquiries from the general public and other interested parties. The office investigates systemic problems identified through the handling of individual inquiries, and proposes corrective actions. The office also serves as liaison with the RTC Office of Governmental Relations, ensuring that Congressional inquiries receive timely and accurate responses.

The Ombudsman's Office resolved over 1,300 inquiries in 1991 dealing with RTC policies and procedures, foreclosures, loan workouts, asset sales, contract repudiation, and other RTC management and procedural issues. The office also coordinated the preparation of monthly Corporate Status Reports; prepared a directive defining the complaint process for resolving contractor complaints; developed a summary report of Congressional and public inquiries; prepared a summary of public comments recommending changes in RTC structure, policy, and procedure; directed national implementation of a correspondence tracking system; and prepared RTC's response to an Office of Personnel Management study of ways to improve quality of government services.

Department of Contracts and Administration

The Department of Contracts and Administration coordinates and implements administrative policies and services, including organization and management analysis, corporate information, personnel, training, equal employment opportunity programs, facilities and logistics management, contracting, contractors' business review, and ethics.

Office of Corporate Information

The Office of Corporate Information formulates and enforces corporate-wide policies on information management as well as the acquisition, development, and use of the RTC's information systems. It also develops the RTC's Information Resource Management (IRM) plans and budget.

A new edition of the corporate IRM plan was published in September 1991, providing a blueprint for the integration of all system elements–data, software, hardware, communications–and defining major initiatives required to support IRM operations. In addition, as part of the IRM oversight structure, the IRM Executive Steering Committee and IRM Advisory Group were established. Field liaison positions were created and filled in July 1991 to enhance communication between headquarters and regional IRM staff and to coordinate nationwide IRM activities.

In 1991, 12 automated information systems were implemented in the areas of Asset Management and Sales, Corporate Finance, Contracts and Administration, Resolutions and Operations, and Database Administration. Some of these systems include:

- the Real Estate Owned Management System (REOMS), providing on-line access to information about real estate assets nationwide;
- the Loans and Other Assets Inventory System (LOAIS), providing data on RTC mortgage loans and other assets;
- the RTC Legal Information System (RLIS), which processes case work with SAMDA contractors;
- the Securities & Securitization System (SOSS), providing tracking and marketing of securities owned or managed by the RTC;
- the National Marketing List System (NMLS), which tracks qualified bidders interested in purchasing savings and loan institutions; and
- the Asset Transfer/Repurchase Report System (PUTS), which tracks assets that have been returned to the RTC for disposition.

The office implemented a corporate-wide quality assurance review program to ensure compliance with the RTC Systems Development Life Cycle Model. This program consisted of a computer security framework, including virus protection software, to protect the RTC's PC-based systems. The office also established a program through the Small Business Administration that allows disadvantaged, minority-owned, and small businesses to furnish IRM-related goods and services to the RTC.

The office procured, installed, configured, and managed over 9,000 personal computers, 250 servers, 1,000 printers, and 1,000 lap-top computers during 1991. These are connected by a fully integrated system of local area networks. An interim Wide Area Network (WAN) was established to connect all RTC local area networks, allowing for electronic mail and file transfers. The WAN also provides user access to the RTC Data Center. The RTC completed a Long Term Network Study to identify the future direction of the RTC WAN.

Office of Contracts

The Office of Contracts provides corporate-wide contracting policies, procedures, and direction for the engagement of private sector contractors to assist in managing and disposing of RTC assets. In addition, the office ensures that requirements imposed by FIRREA are followed. This includes overseeing the contract-award process to ensure adequate competition, non-discriminatory treatment of offerors, and participation of businesses owned by women and minorities.

During 1991, the contracts office developed a comprehensive Contract Policies and Procedures Manual providing standard policies, procedures, definitions, and forms; implemented a policy to enhance minority- and women-owned business participation by encouraging joint venturing and subcontracting; issued a directive that clearly defines the roles and responsibilities of various RTC departments in the contracting process; standardized solicitation and contract documents, procedures, and evaluation criteria for asset management and service contract actions; and developed uniform, comprehensive contracting training courses, instruction manuals and programs for use by RTC personnel and private contractors.

The office also realigned the organizational structure between the Office of Contracts and other RTC departments to streamline the contracting process and enhance communication.

From inception through December 31, 1991, 82,991 firms were listed on the RTC National Contractor Database; approximately half of the firms (42,623) registered during 1991.

Office of Administrative Services

The Office of Administrative Services was established in 1991 to manage a number of administrative functions transferred from the FDIC to the RTC, including lease acquisition and administration, space management, physical security, and various support services.

During 1991, the office issued new policy directives pertaining to space allocation and the acquisition of furniture, fixtures, and equipment. The issuance of these policies provided guidance needed to promote economical administrative practices in the field.

The RTC operates 22 offices across the country, leasing approximately 2.5 million square feet of space. The Office of Administrative Services maintains a comprehensive tracking system for all corporate leases, totaling 60 nationwide. The establishment of this system has facilitated analyses of rental costs, space utilization, and long-term corporate financial obligations. Further, it has enabled the office to provide timely information regarding the financial impact of management decisions.

To accommodate growth in the Washington headquarters staff, the office leased commercial space in Rosslyn, Virginia, necessitating the development of an extensive space realignment plan. Through a series of more than 40 suborganization moves and the relocation of approximately 1,100 employees, completion of this plan will result in improved operating efficiency and contiguity among the various RTC headquarters offices.

Office of Contractors' Business Review

The Office of Contractors' Business Review is the RTC contact for potential and active RTC independent contractors. Its purpose is to provide contractors with guidance as well as establish and maintain contractor compliance with complex legislative, regulatory, and policy requirements that must be met in order to provide services to the RTC.

The office is divided into two sections: Financial Capabilities Review and Business Review. The Financial Capabilities Review Section, established in the last quarter of 1991, develops policies and procedures to determine the financial capability of RTC contractors to perform services required under RTC contracts successfully. The Business Review Section works with contractors on fitness and integrity requirements and conflict-of-interest issues.

In 1991, 419 formal conflict-of-interest and fitness and integrity cases were referred to the office. In addition, 225 contractors were reviewed in the FIRREA-mandated pre-contract award process to verify regulatory and financial compliance and to resolve conflict-of-interest issues. Further, the Financial Capabilities Review Section has been working with a financial advisor to establish and implement a standardized national financial capabilities review system.

Office of Ethics and Protests

The Office of Ethics and Protests administers three regulations relating to ethics and standards of conduct: RTC employee ethics and standards of conduct; independent contractors' ethics and minimum standards of fitness and integrity; and the exclusion and suspension regulations for debarring contractors who fail to meet RTC standards. Administration of these regulations involves interpreting laws and regulations; counseling and providing advice, training, and setting or delineating standards; and reviewing financial disclosures (employees) and registration certifications (contractors). The Ethics Officer serves as the decision-making authority regarding protests filed on the RTC's solicitation of services for a contract award.

In 1991, the staff prepared over 80 public decisions by the Contractors' Conflicts Committee, which reviewed applications from contractors with possible conflicts of interest by working for the RTC, and decisions by the Ethics Officer on over 70 other cases under his delegated authority. The adoption of the interim final rule on suspension and exclusion regulations gave the office clearer guidelines with which to work. An enforcement section was also established and staffed, which suspended or excluded four contractors or related entities from working with the RTC. The office also reviewed the effectiveness of "screening devices" imposed on certain contractors as a condition to registration.

The Contractors' Conflicts Committee gave broad delegations of authority to the national Ethics Officer. Transfer of the employee ethics program from the FDIC to the RTC began in December 1991, including the appointment of an RTC Designated Agency Ethics Official and an alternate. ■

Regulations

Regulations

Final Rules

Priority of Distribution of Claims against Resolution Trust Corporation as Receiver

Published February 12, 1991; Effective March 14, 1991

The RTC adopted a regulation establishing the priority of distribution for certain claims by the RTC in its corporate capacity against the RTC as receiver for failed savings associations. When the RTC provides advances to RTC conservatorships, and the associations are subsequently placed into receivership, any unsecured portions of the RTC's claim to recover the advances will be assigned the first priority of distribution for allowable unsecured claims. The same will be true when the RTC has advanced funds to the RTC as receiver in order to facilitate liquidation of the receivership estate. The new regulation recognizes that the RTC as a corporation is entitled to the highest priority of unsecured claims for advances made to the RTC as conservator or receiver, as those advances benefit all creditors of the associations in conservatorship or receivership.

Office of the Inspector General: Disclosure of Information Regulations

October 17, 1991

The RTC's Office of Inspector General (OIG) adopted a regulation for the processing of requests to the OIG for information pursuant to the Freedom of Information Act. The regulation implements the Freedom of Information Reform Act of 1986, requiring agencies to publish a schedule of fees to be charged and procedures to be followed in processing requests for records and for fee waivers or reductions under the Freedom of Information Act.

Interim Final Rules

Suspension and Exclusion of Registered Contractors and Rescission of Contracts

July 5, 1991

The RTC adopted an interim final rule prescribing standards and procedures for suspending or excluding registered contractors, subcontractors, and related entities and key contractor employees from RTC contracting and for rescinding contracts for FIRREA violations and unsatisfactory contract performance. At the same time, this rule is designed to inform contractors, subcontractors, related entities, and key contractor employees of their rights to notice and an opportunity to be heard on RTC suspension and exclusion actions. The rule closely follows the suspension and debarment procedures utilized by other federal entities, which have been developed after extensive public comment and have withstood considerable judicial scrutiny. The rule provides for quicker and, under certain circumstances, less formal procedures than are generally employed by federal agencies while, at the same time, satisfying minimum due-process requirements.

Minority- and Women-Owned Business Contracting Programs

August 15, 1991

The RTC adopted an interim final rule for the RTC to identify, promote, and certify eligible firms for inclusion in its contracting activities, while assuring that the RTC's use of private sector services is accomplished practicably and efficiently. The RTC has deemed it appropriate to design programs that will aggressively reach out to minorities and women, and firms owned by minorities and women, enabling them to participate more fully in RTC contracting activities through joint venture agreements and other devices. In addition to covering contracting in general, the rule governs the identification, promotion, and certification of eligible minority- and women-owned law firms for inclusion in the RTC legal services contracting process.

Proposed Regulations

Real Estate Appraisals

September 18, 1991

The RTC proposed to exempt "additional transactions" from the requirements of the final appraisal regulation effective September 21, 1990. If adopted, the proposed amendment would: (1) eliminate the requirement for regulated institutions to obtain appraisals by certified or licensed appraisers for real estate-related financial transactions having a value, as defined in the RTC final regulation, of $100,000 or less; (2) permit regulated institutions to use appraisals prepared for loans insured or guaranteed by an agency of the federal government if the appraisal conforms to the requirements of the federal insurer or guarantor; and (3) add a definition of "real estate" and "real property" to clarify that the appraisal regulation does not apply to mineral rights, timber rights, or growing crops.

Restrictions on the Purchase of Assets from the Resolution Trust Corporation

October 9, 1991

The RTC proposed a regulation requiring that assets held by the RTC in the course of liquidating federally insured savings associations not be sold to persons who, in ways specified in the Comprehensive Thrift and Bank Fraud Prosecution and Taxpayer Recovery Act of 1990, contributed to the demise of such savings associations. The proposed regulation provides definitions that clarify the intent of Congress regarding the scope of the statutory prohibitions. ■

Financial Statements and Internal Controls

Resolution Trust Corporation
Statement of Financial Position
As of December 31,
(dollars in thousands)

	1991	1990
Assets		
Cash	$ 9,034,326	$ 5,176,794
Net loans and advances (Note 3)	15,927,967	22,006,729
Net subrogated claims (Note 4)	37,516,144	27,330,659
Other assets (Note 6)	13,398	6,409
Total Assets	**$62,491,835**	**$54,520,591**
Liabilities		
Accounts payable, accrued liabilities and other	$ 180,930	$ 41,822
Liabilities incurred from assistance and failures (Note 7)	94,706	490,897
Due to receiverships (Note 8)	1,634,199	1,190,673
Notes payable and accrued interest (Note 9)	57,518,561	53,929,779
Estimated cost of unresolved cases (Notes 5 and 10)	25,492,652	55,941,445
Estimated losses from corporate litigation (Notes 5 and 11)	197,599	158,184
Total Liabilities	**85,118,647**	**111,752,800**
Equity		
Contributed capital	48,827,551	18,810,090
Capital certificates	31,286,122	24,247,854
Accumulated deficit	(102,740,485)	(100,290,153)
Total Equity (Note 12)	**(22,626,812)**	**(57,232,209)**
Total Liabilities and Equity	**$62,491,835**	**$54,520,591**

See accompanying notes

Resolution Trust Corporation
Statement of Revenues, Expenses and Accumulated Deficit
for the Year Ended December 31,
(dollars in thousands)

	1991	1990
Revenues		
Interest on loans and advances	$ 1,473,013	$ 1,378,623
Servicing and other revenue	33,546	25,258
Total Revenues	**1,506,559**	**1,403,881**
Expenses		
Interest expense on notes issued by the Corporation	3,472,288	1,787,516
interest expense on amounts due receiverships	1,903,837	1,395,438
Reduction in loss allowances (Note 5)	(1,449,191)	(1,441,191)
Administrative operating expenses	9,885	12,002
Other expenses	20,072	12,530
Total Expenses	**3,956,891**	**1,766,295**
Net Loss	**(2,450,332)**	**(362,414)**
Accumulated Deficit, Beginning	**(100,290,153)**	**(99,927,739)**
Accumulated Deficit, Ending (Note 12)	**$(102,740,485)**	**$(100,290,153)**

See accompanying notes

Resolution Trust Corporation
Statement of Cash Flows
for the Year Ended December 31,
(dollars in thousands)

	1991	1990
Cash Flows From Operating Activities:		
Cash inflows from:		
Receipts from subrogated claims	$17,665,488	$1,879,579
Repayments of loans, advances and reimbursable expenditures	23,064,174	7,198,660
Receipts of interest on loans and advances	1,595,363	1,160,395
Receipts from servicing and other operations	27,657	20,672
Cash outflows for:		
Disbursements for subrogated claims	(56,199,015)	(60,870,583)
Disbursements for loans and advances	(18,427,996)	(19,037,050)
Disbursements for reimbursable expenditures	(1,022,149)	(250,440)
Administrative operating and other expenditures	(31,081)	(23,177)
Interest paid on notes payable	(907,831)	0
Net Cash Used by Operating Activities (Note 16)	(34,235,390)	(69,921,944)
Cash Flows From Financing Activities:		
Cash inflows from:		
Corporate notes payable	12,150,000	52,142,263
Capital certificates	7,038,268	18,539,096
Contributed capital	30,030,328	10,785
Cash outflows for:		
Repayment of notes payable, principal	(11,125,674)	0
Net Cash Provided by Financing Activities	38,092,922	70,692,144
Net Increase in Cash	3,857,532	770,200
Cash-Beginning	**5,176,794**	**4,406,594**
Cash-Ending	**$ 9,034,326**	**$5,176,794**

See accompanying notes

Resolution Trust Corporation Notes to Financial Statements

DECEMBER 31, 1991 and 1990

1. Impact of Legislation:

The RTC, a Government Corporation, was created by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) to manage and resolve all troubled savings institutions that were previously insured by FSLIC and for which a conservator or receiver is appointed during the period January 1, 1989 through August 8, 1992. In December, 1991, this period was extended to September 30, 1993 by the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991.

