From: Jim Bagley [mailto:JimB@FalconeGroup.info]
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To: LLPComments
Subject: Legacy Loan Program commentary

1. Which asset categories should be eligible for sale through the LLP? Should the program initially focus only on legacy real estate assets or should any asset on bank balance sheets be eligible for sale? Are there specific portfolios where there would be more or less interest in selling through the LLP? Loans collateralized by real property. Interest has been significant for acquisition/development loans and construction loans. REO loans should also be eligible.

2. Should the initial investors be permitted to pledge, sell or transfer their interests in the PPIF? If so, how should the FDIC ensure that subsequent investors meet the program's criteria for investors? The PPIF should be liquid and transferrable. The subsequent investor must meet the program criteria to be approved for the transfer

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? How would a higher investment percentage on the part of the government impact private investment in PPIFs? Should the amount of the government's investment depend on the type of portfolio? 7-10 % equity participation by the investor and similar equity % by the government is appropriate.

4. Is there any reason that investors' identities should not be made publicly available? Investor identities should be confidential.

5. How can the FDIC best encourage a broad and diverse range of investment participation? Allow a broad base of potential investors to participate through simple and transparent qualification guidelines.

6. How can the FDIC best structure the valuation and bidding process to motivate sellers to bring assets to the PPIF? Model the due diligence, valuation and bidding process similar to current private loan sale platforms currently being utilized

7. What type of auction process facilitates the broadest investor participation? 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? Partial stakes will garner more bids but bids for the entire equity stake will make for quicker disposal of assets. A dutch auction for the entire portfolio would be the most effective method to clear assets. 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? Dutch auction with no minimum reserve price. Let the market set the pricing. If multiple investors are allowed to bid through a Dutch auction, or similar process, how should asset management control be determined?

8. What priorities (i.e., types of assets) should the FDIC consider in deciding which pools to set for the initial PPIF auctions? Construction Loans, A&D loans, and other real estate collateralized loans.

9. What are the optimal size and characteristics of a pool for a PPIF? 50MM minimum outstanding balance

10. 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? Note should be marketable paper

11. 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? 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? Would a public issuance of debt by the PPIF limit its flexibility compared to the issuance of a note to a selling bank? Take back note would be the quickest exchange for asset pool.

12. 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? Flat fee based on % of debt. The bid process determines the risk.

13. Should the program include provisions under which the government would increase its participation in any investment returns that exceed a specified trigger level? If so, what would be the appropriate level and how should that participation be structured? Promote structure weighted to incent the investor to achieve greater returns for greater profit participation inured to the investor. Typical wall street promote structure. The operator gets a greater return for generating greater % returns.

14. Should the program permit multiple selling banks to pool assets for sale? Permitting pooling would allow syndicated loans to clear. If so, what constraints should be applied to such pooling arrangements? How can the PPIF structure equitably accommodate participation by smaller institutions? Under what process would proceeds be allocated to selling banks if they pool assets? Proceeds allocated by % ownership in the current loan syndicate

15. What are the potential conflicts which could arise among LLP participants? What structural arrangements and safeguards should the FDIC put into place to address or mitigate those concerns?

16. What should the relative role of the government and private sector be in the selection and oversight of asset managers? Experience based qualifications from industry personnel. 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? Fees based on success

17. How should on-going servicing requirements of underlying assets be sold to a PPIF and paid for? Should value be separately attributed to control of the servicing rights?

18. Should data used by the independent valuation consultant, as well as results of such consultant's analysis, be made available to potential bidders? Alternative modeling and valuations are proposed in many private loan sales to assist in setting valuations. Should it be made available to potential sellers prior to their decision to submit assets to bid? YES

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