



Federal Deposit Insurance Corporation
Division of Resolutions and Receiverships
550 17th Street, NW, Washington, DC 20429-9990

**Risk Sharing Asset Management
Guidance RSAM-2011-012**

To: Assuming Institutions under Shared-Loss Agreements

Through: Kevin Taylor
RSAM Policy Management

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Subject: Loans with Governmental and/or Private Institutional Guaranties

Objective: The FDIC is providing this guidance to Assuming Institutions (AIs) regarding assets which have a governmental and/or private institutional guaranty, as well as shared-loss coverage.

Certain loan assets within a portfolio of financial assets acquired by AI's from the FDIC, and covered under the FDIC's shared-loss agreements, may be guaranteed by a governmental and/or private institution.

Prior to filing a claim with the FDIC for shared-loss coverage on such assets, AIs are required to fully pursue all avenues of collection and recovery on the asset and finalize all guaranty claims available to it, against all guarantors on any governmental and/or private institutional guaranties. The AI's pursuit of guaranty claims must exhaust all possible means of appeal, or similar mechanisms, available to review any partial or full denial of guaranty coverage, such that there has been a final disposition of the guarantee claim. Where an AI has performed a least cost test and determines that it is not economically feasible to litigate on an asset or on a guarantor's denial (complete or partial) of its guaranty claim, such determination should be documented and provided to the FDIC in conjunction with its submission of any residual loss claim.

To the extent a guarantor does not cover 100 percent of the loss amount, and there is a final disposition of the amount of such coverage from the guarantor, as previously described herein, the AI may present the remaining loss claim for consideration of shared-loss coverage from the FDIC. While the FDIC may consider the same facts which formed the basis for any denial or limitation of coverage by a guarantor, the FDIC's coverage decision will be made in accordance with the terms of the applicable shared-loss agreement and independent of the guarantor's decision. Furthermore, the various obligations between the FDIC and an AI are governed solely by the shared-loss agreements entered into between the FDIC and the AI. Nonetheless, AI's are expected to honor their contractual obligations to governmental and/or private guarantors.

Contact: Assuming Institutions should contact their Loss Share Specialist with any questions regarding this Guidance.

The attached information is provided for general guidance and clarity on the matters contained therein. The attached information is not intended to modify, or otherwise supplant, any provisions or definitions contained with the applicable Shared-Loss Agreements. The Assuming Institution is strongly encouraged to seek appropriate legal counsel for a comprehensive analysis and understanding of the matters contained within Shared-Loss Agreements.