

Index

A

- ABCP. *See* asset-backed commercial paper (ABCP)
- absolute auction 220
- ABX Index 20, 21
- Acquisition, development, and construction (ADC) loans
 - bank failures and 119–120
 - defined 105
 - pre-crisis growth 106
 - risk management of 141
 - risks 112–113
 - sales of (via limited liability companies) 217–219
 - servicing of 219
- adjustable rate mortgages (ARMs)
 - hybrid 11, 12
 - interest rates for 12
 - loans structured as 11
 - option 11, 12
 - with flexible payment options 11, 71
- AGP. *See* Troubled Asset Relief Program (TARP)
- AIG (American International Group) 27, 67
- Alternative-A (Alt-A) loans
 - defined 11
 - rise in defaults on 13
 - securitization of 105
- Ambac 22
- American Bankers Association 160
- american ex. *See* Troubled Asset Relief Program (TARP)
- American Express Bank, FSB 61
- American International Group (AIG) 27, 67
- American Recovery and Reinvestment Act (2009) 84
- AmericanWest Bancorporation 134
- American West Bank 134
- annualized fee, for DGP 45
- ARMs. *See* adjustable rate mortgages (ARMs)
- assessments. *See* deposit insurance assessments

asset-backed commercial paper (ABCP)

about 24

defined 17

market collapse of 25

Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility 28

Asset Guarantee Program (AGP). *See* Troubled Asset Relief Program (TARP)

assets

bank failures and growth of 120–121

heavy worldwide demand for 9

held in foreign offices 68

markdowns of 25

market power of buyers of 228

of failed banks by year of resolution 183, 200

servicing 211–212

asset sales

by type of asset 213–219

costs and benefits of prompt 227

Associated Bank, National Association 62

Atlanta, real estate lending risks 112–113

auctions 208, 213–215

Aurora Bank, FSB 134

B

backup examination 115–116, 118. *See also* special examination

Bair, Sheila 37, 59

Banco Bilbao Vizcaya Argentaria (BBVA) Puerto Rico 62

Banco Popular 194

bank and thrift crisis of 1980s 36, 102, 111, 123, 179

bank examination

adjustments during crisis 125–126

defined 101

importance of on-site review 141

of large banks 108–109

pre-crisis program 107–118

risk-focused 108–109

bank failures

ADC lending and 119–120

as a percentage of all banks 203

asset growth and 121

- categories of 199
- characteristics of 119–124, 201
- equity capital ratios and 123
- fraud and insider abuse 124
- large banks 114
- new banks 123
- rates of 203
- statistics on 101, 119, 123, 138, 151, 155, 182–183, 199–202
- subprime lending and 105
- total number during crisis 101, 181–182
- wholesale funding and 121–122
- bank holding companies (BHCs)
 - bankruptcies of 132–133
 - guarantee on debt issued by 37–38
 - payment of claims on debt issued by 47
 - supervision of 114, 130
 - supervisory ratings of 79
 - supervisory strategies to insulate banks from problems at 129–135
 - top ten by asset size 70
- banking industry 68, 104–106, 160
- Bank Insurance Fund 152, 155
- Bank of America Corporation
 - about 86
 - acquisition of Countrywide Financial by 88
 - acquisition of Merrill Lynch by 81, 87–88
 - assistance provided to 28, 85, 88–91, 143
 - DGP, use of 50, 61
 - examination of 117, 119
 - FDIC dedicated examiner program and 117, 119
 - insured deposits, largest holder of 87
 - liquidity concerns at 88
 - material adverse change (MAC) clause 87
 - problems at 26, 88
 - SRE and 67–68, 88–91
 - TARP and 88–91
 - timelines of events for 86
 - TLGP and 35, 48
- Bank of America N.A 87
- Bank of New York Mellon Corporation 48, 62
- Bank of the West 51, 62

- Bank One 117
- bank regulation, defined 101
- bank resolutions and receiverships. *See also* receiverships; *See also* resolutions
 - about 175–202
 - condition indicators 201
 - FDIC responsibilities 176–178
 - franchise marketing 184–194
 - lessons learned from 223–226
 - number of, by year 182
 - past strategies with 179
 - readiness planning 180
 - research and conclusion 226–229
 - statistics on 181–182, 199–202
 - tasks during crisis 210–222
- bankruptcy code 132, 134–135
- bank supervision
 - applications 101
 - defined 101
 - effectiveness of approaches used in crisis 137
 - importance of expertise 144
 - lessons of the crisis 139–144
 - new banks 129, 142–143
 - statutory framework 102–104
 - strategies during crisis 125–137
 - timely corrective action 107–109, 142
- BBVA (Banco Bilbao Vizcaya Argentaria) Puerto Rico 62
- Bear Stearns 26, 30, 81
- BestBank 105, 116
- BHCs. *See* bank holding companies (BHCs)
- bidding process, in franchise marketing 185–187
- Big Sandy Holding Company 134
- Board of Governors of the Federal Reserve System. *See* Federal Reserve Board (FRB)
- bridge banks 182, 184, 196
- brokered deposit adjustment 161–162, 169–173
- brokered deposits
 - defined 103
 - restrictions on 121–122
- bulk loan sales 215