The activities of the RTC are subject to the general oversight of the Oversight Board, which was redesignated the Thrift Depositor Protection (TDP) Oversight Board and increased in size by the December 1991 legislation. The TDP Oversight Board monitors the operations of the RTC, provides the RTC with general policy direction, and reviews the RTC's performance. The seven members on the TDP Oversight Board include: the Secretary of the Treasury; the Chairman of the Board of Governors of the Federal Reserve System; the Director of the Office of Thrift Supervision; the Chairperson of the Board of Directors of the FDIC; the chief executive officer of the RTC; and two independent members appointed by the President, with the advice and consent of the Senate.

Under current law, the RTC will terminate on or before December 31, 1996. All remaining assets and liabilities will be transferred to the FSLIC Resolution Fund. Proceeds from the sale of such assets will be transferred to the Resolution Funding Corporation (REFCORP) for interest payments after satisfaction of any outstanding liabilities. At the time of the RTC's termination, the FDIC will succeed the RTC as conservator or receiver for failed thrift activity.

Source of Funds:

The RTC is funded from the following sources: 1) U.S. Treasury payments, borrowings and appropriations; 2) a contribution from the Federal Home Loan Banks through REFCORP; 3) amounts borrowed by REFCORP which is authorized to issue long term debt securities; 4) the issuance of debt obligations and guarantees as permitted by the TDP Oversight Board ; and 5) income earned on the assets of the RTC, proceeds from the sale of assets, and collections made on claims received by the RTC from receiverships, to the extent such amounts are needed for further resolution costs (as determined by the TDP Oversight Board).

The Secretary of the Treasury has contributed capital of $48.8 billion to the RTC as of December 31, 1991, $18.8 billion of which was authorized by FIRREA and $30 billion of which was authorized by the Resolution Trust Corporation Funding Act of 1991 in March of 1991. The RTC has also issued capital certificates of $31.2 billion to REFCORP as of December 31, 1991, including $7.0 billion issued in 1991 (see Note 12). FIRREA prohibits the payment of dividends on any of these capital certificates. The RTC is also authorized to borrow directly from the Treasury an amount not to exceed in the aggregate $5.0 billion outstanding at any one time. There were no draws against these authorized borrowings during 1991.

December 1991 legislation authorized the Secretary of the Treasury to provide an additional $25 billion in capital to the RTC for its operations through March 31, 1992. These funds were received in January 1992. In April 1992, the RTC returned $18.3 billion to the Treasury which represented funds not used by the March 31, 1992 deadline.

The RTC's Office of Inspector General (OIG) received $41.1 million of appropriated funds from the U.S. Treasury of which $10.8 million relate to 1991 and $30.3 million relate to 1992. These funds are used to finance the activities of the Office of Inspector General.

2. Summary of Significant Accounting Policies:

General. These statements do not include accountability for assets and liabilities of closed thrifts for which the RTC acts as receiver/liquidating agent or of thrifts in conservatorship for which the RTC acts as the managing agent.

Allowance for Losses on Loans and Advances. The RTC recognizes an estimated loss on loans and advances. The allowance for loss represents the difference between amounts advanced to conservatorships or receiverships and expected repayments.

Allowance for Losses on Subrogated Claims. The RTC records as assets the amounts disbursed for assisting and closing thrifts. An allowance for loss is established against subrogated claims representing the difference between the amounts disbursed and the expected repayments. The allowance is based on the estimated cash recoveries from the assets of the assisted or failed thrift, net of estimated asset liquidation and overhead expenses, including interest costs.

Estimated Cost of Unresolved Cases. The RTC has recorded the estimated losses related to thrifts in conservatorship and those identified in the regulatory process as probable to fail.

Litigation Losses. The RTC recognizes an estimated loss for litigation against it in its Corporate, conservatorship and receivership capacities. The RTC Legal Division recommends these estimated losses on a case-by-case basis.

Due to Receiverships - Assets Sold. The RTC establishes a contra asset account equal to the purchase price of assets acquired by an assuming institution primarily in purchase and assumption transactions. This account offsets the balance due from the receivership for subrogated claims. The amounts that exceed the expected recovery of subrogated claims due from the receivership are recorded as a liability entitled "Due to receiverships." The RTC accrues interest on the total of the contra asset and "Due to receiverships" accounts.

Allocation of Common Expenses. The RTC shares certain administrative operating expenses with several funds of the Federal Deposit Insurance Corporation (FDIC) including the Bank Insurance Fund, the FSLIC Resolution Fund, and the Savings Association Insurance Fund. The administrative operating expenses include allocated personnel, administrative, and other overhead expenses.

OIG Appropriation. The RTC has reported OIG appropriations used to finance operating expenses as part of "Servicing and other revenue" in the Statement of Revenues, Expenses and Accumulated Deficit. Unobligated appropriations are reported in the equity section of the balance sheet as part of "Contributed capital."

Depreciation. The cost of furniture, fixtures, equipment and other fixed assets is expensed at the time of acquisition and is reported as "Administrative operating expenses." This policy is a departure from generally accepted accounting principles, however, the financial impact is not material to the RTC's financial statements.

Cash Equivalents. The RTC considers cash equivalents to be short-term, highly liquid investments with original maturities of three months or less. As of December 31, 1991 and 1990, the RTC did not have any cash equivalents.

Reclassifications. Certain balances in the 1990 financial statements have been reclassified for comparative purposes. Additionally, certain adjustments have been made to more accurately reflect the nature of expenses incurred during 1990. These revisions affect the "Reduction in loss allowances" and "Administrative operating expenses" line items. These adjustments do not change the net loss previously reported.

3. Net Loans and Advances (in thousands):

The RTC makes both loans and secured advances to its receiverships and conservatorships. Loans and advances are made to conservatorships to provide funds for liquidity needs and to reduce the cost of funds, and to receiverships to provide working capital. The loans and advances generally are either secured by the assets of the conservatorship or receivership at the time the loans were made or have the highest priority of unsecured claims.

The Corporation accrues interest on these loans and advances which is included in the Statement of Revenues, Expenses and Accumulated Deficit. The Corporation expects repayment of these loans and advances, including interest, before any subrogated claims are paid by receiverships. The loans and advances carry a floating rate of interest based upon the 13-week Treasury Bill rate. Interest rates received during 1991 ranged between 4.10% and 6.97%, and between 6.97% and 8.50% in 1990. At December 31, 1991 and 1990, the interest rates on loans and advances were 4.26% and 6.97%, respectively.

	December 31, 1991	December 31, 1990
Secured advances to conservatorships	$ 4,931,021	$ 9,051,139
Loans and secured advances to receiverships	13,402,648	13,676,444
Reimbursements due from receiverships and conservatorships	750,398	232,748
Accrued interest	326,789	449,140
Allowance for losses on receivership loans and advances (Note 5)	(3,482,889)	(643,231)
Allowance for losses on conservatorship advances (Note 5)	0	(759,511)
	$15,927,967	**$22,006,729**

Reimbursements due from receiverships and conservatorships for operating expenses represent amounts paid by the RTC on behalf of the receiverships and conservatorships for which repayment is expected in full. Interest is not accrued on these reimbursements.

4. Net Subrogated Claims (in thousands):

Subrogated claims represent disbursements made by the RTC for depositor liabilities. The Corporation recognizes an estimated loss on these subrogated claims. These estimates are based in part on a statistical sampling of receivership assets, and based on a 95 percent confidence interval, are subject to a sampling error of plus or minus $2.5 billion.

The value of assets under RTC management could be lower (or higher) than projected because general economic conditions, interest rates and real estate markets could change. Because of these uncertainties, it is reasonably possible that the "Allowance for losses on subrogated claims" will be higher (or lower) than the current balance.

In certain instances, the receiverships may sell a portion of their assets along with their deposits. The purchase price of the assets sold is recorded by the RTC in a contra asset account entitled "Due to receiverships - assets sold." This account is offset against subrogated claims expected to be collected from the receivership. The portion of the contra asset account, if any, in excess of expected subrogated claim recoveries is recorded as a liability entitled "Due to receiverships" (see Note 8). The RTC accrues interest payable to the receiverships on the total of the contra asset and "Due to receiverships" accounts. The rates used by the RTC to accrue interest are based upon the Chicago FHLB Overnight Deposit Rates. Interest rates paid during 1991 ranged between 4.08% and 7.68%, and between 5.10% and 11.92% in 1990. At December 31, 1991 and 1990, the interest rates paid on these accounts were 5.15% and 9.23%, respectively.

	December 31, 1991	December 31, 1990
Subrogated claims	$172,625,205	$102,284,412
Recovery of subrogated claims	(41,568,755)	(3,029,291)
Claims of depositors pending and unpaid	50,990	125,946
Due to receiverships - assets sold	(25,503,185)	(30,842,337)
Allowance for losses on subrogated claims(Note 5)	(68,088,111)	(41,208,071)
	$ 37,516,144	**$ 27,330,659**

5. Changes in Allowance for Losses (in thousands):

	Ailowance for losses, subrogated claims	Aliowance for losses, loans and advances	Estimated cost of unresolved cases	Estimated losses from corporate litigation	TOTAL
Balance, Dec 31, 1989	$ 5,398,914	$ -	$94,669,000	$ 83,719	$100,151,633
Provision (reductions)	4,690,096	-	(6,205,752)	74,465	(1,441,191)
Reclassifications and adjustments	31,119,061	1,402,742	(32,521,803)	-	0
Balance, Dec 31, 1990	41,208,071	1,402,742	55,941,445	158,184	98,710,442
Provision (reductions)	(3,939,842)	-	2,451,236	39,415	(1,449,191)
Reclassifications and adjustments	30,819,882	2,080,147	(32,900,029)	-	0
Balance, Dec 31, 1991	**$68,088,111**	**$3,482,889**	**$25,492,652**	**$197,599**	**$ 97,261,251**

The "Allowance for losses on subrogated claims" includes future interest costs and overhead expenses. "Reduction in loss allowances" primarily represents the offset of net interest costs incurred in the current period that were previously included in provisions.

Reclassifications and adjustments represent amounts transferred from "Estimated cost of unresolved cases" to "Allowance for losses on subrogated claims" as a result of case resolutions. Amounts are also transferred from "Estimated cost of unresolved cases" to "Allowance for losses on receivership loans and advances" and "Allowance for losses on conservatorship advances."

6. Other Assets (in thousands):

	December 31, 1991	December 31, 1990
Due from Government agencies	$ 6,041	$ 3,504
Miscellaneous	7,357	2,905
	$13,398	**$ 6,409**

7. Liabilities Incurred from Assistance and Failures (in thousands):

	December 31, 1991	December 31, 1990
Pending claims of depositors	$50,990	$125,946
Due to insured depositors	43,716	364,951
	$94,706	**$490,897**

8. Due to Receiverships:

In certain instances, receiverships may sell some of their assets along with their deposits. The RTC establishes a contra asset account equal to the purchase price of the assets sold. This account is offset against the subrogated claims due from the receivership to the extent that the RTC expects full repayment of such claims. If a receivership's contra account exceeds the expected repayment of its subrogated claims to the RTC, the excess is recorded as "Due to receiverships." The balance of "Due to receiverships" was $1.6 billion and $1.2 billion at December 31, 1991 and 1990, respectively.

9. Notes Payable:

Working capital has been made available to the RTC under an agreement between the RTC and the Federal Financing Bank. The working capital is available to fund the resolution of thrifts and for use in the RTC's high-cost funds replacement and emergency liquidity programs. The outstanding notes mature at the end of each calendar quarter, at which time they are generally refinanced at similar terms. The notes payable carry a floating rate of interest based upon the 13-week Treasury Bill rate and ranged between 5.09% and 6.76% during 1991 and between 7.19% and 8.32% in 1990. As of December 31, 1991 and 1990, the RTC had $57.5 billion and $53.9 billion, respectively, in borrowings and accrued interest outstanding from the Federal Financing Bank. These borrowings, approved by the Oversight Board, are within the limitations imposed under FIRREA.

10. Estimated Cost of Unresolved Cases:

The RTC has established a liability of $25.5 billion at December 31, 1991 for the anticipated costs of resolving 190 troubled institutions. Of the 190 institutions, 91 were in conservatorship as of that date. The other associations were identified by the Office of Thrift Supervision (OTS) as institutions for which it is probable that government assistance will be required by September 30, 1993, the last date by which the RTC may be appointed conservator.

The 1991 "Estimated cost of unresolved cases" has declined considerably from the December 31, 1990 and 1989 estimates of $55.9 billion and $94.7 billion, respectively. The primary reason for this decline was the resolution of 232 cases during 1991 and 315 cases during 1990, leaving fewer unresolved cases at the end of each year.

The OTS has also identified 70 savings associations for which it is reasonably possible that government assistance will be required by September 30, 1993. The estimated cost to resolve these 70 institutions could range from $6 to $11 billion.

Furthermore, the value of assets anticipated to come to the RTC could be lower (or higher) than projected because general economic conditions, interest rates, and real estate markets could change. Because of these uncertainties, it is reasonably possible that the cost of unresolved cases will be higher (or lower) than what has been estimated.

11. Estimated Losses from Corporate Litigation:

As of December 31, 1991, the RTC has been named in several thousand lawsuits while serving in its Corporate, conservatorship or receivership capacities. Currently, it is not possible to predict the outcome for all of the various actions. An allowance for loss totalling $197.6 million has been established as of December 31, 1991 for the 77 actions that management feels are probable to result in a significant loss. Additionally, the Corporation could possibly incur further losses from other pending lawsuits and other yet unasserted claims.

