WASHINGTON, Feb 26 (Reuters) - The Federal Deposit Insurance Corp said on Thursday it closed on a $1.45 billion structured sale of distressed loans from a failed Nevada bank, utilizing a private-public model that could have broader implications for the U.S. banking system.

The agency used two private-public partnership transactions to sell the performing and nonperforming residential and commercial construction loans from the First National Bank of Nevada, which the FDIC seized in July.

The FDIC said the method of sale taps into the asset management expertise of the private sector, while retaining for the FDIC a piece of all future cash flows generated by the assets.

The model is similar to a broader program announced by Treasury Secretary Timothy Geithner, which would combine public and private capital in a fund that would buy troubled bank assets of up to $1 trillion. That program is still being crafted.

In the deal announced on Thursday, the FDIC placed the loans into a limited liability corporation (LLC) and then used a bidding process to sell a 20 percent stake in the assets to two successful bidders -- Diversified Business Strategies and Stearns Bank NA.

The FDIC retained an 80 percent interest in the assets, and will drop that interest to 60 percent once certain performance thresholds are met. The FDIC and the purchasers will share the future expenses and income on the loans.

"The FDIC is drawing on its previous successes and those of the Resolution Trust Corporation," said James Wigand, the FDIC's deputy director for resolutions and receiverships, in a statement.

The government-run RTC liquidated almost $400 billion in assets from more than 700 insolvent savings and loans from 1989 to 1995.

"During the last banking crisis, when asset values were similarly difficult to ascertain, these types of structures ultimately resulted in superior recoveries relative to the then-depressed market valuations," said Wigand.

The FDIC said 18 separate bidders submitted 30 unique bids for both pools of loans, and said it had hired financial adviser Keefe Bruyette Woods to market the LLC holding the loans to potential bidders.

The closure of this sale brings the total amount of assets sold using private-public partnership transactions to about $3.2 billion over the last year, in five separate transactions, the FDIC said.
"Based on the success of the program and the positive feedback received from the private sector, the FDIC anticipates it will utilize this and similar sales strategies in the future," the agency said.

The FDIC's experience could serve as a critical model as the Treasury Department shapes its own public-private partnership to buy up the banking industry's bad assets.

The FDIC already has a track record of using its own powers to develop nationwide programs, namely the systematic loan modification program it developed at IndyMac after the FDIC seized the lender last year.

Treasury so far has been scant on details of its public-private partnership, seen as a critical element of Geithner's plan to get the U.S. banking sector back up on its feet.

The department has said that public-private partnership will be run in conjunction with the FDIC and the Fed, and could involve the use of public financing to leverage private capital.

Geithner has not said how much taxpayer money would be needed for this program or when it would launch.

But one academic questioned the suitability of expanding the FDIC's method into a national program to buy up banks' bad assets.

"This method might be appropriate for the FDIC's effort to sell assets it has come to own, but it would not be a good means of implementing Geithner's vision of restarting the market for banks' troubled assets," said Lucian Bebchuk, a Harvard professor who recently wrote a paper on how to make the federal financial bailout plan work.

Bebchuk has proposed setting up competing funds that would be capitalized with both private capital and public debt financing, which he said would restart the market for banks' assets at the least cost to taxpayers.

He said the goal of Geithner's plan is to introduce into the market a substantial amount of new capital, while the FDIC's auction method is based on buyers already in the market.

"The assumption underlying Geithner's plan is that the market for troubled assets is currently not well-functioning because of the lack of sufficient liquidity," Bebchuk said. "To do so, we need to induce additional capital." (Reporting by Karey Wutkowski; Editing by Tim Dobbyn and Gerald E. McCormick)