

**FDIC****Federal Deposit Insurance Corporation**
550 17th Street, NW, Washington, DC 20429

ANNOUNCEMENT

SALE OF MORTGAGE LOAN SERVICING RELATED TO APPROXIMATELY \$1,000,000,000 OF MORTGAGE LOANS

FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER FOR

FRANKLIN BANK, S.S.B.

SEALED BID AUCTION

IMPORTANT DATES/TIMELINE:

MARKETING PERIOD COMMENCES: JULY 9, 2009

DUE DILIGENCE COMMENCES: JULY 17, 2009

BID DATE: AUGUST 14, 2009

CLOSING DATE: SEPTEMBER 30, 2009

The Federal Deposit Insurance Corporation (the "FDIC") in its capacity as Receiver for Franklin Bank, S.S.B. ("Receiver"), will be offering for sale the Mortgage Servicing Rights ("MSRs") related to approximately \$1.0 billion of residential mortgage loans pursuant to which Franklin and its designees are currently providing mortgage servicing. The MSRs are related to Fannie Mae, Freddie Mac and private mortgage loans ("Mortgage Loans") that were primarily originated in and after 2002, and the properties securing the Mortgage Loans are predominantly located in Texas, Montana and Illinois. The beneficial interests in such Mortgage Loans are held by Fannie Mae, Freddie Mac and private investors. The Mortgage Loans are secured by residential properties, of which 84% are single family properties and the remaining 16% are a combination of condos, townhomes, PUDs, etc. Of the total portfolio 89% are owner-occupied, with the remaining 11% being investment properties or second homes. The current average principal loan amount in the portfolio is \$128,008, with a weighted average note rate of 6.162%. The net service fee on the portfolio is 27.53 basis points, and the total delinquencies within the portfolio are 9.65%.

This Announcement is not an offer to sell or a solicitation of an offer to buy the Mortgage Loan Business, Mortgage Loans, or the associated MSRs. Further information concerning the sale will be furnished only to, and bids will be accepted only from, bidders who certify that they have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks and the resources to bear the risks, of a purchase of the MSRs and who meet the other criteria required to become a qualified bidder.

The purchase of the MSRs involves substantial risk and prospective bidders should, along with their advisors, undertake such investigation as they deem advisable to evaluate the risks associated with such purchase.

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On November 7, 2008, Franklin Bank, S.S.B. (“Franklin”) was closed and the FDIC was appointed Receiver. Franklin services approximately \$1.0 billion of Mortgage Loans. Certain of the Mortgage Loans serviced were originated by Franklin and the remaining were originated by other mortgagees. The Receiver is marketing the entire portfolio of MSRs and obligations associated with the origination and servicing of Mortgage Loans, and has retained Interactive Mortgage Advisors, LLC (“IMA”) as its financial advisor to assist it in marketing the MSRs.

Sale Structure. The FDIC anticipates accepting bids on the entire portfolio, partial pool combinations, or single pools. Priority will be given to bids on the entire portfolio and then on combination(s) of the individual pool bids which best achieve the Receiver’s goal in its sole and absolute discretion. The FDIC intends to sell the entire portfolio, and will evaluate bids in all categories to determine what is most favorable to the Receiver. **The definitive bidding structure will be announced in the Offering Memorandum to be distributed on or about July 17, 2009. The Bid Date is expected to be on or about August 14, 2009.**

[ASSET INFORMATION]**Pool Descriptions:****Entire Portfolio:**

Pool Description	# LOANS	Current Principal Balance	Current Avg Prin Bal	Wavg Int Rate	Net Serv Fee	Orig Term	Rem Term	Wavg Age
Entire Portfolio	8,281	1,060,033,927	128,008	6.162	0.2753	335.6	293.7	41.9
TOTAL	8,281	1,060,033,927	128,008	6.162	0.2753	335.6	293.7	41.9

Individual Pools:

Pool Description	# LOANS	Current Principal Balance	Current Avg Prin Bal	Wavg Int Rate	Wavg Net Serv Fee	Wavg Orig Term	Wavg Rem Term	Wavg Age
Pool A - FHLMC ARC	866	63,723,172	73,583	6.454	0.2528	322.7	255.2	67.4
Pool B - FNMA A/A	2,880	316,028,108	109,732	6.069	0.2675	330.6	277.9	52.8
Pool C - FNMA MBS	3,837	524,782,687	136,769	6.308	0.2823	335.7	304.6	31.2
Pool D - FHLB (Cincinnati)	53	5,671,246	107,005	5.683	0.2500	294.7	240.8	53.9
Pool E - Private Investor S/S	246	89,097,517	362,185	5.862	0.2889	356.5	321.7	34.8
Pool F - Private Investor A/A	399	60,731,197	152,209	5.558	0.2610	347.3	286.5	60.8
TOTAL	8,281	1,060,033,927	128,008	6.162	0.2753	335.6	293.7	41.9



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OFFERING MEMORANDUM

The Offering Memorandum and other information about the MSRs will be available on or about July 17, 2009 to bidders that have been pre-qualified by the FDIC. All interested parties must return a complete bidder qualification package and other information described below and receive FDIC approval as a qualified bidder. The FDIC and IMA will make no representation or warranty whatsoever, express or implied, with respect to the content, completeness or accuracy of any information provided in the Offering Memorandum.

ADDITIONAL INFORMATION

The following information is available immediately to qualified bidders and will be delivered upon receipt of a completed bidder qualification package:

- *Collateral database listing loan-level information on each loan*
- *Static pool loss, delinquency and prepayment analysis*
- *Most recent Investor Remittance reports*
- *FannieMae and Freddie Mac Master pooling and servicing agreements*
- *Private Investor pooling and servicing agreements*
- *Most recent Due Dilligence/Audit reports*

Additional information will be supplied in the final offering memorandum.