12. Changes in Equity (in thousands):

	Contributed Capital	Capital Certificates	Accumulated Deficit	Total Equity
Balance, December 31, 1989	$18,800,000	$ 5,708,757	$ (99,927,739)	$ (75,418,982)
1990 Net loss	-	-	(362,414)	(362,414)
FY 91 OIG appropriation	10,785	-	-	10,785
1990 Obligated OIG funds	(695)	-	-	(695)
Issuance of capital certificates:				
01/30/90	-	5,017,221	-	5,017,221
04/20/90	-	3,495,438	-	3,495,438
07/19/90	-	4,999,757	-	4,999,757
10/16/90	-	5,026,681	-	5,026,681
Balance, December 31, 1990	**18,810,090**	**24,247,854**	**(100,290,153)**	**(57,232,209)**
1991 Net loss	-	-	(2,450,332)	(2,450,332)
Resolution Trust Corporation Funding Act of 1991	30,000,000	-	-	30,000,000
FY 92 OIG appropriation	30,328	-	-	30,328
1991 Obligated OIG funds	(12,867)	-	-	(12,867)
Issuance of capital certificates:				
01/23/91	-	7,038,268	-	7,038,268
Balance, December 31, 1991	**$48,827,551**	**$31,286,122**	**$(102,740,485)**	**$ (22,626,812)**

13. OIG Expenditures:

Reductions to the RTC OIG appropriated fund resulting from obligations are recorded as "Servicing and other revenue." Accordingly, the RTC OIG appropriated fund was reduced by $12,867,302 and $694,442 during 1991 and 1990, respectively, and recorded as "Servicing and other revenue." Further, disbursements of the OIG appropriated fund for expenditures are recorded as "Administrative operating expenses." As of December 31, 1991 and 1990, the unobligated OIG appropriation balances included in contributed capital were $27.5 million and $10.1 million, respectively.

14. Pension Plan and Accrued Annual Leave:

The FDIC eligible employees assigned to the RTC are covered by the Civil Service Retirement System and the Federal Employees Retirement System. Matching employer contributions provided by the RTC for all eligible employees for the years ended December 31, 1991 and 1990 were approximately $12.4 million and $5.7 million, respectively.

Although the RTC contributes a portion of pension benefits for eligible employees and makes the necessary payroll withholdings from them, the RTC does not account for the assets of either of these retirement funds and does not have actuarial data with respect to accumulated plan benefits or the unfunded liability relative to its eligible employees. These amounts are reported by the U.S. Office of Personnel Management (OPM) and are not allocated to the individual employers. OPM also accounts for all health and life insurance programs for retired eligible employees.

The RTC's liability to employees for accrued annual leave was approximately $17.0 million at December 31, 1991, and $8.7 million at December 31, 1990.

15. Commitments and Guarantees:

Asset Sale Guarantees:

The RTC initiated a securitization program during 1991 through which approximately $10 billion of loans secured by various types of real estate, including 1-4 family homes and multi-family dwellings, were sold. Each securitization transaction is accomplished through the creation of a trust, which purchases the loans to be securitized from one or more institutions for which the Corporation acts as a receiver or conservator.

The loans in each trust are pooled and stratified and the resulting cash flow is directed into a number of different classes of Pass-Through Certificates. The regular pass-through certificates are sold to the public through licensed brokerage houses. The residual pass-through certificates, which are entitled to cash flows, if any, from the trust after the obligations to the regular pass-through certificates have been met, are retained by the institutions.

To increase the likelihood of full and timely distributions of interest and principal to the holders of the regular pass-through certificates, and thus the marketability of such certificates, a portion of the proceeds from the sale of the certificates is placed in a reserve fund to cover future losses with respect to the loans underlying the certificates. The receiverships sell the loans to the trust without recourse as to credit risk. The certificate holders' sole source of recourse in the event of credit losses is the reserve fund established for that security. However, the RTC does provide certain standard representations and warranties concerning the loans sold to the trust for securitization. Funds equal to management's estimate of representation and warranty claims have been placed in escrow by the receiverships participating in the securitizations.

The RTC also provides guarantees, representations and warranties on approximately $83 billion in unpaid principal of loans sold for cash, exchanged for mortgaged-backed securities or under servicing right contracts which have been sold. Receiverships have established escrow fund accounts containing a portion of the amount of sales proceeds deemed necessary to honor any obligations that might arise from the guarantees, representations and warranties. No additional losses are anticipated from these arrangements.

Letters of Credit:

The RTC has adopted special policies for outstanding RTC conservatorship and receivership collateralized letters of credit. These policies enable the RTC to minimize the impact of its actions on capital markets. In most cases, these letters of credit are used to guarantee tax exempt bonds issued by state and local housing authorities or other public agencies to finance housing projects for low and moderate income individuals or families. As of December 31, 1991, the RTC has issued a commitment to honor approximately $3.1 billion of these letters of credit. The total amount that will ultimately be paid and the losses resulting from these letters of credit are not reasonably estimable at December 31, 1991.

Affordable Housing Program:

As part of its Affordable Housing Program, RTC management has committed to expend up to $6 million to pay reasonable and customary commitment fees to various state and local housing authorities who will, in turn, assist in providing financing to low and moderate income families. Under this program, the RTC works with state and local housing finance agencies to secure commitments of Mortgage Revenue Bond and Mortgage Credit Certificate funds which will be lent to qualifying families to enable them to purchase properties from the RTC. At December 31, 1991, $2.1 million remains unexpended. No substantial recoveries are anticipated from the program.

Rental Expense:

The RTC is currently leasing office space at several locations to accommodate its staff. These offices include: (1) the Washington, D.C. Headquarter offices, (2) the four Regional offices, and (3) the fourteen Consolidated offices located throughout the various regions. The RTC's rental expense for 1991 and 1990 totaled $41.1 million and $17.1 million, respectively. The RTC's total contractual obligations under lease agreements for office space are approximately $196.2 million. The minimum yearly rental expense for all locations is as follows (in thousands):

1992	1993	1994	1995	1996	1997/Thereafter
$ 37,862	$ 38,558	$ 35,352	$ 29,239	$ 15,604	$ 39,605

All agreements contain escalation clauses which can result in adjustments to rental fees for future years.

At the date of RTC's termination, which under current law shall not be later than December 31, 1996, all of the RTC's debts, obligations and assets, including the above lease obligations, shall be transferred to the FSLIC Resolution Fund (FRF) which is managed by the Federal Deposit Insurance Corporation (FDIC).

16. Supplementary Information Relating to the Statement of Cash Flows (in thousands):

Reconciliation of net loss to net cash used by operating activities:

	For the Years Ended December 31, 1991	1990
Net Loss	$ (2,450,332)	$ (362,414)
Reduction in loss allowances	(1,449,191)	(1,441,191)
Interest expense financed as additional notes payable	3,001,672	857,737
Increase (decrease) in accrued interest on notes payable	(437,215)	929,779
Increase In accrued interest on amounts due to receivershlps	1,903,837	1,395,438
(increase) decrease in accrued interest due from loans and advances	122,351	(218,228)
Receipts from subrogated claims	17,665,488	1,879,579
Repayments of loans, advances and reimbursable expenditures	23,064,174	7,198,660
Increase in accounts payable, accrued liabilities and other liabilities	127,814	33,994
Less: Accrued liabilities above to be reimbursed	(120,016)	(31,945)
Disbursements for loans and advances	(18,427,996)	(19,037,050)
Disbursements for subrogated claims	(56,199,015)	(60,870,583)
Disbursements for reimbursable expenditures	(1,022,149)	(250,440)
OIG income recognized	(12,867)	(694)
Increase in other assets	(1,945)	(4,586)
Net cash used by operating activities	**$(34,235,390)**	**$(69,921,944)**

Noncash transactions incurred from thrift assistance and failures (in thousands):

- $32,900,029 and $32,521,803 were reclassified from "Estimated cost of unresolved cases" during 1991 and 1990, respectively, due to the resolution of 32 cases during 1991 and 315 cases in 1990. Of these amounts, $30,819,882 and $31,119,061 were reclassified to "Allowance for losses on subrogated claims" and $2,080,147 and $1,402, 742 were reclassified to "Allowance for losses on loans and advances" during 1991 and 1990, respectively.

- "Claims of depositors pending and unpaid" and "Liabilities incurred from assistance and failures" decreased during 1991 by $74,956 and increased during 1990 by $122,759 due to case resolutions.

- $3,001,672 of interest expense was financed through increases in notes payable in 1991. In 1990, interest expense of $857,737 was financed through increases in notes payable.

- "Recovery of subrogated claims" increased by $20,873,976 and $1,149,522 during 1991 and 1990, respectively, with an offsetting decrease in "Due to receiverships - assets sold", to record liquidating dividends declared by receiverships.

- "Subrogated claims" increased by $14,852,406 and $28,487,819 in 1991 and 1990, respectively, resulting from resolution activity with an offsetting increase in "Due to receiverships - assets sold."

- $443,526 and $1,190,673 were reclassified in 1991 and 1990, respectively, from "Due to receiverships - assets sold" (a component of "Net subrogated claims") to "Due to receiverships" for amounts exceeding the expected recovery of subrogated claims due from the receiverships.

- "Reimbursements due from receiverships and conservatorships" decreased by $388,500 and $120,361 during 1991 and 1990, respectively, with an offsetting decrease to "Due to receiverships - assets sold."

17. Related Party Transactions:

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 established the RTC to manage and resolve failed savings institutions that were formerly insured by the FSLIC and for which a receiver or conservator was appointed after January 1, 1989. At December 31, 1991, there were 675 institutions with $129.1 billion of assets for which the RTC was appointed conservator or receiver. This compares to 531 institutions with $145.7 billion of assets at December 31, 1990.

In its fiduciary capacity as receiver or conservator, the RTC has substantial control over the operations of the institutions placed in receivership or conservatorship by the Office of Thrift Supervision. The RTC, as receiver or conservator, has ultimate authority in the day to day operations, including the timing and methodology of the disposal of the institutions' assets in an effort to maximize returns on such assets.

The RTC does not include the assets and liabilities of the receiverships and conservatorships in its financial statements. However, certain transactions with these institutions, including loans to and receivables from the institutions, as well as interest paid or received on such items, are included in the RTC's financial records. The net balances of loans and advances, and subrogated claims were $15.9 billion and $37.5 billion, respectively, at December 31, 1991. The RTC owed $27.1 billion to receiverships at December 31, 1991 primarily resulting from purchase and assumption transactions (see notes 4 and 8). Interest income earned on loans and advances was $1.5 billion during the year ended December 31, 1991 and interest expense on amounts due receiverships was $1.9 billion.

The net balances of loans and advances, and subrogated claims were $22.0 billion and $27.3 billion, respectively, at December 31, 1990, and amounts due receiverships totalled $32.0 billion. Interest income on loans and advances was $1.4 billion during the year ended December 31, 1990 and interest expense on amounts due receiverships was $1.4 billion.

18. Concentration of Credit Risk:

The RTC is counterparty to a group of receivables with conservatorships and receiverships throughout the United States which are experiencing problems with both loans and real estate. A portion of the entities' ability to honor their contracts is dependent on the economy of the area in which they are located. The gross balance of these receivables at December 31, 1991 is $150.5 billion (against which $97.1 billion of reserves and contra assets have been recorded), of which $37.1 billion is attributable to institutions located in Texas, $22.8 billion is attributable to institutions located in California, $13.2 billion is attributable to institutions located in Florida and $9.7 billion is attributable to institutions located in Arizona. ■

GAO

United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-240108

To the Thrift Depositor Protection Oversight Board
Resolution Trust Corporation

We have audited the accompanying statements of financial position of the Resolution Trust Corporation as of December 31, 1991 and 1990, and the related statements of revenues, expenses and accumulated deficit; and the statements of cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. In addition, we are reporting on our consideration of the Corporation's internal control structure and on its compliance with laws and regulations.

We conducted our audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the Corporation's statement of financial position as of December 31, 1991, and the statements of cash flows for the years ended December 31, 1991 and 1990, present fairly, in all material respects, the financial position of the Resolution Trust Corporation and its cash flows in conformity with generally accepted accounting principles. It should be noted that the cash flows statements only report the cash actually received and disbursed by the Corporation. Due to weaknesses in its oversight of certain loan servicers,[1] the Corporation cannot be sure that it is recovering all it should from its receiverships.

We do not express an opinion on the statement of financial position as of December 31, 1990, and the statement of revenues, expenses and accumulated deficit for the year then ended, due to internal control weaknesses in the Corporation's receivership operations, flaws in its methodology for estimating recoveries from the sale of receivership assets, and its significant exposure to losses from real estate and delinquent real estate backed loans for both resolved and unresolved institutions that existed in 1990.

The Corporation's 1991 statement of revenues, expenses and accumulated deficit contains a $1.449 billion reduction in its loss allowances. This reduction in Corporation expenses is a direct result of changes in the following loss accounts from the Corporation's statement of financial position for 1990 and 1991: estimated cost of unresolved cases, estimated losses from corporate litigation, allowance for losses on subrogated claims, and allowance for losses on advances and loans. This reduction had a significant effect on the Corporation's determination of its net loss for 1991. Because we are not expressing an opinion on the Corporation's statement of financial position as of December 31, 1990, which included the loss accounts just listed, we are unable to express an opinion on the Corporation's statement of revenues, expenses and accumulated deficit for the year ended December 31, 1991.

During 1991, the Corporation acted to address certain internal control problems in its receiverships, problems which we reported in 1990. It also implemented a statistical methodology for sampling receivership assets and projecting their estimated values to the population of receivership assets. Use of a statistically valid methodology for estimating asset recovery values also enabled the Corporation to improve its estimates of losses from troubled but as yet unresolved thrift institutions. Finally, the Corporation's current projections indicate that its universe of likely resolution candidates has decreased and therefore its exposure to real estate related losses in

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[1]Resolution Trust Corporation: Oversight of Certain Loan Servicers Needs Improvement (GAO/GGD-92-76, April 24, 1992).

unresolved institutions is also lower. Although the Corporation has produced its recovery estimates from the best available information, significant uncertainties still exist regarding general economic conditions, interest rates, and real estate markets that could affect the value of assets in resolved and unresolved institutions. These factors, which are beyond the Corporation's control, could result in lower than projected recoveries from resolved institutions and higher than estimated costs for unresolved institutions.

ESTIMATED RECOVERIES FROM RECEIVERSHIPS APPEAR REASONABLE

The Corporation addressed the internal control weaknesses over cash receipts and disbursements and the flaws in its methodology for determining the recovery value of receivership assets, which we reported in 1990. As a result, the Corporation can produce a reasonable estimate of expected recoveries from its receiverships.

In 1991, we expanded our testing of receivership internal controls over cash receipts and cash disbursements. We selected a sample of 62 receiverships and nearly 1,500 transactions for testing. In general, we found that cash transactions during 1991 were valid and correctly recorded in the receiverships' general ledgers. However, receivership personnel could not supply us with all the documents necessary to confirm that transactions were processed in accordance with all of the Corporation's policies and standards. Although we could piece together enough of this year's transactions to assure ourselves of their legitimacy, we were unable to assure the Corporation that all of its internal controls were in place and working as intended to prevent or detect errors in future transactions. We consider the receiverships' lack of supporting documentation to be a material weakness and discuss it in more detail in our report on the Corporation's internal control structure.