C

- Call Report (Consolidated Report of Condition and Income) 111, 141
- CALMA (Capital and Liquidity Maintenance Agreement) 130, 134–135
- CAMEL rating 116
- CAMELS ratings (or supervisory ratings)
 - about 70, 105, 116, 154
 - assessment rates and 154–155, 161, 166–173
 - backup examination and 116
 - changed from CAMEL rating 108
 - downgrades 120–122
 - enforcement actions and 127
 - importance of 126
 - subprime lending and 105
 - Wachovia and 70–71, 118
- Capital and Liquidity Maintenance Agreement (CALMA) 130, 134–135
- Capital Purchase Program (CPP). *See* Troubled Asset Relief Program (TARP)
- capital ratios 122, 201. *See also* Prompt Corrective Action (PCA)
 - bank failures and 122–123
 - leverage ratio 26, 92, 143
- Capitol Bancorp, Ltd. 133–134
- Capmark Bank 134
- Capmark Financial Group, Inc. 134
- Case Manager position 110
- Case-Shiller index. *See* S&P/Case-Shiller U.S. National Home Price Index
- CDOs (Collateralized Debt Obligations) 17, 21–23, 132
- CDS. *See* Credit Default Swaps (CDS)
- CEP (Corporate Employee Program) 181, 205
- Chicago Board Options Exchange 79, 80
- CIT Bank 134
- CIT Group 134
- Citibank N.A. 28, 50, 78
- Citigroup
 - about 77
 - AGP and 82–83, 85
 - assistance provided to 82, 84, 143
 - credit default swaps 81, 85
 - deposit runoff 81
 - DGP and 48, 50, 61
 - dividend restrictions 84

- examination of 78, 117, 119
- liquidity portfolio 80
- loan modification procedures 84
- open-bank assistance for 82
- perpetual preferred stock 83
- problems at 26, 78–81, 85
- SRE and 68, 77–84
- structured investment vehicles (SIVs) and 79–80
- TARP and 80
- timelines of events for 77
- Wachovia and 72–76, 79
- civil money penalties (CMPs) 127
- Coastal Community Investments (Coastal) 57
- Collateralized Debt Obligations (CDOs) 17, 21–23, 132
- commercial paper 24
- Commercial Paper Funding Facility (CPFF) 37
- commercial real estate (CRE) 71, 106, 113, 119, 183
- commonly controlled depository institutions 103
- Community Bankers Association 160
- community banks, sources of funding for 57
- comparative advantage, in insurance markets 191
- Competitive Equality Banking Act (1987-CEBA) 130
- Conference of State Bank Supervisors 108
- Consolidated Report of Condition and Income (Call Report) 111, 141
- Continental Illinois National Bank and Trust Company 59, 68
- contingent loss reserve 155, 159
- contractors, FDIC's use of 206
- Contract Oversight Managers 206
- Cooperative Examination Program 115
- Corporate Employee Program (CEP) 181, 205
- corporate governance, importance of 124–125
- Countrywide Bank 117
- Countrywide Financial 87
- CPFF (Commercial Paper Funding Facility) 37
- CPP. *See* Troubled Asset Relief Program (TARP)
- CRE (commercial real estate) 71, 106, 113, 119, 183
- Credit Default Swaps (CDS)
 - about 22–23
 - ABX Indexes 21

- pricing of debt guarantees 45–46
- risk and 17
- spreads on for Citigroup 81, 85
- credit ratings. *See also* Debt Guarantee Program (DGP)
 - credibility of questioned 20
 - deterioration in for MBS 19
- cross-guarantee provisions, of FIRREA 103, 133, 136