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BIDDER QUALIFICATION PACKAGE

Attached as Appendix 1 and Appendix 3, respectively, are a Purchaser Eligibility Certification and a Confidentiality Agreement. Both documents must be completed without change and returned to Don Weyback at Federal Deposit Insurance Corporation, 550 17 St. NW, Room F7068, Washington, DC 20429. Each bidder must (i) be a qualified FNMA, and/or Freddie Mac servicer (as required by each pool included within the bid), (ii) be able to demonstrate its ability to meet certain financial requirements, (iii) satisfy the requirements of the holders of the equitable interests in the subject Mortgage Loans in accordance with the provisions of appropriate pooling and servicing agreements or servicing agreements, and (iv) have the requisite experience and technical expertise to ensure the proper management and servicing of the Mortgage Loans and the relationship with Mortgage Loan holders and investors. None of Franklin, the FDIC or any of their respective directors, officers, employees, counsels, advisors or agreements may be contacted directly without IMA's prior written consent. As a condition precedent to the closing of the sale of the MSRs (the "Closing"), approval from the holders of the equitable interests in the Mortgage Loans will be required to grant approval of the winning bidder as the successor servicer.

All Prospective Bidders wishing to become "Qualified Bidders" should submit the Purchaser Eligibility Certification (Appendix 1), the appropriate supporting financial information, the Contact Information Form (Appendix 2), the Confidentiality Agreement (Appendix 3), and a fee of \$5,000, payable by check, for the temporary use of the hard drives during the due diligence period. The hard drives remain property of the FDIC and are not to be distributed or used by any person or entity other than the eligible purchaser and are not to be distributed or published by the eligible purchaser other than for internal use of such purchaser during the due diligence process. The fee of \$5,000 shall be refunded to the eligible purchaser upon return of the hard drives. The eligible purchaser agrees to return such hard drives within five days after the announcement of the successful bidder. In the event that the hard drives are not returned FDIC may pursue its remedies against the eligible purchaser for the failure to return the hard drives and may, in its sole discretion, preclude the eligible purchaser from future participation in FDIC's sale programs. Upon timely return of the hard drives, the fee of \$5,000 shall be refunded to the bidders. Check with the fee should be payable to "FDIC as Receiver for Franklin Bank" and should include the reference "Deposit for Franklin's Servicing Rights Sale." The checks should be sent to:

Federal Deposit Insurance Corporation
P.O. Box 971774
Dallas, TX 75397-1774

PURCHASER ELIGIBILITY CERTIFICATION

All prospective bidders must execute and forward a Purchaser Eligibility Certification ("PEC") (Appendix 1). The FDIC shall require at the Closing that the PEC of the successful bidder be reaffirmed as to its accuracy and completeness. Among other conditions, the FDIC's obligation to close on the sale is contingent upon the truth and correctness of the matters contained in the PEC as of the closing date for each sale.



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If you have questions, please call Rob Walters with IMA at 303-923-6419 or e-mail Rob at RWalters@yourima.com.

Upon approval to participate, qualified bidders will receive access to the Bid Package through a secure website. Bidders should note that they are responsible for compliance with the Confidentiality Agreement by all their representatives and agents.



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DISCLAIMER

The information provided herein and in the exhibits attached hereto has been prepared by IMA as financial advisor for the FDIC and is based on information provided by Franklin. The FDIC and IMA retain the right to determine, in their sole discretion, what information to make available to prospective bidders. Although the FDIC and IMA will endeavor to provide prospective bidders with certain information considered relevant for purposes of the sale, no representation or warranty, express or implied or by operation of law, is made as to the accuracy or completeness of any information contained or referenced herein or made available to any person in connection with the sale, including but not limited to any information concerning the value, marketability, condition or future performance of any of the Mortgage Loans or the MSR's. In addition to the foregoing, no representation or warranty, express or implied or by operation of law, is made as to the accuracy or completeness of documents and information contained in any collateral or credit files associated with the Mortgage Loans, or in any pooling and servicing agreements or the servicing agreements or obligations created thereunder. Except for such representations and warranties as are contained in any definitive documents executed by the Receiver, no person has been authorized to make any written or oral representation or warranty, either express or implied, and any such representation or warranty that is made should not and may not be relied upon. IMA, the FDIC, the Receiver and Franklin and each of their respective directors, officers, employees, counsels, advisors, and agents expressly disclaim any and all liability with respect to the information made available to bidders in connection with the sale or for omissions or inaccuracies in such information. None of IMA, the FDIC, the Receiver, Franklin or any of their respective directors, officers, employees, counsels, advisors, and agents is under any obligation to correct any inaccuracies or omissions in any information that may be available.

APPENDIX 1



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SEE ATTACHMENT

APPENDIX 2



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CONTACT INFORMATION

_____ (Today's Date)

1. Name of Prospective Bidder (The name of the registering Bank, Broker/Dealer, Corporation, Individual Investor, Partnership, Thrift or Other Organization.):

2. Preferred Mailing address:

3. Physical Address (*if different from above*):

4. If the Prospective Bidder has a Corporate Parent or Guarantor please provide, the name and address (*if different from above*):

5. **Compliance Contact** (The individual whom the FDIC should contact to request an update of the PEC or discuss other Qualification questions, his or her title, address (*if different from above*) and phone, fax & e-mail):

6. **Authorized Bidder** (The individual(*if different from Compliance Contact*) who will be authorized to bid, his or her address (*if different from above*) and his / her phone, fax and e-mail address):

7. **Designated Information Recipient** (The individual (*if different from Authorized Bidder*) who should receive bid packages, addenda, etc., his or her title, address (*if different from above*) and his /her phone, fax and e-mail address):

APPENDIX 3



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