During 1991, the Corporation improved its methodology for sampling and valuing receivership assets. The Corporation used statistical techniques to select its sample of receivership assets and a single, experienced contractor to estimate the expected recovery value for all sampled assets. The Corporation then calculated weighted average recovery rates for individual asset types based on information from the sample. For example, the Corporation calculated a weighted average recovery rate of 87 percent of book value for performing mortgages on residential dwellings with one to four units; a rate of 61 percent for delinquent consumer loans; and a rate of 39 percent for acquired real estate held by its receiverships. The weighted average recovery rate for each asset type was then projected to all receivership assets of that type. Although the Corporation's methodology was appropriate and the resulting estimated recovery values were reasonable, we found in our sample some instances for which the contractor calculated a recovery value without sufficient supporting asset file documentation. The most common missing support item was a recent appraisal. We also found instances in which the value of the collateral underlying delinquent loans did not support the recovery values assigned. Because the average of the individual recovery rates assigned to these assets approximated the average assigned by the contractor to all assets, the unsupported asset values did not appear to be overstated.

The Corporation is maintaining relevant sales information for the statistically sampled assets used in its valuation process discussed above. According to these data, the sales proceeds for individual sampled assets supported the estimated recovery rate assigned by the contractor to those particular assets. In addition, the average recovery from the sale of sampled assets was considerably higher than the average recovery assigned to the entire sample. These results indicate that the contractor did a good job of estimating recoveries for those assets that were sold later, that the better assets--those with the higher recovery rates--are being sold first, and that the Corporation's use of lower recovery rates to value the entire population takes into account the harder-to-sell assets remaining in receiverships. As a further test, we compared the estimated recovery rates to aggregate sales information supplied by the Corporation for all 1991 asset sales. The sales results again indicated higher recovery rates than the Corporation is applying to all assets according to its valuation methodology. Based on these tests, it appears that the Corporation is adequately considering hard-to-sell assets in estimating its expected recoveries from the sale of receivership assets.

As of December 31, 1991, Corporation receiverships held assets with a book value of $82 billion--real estate and delinquent real estate backed loans accounted for approximately $29 billion of the total. Even though the

Corporation has assumed that these assets will sell for considerably less than their book values, any worsening of the economy or real estate markets could result in recoveries even lower than currently anticipated.

FUTURE RESOLUTION COSTS APPEAR REASONABLE

The Corporation used an appropriate methodology to estimate its 1991 liability for future resolution costs. The Corporation's statement of financial position includes a $25.5 billion accrual to cover the cost of resolving 190 troubled institutions. These institutions were identified by the thrift industry's federal regulator, the Office of Thrift Supervision (OTS), as probable resolution candidates before September 30, 1993--the last date for the Corporation to accept thrifts for resolution. The Corporation also disclosed in its footnotes that OTS had identified another 70 thrift institutions as possible resolution candidates. The Corporation calculated that the related costs for the 70 could range from $6 billion to $11 billion. The Corporation's estimate of probable and possible thrift failures was determined according to generally accepted accounting principles.

In calculating its liability for probable resolution candidates, the Corporation assumed that the losses related to these failures had been incurred as of December 31, 1991. In general, the Corporation's cost estimates represent the total of negative capital, operating losses through the expected date of resolution, and losses on asset sales for each of the 190 institutions. Any institution with positive capital was expected to use its equity to offset operating and asset losses, thereby reducing the final cost to the Corporation. Institutions with operating profit were assumed to generate no earnings or losses through the resolution date.

To calculate losses on asset sales, the Corporation assumed that 1 to 5 percent of the unresolved institutions' performing loan portfolios would become delinquent before the date of resolution. The Corporation then applied loss rates to the various asset categories based on asset reviews in resolved institutions. The Corporation developed and applied different loss rates to institutions in its four regions--east, north central, southwest, and west. For example, loss rates of 5 percent to 11 percent were applied to performing one-to-four unit residential mortgages while loss rates of 53 percent to 77 percent were applied to delinquent commercial loans throughout the four regions.

To calculate its expected cost for the 70 thrifts considered possible failures, the Corporation used a methodology similar to the one just described. It considered capital levels, operating losses, and losses on assets. However, the Corporation developed different asset loss rates based on the historical experience of the Federal Deposit Insurance Corporation and the now defunct Federal Savings and Loan Insurance Corporation (FSLIC). Using the two loss ratios, the Corporation calculated a low and high cost estimate for each of the 70 identified institutions.

In general, the Corporation's assumptions were reasonable, given the current conditions of the thrift industry and the economy. We analyzed many of the institutions considered "troubled" by OTS but not included in the Corporation's accrual or footnote disclosure and found them to be only marginally profitable with less than 3 percent tangible capital. However, due to the current positive interest spread and through the sale of portions of their asset portfolios, most of these institutions are likely to remain viable beyond the Corporation's September 30, 1993, deadline. Thrifts that fail after the deadline will become the responsibility of the Savings Association Insurance Fund (SAIF).[2]

The Corporation's exposure to losses in unresolved institutions was significantly lower at year-end 1991. As of December 31, 1990, 775 institutions with $481 billion in assets, of which $135 billion were estimated to be real estate or delinquent real estate backed loans subject to foreclosure, were considered probable or possible resolution

[2]The Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law 101-73, created SAIF to provide deposit insurance to all federally insured savings associations (thrifts) and to thrift deposits acquired by banks. SAIF will assume its full resolution responsibility for thrift institutions on October 1, 1993. However, any thrift requiring resolution after September 30, 1993, which had previously been placed in conservatorship or receivership under the Corporation, may again be placed under the Corporation's control in accordance with a provision of the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991.

candidates. As of December 31, 1991, the number of probable and possible resolutions was down to 260 institutions with $181 billion in assets of which an estimated $38 billion were troubled real estate related assets. As a result, the Corporation is in a better position to estimate its future costs, particularly those due to losses in real estate related assets. Although this reduced exposure has somewhat mitigated the effect of uncertainties on its cost estimates, changes in the economy or real estate markets beyond the Corporation's control could still result in actual resolution costs that significantly differ from estimates.

FUTURE RESOLUTIONS REQUIRE ADDITIONAL FUNDING

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) created the Resolution Trust Corporation on August 9, 1989, to resolve the problems of failed thrift institutions previously insured by the Federal Savings and Loan Insurance Corporation and placed into conservatorship or receivership from January 1, 1989, until August 9, 1992. The Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 extended the Corporation's resolution responsibility through September 30, 1993. Under the chairmanship of the Secretary of the Treasury, the Thrift Depositor Protection Oversight Board (previously the Oversight Board) monitors the Corporation's operations, provides general policy direction, and reviews its performance. Under FIRREA, the Corporation will terminate no later than December 31, 1996, and all remaining assets and liabilities will be transferred to the FSLIC Resolution Fund.

The Corporation's financial statements indicate total needs of between $109 billion and $114 billion in loss funds to complete the resolution of all receiverships and currently identified probable and possible thrift failures. This is more than the Corporation has been provided to date. Through March 1992, the Corporation was provided with

$105 billion to cover losses associated with resolutions.[3] As a result of a deadline on the obligation of its most recent appropriation, the Corporation returned $18.3 billion of unobligated funds to the Treasury in April 1992. Assuming the Corporation's projections are correct, it could require between $22 billion and $27 billion in additional loss funds in order to carry out its resolution responsibilities until October 1993 and allow SAIF to undertake its full resolution responsibility without facing a backlog of failed institutions. As we have stated in previous testimonies,[4] we believe that the Corporation should be provided with annual appropriations. Because only 15 months now remain until its resolution deadline, the Corporation should be given sufficient funds to see it through its remaining caseload. Any funding needs beyond current projections could then be provided through the normal yearly appropriations process.

The Corporation's current cost estimates are considerably lower than previous projections of $160 billion. This is due in part to declining interest rates which resulted in a favorable spread between the rates thrifts earn and the rates thrifts must pay to borrow funds. The positive interest rate spread helped the thrift industry earn a $2 billion profit in 1991, making that its first profitable year since 1986. Increased earnings have resulted in fewer thrifts failing and smaller operating losses in those that do.

If interest rates continue to be low, many poorly capitalized thrifts will probably remain viable beyond the Corporation's resolution deadline. For example, the Corporation has estimated a $16 billion cost for resolving the remaining thrifts considered troubled by OTS. Their costs are not included in the Corporation's financial

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[3]FIRREA provided the Corporation with $50 billion in August 1989. The Resolution Trust Corporation Funding Act of 1991 (Public Law 102-18) provided $30 billion in March 1991. The Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 (Public Law 102-233) provided $25 billion in December 1991, which was only available for obligation until April 1, 1992.

[4]Resolution Trust Corporation: Performance Assessment for 1991 (GAO/T-GGD-92-14, February 26, 1992; and GAO/T-GGD-92-18, March 5, 1992).

statements because it is unlikely they will fail within the next 2 years. These costs might still need to be included in the cost of the thrift crisis cleanup but may be transferred to SAIF unless the future brings even greater improvements in the condition of these marginal institutions.

Charles A. Bowsher

Charles A. Bowsher
Comptroller General
of the United States

May 15, 1992

1991 Management Report on Internal Controls

Corporate Policy

Primarily due to the complexities and risks associated with the management and disposition of the wide variety and significant volume of assets, the Corporation's management has made the establishment and maintenance of a sound system of internal controls a high priority. The RTC engages in activities that are, by their very nature, susceptible to abuse and misappropriation. To respond to this inherently risky environment, management is providing agency personnel with training and has identified areas of vulnerability so that it can ensure proper controls are established and operating effectively. Establishment, maintenance, and evaluation of a sound and comprehensive internal control system has not been an easy task - - especially in light of the short time the Corporation has had to mobilize the required personnel and data processing resources, issue policies and procedures, and develop and administer business programs and strategies.

Program areas considered most vulnerable to risk have been identified and prioritized for review. Many high-risk activities already have been reviewed and corrective actions initiated. The Corporation intends to review the effectiveness of the internal controls for all high-risk areas at least annually. Moreover, the Chief Executive Officer has established an infrastructure, allotted resources, and more clearly assigned responsibility for implementing and monitoring progress in building a strong internal control program.

Management's Approach and Organization Structure

Since the RTC's formation in August 1989, the Corporation's management has worked to create a general control environment that is supportive of a strong internal control system, while attempting to meet its legislative mandate to resolve failed institutions in the most expeditious and least costly manner. Enactment of the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 (the Act) created the position of President and Chief Executive Officer (CEO), and gave the CEO new authority to formulate RTC policies and manage its operations.

Risk Factors and RTC Internal Controls

Some aspects of the Corporation's operations are more susceptible to misappropriation than others. The Corporation has adopted a proactive approach to addressing the factors that expose its operations to risk. A system of internal controls has been developed to mitigate the potential adverse impact of risks on the Corporation's operations. Management has directed that a number of initiatives be implemented to enhance the effectiveness of the management control review process.

Management Control Review Process

The management control review process is being designed to evaluate and improve the effectiveness of the Corporation's internal controls over its administrative and accounting functions and its financial management systems. In 1991, as part of the effort to implement the management control review process, the RTC's managers identified an initial inventory of assessable units, and assigned a preliminary risk rating. By the end of the third quarter of 1992, the assessable unit inventory will have been finalized and risk assessments formally documented; reviews and audits will have been scheduled for all assessable units; and a process established to monitor program activities and follow-up on plans to initiate corrective actions.

Performance

A number of individual review programs have been in operation to evaluate the effectiveness of the internal administrative and accounting control systems. During 1991, management conducted Program Compliance Reviews at all 15 field offices. In addition, the Corporation initiated review programs of conservatorships, receiverships, loan services, and other contractors. Reviews covering field and headquarters operations have assisted management in identifying weaknesses in internal controls.

U.S. General Accounting Office (GAO) and Office of the Inspector General (OIG) audits and reviews have been and will continue to be performed of the functions and business areas at the Corporation's headquarters and field offices. They include the evaluation of the effectiveness and adequacy of the internal administrative and accounting controls surrounding functions and business areas at these locations.

Assurance

Management's commitment to establishing sound internal controls is evidenced by the many initiatives undertaken to accomplish the internal control objectives. The Corporation has developed strategies to address proactively the potential risks to the Corporation's operations. The new organizational structure assigns clear responsibility for internal controls and accountability for business operations. Moreover, a comprehensive management control review process is being formulated; some of the components of this process have already been implemented. The Corporation's internal controls when fully implemented should provide reasonable assurance that transactions and activities are executed in accordance with management's authorization, the financial statements are accurate and timely, and the assets of the Corporation are properly safeguarded. ■

GAO

United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-240108

To the Thrift Depositor Protection Oversight Board
Resolution Trust Corporation

We have audited the financial statements of the Resolution Trust Corporation as of December 31, 1991 and 1990, and have issued our opinion thereon. This report pertains only to our consideration of the Corporation's internal control structure for the year ended December 31, 1991. The report on our consideration of the Corporation's internal control structure for the year ended December 31, 1990, is presented in GAO/AFMD-92-20, dated October 25, 1991.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. In planning and performing our audit, we considered the Corporation's internal control structure in order to determine the auditing procedures needed for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The Corporation's management is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For purposes of this report, we have classified the Corporation's significant internal control structure policies and procedures, including those relevant to compliance with applicable laws and regulations, into the following categories:

-- resolved institutions, consisting of policies and procedures related to (1) resolution activities, (2) receipts and disbursements in receiverships, and (3) valuation of the Corporation's net receivables from resolution transactions and assistance;

-- unresolved institutions, consisting of policies and procedures related to identifying and estimating the cost of future resolutions and of providing advances to institutions in conservatorship;

-- Federal Financing Bank borrowings, consisting of policies and procedures related to the borrowing, use, and repayment of working capital;

-- treasury, consisting of policies and procedures related to Corporate cash receipts and disbursements;

-- expenditures, consisting of policies and procedures related to disbursements for administrative expenses; and

-- financial reporting, consisting of policies and procedures related to the processing of journal entries into the general ledger and the preparation of financial statements.

For all internal control structure categories listed above, we obtained an understanding of relevant policies and procedures, determined whether they have been placed in operation, and assessed the associated control risk. We also performed tests of control procedures for all of the above categories. As discussed in the following paragraphs, our control tests revealed a material weakness in receivership activities related to cash receipts and disbursements. We also noted other less significant matters involving the internal control structure and operations at both receiverships and headquarters. These matters warrant management's attention. We are reporting these other matters in a separate letter to the Corporation's management.

REPORTABLE CONDITIONS

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect an organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

There are basically two levels of reportable conditions--those that are considered material weaknesses,[1] which could affect the fair presentation of the financial statements, and those that, while not material, are significant matters that merit management's attention. We identified a matter involving the Corporation's controls over cash receipt and disbursement processing which we consider to be a material weakness under generally accepted government auditing standards.

