

FDIC Floats Pool of Seized Mortgages

The **FDIC** is marketing a \$215.5 million portfolio of mixed-quality debt on commercial and residential properties in 20 states.

The 446 assets, which the agency assumed from 20 failed banks, range from performing loans to foreclosed properties. Commercial buildings account for \$166.9 million, or 78%, of the underlying collateral. Another \$22.4 million, or 10%, is land suitable for residential development. Acquisition, development and construction loans and land loans make up the rest of the package.

The FDIC is seeking bids for an outright sale, but also is willing to sell a stake in the portfolio via its "structured-sales" program. Investors can begin conducting due diligence on Aug. 23. Bids are due Oct. 1. **Mission Capital** is running the auction.

In a structured sale, the winning bidder would work out the assets and split the proceeds with the FDIC, which may be willing to provide low-cost financing for the purchase. In the 34 structured sales completed since the program began in May 2008, the stakes sold by the FDIC ranged from 20% to 50%.

The average balance on the mix of fixed- and floating-rate loans in the offered portfolio is just under \$500,000. Some 192 mortgages totaling \$70.9 million, or 33% of the overall balance, are current on payments. Another 165 mortgages totaling \$92 million (43%) have already matured. The rest are delinquent by at least a month, including 72 loans totaling \$48.5 million (23%) that are more than 120 days past due.

Some 92 mortgages with balances adding up to \$57.7 million (27%) mature in the next year, and 63 loans totaling \$18.9 million (8.8%) come due in the year after that. The remaining \$46.9 million of notes have maturities ranging up to 25 years from now.

The collateral properties are concentrated in Pennsylvania



(27% of the overall loan balance), Florida (12.7%) and Virginia (12.3%). Loans that the FDIC inherited from **Nova Bank** of Berwyn, Pa., represent the largest share (33%), followed by mortgages seized from **Bank of the Commonwealth** in Norfolk, Va. (13.1%). ❖