

MEMO# 1823

April 4, 1990

RTC DECISION TO CONTINUE PAYING POST-INSOLVENCY INTEREST

April 4, 1990 TO: SEC RULES MEMBERS NO. 26-90 RE: RTC DECISION TO CONTINUE PAYING POST-INSOLVENCY INTEREST _____ We

are pleased to inform you that Resolution Trust Corp. ("RTC") has announced that it will approve a plan under which it will pay interest on certain obligations of savings and loan associations placed under RTC conservatorship. After RTC took over Franklin Savings & Loan last month, it stated that it believed it had the authority to stop paying interest on fixed-income securities that were issued by thrifts placed under RTC conservatorship, even when the securities are fully collateralized. However, after reviewing letters received and meeting with various groups on this issue, RTC has decided not to exercise that authority. Attached is a copy of the letter submitted by the Institute urging RTC not to disallow the payment of post-insolvency interest. Amy B. Rosenblum Assistant General Counsel
Attachment

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