The Corporation cannot be sure that controls over cash receipt and disbursement processing are in place and functioning as intended in its receiverships. Personnel at the Corporation's consolidated offices who were responsible for processing receivership transactions could not locate all of the documentation which evidences compliance with the Corporation's internal control policies and procedures. Although we were able to assure ourselves that the transactions we reviewed represented valid receipts and disbursements of the receiverships and that they were correctly entered into the receiverships' general ledgers, we are unable to assure the Corporation that all of its controls are working as designed and can be relied on to

[1]A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

prevent or detect fraud, errors, and/or omissions in future receivership transactions.

The Corporation's receiverships are its largest debtors--as of December 31, 1991, receiverships owed $119 billion to the Corporation for claims paid on behalf of insured depositors and for advances or loans. Receiverships, to repay the Corporation, depend on money received from the servicing and sale of the failed institutions' assets. The expected funds from this activity are far less than the total owed; therefore, receiverships must have strong controls over receipt and disbursement activity to ensure that the Corporation will collect as much, and as soon, as possible.

Personnel at the Corporation's consolidated offices were unable to locate many of the documents necessary to confirm that transactions were processed in accordance with management's policies, objectives, and standards. For the 62 receiverships we selected, at least one significant document was missing for 408 (28 percent) of the 1,474 receipt and disbursement transactions tested. For example:

-- Of the 899 receipt transactions tested, consolidated office personnel could not locate at least one significant document necessary to prove that all controls for check and wire receipts were working for 182 (20 percent) of the transactions. In some instances, we were able to determine that the funds received from servicers were deposited and were correctly recorded to the general ledger cash account and a holding account. However, for many transactions, we were not given any documents to show that the servicer funds were removed from the holding account as required and applied to the appropriate principal, interest, and/or expense accounts.

-- Of the 182 transactions tested for repayment of advances, the consolidated office could not provide us with the document that authorized the repayment remittance for 31 (17 percent) of the transactions. We were able to obtain copies of 28 of the authorization documents from Corporation headquarters; the remaining 3 could not be located.

-- Of the 393 disbursement transactions tested, consolidated office personnel could not locate the originating document that requested the disbursement for 56 (14 percent) of the transactions. For most of these, we did receive documents showing that accounting personnel authorized the funds to be disbursed; however, neither the originating document nor the authorized accounting document could be located for 5 transactions. The dollar value of these transactions was insignificant in relation to the total amount of disbursements reviewed.

During 1991, the Corporation did not have written policies requiring consolidated offices to maintain documentation of transactions. However, the Corporation issued Circular 1250.1, "Internal Control Systems," in March 1992, and it established "policies, objectives, standards and responsibilities for the development, maintenance and evaluation of internal controls for [Corporation] programs and administrative activities." The circular requires each consolidated office to clearly document all financial transactions from inception through recording in the general ledger. It also requires that these documents be available for managers and auditors to analyze the efficiency and effectiveness of the receiverships' control systems.

We believe that the Corporation's new internal control directive, if properly implemented, will address our concerns regarding receivership documentation. We will assess the implementation and effectiveness of the circular as part of our 1992 review and testing of receivership internal controls.

Charles A. Bowsher
Comptroller General
of the United States

May 15, 1992

GAO

United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-240108

To the Thrift Depositor Protection Oversight Board
Resolution Trust Corporation

We have audited the financial statements of the Resolution Trust Corporation as of December 31, 1991 and 1990, and have issued our opinion thereon. This report pertains only to our review of the Corporation's compliance with laws and regulations for the year ended December 31, 1991. Our report on the Corporation's compliance with laws and regulations for the year ended December 31, 1990, is presented in GAO/AFMD-92-20, dated October 25, 1991.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The Corporation's management is responsible for compliance with laws and regulations. As part of obtaining reasonable assurance as to whether the financial statements were free of material misstatements, we selected and tested transactions and records to determine the Corporation's compliance with certain provisions of section 21A of the Federal Home Loan Bank Act (12 U.S.C. 1441a) which, if not complied with, could have a material effect on the Corporation's financial statements. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. Because of the limited purpose for which our tests of compliance were made, the laws and regulations tested did not cover all legal requirements with which the Corporation has to comply.

The results of our tests indicate that, with respect to the items tested, the Corporation complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Corporation had not complied, in all material respects, with those provisions.

Charles A. Bowsher

Charles A. Bowsher
Comptroller General
of the United States

May 15, 1992

Statistics

RTC Conservatorships
January 1, 1991 through December 31, 1991

STATE	ASSOCIATIONS IN CONSERVATORSHIP DECEMBER 31, 1990	ASSOCIATIONS PLACED INTO CONSERVATORSHIP JANUARY 1, 1991 - DECEMBER 31, 1991	CONSERVATORSHIP RESOLUTIONS JANUARY 1, 1991- DECEMBER 31, 1991				ASSOCIATIONS IN CONSERVATORSHIP DECEMBER 31, 1991
			P&A	IDT	PAYOFF	TOTAL	
TOTALS	179	123	144	34	33	211*	91
ALABAMA	2	2	2			2	2
ARIZONA	3	1	2	1		3	1
ARKANSAS	5	1	5			5	1
CALIFORNIA	8	14	10	2		12	10
COLORADO	4		3	1		4	0
CONNECTICUT	2	3	2			2	3
FLORIDA	13	12	11	3	1	15	10
GEORGIA	1	7	3			3	5
ILLINOIS	8	4	9			9	3
INDIANA	0	1					1
IOWA	2	4	3			3	3
KANSAS	2	2	3			3	1
KENTUCKY	0	1	1			1	0
LOUISIANA	19	3	4	7	9	20	2
MAINE	1			1		1	0
MARYLAND	3	3	1	2		3	3
MASSACHUSETTS	2	1	2			2	1
MICHIGAN	0	2					2
MISSISSIPPI	8	2	8	2		10	0
MISSOURI	1	2	1			1	2
NEW HAMPSHIRE	0	2	1			1	1
NEW JERSEY	14	11	14	5		19	6
NEW MEXICO	4	1	3	1		4	1
NEW YORK	4	3	4			4	3
NORTH CAROLINA	3	2	3			3	2
NORTH DAKOTA	0	1	1			1	0
OHIO	4	4	7			7	1
OKLAHOMA	3	6	5			5	4
OREGON	0	1				0	1
PENNSYLVANIA	4	6	5			5	5
RHODE ISLAND	0	1					1
SOUTH CAROLINA	1	1	1			1	1
SOUTH DAKOTA	0	1	1			1	0
TENNESSEE	2	3	4			4	1
TEXAS	52	8	22	8	23	53	7
UTAH	1						1
VIRGINIA	3	4	2	1		3	4
WASHINGTON	0	1	1			1	0
WEST VIRGINIA	0	1					1
WISCONSIN	0	1					1

* Does not include 21 institutions resolved under the Accelerated Resolution Program in 1991.

New RTC Conservatorships
January 1, 1991 through December 31, 1991
(Dollars in thousands)

Date of Conservatorship	Name of Institution & Location	Gross Assets	Total Liabilities	Total Deposits	Number of Deposit Accounts
04-Jan	Fulton FSA, Atlanta, GA	$2,047,502	$2,033,792	$1,384,453	262,095
04-Jan	Trident FS&LA, FA, Newark, NJ	50,523	49,313	44,159	5,718
11-Jan	Connecticut FS&LA, Hartford, CT	17,544	17,323	13,471	1,648
11-Jan	Far West S&LA, FA, Newport Beach, CA	3,886,902	3,895,266	2,983,775	88,202
11-Jan	Malibu SB, FSB, Malibu, CA	145,190	141,138	123,833	10,935
18-Jan	Beach FSB, Huntington Beach, CA	84,611	81,440	80,403	4,243
18-Jan	Irving FS&LA, Paterson, NJ	222,841	237,158	234,746	40,814
25-Jan	Center S&LA, FA, Clifton, NJ	138,598	136,956	124,878	14,087
25-Jan	Columbia S&LA, FA, Beverly Hills, CA	6,178,703	6,486,922	5,619,044	82,234
25-Jan	Coral S&LA, FA, Coral Springs, FL	32,389	32,097	31,549	2,277
25-Jan	Trustbank FSB, Tysons Corner, VA	24,388	22,539	22,498	3,082
01-Feb	Coreast FSB, Richmond, VA	1,260,842	1,227,097	990,481	95,747
01-Feb	First FS&LA of Toledo, Toledo, OH	1,066,938	1,020,694	1,011,347	116,585
01-Feb	George Washington FSA, Jonesboro, TN	15,015	14,481	13,239	1,481
08-Feb	Family S&LA, FA, Seattle, WA	100,745	98,336	59,638	7,233
08-Feb	First FSA of Waynesboro, Waynesboro, TN	18,211	18,232	18,137	1,739
08-Feb	First Jersey Savings, FA, Wyckoff, NJ	294,182	291,952	256,385	28,806
08-Feb	Peoples FSA, Bay St. Louis, MS	62,818	59,058	53,114	7,304
08-Feb	Unity FS&LA, FA, Beverly Hills, CA	468,662	452,867	444,025	22,219
20-Feb	First Northern Cooperative Bank, Keene, NH	115,553	112,601	86,274	7,762
22-Feb	First FS&LA, Dallas, GA	40,360	38,289	36,172	8,969
22-Feb	Hollywood FB, a FSB, Hollywood, FL	1,551,870	1,578,212	1,367,409	172,160
01-Mar	AmeriFederal SB, FSB, Lawrenceville, NJ	113,792	111,424	96,183	10,537
01-Mar	Peoples FSB, New Kensington, PA	109,080	107,787	97,147	17,588
08-Mar	Alexander Hamilton FS&LA, Paterson, NJ	217,089	213,693	211,916	43,831
08-Mar	Beacon FSA, Baldwin, NY	417,024	404,242	382,147	81,590
08-Mar	First Citizens SLA, FA, Fort Pierce, FL	203,450	219,022	196,329	24,300
08-Mar	First FSA of Wewoka, Wewoka, OK	33,727	32,763	27,693	3,744
08-Mar	First FSB, Huron, SD	54,008	51,112	49,523	6,373
08-Mar	Jefferson FS&LA, FA, Birmingham, AL	687,227	654,491	485,313	101,570
08-Mar	Preferred SB, FSB, High Point, NC	233,271	224,338	173,885	15,091
15-Mar	Amerifirst FSB, Miami, FL	3,654,376	3,676,716	2,866,984	270,385
15-Mar	Arcanum FSA, Arcanum, OH	47,728	47,801	46,737	6,645
15-Mar	Bell FSB, Upper Darby, PA	874,891	829,841	717,414	91,695
15-Mar	Home SA of Kansas City, Kansas City, MO	3,045,734	2,913,688	2,605,105	279,954
15-Mar	Sovereign SB, FSB, Palm Harbor, FL	39,157	38,661	33,750	2,784
22-Mar	American SB, FSB, Ada, OK	117,626	106,760	90,291	5,616
22-Mar	Citizens Security Bank, FA, Borger, TX	34,723	32,904	28,134	4,756
22-Mar	First FSA of Chickasha, Chickasha, OK	166,783	163,204	152,121	13,355
22-Mar	Republic SB, FSB, Rockville, MD	27,734	28,130	26,483	1,356
22-Mar	State Savings, FSB, Jamaica Estates North, NY	458,289	440,417	393,817	59,789
22-Mar	The Federal SB, FSB, Atlanta, GA	156,170	160,525	130,433	7,979
22-Mar	United FSA of Iowa, Des Moines, IA	941,302	905,214	712,470	113,915
27-Mar	County Bank, FSB, Santa Barbara, CA	1,211,209	1,166,978	952,848	39,975

New RTC Conservatorships
January 1, 1991 through December 31, 1991
(Dollars in thousands)

Date of Conservatorship	Name of Institution & Location	Gross Assets	Total Liabilities	Total Deposits	Number of Deposit Accounts
05-Apr	Columbia FSA of Hamilton, Hamilton, OH	62,338	60,467	51,391	6,421
05-Apr	First Federal SB, FSB, Atlanta, GA	31,238	30,774	30,555	1,917
05-Apr	First FSB of Zion, Zion, IL	63,705	63,020	60,613	6,405
05-Apr	First FS&LA of Seminole Co, FA, Sanford, FL	187,081	192,161	159,579	26,568
12-Apr	Security FS&LA, Waterbury, CT	151,836	142,989	129,115	22,813
19-Apr	Chisholm FSA, Kingfisher, OK	165,043	152,675	146,520	13,308
19-Apr	Cimarron FSA, Muskogee, OK	830,749	770,180	710,139	72,616
19-Apr	Mercantile FSB, Southaven, MS	33,803	34,004	33,995	417
19-Apr	Metropolitan FS&LA, FA, Nashville, TN	1,016,536	982,190	806,541	59,578
19-Apr	Prospect Park FSB, West Paterson, NJ	537,760	500,723	472,957	57,827
26-Apr	Augusta FSA, Baltimore, MD	158,560	155,925	130,267	17,769
26-Apr	Executive SB, FSB, Marina Del Rey, CA	61,470	59,389	55,483	2,099
26-Apr	Home FS&LA, FA, Algona, IA	140,041	136,509	116,365	21,057
26-Apr	John Hanson SB, Beltsville, MD	857,533	841,834	657,009	70,610
26-Apr	Red River FS&LA, FA, Lawton, OK	463,856	418,268	377,581	40,998
26-Apr	Sunbelt FS, FSB, Dallas, TX	6,078,669	6,106,563	4,259,449	345,738
03-May	Century FSB, Chicago, IL	25,861	24,995	24,320	3,838
03-May	First FS&LA of Pittsburg, FA, Pittsburg, KS	292,157	287,280	143,754	26,358
03-May	Liberty SB, FSB, Marietta, OH	18,472	18,178	17,758	1,871
03-May	Newton SB, FSB, Newton, NJ	42,929	40,611	38,380	8,199
03-May	Security FS&LA of Albuquerque, FA, Albuquerque, NM	261,195	220,344	193,082	9,848
03-May	Sentry FSA, Norfolk, VA	51,271	49,402	46,697	2,673
10-May	Colonial FSB, Cranston, RI	65,913	62,416	61,883	6,068
10-May	First FSA of Newton, Newton, KS	125,409	124,892	105,116	21,996
10-May	First FS&LA of Creston, FA, Creston, IA	69,733	68,263	67,850	11,894
10-May	First FS&LA of Fargo, FA, Fargo, ND	51,385	51,821	50,596	7,284
10-May	Guaranty FSA, Warner Robins, GA	26,424	25,895	23,546	2,044
10-May	Vermilion FSB, Abbeville, LA	18,276	17,621	17,570	2,619
17-May	Altus FSB, Mobile, AL	2,010,206	1,931,857	1,121,756	133,602
17-May	Ludington FSB, Ludington, MI	34,536	34,790	33,601	5,256
23-May	Far West FSB, Portland, OR	2,125,223	2,301,198	1,272,670	174,064
24-May	Progressive SB, FSB, Pasadena, CA	398,758	386,369	373,666	23,869
31-May	Burleson County FSA, Caldwell, TX	32,595	32,127	31,730	3,691
31-May	Enterprise S&LA, Compton, CA	14,278	13,226	13,063	1,435
31-May	Goldome FSB, St. Petersburg, FL	1,510,542	1,430,867	1,317,812	126,795
31-May	New Merabank Texas, FSB, El Paso, TX	1,167,085	1,117,658	738,825	58,047
31-May	United FSB, Smyrna, GA	121,164	117,858	103,627	12,556
31-May	Westerleigh FS&LA, Staten Island, NY	150,774	146,583	144,208	22,565
07-Jun	Dryades S&LA, FA, New Orleans, LA	262,803	259,996	258,350	27,862
14-Jun	First Commerce SB, FSB, Lowell, IN	11,081	10,599	10,457	2,486
14-Jun	Springfield FSA, Springfield, PA	101,404	96,464	94,122	16,557
21-Jun	Guardian FSA, Huntington Beach, CA	704,761	661,468	652,895	14,733
28-Jun	Metrobank FS&LA, Pallsades Park, NJ	482,874	470,296	347,113	34,150