D

- debt
 - eligible for the DGP 44
 - trends in senior unsecured issuance 40
- debt guarantee
 - determinants of, under Dodd-Frank 60
 - in other countries 34
 - mechanisms for 35
 - policy debate over 35–38
- Debt Guarantee Program (DGP)
 - about 33, 44
 - challenges of 47–50
 - debt assigned AAA/Aaa rating 56
 - debt markets stabilized after 57
 - debt outstanding 45, 54
 - decline in issuance of 49
 - emergency facility 49–50
 - ground rules and extensions for 44
 - institutions using the 50
 - legal issues with 47–50
 - lowered cost of funding 56
 - Master Agreement and 49
 - option to opt out of 43
 - payment of claims 47–50
 - pricing and limits on participation in 45–47
 - statistics on 33, 57
- dedicated examiner program 116–118
- delegations of authority 206
- de novo (new) banks 123, 129, 142–143, 198
- Department of the Treasury. *See* Treasury

deposit insurance assessments

- adjustments to 161–162, 166, 169–173
- base 152, 162, 164–166, 169–173
- credits 153, 165
- FDIC's approach to determining 151–173
- for highly complex institutions 165–166, 169–173
- for large banks 154–155, 158, 162, 163–166, 169–173
- for small banks 154–155, 162–167, 169–173
- highly complex institution scorecard 166
- large bank scorecard 166
- prepayment of 160–161, 225
- procyclical 153, 163, 167
- rate 152, 155–158, 161–167, 169–173
- reforms to 151–173
- scorecard 166
- special 157–160
- surcharge 165

deposit insurance (DI)

- about 151
- expansion of coverage of 34–38, 52
- FIRREA, FDICIA and 102–103
- fund management and risk-based assessments 151–173

Deposit Insurance Fund (DIF, or the fund)

- balance of the 152, 155–159, 161, 163, 167
- Dodd-Frank Act and 163–173
- FDICIA and 67, 103
- large banks and 114, 164
- liquidity of 151, 155, 157, 159–161
- management of 151–173
- reserve ratio and the 163–164
- strengthening of the 160, 163–167
- supervisory process and 109
- TLGP and 37, 46

Deposit Insurance National Bank (DINB) 184, 185, 199–201

depository institution debt adjustment (DIDA) 166

deposits held in transaction accounts, as sources of funding for banks 57

derivatives 27, 29

- defined 18
- downgrades 18–22
- growth in use of 18

- spread of risk through 5, 18
- designated reserve ratio (DRR)
 - defined 152
 - Dodd-Frank Act and 163–164
 - FDIRA and 152–153
 - long-term fund management plan and 163–164
 - setting the 153–154, 158, 163–167
- DGP. *See* Debt Guarantee Program (DGP)
- DI. *See* deposit insurance (DI)
- DIDA (depository institution debt adjustment) 166
- DIF. *See* Deposit Insurance Fund (DIF, or the fund)
- DINB (Deposit Insurance National Bank) 184, 185, 199–201
- Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) (Dodd-Frank)
 - about 92
 - assessments and 165
 - capital and 92
 - credit ratings and 166
 - deposit insurance reforms 52–53, 60, 151, 163–165, 167
 - liquidity event determination 60
 - living wills 92, 144
 - OLA and 92
 - reserve ratio and 163, 165
 - resolutions and 130
 - SRE and 42, 59–60, 92–93
 - stress testing 144
- DRR. *See* designated reserve ratio (DRR); *See* FDIC (Federal Deposit Insurance Corporation): Division of Resolutions and Receiverships (DRR)

E

- early-warning tools 228
- Emergency Economic Stabilization Act (2008) 52, 84
- enforcement actions 127–128
- Equal Credit Opportunity Act 212
- equity tranches 16
- Exchange Stabilization Fund 74

F

- failed banks. *See* bank failures
- Fair Credit Reporting Act 212
- Fair Debt Collections Practices Act 212

- Fannie Mae (Federal National Mortgage Association-FNMA)
 - about 16
 - near insolvency of 26
 - placed into government conservatorship 26, 67
- FCIC (Financial Crisis Inquiry Commission) 13
- FDIC Banking Review* 111
- FDIC (Federal Deposit Insurance Corporation)
 - applications to, for deposit insurance 101, 123, 143
 - assisted acquisition of Wachovia by Wells Fargo 69, 72–73
 - authority to borrow from Treasury 157
 - authority to close a failing bank 176
 - authorized staffing 204
 - Bank of America and 89
 - built up contract oversight process 206
 - Citigroup and 75, 82
 - Division of Insurance 110
 - Division of Insurance and Research 110
 - Division of Research and Statistics 110
 - Division of Resolutions and Receiverships (DRR) 181, 204
 - Division of Supervision 115
 - evolution of franchise sale offerings 195–199
 - failed bank resolution responsibilities of 176–177
 - formal actions available to 127
 - franchise sales options 188–194
 - implemented franchise marketing and asset management system 205
 - implemented new on-site supervision processes 108
 - informal actions available to 127
 - infrastructure of 203–205
 - National Risk Committee (NRC) 111, 113
 - protection of debtholders by 58
 - regional offices of 110
 - reliance on auctions by 208
 - risk-related publications of 111–113
 - role in determining whether to invoke systemic risk exception (SRE) 36, 67
 - sealed-bid process of 215
 - Statistical CAMELS Off-Site Rating (SCOR) system 224
 - supervisory and regulatory authority of 101, 114
 - Temporary Liquidity Guarantee Program (TLGP) 33. *See also* Temporary Liquidity Guarantee Program (TLGP)
 - Wachovia and 70, 117–119

