From: Robert Scheiman [mailto:rob@doveca.com]
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To: LLPComments
Subject: Legacy Loans Program - Program Description and Request for Comments
Importance: High

1. Which asset categories should be eligible for sale through the LLP? **Assets that are backed by both residential AND commercial real estate**. Should the program initially focus only on legacy real estate assets or should any asset on bank balance sheets be eligible for sale? **I would suggest any asset; with a strong encouragement to sell real estate collateralized debt**. Are there specific portfolios where there would be more or less interest in selling through the LLP? **Mostly interested in commercial real estate, specifically shopping centers & office buildings**

2. Should the initial investors be permitted to pledge, sell or transfer their interests in the PPIF? **Yes** If so, how should the FDIC ensure that subsequent investors meet the program's criteria for investors? **The buyer of the interest should qualify just as the initial investor had**

3. What is the appropriate percentage of government equity participation which will maximize returns for taxpayers while assuring integrity in the pricing by private investors? **Zero; I don't understand why the government should share in the equity. Leveraging the Asset Pools has already created a huge opportunity for investors** How would a higher investment percentage on the part of the government impact private investment in PPIFs? **Encourage AND allow me to buy to purchase more Asset Pools**. Should the amount of the government's investment depend on the type of portfolio? **That would get really confusing, but probably a wise decision.**

4. Is there any reason that investors' identities should not be made publicly available? **No; if public money (tax money) as a pari-passu partner, they should know who their partner is.**

5. How can the FDIC best encourage a broad and diverse range of investment participation? **Pre- qualify investors; connect with professionals on several different investment devices & pay them for access to their databases; i.e. real estate investment brokers, fund brokers, etc.** How can the FDIC best structure the valuation and bidding process to motivate sellers to bring assets to the PPIF? **Make the guaranteed debt non-recourse to both participating bank & borrower**

6. What type of auction process facilitates the broadest investor participation? **Internet auction, very similar to DebtX** Should we require investors to bid on the entire equity stake of a PPIF, or should we allow investors to bid on partial stakes in a PPIF? **NO !!!** If the latter, would a Dutch auction process or some other structure provide the best mechanism for bridging the potential gap between what investors might bid and recoverable value? **Not a good idea; no partial** If multiple investors are allowed to bid through a Dutch auction, or similar process, how should asset management control be determined? **No partial investing**

7. What priorities (i.e., types of assets) should the FDIC consider in deciding which pools to set for the initial PPIF auctions? **Any & all real assets**

8. What are the optimal size and characteristics of a pool for a PPIF? **$2MM - $5MM; single asset pools best**

9. What parameters of the note and its rate structure would be essential for a potential private capital investor to know at the time of the equity auction to provide equity? **DSC, ratio to equity, RATE, required processing, documentation, and qualifications. Bottom Line: how much equity, and what's it going to cost**

10. Would it be preferable for the selling bank to take a note from the PPIF in exchange for the pool of loans and other assets that it sells? **Yes** Alternatively, what would be the advantages and disadvantages of structuring the program so that the PPIF issues debt publicly in order to pay cash to the selling bank? **Don't see disadvantages** Would a public issuance of debt by the PPIF limit its flexibility compared to the issuance of a note to a selling bank?

11. In return for its guarantee of the debt of the PPIF, the FDIC will be paid an annual fee based on the amount of debt outstanding. Should the guarantee fee be adjusted based on the risk characteristics of the underlying pool or other criteria? **yes**

12. Should the program include provisions under which the government would increase its participation in any investment returns that exceed a specified trigger level? **No; does not give incentive to investors to do well with the program** If so, what would be the appropriate level and how should that participation be structured?

13. Should the program permit multiple selling banks to pool assets for sale? **Yes** If so, what constraints should be applied to such pooling arrangements? Like- kind assets How can the PPIF structure equitably accommodate participation by smaller institutions? **Keep investment dollar amounts reasonable** Under what process would proceeds be allocated to selling banks if they pool assets? **Current structured process seems reasonable**

14. What are the potential conflicts which could arise among LLP participants? **Where banks mis-use the program for it's own benefit** What structural arrangements and safeguards should the FDIC put into place to address or mitigate those concerns? **Always have the ability to cancel the debt at any time, if the integrity of the agreement is breached.**

15. What should the relative role of the government and private sector be in the selection and oversight of asset managers? **Investors should have full reasonable control with reporting to the government**. How can the FDIC most effectively oversee asset management to protect the government's investment, while providing flexibility for working assets in a way which promotes profitability for both public and private investors? **Required reporting from both the participating bank & the investor independently**

16. How should on-going servicing requirements of underlying assets be sold to a PPIF and paid for? **Servicing should be held in place, if it is not to the determent of the underlying asset** Should value be separately attributed to control of the servicing rights? **yes**

17. Should data used by the independent valuation consultant, as well as results of such consultant's analysis, be made available to potential bidders? **YES** Should it be made available to potential sellers prior to their decision to submit assets to bid? **YES**

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