New RTC Conservatorships
January 1, 1991 through December 31, 1991
(Dollars in thousands)

Date of Conservatorship	Name of Institution & Location	Gross Assets	Total Liabilities	Total Deposits	Number of Deposit Accounts
28-Jun	United FS&LA, FA, Jonesboro, AR	146,039	140,549	135,332	30,705
09-Jul	Surety FS&LA, FA, Morganton, NC	223,381	221,286	162,868	25,781
12-Jul	Danbury FS&LA, Danbury, CT	275,751	266,638	179,945	21,794
12-Jul	Fidelity FS&LA, Austin, TX	67,552	65,482	56,320	1,070
12-Jul	Monycor FSB, Barron, WI	153,504	147,589	136,141	28,425
12-Jul	Pan American SB, San Mateo, CA	295,207	280,833	249,591	22,279
19-Jul	Cooperative FSB, Westmont, IL	74,950	73,426	46,779	5,485
19-Jul	New Metropolitan FSB, Hialeah, FL	18,801	44,379	42,982	2,648
26-Jul	Atlantic Financial FSB, San Francisco, CA	458,090	463,955	409,086	46,487
02-Aug	Coral Coast FSB, Boynton Beach, FL	61,938	60,573	60,085	3,130
02-Aug	Standard FS&LA, Columbia, SC	325,482	317,018	277,523	47,819
09-Aug	Great American FSA, San Diego, CA	9,854,104	9,436,356	7,228,819	435,990
16-Aug	Centre SA, FA, Arlington, TX	16,643	15,727	15,584	1,441
16-Aug	First American FSB, Tucson, AZ	155,660	147,467	129,072	8,712
23-Aug	New Age FSA, St. Louis, MO	9,353	9,623	9,462	2,816
30-Aug	Homestead FSA, Middletown, PA	232,924	224,373	178,782	23,001
30-Aug	United FSB, Prestonsburg, KY	40,315	39,387	39,207	4,239
06-Sep	Bay FSB, West Palm Beach, FL	60,325	58,489	53,616	3,766
13-Sep	Davy Crockett FS&LA, Crockett, TX	52,150	48,535	47,937	4,991
13-Sep	Evergreen FS&LA, Charleston, WV	41,858	40,444	34,789	4,012
19-Sep	Abraham Lincoln FSA, Dresher, PA	197,835	188,968	164,003	23,062
27-Sep	Plymouth FSA, Plymouth, MA	177,364	172,815	137,664	23,337
10-Oct	Homebank FSA, Gilford, NH	261,089	255,397	191,693	30,429
11-Oct	First FSA, Lubbock, TX	224,670	223,114	218,364	26,382
11-Oct	Life FSB, Clearwater, FL	109,038	106,579	87,569	6,965
13-Oct	Oak Tree FSB, New Orleans, LA	2,298,864	2,526,265	2,255,560	107,340
16-Oct	Citizens FSA, Jacksonville, FL	66,358	69,271	66,940	7,423
16-Oct	First FS&LA, Pontiac, MI	937,309	909,691	547,291	94,616
01-Nov	Marine View FSB, Middietown, NJ	127,403	119,472	106,688	13,736
08-Nov	Cobb FSA, Marietta, GA	86,189	88,989	82,629	12,615
08-Nov	Delta SB, Westminster, CA	64,160	59,805	58,964	3,295
22-Nov	Chase FS&LA, Philadelphia, PA	49,930	46,823	45,390	3,907
22-Nov	Peoples FSA, Ottumwa, IA	34,517	33,936	33,594	4,607
22-Nov	Western FS&LA, Glenview, IL	37,642	33,175	25,815	3,416
22-Nov	White Horse FS&LA, Trenton, NJ	75,707	71,519	67,398	11,179
13-Dec	Investors FSB, Richmond, VA	2,091,152	2,022,307	1,431,594	166,394
Totals	**123 Institutions**	**$71,089,358**	**$70,256,474**	**$55,992,835**	**4,979,963**

Note: Data based on TFR data for the quarter prior to date of conservatorship

RTC Resolutions
January 1, 1991 through December 31, 1991
(Dollars in thousands)

Date of Resolution	Name of Institution and Location	Type	Gross Assets	Total Liabilities	Total Deposits	Number of Deposit Accounts	Estimated Cost of Resolution	Acquiring Institution and Location
04-Jan	First FS&LA of Pittsburgh, Pittsburgh, PA*	PA	$3,185,001	$3,029,350	$2,342,837	392,647	$191,808	PNC Interim FSB, Pittsburgh, PA
04-Jan	Royal Oak FS&LA, Randallstown, MD*	PA	27,469	29,161	28,355	4,355	2,158	Union State Bank Holding Co., Nanuet, NY
04-Jan	Liberty SB, FSB, Randallstown, MD	IDT	22,697	29,436	29,096	4,638	14,210	Royal Oak SB, FSA, Randallstown, MD
04-Jan	Moultrie SB, FSB, Moultrie, GA	PA	54,268	55,123	44,494	6,951	3,766	Moultrie NB, Moultrie, GA
04-Jan	1st FS&LA of San Antonio, San Antonio, TX*	PA	668,841	664,609	469,173	50,108	60,674	First FSB, San Antonio, TX
11-Jan	City SB, FSB, Somerset, NJ	IDT	6,451,612	6,859,668	3,318,898	511,727	1,531,213	Branch Sale
11-Jan	Padre FS&LA, Corpus Christi, TX	PO	22,709	35,141	34,688	1,123	18,839	None
11-Jan	General FSB, Coral Gables, FL	IDT	304,680	313,235	251,810	34,855	77,785	Republic NB of Miami, Miami, FL
18-Jan	Founders FS&LA, Los Angeles, CA	IDT	95,863	144,343	79,063	10,121	64,313	Founders NB, Los Angeles, CA
18-Jan	Silver SA, FA, Silver City, NM	IDT	27,388	28,378	18,543	5,350	4,931	First New Mexico Bank, Deming, NM
08-Feb	American FSA of Iowa, Des Moines, IA	PA	487,140	525,377	506,547	70,067	56,695	Branch Sale
15-Feb	Mid-Kansas, Wichita, KS	PA	450,344	498,962	431,598	69,613	142,745	Branch Sale
15-Feb	Security Federal Savings, Columbia, SC	PA	511,791	567,965	528,744	69,810	109,165	South Carolina NB, Charleston, SC
15-Feb	Pima FS&LA, Tucson, AZ	PA	1,688,156	1,735,978	1,578,738	138,565	319,204	Bank of America, AZ, Phoenix, AZ
01-Mar	Pioneer FSB, Clearwater, Fl	PA	1,391,288	1,485,586	1,037,029	112,956	322,285	Great Western Bank, a FSB, Beverly Hills, CA
01-Mar	ABQ FSB, Albuquerque, NM	PA	1,069,349	1,347,966	933,883	86,515	476,429	Bank of America NM, NA, Albuquerque, NM
01-Mar	Statesman FSB, Des Moines, IA	PA	446,416	428,246	337,131	56,201	31,001	Branch Sale
01-Mar	Sandia FSA, Albuquerque, NM	PA	628,807	1,332,368	939,917	56,279	909,969	Branch Sale
08-Mar	Lincoln Savings, Irvine, CA	PA	3,163,824	4,577,316	2,117,630	94,180	2,824,170	Great Western FSB, Beverly Hills, CA
08-Mar	Commonwealth FS&LA, Fort Lauderdale, FL	PA	816,968	1,000,307	578,551	48,454	324,922	Branch Sale
08-Mar	Horizon SB, FSB, Wilmette, IL	PA	641,821	756,195	683,314	101,815	176,012	Branch Sale
15-Mar	Security S&LA, Scottsdale, AZ	IDT	573,981	1,099,657	927,064	73,282	844,128	Branch Sale
19-Apr	Imperial FSA, San Diego, CA	PA	6,191,779	6,102,286	4,263,377	301,450	1,647,062	Branch Sale
03-May	First FSB of Annapolis, Annapolis, MD	IDT/PO	857,533	841,834	657,009	70,610	291,907	Branch Sale
03-May	Alamo FSA of Texas, San Antonio, TX	PO	431,880	801,553	363,596	27,329	564,298	None
10-May	First Bankers Trust, SA, Midland, TX	PO	75,288	80,635	79,436	8,595	26,254	None
10-May	Capital FB for Savings, Chicago, IL*	PA	41,238	34,191	32,782	3,961	0	Columbia NB of Chicago, Chicago, IL
17-May	Palo Duro S&LA, Amarillo, TX	PA	43,509	48,483	47,370	2,222	14,079	Citizens State Bank of Dalhart, Dalhart, TX
17-May	Red River FS&LA, Coushatta, LA	PA	4,265	5,526	5,497	470	2,973	Peoples State Bank, Many, LA
17-May	Time FS&LA, San Francisco, CA	PA	37,448	40,010	33,574	3,523	6,246	First ULB Corp., Oakland, CA
22-May	Texas FSA, San Antonio, TX	PO	51,726	65,839	61,560	1,497	47,367	None
24-May	Security Homestead FSA, New Orleans, LA	IDT/PO	350,283	429,613	428,177	63,247	102,559	Branch Sale
24-May	Boonslick S&LA, Boonville, MO	PA	58,662	58,854	58,246	9,110	4,183	Branch Sale
30-May	Remington FS&LA, Elgin, TX	PO	75,530	92,235	91,812	8,208	62,867	None
31-May	Southeastern FSB, Laurel, MS	IDT	34,990	37,005	23,460	2,697	9,994	Citizens NB of Meridian, Meridian, MS
31-May	Hometown FSA, Winfield, IL	PA	34,807	37,472	24,730	2,977	10,576	Irving Bank, Chicago, IL
31-May	Clyde FSA, North Riverside, IL	PA	338,015	394,581	381,807	46,215	71,758	Mid-City NB of Chicago, Chicago, IL
31-May	Sabine Valley FSA, Center, TX	PO	14,941	23,191	23,127	2,774	10,123	None
31-May	Commercial S&LA, FA, Hammond, LA	PO	51,612	61,032	54,548	7,010	36,684	None
31-May	Tennessee FSB, Cookeville, TN	PA	29,922	32,455	20,596	3,330	9,224	Peoples B&T of Cumberlands, Cookeville, TN
31-May	Heritage FSA, Lancaster, PA	PA	42,172	43,406	41,063	6,880	1,277	Harris SA, Harrisburg, PA
31-May	Greenwood FS&LA, Greenwood, MS	IDT	12,248	16,199	16,054	2,880	4,900	Magnolia FB for Savings, Hattiesburg, MS
31-May	1st FSA of Nacogdoches, Nacogdoches, TX	PA	52,225	52,096	46,524	3,500	20,387	Citizens Bank, Rusk, TX
31-May	North TX FSA, Wichita Falls, TX	IDT	77,627	84,481	82,794	9,212	18,567	Team Bank, Fort Worth, TX
07-Jun	Rancho Bernardo FSB, San Diego, CA	PA	97,848	98,955	89,983	3,962	14,896	Branch Sale

RTC Resolutions
January 1, 1991 through December 31, 1991
(Dollars in thousands)