- FDICIA (Federal Deposit Insurance Corporation Improvement Act (1991) (FDICIA)
34, 36, 67, 75, 102, 103, 116, 122, 186, 188
- FDIRA (Federal Deposit Insurance Reform Act) of 2005 152–154, 156–157, 164
- federal banking agencies 101, 114
- Federal Deposit Insurance Act 127, 130, 188
- Federal Deposit Insurance Corporation Improvement Act (1991) (FDICIA) 34, 36, 67,
75, 102, 103, 116, 122, 186, 188
- Federal Deposit Insurance Reform Act of 2005 (FDIRA) 152–154, 156–157, 164
- Federal Emergency Management Agency (FEMA) 223
- Federal Financial Institutions Examination Council 108
- Federal Financing Bank (FFB) 157, 225
- Federal Home Loan Bank (FHLB) 80, 190
- Federal Home Loan Mortgage Corporation. *See* Freddie Mac (Federal Home Loan
Mortgage Corporation-FHLMC)
- Federal National Mortgage Association. *See* Fannie Mae (Federal National Mortgage
Association-FNMA)
- Federal Reserve Act 23, 130
- Federal Reserve Bank of New York (FRBNY)
Bank of America and 89–90
Citigroup and 78, 82–83
- Federal Reserve Board (FRB)
authority to close a failing bank 176
bank examinations and 108
liquidity event determination and 60
role in SREs 35–37, 67–69, 74, 82, 87–88
- Federal Reserve System
bank holding company ratings 79
emergency actions and programs 23, 26, 27, 28, 41, 81
monetary policy 13
policy debate over debt guarantee 35–38
- Federal Savings and Loan Insurance Corporation (FSLIC) 103, 201
- federal thrifts, supervision of 101, 114
- fees
for DGP 45–46
for TAGP 51–52
for TLGP 37, 43, 57–58
- FHLMC. *See* Freddie Mac (Federal Home Loan Mortgage Corporation-FHLMC)
- Fifth Third Bancorp 62
- Financial Crisis Inquiry Commission (FCIC) 13

- financial innovation 3, 4, 30
- Financial Institutions Reform, Recovery, and Enforcement Act (1989) (FIRREA)
 - 102–103
- financialization of housing assets 4, 9
- financial market disruptions 23–26
- financial regulators 35–37
- fire sales 23–26, 208
- First City Bancorporation of Texas 59
- First National Bank of Keystone 105, 116
- First Place Bank 134
- First Place Bank Corporation 134
- first price sealed-bid auction 215
- First RepublicBank Corporation 59
- Fitch Ratings. *See also* rating agencies
 - downgraded monoline bond insurer MBIA 22
 - on FDIC-guaranteed debt 48
- FleetBoston Financial 117
- Florida, bank failures in 183
- FNMA. *See* Fannie Mae (Federal National Mortgage Association-FNMA)
- foreign investors, affected by U.S. financial crisis 28–29
- franchise marketing
 - about 177, 184
 - aggregate results for resolutions during crisis 182–183, 199–202
 - basic purchase and assumption 189
 - bidding process 185–187
 - bridge banks 196
 - defined 177
 - during banking crisis 194–202
 - evolution of FDIC sale offerings 195
 - loan pools 193
 - loss-share purchase and assumption 191
 - private equity acquirers 197–198
 - resolution options 188
 - whole-bank purchase and assumption 190
- franchise sales, compared with retained asset sales 178
- franchise value 190
- fraud 57, 124
- FRB. *See* Federal Reserve Board (FRB)
- FRBNY. *See* Federal Reserve Bank of New York (FRBNY)

Freddie Mac (Federal Home Loan Mortgage Corporation-FHLMC)
about 16
near insolvency of 26
placed into government conservatorship 26, 67
FSLIC (Federal Savings and Loan Insurance Corporation) 103, 201
fund. *See* Deposit Insurance Fund (DIF, or the fund)
FYI 113

