

GAO

Fact Sheet for the Honorable  
Beryl Anthony, Jr. , House of  
Representatives

---

November 1990

# RESOLUTION TRUST CORPORATION

## Real Estate Activities in Pine Bluff, Arkansas



142620

---

---



---

General Government Division

B-241276

November 9, 1990

The Honorable Beryl Anthony, Jr.  
House of Representatives

Dear Mr. Anthony:

On March 5, 1990, Chairman J. J. Pickle, Subcommittee on Oversight, House Committee on Ways and Means, requested certain information on Resolution Trust Corporation (RTC) activities in six geographic areas. This fact sheet addresses questions on RTC real estate holdings and property management activities in one of those areas--Pine Bluff zip codes 71601 and 71603 in the Fourth Congressional District of Arkansas. Chairman Pickle asked that we send this information directly to you since you represent this area. The five other areas are being covered in separate fact sheets, including one on North Little Rock, Arkansas, that is also being sent to you at Chairman Pickle's request.

Specifically, the Chairman asked for information on (1) thrifts and real estate assets placed under RTC control; (2) real estate assets that have been sold and the purchasers of those sold for \$1 million or more; (3) the number of real estate agents that have been qualified or disqualified for RTC contracts and, for those disqualified, the reasons why; and (4) the names of managers of any high-value real estate properties in the inventory and what they are paid. The following discussion provides this information.

THRIFTS AND REAL ESTATE ASSETS  
PLACED UNDER RTC CONTROL

The Office of Thrift Supervision initially places troubled thrifts under the direct supervision of RTC--which serves as conservator<sup>1</sup> or receiver<sup>2</sup>--when certain conditions, such as insolvency, capital inadequacy, or unsafe and unsound practices, exist.

---

<sup>1</sup>A conservator is appointed to, among other things, operate the thrift as a going concern, and preserve and conserve the assets and properties of the thrift.

<sup>2</sup>A receiver is charged by law with the duty of winding up the affairs of a bank or savings association.

In Arkansas, RTC had nine thrifts with total assets of about \$2.6 billion in conservatorship as of June 30, 1990. It also controlled the remaining assets of five thrifts in Arkansas that had been resolved, that is, sold to new owners or closed if no purchaser had been found. None of the conservatorships or resolved thrifts were located in Pine Bluff, Arkansas, but two conservatorships in Little Rock, Arkansas, have branch offices in Pine Bluff. Savers Savings Association has two branch offices in Pine Bluff, and First Savings of Arkansas has one.

Within the review area, we identified 3 real estate assets RTC had for sale, which consisted of 23 pieces of property, owned by 2 conservatorships (Savers Savings and First Savings) in Arkansas. The total combined asking price for these properties was \$200,500.

One of these assets, owned by Savers Savings Association, consisted of 18 separate properties, including 10 single-family residences, 5 duplexes (10 housing units), and 3 lots on Chestnut Street in Pine Bluff. Eight of the single-family residences and 8 of 10 duplex units were rented. Savers had contracted with a real estate broker--Glover Realty of Pine Bluff--to market these properties as a package for \$156,000. However, Savers' asset manager said Savers would sell individual units provided it received an offer that met the sales guidelines set by the RTC Oversight Board and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

First Savings of Arkansas owned the other two assets. One asset, four vacant lots, was listed for \$32,000. The other asset, also a vacant lot, was listed for \$12,500.

None of the property under RTC control within the review area had been sold as of June 30, 1990.

#### REAL ESTATE BROKER REGISTRATION

RTC procedures do not require real estate agents to register with it because state laws and regulations require agents to work through licensed brokers. However, RTC real estate brokers interested in handling RTC property are required to register. Brokers must certify that their employees or subcontractors, including real estate agents, meet qualification and integrity requirements. As of July 20, 1990, 504 brokers had registered with RTC to provide real estate brokerage services in Pine Bluff. Twenty-six were located in Arkansas, but not in Pine Bluff; the remaining 478 brokers were from other states.