Date of Resolution	Name of Institution and Location	Type	Gross Assets	Total Liabilities	Total Deposits	Number of Deposit Accounts	Estimated Cost of Resolution	Acquiring Institution and Location
07-Jun	First FSA of Wichita Falls, Wichita Falls, TX	PO	70,803	77,613	76,702	9,478	18,053	None
07-Jun	American SA, Mt. Carmel, IL	PA	8,061	8,536	8,373	1,489	1,473	Union FSB, Evansville, IN
07-Jun	North Jersey FSA, Passaic, NJ	PA	198,178	310,828	221,041	32,516	157,248	Valley NB, Wayne, NJ
07-Jun	Surety FSA, El Paso, TX	PO	217,076	241,390	196,202	15,029	104,463	None
07-Jun	investors FSB, Deerfield Beach, FL	PA	207,145	239,448	198,255	4,546	80,893	J. P. Morgan Florida, FSB, Deerfield Beach, FL
07-Jun	Liberty FSB, Montebello, CA	PA	40,806	41,963	40,879	2,162	5,317	Commerce NB, Montebello, CA
07-Jun	Broken Arrow SA, Broken Arrow, OK	PA	23,454	23,811	19,545	2,062	5,795	Metro Bank of Broken Arrow, Broken Arrow, OK
07-Jun	Citizens Homestead FSA, New Orleans, LA	PO	81,676	99,491	98,673	13,305	42,343	None
07-Jun	Investors SB, FSB, Nashville, TN	PA	41,937	46,855	29,374	3,133	14,580	Amsouth Bank of TN, Nashville, TN
07-Jun	First FSA of Tuscola, Tuscola, IL	PA	18,130	18,695	18,467	2,648	2,613	First NB of Arcola, Arcola, IL
07-Jun	First FS, FSA, New Braunfels, TX	IDT	201,682	206,919	200,192	20,910	56,607	Victoria B&TC, Victoria, TX
14-Jun	Texas Commercial FSA, Sulphur Springs, TX	PA	24,878	24,789	24,609	1,616	6,911	First American Bank, Sulphur Springs, TX
14-Jun	Atlanta FSA, Atlanta, TX	PA	83,632	80,890	80,367	7,393	17,373	Kilgore FS&LA, Kilgore, TX
14-Jun	Southwestern FSA, El Paso, TX	PO	68,572	106,859	106,306	5,205	77,230	None
14-Jun	Jasper FS&LA, Jasper, TX	PO	107,481	141,524	139,626	16,535	72,660	None
14-Jun	Guaranty SB, FSB, Fayetteville, NC	PA	33,414	37,680	32,211	3,873	11,960	Branch Sale
14-Jun	South S&LA, FA, Slidell, LA	IDT/PO	144,781	187,673	157,960	23,148	103,656	First State B&T, Bogalusa, LA
14-Jun	First Guaranty FS&LA, Hattiesburg, MS	PA	207,022	237,288	176,192	17,204	98,207	Branch Sale
19-Jun	Financial of Hartford, FSB, Hartford, CT	PA	16,366	16,669	12,135	622	3,385	Northeast Savings, FA, Hartford, CT
21-Jun	First FSA, Las Vegas, NM	PA	51,356	50,749	38,698	5,774	13,612	Bank of NM, & Las Vegas, Albuquerque, NM
21-Jun	Commonwealth FSA, Houston, TX	IDT	1,120,502	2,222,486	1,357,221	103,760	1,433,331	Branch Sale
21-Jun	Ambassador FS&LA, Tamarac, FL	PA	154,566	166,108	142,759	17,248	52,488	Bank of North America, Miami, FL
21-Jun	Great Life FSA, Sunrise, FL	PA	38,408	40,148	29,567	1,816	7,926	U.S. Trust of Florida SB, Palm Beach, FL
21-Jun	Travis FS&LA, San Antonio, TX	PA	246,679	245,082	241,551	17,215	63,210	International Bank of Commerce, Laredo, TX
21-Jun	1st FSA of Breaux Bridge, Breaux Bridge, LA	PA	17,028	18,319	18,245	1,781	2,334	Teche FSB, Franklin, LA
21-Jun	Charter FSA, Stamford, CT	PA	97,155	108,007	58,044	4,148	45,164	Greenwich FS&LA, Greenwich, CT
21-Jun	Capital-Union FSA, Baton Rouge, LA	PO	222,039	288,691	284,076	35,318	133,314	None
26-Jun	Austin FS&LA, Austin, TX	PO	58,180	64,744	64,209	2,064	28,281	None
28-Jun	Vermont SA, FA, Timonium, MD	PA	133,439	178,688	175,620	31,432	64,378	First NB of MD, Baltimore, MD
28-Jun	Southeast TX FSA, Woodville, TX	PO	22,439	25,853	25,726	5,140	7,454	None
28-Jun	Amigo FS&LA, Brownsville, TX	PA	15,788	17,171	16,729	3,251	4,875	Brownsville NB, Brownsville, TX
28-Jun	First FSA, Borger, TX	PA	48,932	55,930	50,090	7,815	16,446	Amarillo NB, Amarillo, TX
28-Jun	Coral S&LA, FA, Coral Springs, FL	PA	28,016	28,000	27,497	1,709	5,005	Bank of N. America-Broward, Ft. Lauderdale, FL
05-Jul	Colonial FSA, Roselle Park, NJ	IDT/PO	265,773	303,233	245,094	32,500	118,949	United Counties Trust Co., Cranford, NJ
05-Jul	Vanguard SB, FSB, Vandergrief, PA	PA	116,299	121,393	110,958	25,138	33,040	S&T Bank, Indiana, PA
05-Jul	International FS&LA, N. Miami Beach, FL	PO	47,436	52,008	45,174	2,189	17,723	None
05-Jul	George Washington FSA, Jonesborough, TN	PA	15,951	15,431	8,121	1,093	1,309	Home FS&LA of Upper E. Tennessee, Johnson City, TN
05-Jul	Heritage FSB, Richmond, VA	PA	626,220	627,991	490,421	38,843	196,041	CRFC Interim SB (Crestar Bank), Richmond, VA
12-Jul	Citizens & Builders FS, FSB, Pensacola, FL	PA	70,320	81,985	43,206	7,142	33,329	Central Bank of the South, NA, Pensacola, FL
12-Jul	Capitol FS&LA, Aurora, CO	PA	554,850	793,179	670,078	84,495	340,420	Central Bank Denver, NA, Denver, CO
12-Jul	Pacific Coast FSA, San Francisco, CA	PA	844,801	827,431	433,576	35,806	59,418	East West FB, FSB, San Marino, CA

RTC Resolutions
January 1, 1991 through December 31, 1991
(Dollars in thousands)

Date of Resolution	Name of Institution and Location	Type	Gross Assets	Total Liabilities	Total Deposits	Number of Deposit Accounts	Estimated Cost of Resolution	Acquiring Institution and Location
12-Jul	Mutual S&LA, Weatherford, TX	PO	84,652	89,149	77,993	9,979	21,472	None
12-Jul	Commerce FSA, San Antonio, TX	PA	556,640	779,820	762,355	41,359	603,986	Bank of America TX, NA, Houston, TX
12-Jul	First Jackson FSB, Jackson, MS	PA	34,562	49,604	48,412	7,056	22,439	Trustmark NB, Jackson, MS
12-Jul	Brookhaven FS&LA, Brookhaven, MS	PA	22,975	29,601	29,022	3,815	10,685	Magnolia FB for Savings, Hattiesburg, MS
12-Jul	Atlantic Permanent Federal, Norfolk, VA	IDT/PO	159,597	204,431	175,249	20,538	94,218	Branch Sale
12-Jul	First South FSA, Houston, TX	PO	178,456	525,291	372,674	8,650	456,610	None
12-Jul	Windsor FSA, Austin, TX	PO	77,847	94,902	77,308	4,721	45,547	None
12-Jul	Commonwealth FSA, New Orleans, LA	IDT	23,014	36,419	36,302	569	18,259	St. Bernard B&TC, Arabi, LA
19-Jul	Malibu SB, FSB, Costa Mesa, CA	PA	121,816	125,898	122,658	10,386	24,895	Brentwood Bank of California, Los Angeles, CA
19-Jul	First FSA of Conroe, Conroe, TX	PA	136,377	144,710	142,496	12,728	34,669	Bank One, TX, NA, Dallas, TX
19-Jul	Superior SB, FSB, Nacogdoches, TX	IDT/PO	50,795	58,075	56,755	6,635	12,571	Commercial NB, Nacogdoches, TX
19-Jul	Liberty County FS&LA, Liberty, TX	PA	17,220	28,618	28,104	4,473	15,529	Bayshore NB, La Porte, TX
19-Jul	Certified FSA, Georgetown, TX	PO	77,105	104,210	79,065	7,006	58,015	None
19-Jul	Family S&LA, FA, Seattle, WA	PA	48,400	51,436	46,185	5,950	5,564	Puget Sound NB, Tacoma, WA
19-Jul	Southwest S&LA, FA, Phoenix, AZ	PA	1,068,583	1,547,380	1,384,575	145,016	948,413	Security Pacific Bank AZ, Phoenix, AZ
19-Jul	First City FSB, Lucedale, MS	PA	29,186	30,062	29,524	3,592	10,550	Magnolia FB for Savings, Hattiesburg, LA
19-Jul	First S&L Co., FA, Massillon, OH	PA	118,360	124,416	109,488	22,878	23,294	Branch Sale
19-Jul	Clinton S&LA, Clinton, OK*	PA	22,799	22,474	21,428	2,459	898	Local Federal, Oklahoma City, OK
19-Jul	Beach SB, FSB, Fountain Valley, CA	PA	64,918	64,434	63,452	3,164	5,229	Queen City Bank, NA, Long Beach, CA
19-Jul	Ensign FSB, New York, NY	PA	994,626	1,333,713	984,224	125,991	567,502	Branch Sale
26-Jul	First SB of Hempstead, FSB, Hempstead, TX	PO	25,803	25,526	25,208	4,539	2,590	None
26-Jul	Sentry SB, FSB, Hyannis, MA	PA	593,317	588,130	423,226	55,003	166,973	New Bedford Institution for Sav., New Bedford, MA
26-Jul	Fulton FSA, Atlanta, GA	PA	1,272,423	1,359,922	1,216,052	242,682	301,872	Branch Sale
26-Jul	Southwest FSA, Dallas, TX	PA/PO	4,113,686	4,382,512	3,040,279	197,018	688,075	Branch Sale
26-Jul	Westland FS&LA, Rawlins, WY*	PA	32,344	31,786	31,461	6,221	4,105	Rawlins NB, Rawlins, WY
26-Jul	First Savings of Arkansas, Little Rock, AR	PA	738,925	1,219,953	1,013,119	80,645	863,372	Branch Sale
26-Jul	Germaniabank, FSB, Alton, IL	PA	410,994	444,387	306,741	40,666	124,556	Mercantile Bank of St. Louis, NA, St. Louis, MO
26-Jul	First SB of New Orleans, FSB, Metairie, LA	PO	60,699	90,352	87,153	7,492	52,077	None
26-Jul	Charter SB, FSB, Hattiesburg, MS	PA/IDT	33,358	47,097	45,485	3,811	24,205	Branch Sale
02-Aug	Mercer FSB, Trenton, NJ	PA	46,734	49,891	49,390	7,239	23,505	Pulawski SB, SLA, South River, NJ
02-Aug	First Northern Coop. Bk, FSB, Keene, NH	PA	92,074	93,644	62,693	6,399	19,592	Granite Bank, Keene, NH
02-Aug	Florida FSB, St. Petersburg, FL	PA	2,212,278	2,483,571	1,964,459	195,392	554,982	First Union Corp., Charlotte, NC
02-Aug	TexasBanc FSB, Conroe, TX	IDT	187,733	379,212	377,362	26,538	308,131	Guaranty FSB, Dallas, TX
02-Aug	Trident FS&LA, FA, Newark, NJ	PA	39,609	39,544	37,407	5,070	8,500	Collective FSB Inc., Egg Harbor, NJ
02-Aug	First FSA of ,Wewoka, Wewoka, OK	PA	31,149	30,393	25,176	3,562	5,322	First State Bank, Harrah, OK
02-Aug	Jennings FSA, Jennings, LA	IDT	33,666	39,425	39,235	6,316	12,959	American Bank, Welsh, LA
02-Aug	Civic FSB, Portsmouth, OH	PA	52,504	60,563	60,218	8,885	19,516	Branch Sale
02-Aug	Unity S&LA, FA, Beverly Hills, CA	PA	376,975	362,351	347,789	18,055	57,328	Branch Sale
02-Aug	Timberland FSA, Nacogdoches, TX	IDT	23,605	32,468	23,850	2,160	13,881	Citizens Bank, Rusk, TX
02-Aug	Peoples Homestead SB, FSB, Monroe, LA	IDT/PO	133,180	183,945	132,526	13,964	98,407	Branch Sale
02-Aug	Atascosa FSB, Jourdanton, TX	PO	28,205	28,483	28,173	4,642	6,867	None
09-Aug	Hidalgo FS&LA, Edinburg, TX	PA	137,761	141,695	90,085	9,864	52,369	Int'l Bank & San Benito B&TC, McAllen, TX
09-Aug	Santa Barbara FS&LA, Santa Barbara, CA	PA	2,515,535	2,549,382	1,431,936	128,150	270,486	Bank of America NTSA, San Francisco, CA
09-Aug	Continental FS&LA, Oklahoma City, OK	PA	279,763	422,791	418,800	89,582	232,405	Branch Sale
09-Aug	Peoples FSA, FA, Bay St. Louis, MS	PA	43,221	42,243	41,225	6,332	2,358	Hancock Bank, Gulfport, MS

RTC Resolutions
January 1, 1991 through December 31, 1991
(Dollars in thousands)

Date of Resolution	Name of Institution and Location	Type	Gross Assets	Total Liabilities	Total Deposits	Number of Deposit Accounts	Estimated Cost of Resolution	Acquiring Institution and Location
09-Aug	The Fed. Savings Banc, FA, Arlington, TX	PO	73,711	88,319	86,933	11,965	38,684	None
09-Aug	Larchmont FSLA, Larchmont, NY*	PA	125,023	123,869	122,683	13,649	0	Peoples Westchester SB, Hawthorne, NY
09-Aug	Freedom SA, FA, Columbus, OH	PA	176,851	221,780	220,541	30,970	49,422	Branch Sale
09-Aug	First FSA of Waynesboro, Waynesboro, TN	PA	16,265	16,396	16,270	1,618	2,075	Wayne County Bank, Waynesboro, TN
09-Aug	Executive Banc SA, FA, New Braunfels, TX	IDT	9,813	9,855	9,608	1,080	4,190	Victoria B&TC, Victoria, TX
09-Aug	First FS&LA of Thief River Falls, Thief River Falls, MN*	PA	55,409	55,770	55,370	12,073	4,558	No. State Bk of Thief Riv. Falls, Thief River Falls, MN
16-Aug	Continental Savings, FS&LA, Bellaire, TX	PA/PO	378,228	725,574	497,099	12,455	677,726	Branch Sale
16-Aug	Duval FSA, Jacksonville, FL	IDT/PO	355,745	460,917	441,447	41,958	155,242	Branch Sale
16-Aug	Mutual Aid FS&LA, Manasquan, NJ	PA	59,355	63,898	63,615	11,517	25,539	Provident SB, Jersey City, NJ
16-Aug	Nowlin FSA, Ft. Worth, TX	PA	145,162	160,191	152,957	12,608	65,850	Comerica Bank-TX, Dallas, TX
16-Aug	Great West, a FSB, Craig, CO	PA	23,042	26,504	25,295	6,832	6,784	First NB of Meeker, Meeker, CO
16-Aug	Citizens Security Bank, FA, Borger, TX	PA	23,564	23,513	23,299	3,854	7,402	Amarillo NB, Amarillo, TX
16-Aug	State Federal SA, Tulsa, OK	PA	230,591	298,488	287,612	26,149	104,389	Branch Sale
16-Aug	Southern FSB, Gulfport, MS	PA/IDT	73,079	84,131	79,892	14,449	35,596	Branch Sale
16-Aug	Jonesboro FSA, Jonesboro, LA	PO	31,841	39,731	39,695	4,877	21,655	None
23-Aug	Nassau FS&LA, Princeton, NJ	PA	165,013	182,127	165,044	25,081	68,046	Penn SB, FSB, Wyomissing, NJ
23-Aug	First FS&LA, Mt. Vernon, OH *	PA	73,698	74,559	74,247	11,953	4,680	First FS&LA of Wooster, Wooster, OH
23-Aug	First Southwest FS&LA, Tyler, TX	PA	32,961	34,077	33,441	4,760	7,221	Citizens Bank, Rusk, TX
23-Aug	Gold Coast FSB, Plantation, FL	IDT	99,364	108,927	94,195	6,738	49,279	Branch Sale
23-Aug	Heritage FSA, Lamar, CO	PA	35,561	36,707	31,213	5,711	12,642	First NB in Lamar, Lamar, CO
23-Aug	Old Borough FS&LA, Trenton, NJ	IDT	91,675	94,553	88,120	15,782	19,715	New Jersey NB, West Trenton, NJ
23-Aug	Progressive SB, FSB, Natchitoches, LA	PO	10,954	24,222	24,100	2,331	17,179	None
23-Aug	Merchants & Mech. FSB, Springfield, OH *	PA	211,652	219,491	205,323	24,528	28,518	Bank One, Columbus, OH
26-Aug	Standard FSA, Houston, TX	PO	10,750	13,988	10,841	2,945	6,643	None
30-Aug	Future FSB, Louisville, KY *	PA	424,017	419,523	403,519	64,831	45,924	PNC Financial Corp., Pittsburgh, PA
30-Aug	Edison FSA, New York, NY	PA	119,703	119,429	85,953	14,419	11,110	Flushing SB, New York, NY
30-Aug	Col. Fed. Homestead Ass., Metairie, LA	IDT/PO	61,068	74,260	73,995	7,099	30,924	City B&T, New Orleans, LA
30-Aug	Texarkana FS&LA, Texarkana, AR	PA	34,770	33,923	28,528	2,000	13,757	Citizens NB, Hope, AR
06-Sep	Peoples FSB, New Kensington, PA	PA	99,372	98,403	87,586	16,284	6,419	Johnstown B&TC, Johnstown, PA
06-Sep	United Home Federal, Toledo, OH *	PA	448,435	450,872	443,666	52,297	24,754	Standard Federal Bank, Troy, MI
06-Sep	First FSA, Winnfield, LA	PO	35,391	37,236	37,023	5,255	6,147	None
06-Sep	Arkansas FSB, FA, Little Rock, AR	PA	43,290	41,947	37,364	3,772	19,444	Branch Sale
06-Sep	City S&LA, FA, San Antonio, TX	PO	124,967	129,705	128,244	14,073	40,882	None
06-Sep	Heartland S&LA, La Mesa, CA *	PA	125,405	122,255	120,702	9,781	14,974	Union Bank, San Francisco, CA
06-Sep	Benjamin Franklin FSA, Houston, TX	PA	1,296,787	1,880,722	1,456,358	92,622	975,652	Banc One TX, NA, Dallas, TX
06-Sep	United S&L of Trenton, FA, Trenton, NJ	PA	173,621	191,627	185,832	41,031	53,233	Penn SB, FSB, Wyomissing, PA
06-Sep	First S&LA, FA, Temple, TX	PA	289,461	285,326	281,521	26,850	55,166	Kilgore FS&LA, Kilgore, TX
06-Sep	Andrews S&LA, FA, Andrews, TX	IDT/PO	76,498	79,804	78,670	5,897	10,489	Security State Bank, Littlefield, TX
06-Sep	Desota FSA, Mansfield, LA	PO	48,220	50,360	49,989	5,834	9,242	None
13-Sep	Louisiana SA, Lake Charles, LA	IDT/PO	272,718	332,009	282,173	37,435	134,987	Branch Sale
13-Sep	Columbia S&LA, Beverly Hills, CA	IDT/PO	4,483,449	4,908,785	4,681,942	82,990	1,149,473	American SB, Stockton, CA
13-Sep	First SA, FA, Paragould, AR	PA	50,422	50,655	39,461	4,843	21,706	Peoples Bank, Paragould, AR
13-Sep	First Federal SB, Huron, SD	PA	45,886	42,896	36,810	5,094	6,158	Branch Sale
13-Sep	Louisiana SB, FSB, Kenner, LA	PO	29,919	34,934	34,694	2,680	9,315	None
13-Sep	ComFed SB, Lowell, MA	PA/IDT/PO	995,587	1,077,447	756,098	120,424	386,061	Branch Sale