G

G7 (Group of Seven) 34
GAO (Government Accountability Office) 41
GECC (General Electric Capital Corporation) 51, 61
GE (General Electric) 51
GE Money Bank 51
General Electric Capital Corporation (GECC) 51, 61
General Electric (GE) 51
Georgia, bank failures in 183
global savings increase 9
global trade, decline in 29
GMAC LLC 61
Goldman Sachs Group, Inc. 26, 30, 48, 50, 61
governance, failures of 124
Government Accountability Office (GAO) 41
Government-Sponsored Enterprises (GSEs)
conservatorship 26
securitization of 16
Gramm-Leach-Bliley Act (1999) 68, 104
Growth Monitoring System 111
Gruenberg, Martin 41
GSEs. *See* Government-Sponsored Enterprises (GSEs)

H

Helping Families Save Their Homes Act (2009) 157
Home Affordable Modification Program (HAMP). *See* loan modification program
Home Price Index 14
home prices 3–9, 14
negative equity, because of decline in 13–14

housing market

- boom and bust cycle in 3, 7
- bubble 7–14, 20, 30
- collapse of 5, 13
- deregulation of 3, 30
- real estate investors' role in 4, 9, 12
- relation to MBS values 20

HSBC Bank USA 51

HSBC USA Inc. (subsidiary of HSBC Holdings, PLC) 61

Huntington National Bank 62

hybrid ARMs. *See* adjustable rate mortgages (ARMs)

I

IDIs (insured depository institutions) 47

illiquidity 23–26

Independent Banker's Bank 182, 197

Independent Community Bankers Association 160

IndyMac, F.S.B. 67, 84, 117, 155, 182, 197, 201

insider abuse, susceptibility to 124

Inspectors General reports, by subject

- ADC lending 141

- FDIC community bank examinations 137

- impact of bank failures 137

- Material Loss Reviews 124

- risk monitoring of large banks 144

- Washington Mutual 117–118

insurance determination system 206

insurance markets, comparative advantage in 191

insured depository institutions (IDIs) 47

interagency guidance/agreements

- on concentrations in commercial real estate lending 113

- on coordination of expanded supervisory information sharing and special examinations 116

- on nontraditional mortgage product risks 113

interbank market 39

Interest on Lawyers Trust Accounts (IOLTAs) 43, 52, 54

interest-only mortgages (IOs) 11

interest rates

- as a factor in rising house prices 9
- for adjustable rate mortgages (ARMs) 12
- for hybrid ARMs (short-term ARMs) 11
- prolonged period of low 3

interim rule on Temporary Liquidity Guarantee Program (TLGP) 42, 43, 47, 48, 51

investment banks, restrictions on 18

IOLTAs (Interest on Lawyers Trust Accounts) 43, 52, 54

IOs (interest-only mortgages) 11

J

Jefferson Bank 134

John Deere Capital Corporation 61

joint resolution of Congress 60

JPMorgan Chase & Company 26, 48, 50, 61, 81, 117

K

KeyCorp 62

L

large-bank risk assessment 114–119

Large Insured Depository Institution (LIDI)

- program 115

- rating 70

least-cost

- alternative 73

- bid 186

- resolution 36, 67, 73–75, 188

Lehman Brothers

- bankruptcy 26–27, 30, 67, 69, 81, 87, 134

- lessons learned about resolutions and receiverships 223–226

- lessons learned about supervision 139–145

leverage 25–26

leveraged investors 25

leverage ratio 26, 92

- thresholds for 143

LIBOR 12, 79

LIDI. *See* Large Insured Depository Institution (LIDI)

limited liability companies (LLCs) 209, 217–219

liquidity

- deterioration at Wachovia 72
- event determination 60
- portfolio of Citigroup 80
- problems 177, 186

living wills. *See* resolutions: plans

LLC Recovery Rates 218

LLCs (limited liability companies) 209, 217–219

LLC transactions 217–218

loan modification program 91, 221

- Citigroup 84

- Home Affordable Modification Program (HAMP) 222

loan pools 193

loans

- past due by type of 15

- real estate 106

- sales of 215–219

long-term FDIC fund management plan 163–164

loss-sharing

- administration and oversight of 220–222, 226

- defined 175

- description of the transaction 190–192, 199

- dropped by FDIC 195

- increased use of 199

- restrictions on 222

- statistics on 221

M

market discipline 74, 92

Market Volatility Index (VIX) 79, 80

mark-to-market accounting rules 6, 19

Master Agreement 49

material adverse change (MAC) clause. *See* Bank of America Corporation

Material Loss Reviews (MLRs) 124, 142

Matters Requiring Attention (MRAs) 78

Matters Requiring Board Attention (MRBA) 107

Maximum Efficiency Risk-Focused Institution Targeted (MERIT) examination
program 110

