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To: LLPComments
Subject: Legacy Loans Program

Comments to proposed LLP:

The highest priority of the LLP should be to attract the broadest levels of interest and participation from potential buyers. This will encourage sellers to bring assets to the program and overall will generate a more efficient market for the sale of bad assets.

Some necessary steps to attract buyers:

- 1) full and complete term sheets for PPIF debt financing and Treasury equity investment; while the terms for debt financing and equity can be adjusted over time, it is important to have and maintain a base structure for these critical bid components, to give buyers confidence in their analysis and due diligence, and ultimately, their ability to bid.
- 2) asset pools that are delineated by geography and product type, and in varying dollar amounts per pool, including pools small enough to attract individual investors (as outlined in Program Description for LLP); by offering small pools, you will attract smaller buyers and will not lose larger buyers, who can easily bid on multiple pools.
- 3) use established debt sellers, like DebtX or First Financial, to structure and run sales, because a) these firms have the necessary infrastructure and resources in place to start the program quickly; b) they have established sale procedures, such as required documentation for sellers and workable bid schedules for buyers, that will increase the efficiency of the bidding process; and c) they have experience in current market pricing and valuation for assets and can provide accurate feedback to sellers to help manage their price expectations before bidding.
- 4) require reserve prices on pools (minimum prices at which sellers will be required to sell), set by the sellers but confirmed by seller brokers (like DebtX and First Financial) as reasonable, so you do not have multiple auctions that do not result in sales; if sellers use the bidding as a valuation tool with interest to sell only at high prices, you will lose buyer interest quickly if they do not perceive the sellers as reasonable and the process as a good use of their time and effort.

We will offer some comments to the LLP list of questions shortly.

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