RTC Resolutions
January 1, 1991 through December 31, 1991
(Dollars in thousands)

Date of Resolution	Name of Institution and Location	Type	Gross Assets	Total Liabilities	Total Deposits	Number of Deposit Accounts	Estimated Cost of Resolution	Acquiring Institution and Location
13-Sep	First American FSB, Longmont, CO	IDT/PO	118,410	139,323	137,701	4,025	65,470	Pioneer Bank of Longmont Longmont, CO
13-Sep	Sovereign SB, FSB, Palm Harbor, FL	PA	27,467	27,322	27,114	1,765	4,063	Fifth Third SB, FSB, Palm Harbor, FL
13-Sep	Columbia FS&LA, Nassau Bay, TX	PO	40,644	59,351	57,151	1,087	32,296	None
13-Sep	First Jersey Savings, FA, Wyckoff, NJ	PA	266,973	268,201	216,661	25,264	45,626	Valley NB, Wayne, NJ
13-Sep	First Atlantic FSA, Plainfield, NJ	PA/PO	762,184	905,318	762,541	102,257	246,835	Branch Sale
13-Sep	Home FSB, FA, Waukegan, Il	PA	207,406	204,873	155,972	19,771	34,424	First of Amer. Bk-N.E. IL, NA, Libertyville, IL
13-Sep	American FSB, Sanford, ME	IDT/PO	23,283	31,515	30,391	5,970	13,957	Mid Maine SB, FSB, Auburn, ME
13-Sep	Alexander Hamilton FS&LA, Paterson, NJ	PA	191,873	190,316	188,430	39,475	20,187	First Fidelity Bank, NA, Totowa, NJ
20-Sep	United FSB, Vienna, VA	PA	322,601	334,195	241,655	27,736	111,621	Crestar Bank, Richmond, VA
20-Sep	American Pioneer FSB, Orlando, FL	PA/IDT/PO	1,042,469	1,268,001	912,657	77,925	538,034	Branch Sale
20-Sep	Bayshore FSA, LaPorte, TX	PA	30,051	53,523	46,919	5,605	27,939	BNB SA, FSA, LaPorte, TX
20-Sep	First Citizens S&LA, FA, Fort Pierce, FL	PA	181,236	200,891	173,132	22,122	45,855	Riverside NB, Fort Pierce, FL
20-Sep	Arcanum FS&LA, Arcanum, OH	PA	40,650	40,859	40,749	5,893	3,727	Second NB, Greenville, OH
20-Sep	Amerifederal SB, FSB, Lawrenceville, NJ	IDT/PO	92,987	96,792	83,868	9,485	29,390	Charter Federal SB, Randolph, NJ
20-Sep	Bancplus FSA, Pasadena, TX	PA	30,051	53,523	46,919	5,605	702,239	United SA of TX, Houston, TX
20-Sep	Savers SA, Little Rock, AR	PA	417,540	860,406	667,718	67,732	638,515	Branch Sale
20-Sep	Center S&LA, FA, Clifton, NJ	PA	123,317	123,237	110,774	11,928	22,098	Hub Center Bank, Clifton, NJ
20-Sep	Yorkville FSA, New York, NY	PA	330,235	331,504	267,863	46,659	79,893	Northern SB, Floral Bank, NY
20-Sep	El Paso FSA, El Paso, TX	PO	277,574	334,464	303,905	21,854	179,452	None
20-Sep	Southeastern FSB, Charlotte, NC	PA	309,461	309,914	258,494	35,581	85,304	Branch Sale
27-Sep	Superior FSA, Cleveland, OH	PA	52,110	53,818	34,601	2,543	21,869	Home FSB, Northern Ohio, Lakewood, OH
27-Sep	Home FS&LA of Harlan, Harlan, IA *	PA	93,333	91,669	88,602	14,650	12,479	Branch Sale, None, NA
27-Sep	Eastern FSA of Sayville, Sayville, NY *	PA	261,158	265,124	264,137	50,235	36,246	Bayside FSB, Jericho, NY
27-Sep	First FS&LA of Andalusia, Andalusia, AL	PA	31,121	30,812	30,535	4,186	6,698	Colonial Bank, Montgomery, AL
27-Sep	San Jacinto SA, Houston, TX	PA	2,698,106	3,026,678	2,259,487	81,007	1,423,801	United SA of TX, Houston, TX
27-Sep	Preferred SB, FSB, High Point, NC	PA	167,394	162,158	140,364	11,911	34,352	Southern NB, Lumberton, NC
27-Sep	Nutley SB, SLA, Nutley, NJ *	PA	196,992	198,769	177,659	27,652	25,489	Valley NB, Wayne, NJ
27-Sep	Mainstay FSB, FSB, Red Bank, NJ	PA	181,189	170,231	95,963	7,236	54,542	Bankers Savings, Perth Amboy, NJ
27-Sep	First FS&LA, Beaumont, TX *	PA	259,969	253,973	248,916	31,490	21,581	Kilgore FS&LA, Kilgore, TX
27-Sep	First FS, FSB, Dallas, GA	PA	32,812	31,860	30,528	8,083	3,411	Etowah Bank, Canton, GA
27-Sep	First FSA of Toledo, Toledo, OH	PA	915,300	874,506	864,580	103,056	128,329	First FSB, Cleveland, OH
27-Sep	Gold River SB, Fair Oaks, CA *	PA	24,521	23,893	21,925	2,192	2,893	El Dorado SB, Placerville, CA
27-Sep	Santa Paula S&LA, Santa Paula, CA *	PA	285,089	279,111	242,187	28,735	35,589	Bank of Levy, Ventura, CA
27-Sep	Southern FSB, New Orleans, LA	PA/IDT/PO	215,064	213,615	212,069	32,830	39,055	Gulf Coast B&TC, New Orleans, LA
27-Sep	United Savings of America, Chicago, IL *	PA	1,180,749	1,125,944	1,059,319	137,820	118,427	First NB of Chicago, Chicago, IL
04-Oct	Riverside SB, SLA, Riverside, NJ	IDT/PO	146,505	169,464	101,896	23,979	70,639	Branch Sale
11-Oct	Tuskegee S&LA, FA, Tuskegee, AL	PA	27,479	29,582	23,102	7,778	17,194	First Tuskegee Bank, Tuskegee, AL
11-Oct	Empire SB, FSB, Hammonton, NJ	PA	140,471	142,105	101,378	22,258	38,808	United Jersey Bank/So., NA, Cherry Hill, NJ
11-Oct	Colony FSB, Monaca, PA	PA	259,464	305,131	198,754	41,407	106,589	Branch Sale
11-Oct	The First, FA, Orlando, FL *	PA	1,085,417	1,055,171	939,907	112,064	170,901	Great Western Bank, Beverly Hills, CA
18-Oct	Yorkwood FS&LA, Maplewood, NJ	PA	141,807	160,758	159,304	24,882	57,277	Branch Sale
18-Oct	Beacon FSA, Baldwin, NY	PA	355,799	355,984	350,648	60,875	49,201	Branch Sale
25-Oct	Action FSB, Sommers Point, NJ	PA	202,311	210,440	124,134	21,364	94,054	First FSB of Delaware, Wilmington, DE

RTC Resolutions
January 1, 1991 through December 31, 1991
(Dollars in thousands)

Date of Resolution	Name of Institution and Location	Type	Gross Assets	Total Liabiiities	Total Deposits	Number of Deposit Accounts	Estimated Cost of Resolution	Acquiring Institution and Location
25-Oct	Victoria SA, FSA, San Antonio, TX	PA/PO	708,100	997,613	363,885	8,026	781,774	Branch Saie
25-Oct	Mercantile FSB, Southaven, MS	PA	22,357	24,235	23,105	400	5,712	First TN Bank NA, MS, Southaven, MS
28-Oct	First FSA of Newton, Newton, KS	PA	92,206	92,052	89,274	20,722	3,399	Central NB-Newton, Newton, KS
01-Nov	First FSB of Zion, Zion, IL	PA	37,916	41,204	39,088	5,505	9,970	Advantage Bank, Kenosha, WI
01-Nov	First FS&LA of Fargo, FA, Fargo, ND	PA	39,469	41,397	40,352	6,438	4,867	First NB of ND, Grand Forks, ND
01-Nov	Vermillion FSB, Abbeville, LA	PA	14,760	14,350	14,221	2,205	656	First Acadiana NB, Opelousas, LA
01-Nov	First FS&LA of Creston, FA, Creston, IA	PA	61,776	60,498	60,185	10,842	6,129	First FSB of Creston, Creston, IA
01-Nov	American SB, FSB, Ada, OK	PA	102,623	100,611	80,201	5,010	52,024	Home FS&LA of Ada, Ada, OK
01-Nov	Columbia FSA of Hamiiton, Hamilton, OH	PA	56,530	55,484	35,618	4,907	2,767	Home FB, a FSB, Hamilton, OH
01-Nov	First FS&LA of Pittsburg, FA, Pittsburg, KS	PA	122,643	123,291	120,431	22,202	3,356	Farm & Home SB, Kansas City, MO
15-Nov	Atiantic Financiai Savings, Bala Cynwyd, PA	PA	1,558,263	2,167,771	1,808,674	246,237	1,220,372	Branch Sale
22-Nov	United SB, FSB, Prestonsburg, KY	PA	34,627	33,660	33,440	3,866	0	Pikeville NB&TC, Pikeville, KY
13-Dec	Co-operative FSB, Westmont, IL	PA	41,029	42,229	41,803	5,129	0	Heritage Gienwood Bank, Glenwood, IL
TOTALS	**232 Institutions**		**$84,201,865**	**$97,590,180**	**$73,954,165**	**7,515,869**	**$33,964,422**	

Notes:

1) Data based on TFR data for the quarter prior to the date of resolution.

2) IDT - Insured Deposit Transfer; PO - Deposit Payoff; P&A - Purchase & Assumption

3) "Estimated Cost of Resolution" as of date of resolution.

* Institution was resolved under the Accelerated Resoiution Program (ARP). There were 21 ARP resolutions in 1991.

RTC Resolved Conservatorships
August 9, 1989 through December 31, 1991
(Dollars in thousands)

	Number	Assets	Liabilities	Deposits	Number of Accounts
In Conservatorship as of 8/9/89	262	$114,322,627	$120,788,239	$91,721,957	8,787,092
Added in 1989	56	25,872,928	25,774,115	19,774,644	2,230,425
Resolved in 1989	37	13,730,737	14,459,356	11,308,281	1,159,387
In Conservatorship as of 12/31/89	281	126,464,818	132,102,998	100,188,320	9,858,130
Added in 1990	207	129,778,490	128,889,934	94,826,424	9,218,763
Resolved in 1990	309	134,521,901	138,580,070	105,329,383	11,168,506
In Conservatorship as of 12/31/90	179	121,721,407	122,412,862	89,685,361	7,908,387
Added in 1991	123	71,089,358	70,256,474	55,992,835	4,979,963
Resolved in 1991	211	122,399,634	123,758,665	93,898,247	8,337,015
In Conservatorship as of 12/31/91	91	$ 70,411,131	$ 68,910,671	$51,779,949	4,551,335
Institutions never placed in conservatorship prior to resolution in 1990	6	$ 4,000,207	$ 4,421,669	$ 3,724,296	560,411
Institutions resolved under the Accelerated Resolution Program in 1991	21	$ 8,828,559	$ 8,571,564	$ 7,394,198	1,053,701

Note: Data at quarter prior to date of conservatorship

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The 1991 RTC Annual Report

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