RTC may disqualify brokers, or any other contractors, on the basis of information provided on the Fitness and Integrity Certifications Form that must be submitted with the firm's Contractor Registration Request. As of July 31, 1990, none of the brokers with offices located in the review area had been disqualified. In fact, as of that date, only 19 firms of any type nationwide had been disqualified from being considered for RTC work. Firms may ask for a reconsideration of their status at any time after they have been disqualified.

The fact that a firm is registered with RTC and its name is included on the contractor registry simply enables the firm to be considered for RTC contracts and receive solicitations for services. Inclusion in the registry does not imply that the firm is qualified to do work for RTC or that it is an approved RTC contractor. RTC contracting procedures require contracting officers to determine qualifications and obtain additional ethics certifications from potential contractors each time a firm is considered for a contract.

#### PROPERTY MANAGEMENT

Savers Savings had contracted for property management services for the Chestnut Street properties. Nolen Mortgage Service Company of North Little Rock, Arkansas, received \$800 a month to provide property management services for the 10 residences and 5 duplexes Savers Savings owned in Pine Bluff. None of the properties identified in the review area were high-value assets.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

To obtain information requested by the Chairman, we gathered data primarily from the RTC Central Regional Office. We also gathered data from thrifts under the RTC's control in Little Rock, Arkansas, and RTC's national real property inventory database. We used information from RTC's March 31, 1990, database and updated it to June 30, 1990, with data obtained from thrifts under RTC's control in Little Rock and Batesville, Arkansas. We did not verify the computerized data; therefore, we cannot attest to the completeness or accuracy of the property listings.

RTC has experienced considerable problems with its real property inventory system. It was aware that data in the system were not always complete and accurate and has been trying to verify the data as it updates the inventory.

Because of these data quality problems, RTC placed a disclaimer on the database magnetic tapes and floppy disks. The disclaimer stated that

". . . information contained in the computer product is not guaranteed and is submitted subject to, without notice, correction, errors, prior sale or withdrawal from the market. The RTC, now and forever, makes no guarantee, warranty, or representation, expressed or implied, as to the location, quality, kind, character, size, description, or fitness for any use or purpose, of any property listed and/or described in the computer product."

RTC is in the process of hiring a contractor to develop and operate a completely new system for its automated real property inventory records. It expects this new system to be in place during the first quarter of 1991. Since RTC solicited for a system that was currently operational it does not expect the delays sometimes experienced in systems development.

We discussed the results of our work with the managing officials of RTC's Central Region, who agreed with the facts presented in this document.

We did our work from April through July 1990 in accordance with generally accepted government auditing standards.

- - - - -

As agreed with the Subcommittee, no further distribution of this fact sheet is planned; however, we will make copies available to other interested parties upon request.

The major contributors to this fact sheet are listed in the appendix. If you have any questions, please contact me on 275-8387.

Sincerely yours,

  
J. William Gadsby  
Director, Federal  
Management Issues

MAJOR CONTRIBUTORS TO THIS FACT SHEETGENERAL GOVERNMENT DIVISION, WASHINGTON, D.C.

Gaston L. Gianni, Jr., Associate Director, Federal Management Issues  
Ronald L. King, Assistant Director, Federal Management Issues  
Stuart M. Kaufman, Senior Social Scientist

KANSAS CITY REGIONAL OFFICE

George Jones, Evaluator-in-Charge  
Raymond E. Hiel, Evaluator  
Hye Y. Meador, Evaluator

(247004)



---

### **Ordering Information**

**The first five copies of each GAO report are free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.**

**U.S. General Accounting Office  
P. O. Box 6015  
Gaithersburg, MD 20877**

**Orders may also be placed by calling (202) 275-6241.**

---

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

Official Business  
Penalty for Private Use \$300

First-Class Mail  
Postage & Fees Paid  
GAO  
Permit No. G100

---