From: Jeff Puchalski [mailto:jpuchalski@risklayering.com]
Sent: Thursday, April 09, 2009 1:02 PM
To: Gray, Andrew
Subject: PPIF Suggestions

Hello Andrew,

(1) Since the due diligence process is likely to be short, the banks will need to provide representations and warrants--which will inherently involve interpretation differences; the FDIC should establish an expedited arbitration/resolution process to minimize deals falling out.
(2) Private investors should have sole discretion managing their assets, even for consumer mortgage loans as the modification program for IndyMac legacy loans has not been fully tested over time and does not fully address liquidity and disposable income requirements.
(3) It seems that the Third Party Valuation process to determine the appropriate leverage could be a complex and time consuming process, to simplify the process and to provide some certainty to the bidding process, has the FDIC should consider setting a fixed ratio (e.g., 5:1).
(4) To promote bank participation by maintaining their capital ratios, the FDIC should provide an asset (offset by a component of capital, e.g., goodwill), representing a portion of the bank's writedown (e.g., 50-75%) that is included in Tier 1 Capital, and is amortized over a 7 year period.
(5) As long as leverage ratios are maintained, there should be a pro rata distribution of cashflows to the FDIC guaranteed debt, the investors, and US Treasury.
(6) Pool sizes should be small enough to attract smaller investors as well as smaller bank participation (e.g., $25 - $50 million).

Thank you,
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