maximum obligation limitation 157

- MBIA 22
 - MBS. *See* mortgage-backed securities (MBS)
 - MCorp 59
 - MERIT (Maximum Efficiency Risk-Focused Institution Targeted) examination program 110
 - Merrill Lynch 26, 81, 87, 88
 - MetLife, Inc. 62
 - Mile High Banks 134
 - MLRs (Material Loss Reviews) 124, 142
 - MMF. *See* money market fund (MMF)
 - money market fund (MMF) 24, 27
 - Money Market Investor Funding Facility 28
 - monoline insurers 21–22
 - Moody's Investors Service 49. *See also* rating agencies
 - moral hazard 38, 67–68
 - Morgan Stanley 26, 30, 48, 50, 61
 - mortgage-backed securities (MBS)
 - as building block of more-complex products 16
 - issuance of 17
 - private label 16–19, 30
 - rating of 18
 - tranches of 4–5, 16–17, 22–23, 214, 216
 - mortgages
 - companies, role of in housing boom 4
 - nontraditional 11, 30, 105, 118
 - originators, as key players in securitization chain 9, 14
 - piggyback 11
 - refinancing 12–13
 - types 11–14
 - MRAs (Matters Requiring Attention) 78
 - MRBA (Matters Requiring Board Attention) 107
 - multi-bank holding companies 133
- N**
- national banks, supervision of 101, 114
 - Nationally Recognized Statistical Rating Organizations (NRSROs) 19
 - National Risk Committee (NRC) 111, 113
 - national servicers 213, 225
 - negative equity 14

negotiable order of withdrawal (NOW) accounts 43, 52
New York Community Bancorp, Inc. 62
no-documentation or low-documentation loans 11
non-amortizing interest-only mortgage 12
noncore funding 190
nonprime loans 11
Note Purchase Agreement 157
NOW (negotiable order of withdrawal) accounts 43, 52
NRC (National Risk Committee) 111, 113
NRSROs (Nationally Recognized Statistical Rating Organizations) 19

O

OCC. *See* Office of the Comptroller of the Currency (OCC)
Office of Personnel Management (OPM) 125
Office of the Comptroller of the Currency (OCC)
 downgraded Wachovia's CAMELS rating 71, 118
 large-bank risk assessment and 114, 115
 review of Citigroup 78
 “shelf” charter 136, 198
 supervisory and regulatory authority of 101, 114
Office of Thrift Supervision (OTS) 51, 114, 115, 117, 118
off-site analysis
 in general 111
 large bank 115
OLA (Orderly Liquidation Authority) 92
open-bank assistance 35, 75, 82, 89, 92–93. *See also* systemic risk exception (SRE)
OPM (Office of Personnel Management) 125
option ARMs. *See* adjustable rate mortgages (ARMs)
Orderly Liquidation Authority (OLA) 92
originate to distribute model 10
Other Real Estate (ORE) 189, 211, 219
OTS (Office of Thrift Supervision) 51, 114, 115, 117, 118

P

Pacific Thrift and Loan Company 105, 116
P&A (Purchase and Assumption) 188–194, 199–202, 209
Paulson, Henry 26
payment-option ARMs. *See* adjustable rate mortgages (ARMs)
payouts 185, 199, 202

- PCA (Prompt Corrective Action) 103, 116, 134, 143, 186
- PFR (primary federal regulator) 115–118
- PLMBS (private label mortgage-backed securities). *See* mortgage-backed securities (MBS)
- PNC Funding Corp. 62
- preferred stock, government purchase of 85, 91
- Premier Bank 134
- Premier Bank Holding Company 134
- prepaid assessments 160–161, 225
- primary federal regulator (PFR) 115–118
- prime loans 11
- private equity acquirers 197–199
 - FDIC guidance to 136
 - purchases of failing banks by 136–137
- private equity recapitalizations, as a supervisory strategy 136
- private label mortgage-backed securities (PLMBS). *See* mortgage-backed securities (MBS)
- private label securitization 16–19, 30
- problem banks 105, 106, 125, 127
 - FDIC problem-bank list 138
 - trend in 119
 - ultimate outcomes for 138
- Prompt Corrective Action (PCA) 103, 116, 134, 143, 186
- Puerto Rico, bank failures in 183, 194
- Purchase and Assumption (P&A) 188–194, 199–202, 209
- Putnam Investments 28

