From: Harlem Tenants Against Tahl Propp [mailto:HTATP@googlegroups.com]
Sent: Friday, April 10, 2009 3:24 PM
To: Harlem Tenants Against Tahl Propp
Cc: LLPComments
Subject: To FDIC: Request for comments on Legacy Loans Program

To FDIC:

We are writing in regard to FDIC's request for comments on the proposed plan for Public-Private Investment Funds (PPIFs) and the Legacy Loan Program.

We are Harlem Tenants Against Tahl-Propp (HTATP), a growing coalition of tenants who share the misfortune of living in buildings owned by Tahl-Propp Equities, a predatory landlord who profits by making Harlem housing unaffordable and/or uninhabitable for traditional and working-class residents.

We aim to preserve affordability in this legendary community by empowering tenants to confront the lack of services, hazardous conditions, careless management, harassment, violation of codes and laws, exclusive development and unsustainable financial models that prevail in the 50+ Harlem housing buildings owned by Tahl-Propp.

One of the issues our buildings face is risky speculation, which is running Harlem's affordable housing into foreclosure. Along with New York City's Partnership to Preserve Affordable Housing (PPAH), who has also submitted comments to you, we have been focusing on this "Predatory Equity" crisis. This overzealous lending and real-estate speculation has exploded in the multifamily residential housing market in New York City during the recent real-estate boom. PPAH believes that this dangerous trend has also occurred in other high-market cities, including San Francisco, Los Angeles, Boston, Chicago, and Washington DC.

In New York City, this problem has become overwhelming; PPAH estimates that as many as 70,000 units of rental housing are at risk of disinvestment and foreclosure due to over-leveraging. The majority of these rental units are occupied by low- and middle-income families who are extremely vulnerable and who do not possess the resources to find adequate housing if this crisis leads to displacement and loss of services.

Like PPAH, we support many of the principals contained in the PPIF; however, we feel strongly that additional restrictions should be placed on this plan as it relates to assets which serve a greater public good. Specifically, we know that many of the Legacy Assets targeted for acquisition through the PPIF are connected to rental housing

occupied by low- and middle-income tenants who have been victims of Predatory Equity. This housing stock, created over decades, is home to many thousands of families, and in many areas represents a sizable portion of the total affordable housing stock.

In light of the social value connected to these assets, and in consideration of the economic vulnerability of the existing residents who occupy this housing, we urge you to consider PPAH's proposal to create a Multi-Family Preservation Program to assist with de-leveraging these assets and bring relief to hundreds of thousands of low and moderate income renters across the country. We believe this program should be guided by the following principles, as proposed by PPAH:

• Over-leveraged loans must be de-leveraged to a "fair market value." "Fair market value" indicates that such mortgages be valued utilizing assumptions that insure that the current rental income will be adequate for the proper operation and maintenance of the property, along with reasonable reserve payments and debt service.

• On properties where debt does not meet the "fair market value" test, lenders will be required to perform a physical inspection of the asset in consultation with HUD or a HUD-designated unit of local government. A failed physical inspection will trigger a "regulatory default" and the property should be placed into foreclosure.

• If borrowers are in financial default, lenders should be compelled to seek swift foreclosure actions.

• In the event that a loan modification is negotiated which results in debt forgiveness for an existing borrower or a preservation purchaser, they should be required to enter into a long term useagreement with HUD, or a HUD designated unit of local government, that ensures the long-term financial health, physical integrity, and affordability of the mortgaged property.

• In all cases, final disposition of this targeted housing stock must include protections for renters and use restrictions to ensure the long-term financial and physical health of the properties.

In an effort to achieve these outcomes, the FDIC may consider creating a special purpose entity to carve out these assets, and resell them pursuant to the principles stated above. This would be similar to the Resolution Trust Corporation used in the clean-up the savings and loan problems of the late 1980's.

If you wish to discuss these comments, you may contact Dina Levy at the Urban Homesteading Assistance Board, 212 479-3302, or Patrick Coleman at Tenants & Neighbors, 212 608-4320 x306. (These two organizations are part of PPAH, and they assist HTATP.)

Thank you for the opportunity to submit comments.

Sincerely,
Harlem Tenants Against Tahl-Propp