FDIC COMMENT QUESTIONS & ANSWERS -- April 10th Deadline
(based on questions appearing at www.fdic.gov/llp)

6. 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? 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? If multiple investors are allowed to bid through a Dutch auction, or similar process, how should asset management control be determined?

Modified English Auctions Draw More Participants and Create More Excitement that Dutch Auction Formats

Run continuous electronic English type auctions three or more times per week on regular schedules for fixed amounts of whole loan packages occurring on an electronic web interface capable of handling any loan or package volume scale. If possible use a companion system or parallel system to handle continuous bidding on a multi-lateral OTC basis of both smaller packages and inventory not successfully sold at auction and open for business 24 X 7.

Use an English auction format with the key modification that bidder identities are not revealed during an auction other than via ID numbers next to bidder prices. The auction bidder IDs are refreshed after each auction so no one learns who has what 'paddle number.'

Price Value Gap Mediation

If possible extend any auction five or more minutes if the minimum bid has been reached in the last two minutes of auction activity. Automated functionality here is best. This will help markedly to extend the value gap between buyers and sellers – aggressive bidding always occurs in the final moments of a session. Just watch the final moments of activity of any open outcry pit market in the futures or options markets. By extending the finish time a couple of minutes when there is momentum, one can push bid levels 10 to 20% higher consistently.

Loan Package Hierarchy & Size

Simultaneously auctions may be run for either $50MM minimum PPIF package auctions of the same inventory mix or for $250MM or $500MM PPIF packages or both to suit large seller/buyer group demand as well as smaller group demand alike. Inventory in either venue which does not achieve the sellers' desired minimum bid objective within the scheduled auction time frame may be transferred back to the master inventory database.

From there it may searched by browsing system purchasers and then be rebid or reoffered via the OTC, multi-lateral bid workstation using the system's master preference search

technology if available. Both transaction formats, meaning the multi-lateral bid/offer OTC workstation and the modified English auction exist on the same system and share a user interface, common inventory database, inventory.or asset management system, inventory uploading application, and security master & account master.

Asset Management or Control of Sale Determinattion

In a multiple investor OTC bid workstation format, allow for the asset management control to be determined ONLY digitally by time logged entry of the nearest bid to current asset offer following price match first followed by size. This may occur either via a resting or active bid. If the seller allows acceptance of a less than full or partial amount of bidded inventory to match his offer as designated in the sellers' own profile preferences he entered into the system, a trade will occur. Otherwise by system default, an exact match of both size and price must occur for an accepted bid to prevail and a transaction to occur.

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

Valuation data should be made available to both sellers and buyers 24 hours before the auction and refreshed again one hour before the auction especially for sellers to determine minimum acceptable bid levels and allowing them to reset their systems. The FBIS™ solution owned by GPE, the providers of AssetAccess™ , have developed an automated digital network support for high volume valuation algorithm output allowing the evaluator's data to be refreshed in large quantities(ten of thousands or more) of whole loan asset types daily.

- E-mail: LLPComments@FDIC.gov. Include "Legacy Loans Program" in the subject line of the message.
- Mail: Robert E. Feldman, Executive Secretary, Attention: Comments, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.
- Hand Delivery/Courier: Guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m. (EDT).

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