From: LAWRENCE ODELL [mailto:lawrence.odell@firstbankpr.com]
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To: LLPComments
Subject: Comments of the LLP Proram

On behalf of FirstBank Puerto Rico, these are our comments:

1). The LLP program should first focus on residential construction loan, residential mortgage loans and commercial real estate loans. FirstBank's interest is first selling residential construction loan, land loans and commercial real estate loans.

2). The initial investors should have the right to pledge, sell or transfer their intererest in the PPIF, subject to FDIC approval.

3). The government's equity participation should be determined on a case by case basis. The lower the quality of the assets acquired should command higher returns required for the private investors. In this case, to the extent the goverment expects lower returns than that of private investors , its participation may need to be larger. The impact of the government's investment in the PPIF depends on the internal rate of returns in would be expecting.

4). There is no reason why the private investor's indentity should not be made publicly available.

5). The LLP auction process looks adequate. However, banks will only be motivated to sell to the extent they bleive they are getting a non-distressed price for their assets.

6). It would appear the a dutch auction will complicate the process. The auction process should be oriented to attracting private investors that are familiar with the economic environment and geographical particularities of the laocation at which the loans were granted.

7). Priority should be given to residential construction loans.

8). We don't think there is any "optimal size", but there should not be a mixture of consumer loans with construction or commercial real estate backed loans.

9). The private investor would probably be looking at maturities on the note beween 5 to 7 years, paying interest only and principal at maturity.

10). The selling bank would probably prefer cash, but may take debt along with cash if the debt had an equity component so that it may benefit from an upside. It does not seem viable in the current environment that a PPIF would have the capability of accessing the public debt market.

11. It seems fairr that the FDIC' s fee for its guarantee have some variation based on the characteristics of the loan pool in the PPIF.

12). It does not appear that the intent of the program, which is financial assistance, is to provide that the FDIC increase its equity investment if the returns exceed a trigger point.

13). We think the program would work more effectively if each selling bank had its separate PPIF. This would be added protection for smaller banks.

14). To the extent each selling bank has its own PPIF, conflicts of interest would be avoided.

15). The role of the government in the selection of the asset manager is to ensure the manager has knowledge of the market and has the personnel with the proper skills and competence to manage the liquidation of the assets. The government should have an effective oversight role through committee participation and receipt of required periodic reporting by the manager.

16). The selling banks should continue to service the loans sold to the PPIF. The value of the service should be limited to the cost involved in the administration in the servicing role.

17). Data used by the independent valuation consultants should be made available to the potential sellers but not the potential bidders.

Thank you.

Lawrence Odell.