Q

- qualified financial contract 181
- Quarterly Banking Profile* 105–106

R

- rating agencies. *See also* Fitch Ratings; *See also* Standard & Poor's (S&P); *See also* Moody's Investors Service
 - about 18
 - decline in reputation of 20
 - models 20
 - monoline insurers and 22
 - role of 18–22
 - treatment of FDIC-guaranteed debt 47–48

- readiness planning 180, 223
- real estate loans 106
- Real Estate Stress Testing (REST) model 111, 112
- receiverships
 - about 210–222
 - administration and oversight of loss-share 220–222
 - asset sales by type of asset 213–219
 - asset servicing 211–213
 - average cost of maintaining open 213
 - defined 73, 176
 - facilitating the conclusion of 177
 - FDIC responsibilities during crisis 210
 - strategic considerations for 207–210
 - tasks during crisis 210–222
- reciprocal deposits 162
- Regional Outlook* 110, 112
- Regions Bank 61
- regulatory burden 109–110
- regulatory capital 131
- rehired annuitants 205
- Reich, John 116
- repurchase agreements (repos) 24
- Reserve Primary Fund 27–28
- reserve ratio
 - defined 152
 - long-term fund management plan and 163, 167
 - restoration plan for 156–158, 164
 - surcharges and 165
 - trends in 156
- resolutions
 - costs for 200
 - date 177
 - defined 176
 - options for 188–194
 - plans 92, 144
 - settlement process 177
 - statistics on 182–183, 199–202
- Resolution Trust Corporation (RTC) 151, 179
- REST (Real Estate Stress Testing) model 111, 112

- retained asset sales, compared with franchise sales 178
 - RFI/C ratings 79
 - Riegle-Neal Interstate Banking and Branching Efficiency Act (1994) 104
 - risk. *See also* risk-sharing
 - analysis processes pre-crisis 102, 110–117
 - layering 12
 - risk-based assessments. *See* deposit insurance assessments
 - risk-based deposit insurance pricing (or risk-based pricing)
 - defined 152
 - during banking crisis 152, 154, 155, 161–162
 - FDIC's approach to 151–152, 154–155, 161–163, 165–173
 - implementing 154–155
 - reforms to 163, 165–173
 - statistical analysis 120
 - updating using data and experience 165
 - risk-based pricing. *See* risk-based deposit insurance pricing (or risk-based pricing)
 - risk-sharing
 - research on 228
 - strategic trade-offs 207–209
 - via limited liability companies 217–219
 - via loss share 191–192
 - via securitization 213–214, 216–217
- S**
- Savings Association Insurance Fund 152, 155
 - SCOR (Statistical CAMELS Off-Site Rating Review) system 111, 224
 - sealed-bid process, of FDIC 215
 - second-lien mortgages 11
 - Sections 23A and 23B 23, 130–131
 - secured liability adjustment 162
 - securities, sale of 213–215
 - securitization
 - about 4, 9, 15–18, 105, 216
 - chain 4, 14–16
 - defined 10, 209
 - FDIC usage of 213–214, 216–217
 - nontraditional mortgage products 30, 105
 - role in financial crisis 15
 - selection bias 201

- self-liquidation 128
- seller financing 194, 228
- senior tranche 214, 216. *See also* securitization
- senior unsecured debt 43
- Service Member's Civil Relief Act 212
- shadow banking system 24
- shelf charter 136, 198
- short-term funding vehicles 24
- short-term instruments, decline in demand for 24
- Silverton Bank 182
- SIVs (structured investment vehicles) 17, 25, 79, 80
- small bank earnings pre-crisis 106
- Small Business Regulatory Enforcement Fairness Act 212
- source-of-strength requirement 198
- Sovereign Bancorp, Inc. 62
- S&P/Case-Shiller U.S. National Home Price Index 113, 119
- special examination 115–116, 118
- specialty examinations 126
- SRE. *See* systemic risk exception (SRE)
- staffing 203–206
- Standard & Poor's (S&P). *See also* rating agencies
 - downgraded monoline bond insurer MBIA 22
 - on FDIC-guaranteed debt 48
- state-chartered banks, supervision of 101, 114
- state member banks, supervision of 101, 114
- Statement of policy on qualifications for failed bank acquisitions 136, 198
- state nonmember banks, supervision of 101, 114
- State Street Corporation 61
- state thrifts 114
- Statistical CAMELS Off-Site Rating Review (SCOR) system 111, 224
- stress testing 144
- structured investment vehicles (SIVs) 17, 25, 79, 80
- structured sales 226
- Structured Transaction Sales 217
- subprime loans
 - defined 11
 - rise in defaults on 13
 - risks of 105–106, 111–112
 - Washington Mutual 118

