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April 9, 2009

VIA EMAIL (llpcomments@fdic.gov)

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

RE: Legacy Loan Program

Dear Robert:

I am writing to proffer our firm's comments on the Legacy Loans Program (the "Program") pursuant to your Request for Comments posted on the FDIC website at www.fdic.gov/llp/progdesc.html (your "RFC"). We respectfully submit general comments regarding the program, followed by answers to the specific questions posed by your agency in the RFC.

TDL Management, LLC is a potential purchaser of assets that banks wish to sell pursuant to the Program. We are currently qualified to, and actively bid for, assets made available by the FDIC through its receivership of failed banks. We are a very small firm and have limited capital; yet, we would strongly suggest to the FDIC that we are as valid a participant in the Program as the largest mutual fund, bank or hedge fund. In general, we believe that the Program should be structured to be accessible to as many potential types and levels of investors as possible.

Additionally, it is our view that government should not dictate who is qualified to purchase and manage assets. So long as we can fund a transaction, we should be allowed to participate. We understand that reasonable requirements may need to be imposed, including barring obligors from bidding for their own loans. We also understand that the government is providing financing for these purchases. However, we believe there are capable asset managers and investors right across the country that come in all shapes and sizes. Capable asset managers don't only work for hedge funds or large registered investment advisors. In the end, it is our opinion that the Program should be no more restrictive than the requirements for purchasers of assets from failed banks.

Finally, we believe that pooling loans in smaller groups will increase pricing to the seller. By taking this action, the FDIC would allow investors to target loans which particularly appeal to each investor, whether due to geography, yield or collateral type. Requiring investors to review large pools with hundreds of loans in a short period of time requires conservative bidding by potential bidders to minimize the potential for error. Additionally, bidders will be more reticent to pay top dollar for assets when they really don't want half of them.

With those general comments being submitted, we respectfully provide our responses to your questions as presented in the RFC.

Question 1

All asset categories should be included in the program. Banks should make the decision as to what assets they wish to sell (working in conjunction with the FDIC if so desired).

As to what types of portfolios would generate more interest, while we would be more interested in purchasing commercial real-estate backed loans, there are others who may be more interested purchasing unsecured personal loans, *et cetera*. We would encourage the FDIC to look to the results of its sales of assets of failed institutions to determine the extent of investor interest in the different types of assets.

Question 2

Yes. As we believe that the qualifications of investors should be as inclusive as possible, this should not be a hindrance. In addition, the PPIF should be able to sell individual assets for a profit at any time at the discretion of the private investor.

Question 3

We do not have an opinion as to the appropriate percentage of government equity participation and are fine with the dollar-for-dollar match.

To the extent a higher government equity investment increased the likelihood of government control of PPIF's, then that potential will have an extreme chilling effect on private sector participation, including ours.

Finally, as to the third question, for simplicity's sake, we think not.

Question 4

No, so long as that information is made public in the same manner as for purchasers of debt from failed institutions.

Question 5

The FDIC can encourage broad participation by making the investor qualifications as inclusive and fair as possible. To be clear, setting minimum capital requirements in the muti-million dollar range will create exclusivity and harm small investors who may wish to participate. By way of example, if one investor in Denver, Colorado wants, on a one-off basis, to purchase one pool of Colorado loans for his or her personal portfolio, that participation should be encouraged, not impeded.

Question 6

The DebtX platform or the First Financial platform are equally attractive, and any process substantially similar to that, with online availability of documents, is preferred.

For simplicity's sake, you should require investors to purchase the entire equity stake, but you should pool assets in small pools to enable the broadest range of investors access to the Program. As stated, we firmly believe that allowing investors access to more specific sets of assets also will increase pricing over large pools full of disparate assets.

We believe that a Dutch auction process is unnecessary and the current use of sealed bid auctions for assets for failed institutions works fine. However, we would participate in a Dutch auction.

The winner of an auction should control the management of an asset.

Question 7

The FDIC should consider the assets that banks are willing to sell and close on, no matter whether or not they like the price.

Question 8

PPIF pools should be composed of assets of the same class that are geographically related. In addition, pools should be small enough, taking into account the government matches and financing, to be affordable by as wide a range of investors as possible. In short, they should be offered in pools of 5's or 10's of millions, not hundreds of millions or billions.

Question 9

The FDIC should provide clear and comprehensive terms and conditions prior to the due diligence period commencing, so that potential investors can price those terms into their bid, or decide not to bid at all. So long as investors know the rules of the game at the beginning, they can behave accordingly. To be clear, once the FDIC sets the terms and conditions of a sale, the terms and conditions of any financing provided by the FDIC and any other requirements such as government oversight and reporting obligations, then this should constitute a contract between the government and the investor, changeable only by mutual agreement of the parties, no matter the amount of political or other pressure applied.

Question 10

We have no comment on this question and would defer to the banking community.

Question 11

If the FDIC thinks it can adequately and accurately assess that risk and correctly price it in the limited amount of time made available to the FDIC in underwriting various pools, then yes; if not, the FDIC should charge a flat rate across all pools within an asset class. If the FDIC wants to charge different fees, for example, for guaranteeing all real estate backed loans and another fee for guaranteeing all unsecured personal loans, then that seems reasonable.

Question 12

No; the rewards for excess return should go to the investor whose hard work and smarts created the excess return. Government should receive its money back plus a reasonable, fixed return consistent with its (preferred) role as a passive investor. At some point, government increasing its share of profits above a trigger level will negatively affect pricing and disincentivize work to maximize return on the asset.

Question 13

Multiple banks should not be allowed to pool assets for sale. This overly and unnecessarily complicates due diligence. Banks should be able to sell small pools or even individual loans.

Question 14

We are unsure as to the point of this question and have no comment.

Question 15

The investor who purchases the loan should select the asset manager. Usually, the purchaser will want to manage the assets purchased so as to best control the maximization of value from the asset.

The FDIC can most effectively oversee asset management by allowing the private sector to manage the assets and protect their capital invested. Since the FDIC and the investor community are perfectly aligned, the investor's actions to benefit themselves will also benefit the government as well. In this situation, the government and investor are on the same team.

Question 16

Servicing should be determined by the investor and funded by the investor from gross cash flows. As long as this is clearly required in the terms and conditions of sale, posted prior to due diligence, investors can price this factor in and behave accordingly.

We note that your term sheet states, "[s]ervicing will be provided by the Participant Bank." That requirement will be a non-starter for us and, we suspect, for a large number of other investors. We believe, in the strongest possible terms, that the correct entity to service the loans is the private participant in the PPIF, or the servicer of their choosing, and not the bank which originated the toxic loan.

Question 17

Yes and yes. One of the biggest potential negatives of the Program is banks' ability to reject all bids and not consummate a sale. Investors spend valuable time and money underwriting loans offered for sale. If sales aren't consummated just because the offering bank does not like the price to be paid, investors are less likely to participate going forward, and the Program will fail. Because the time and money investment required for participation in the Program is substantial, we believe that the investor community will not participate in substantially if sales aren't regularly closed by offering banks.

Thank you for your attention to these comments. Please do not hesitate to contact us if you have any follow up questions to our responses or positions.

Very truly yours,

Thomas Longino