Federal Deposit Insurance Corporation

§ 390.316 With recourse.

(a) The term with recourse means, in connection with the sale of a loan or a participation interest in a loan, an agreement or arrangement under which the purchaser is to be entitled to receive from the seller a sum of money or thing of value, whether tangible or intangible (including any substitution), upon default in payment of any loan involved or any part thereof or to withhold or to have withheld from the seller a sum of money or anything of value by way of security against default. The recourse liability resulting from a sale with recourse shall be the total book value of any loan sold with recourse less:

(1) The amount of any insurance or guarantee against loss in the event of default provided by a third party,
(2) The amount of any loss to be borne by the purchaser in the event of default, and
(3) The amount of any loss resulting from a recourse obligation entered on the books and records of the State savings association.

(b) The term with recourse does not include loans or interests therein where the agreement of sale provides for the State savings association directly or indirectly:

(1) To hold or retain a subordinate interest in a specified percentage of the loans or interests; or
(2) To guarantee against loss up to a specified percentage of the loans or interests, which specified percentage shall not exceed ten percent of the outstanding balance of the loans or interests at the time of sale: Provided, that...