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April 10, 2009

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

Re: Legacy Loans Program

Dear Mr. Feldman:

Based upon the FDIC request to provide comment regarding the Public-Private Investment Fund ("PPIF") for the Legacy Loans Program ("LLP"), below are responses to certain questions provided by the FDIC.

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?*

   Initially, the LLP should focus on all loans secured by real estate, including in-substance foreclosures and real estate owned. As the program develops, additional non real estate assets should also be considered for the loan pools.

5. *How can the FDIC best encourage a broad and diverse range of investment participation? How can the FDIC best structure the valuation and bidding process to motivate sellers to bring assets to the PPIF?*

   The FDIC can best encourage participation by preparing a broad array of loan pools, in terms of size and geography, in an effort to provide choices for large and small investors.

   It is important to note the Selling Bank must have the right to set a minimum bid price in order to guarantee a reasonable expected price. If Selling Banks do not have the ability to retain the loans if the minimum bid is not met, the impact on capital could be significant. In an effort to mitigate the risk of not having a minimum bid established, Selling Banks would only contribute loans in small increments. This would discourage large movement of assets. If the bid fails to meet the reserve price, and the transaction does not take place, the Selling Bank should not be required to write down that pool of loans. Additionally, the Selling Bank should not be required to write down similar loans not offered for sale. Such requirements would result in unwarranted reductions in capital, particularly if those assets continue to cash flow.

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? 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?*

    The first preference is for the PPIF to pay cash in exchange for the loan pools. However, if this is not feasible due to the nature of the transaction, a note would be acceptable, provided the notes contain market repayment structures and rates and that a sufficient secondary market for such notes exists in order to allow the Selling Bank to sell the note to replenish capital and increase lending.

13. *Should the program permit multiple selling banks to pool assets for sale? 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?*

    Multiple banks should be permitted to pool assets in order to provide additional diversification to attract a broader range of investors. The assets should be similar in product type and size of loans. The Selling Bank in the pool should be permitted to withdraw their assets in the event their minimum bid price is not met.

16. *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?*

    During the transition period, the Selling Bank should be compensated for interim servicing. After the transition, investors should have the right to manage and service the assets as they see fit.

All program guidelines should be clearly communicated and properly disclosed to participants prior to entry into the program. Assurances should be given that no retroactive modifications will be made.

Thank you for the opportunity provided by the FDIC to express views related to the Legacy Loans Program.

Sincerely,

Clarke R. Starnes, III
Chief Credit Officer
Senior Executive Vice President