- SunTrust Banks, Inc. 62
- Superior Bank, FSB 105, 116
- supervisory ratings. *See* CAMELS ratings (or supervisory ratings)
- supervisory strategies
 - about 125–136
 - effectiveness and appropriateness of 137
 - enforcement actions 127
 - examination letters 129
 - examination program 125
 - private equity recapitalizations 136
 - supervision of new institutions 129
 - to insulate banks from problems at BHCs 129–135
- surcharge 165
- synthetic CDOs 21, 23
- systemic risk 67
- systemic risk exception (SRE)
 - about 36, 67–68
 - Bank of America 68, 86, 88–91
 - Citigroup 77–85
 - Dodd-Frank Act and 42, 60, 92–93
 - special assessment possible 46, 57, 83
 - Temporary Liquidity Guarantee Program (TLGP) 35–42
 - Wachovia 69–76

T

- TAGP. *See* Transaction Account Guarantee Program (TAGP)
- Tanoue, Donna 116
- Targeted Investment Program (TIP) 82, 85, 88, 91
- TARP. *See* Troubled Asset Relief Program (TARP)
- TED (Treasury-Eurodollar) Spread 39, 79
- Temporary Guarantee Program for Money Market Funds 74
- Temporary Liquidity Guarantee Program (TLGP)
 - about 33–34
 - announcement of 37
 - creation of 42
 - details of 37
 - effects and costs of 54–58
 - eligible entities for 43
 - fees for 57
 - initial participation in 42

- maturities of debt outstanding 55
- policy debate 34–42
- stability to U.S. financial markets brought by 59
- statutory authority for the 41
- surcharge on senior unsecured debt guaranteed under 46, 158
- systemic risk exception (SRE) and 35
- TLGP debt versus non-guaranteed debt 55–56
- temporary satellite offices (TSOs) 205
- term employees 126
- third-party contractors, securitization and 216
- thrift losses 151, 201
- TIP (Targeted Investment Program) 82, 85, 88, 91
- TLGP. *See* Temporary Liquidity Guarantee Program (TLGP)
- Transaction Account Guarantee Program (TAGP)
 - about 33
 - amounts guaranteed by (2008–2010) 53
 - costs of 58
 - effect on FDIC resolutions of 57
 - failures with highest resolution costs attributable to 58
 - fees for 52
 - option to opt out of 43
 - purpose, fees, and extensions 51–53
 - statistics on 33
- Treasury
 - capital injections into banks under TARP from 37
 - capital injection to Bank of America by 89
 - Citigroup and 82
 - FDIC's statutory authority to borrow from 157
 - role in determining whether to invoke SRE 36, 67
- Treasury-Eurodollar (TED) Spread 39, 79
- Troubled Asset Relief Program (TARP) 35, 37, 79, 80
 - Asset Guarantee Program (AGP) 82
 - Capital Purchase Program (CPP) 79, 84, 85
 - Targeted Investment Program (TIP) 82
- true-up feature 191, 195, 202
- Trust Preferred Securities (TruPS) 85, 131–132
- Truth in Lending Act 212
- TSOs (temporary satellite offices) 205

U

undercapitalized banks 176
underwriting standards survey 107
Uniform Financial Institutions Rating System 108
Union Bank 51, 62
unsecured debt adjustment 161–162, 169–173
U.S. Bancorp 61

V

virtual data rooms (VDRs) 205
VIX Index 79, 80

W

Wachovia Corporation
 about 69–76
 Citigroup and 72–76, 79
 examination of 117, 119
 exposure to payment-option ARMs 71
 liquidity crisis at 28, 71–72, 118
 open-bank assistance for 75
 problems at 69–72
 SRE and 59, 68–69, 72–76, 81
 timeline of events for 69
 TLGP and 35
 Washington Mutual and 71–72
 Wells Fargo and 71–72, 76, 81, 118, 143
WaMu. *See* Washington Mutual (WaMu)
Washington Mutual (WaMu)
 acquisition of 30
 bankruptcy of 71
 examination of 117–118
 exposure to ARMs 71–72
 failure of 28, 67, 69, 71, 81, 182, 199–201
 Wachovia and 71–72
Wells Fargo
 Citigroup and 76
 examination of 117–118
 TLGP and 48, 61
 Wachovia and 28, 59, 72–76, 81, 143

whole-bank purchase and assumption (P&A) 189–191. *See also* Purchase and Assumption (P&A)

whole loan sales 215

wholesale funding. *See also* noncore funding

bank failures and 121–122

defined 120

Wilmington Trust Company 62

Woodlands Commercial Bank 134

wound down banks 134. *See also* self-liquidation

Z

Zions Bancorporation 62