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?

Initial focus should be on legacy (pre 2008) residential and commercial mortgages to gauge success. If the program is successful, can later be expanded to include other asset backed or retail loans, subject to reserves and write offs, if further liquidity is needed. Program should not be widened to include "any" asset.

2. Should the initial investors be permitted to pledge, sell or transfer their interests in the PPIF? If so, how should the FDIC ensure that subsequent investors meet the program's criteria for investors?

Debt investors should be able to trade in the secondary market, but not Private Equity owner, since private equity owner also owns management of the portfolio. Manager needs to have skin in the game. Initial Private Equity owner can be a private equity fund, which already has investors determined when initial bid is made. Investors in bonds may have based their decision to buy bonds based upon manager selected. (although debt is guaranteed.) I am assuming that debt investors can be anyone who is appropriate to buy debt in current securities markets.

3. What is the appropriate percentage of government equity participation which will maximize returns for taxpayers while assuring integrity in the pricing by private investors? How would a higher investment percentage on the part of the government impact private investment in PPIFs? Should the amount of the government's investment depend on the type of portfolio?

As mentioned in the brief, each portfolio needs to be assessed separately and given the debt/equity public/private breakdown that is appropriate for the pool's level of risk. The Gov't should then share the Equity participation equally, not take a higher amount than the private entity. If the Gov't had a higher stake than the investment manager, bidding prices may not be as accurate.

4. Is there any reason that investors' identities should not be made publicly available?

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?

Develop a bidding platform that is safe, accessible and simple, with clear rules for participation. Sale of debt handled in the standard secondary market. Any banks currently "failing" the bank stress test should have to participate in selling assets. Also, any firm with assets that have not been "marked to market" should participate. Companies should have to take a bid, not be able to walk away if they don't like the price bid.

6. What type of auction process facilitates the broadest investor participation? Should we require investors to bid on the entire equity stake of a PPIF, or should we allow investors to bid on partial stakes in a PPIF? If the latter, would a Dutch auction process or some other structure provide the best mechanism for bridging the potential gap between what investors might bid and recoverable value? If multiple investors are allowed to bid through a Dutch auction, or similar process, how should asset management control be determined?

7. What priorities (i.e., types of assets) should the FDIC consider in deciding which pools to set for the initial PPIF auctions?

8. What are the optimal size and characteristics of a pool for a PPIF?

9. What parameters of the note and its rate structure would be essential for a potential private capital investor to know at the time of the equity auction to provide equity?

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?

Taking a note from the PPIF does not get capital flowing. Cash will have to be raised in order to meet objectives of capital flow, which means raising money. Debt could be raised publicly as well as privately. Does this really need to be guaranteed by the FDIC if there is equity participation cushion?

11. In return for its guarantee of the debt of the PPIF, the FDIC will be paid an annual fee based on the amount of debt outstanding. Should the guarantee fee be adjusted based on the risk characteristics of the underlying pool or other criteria?

Yes. I am assuming that the fee comes from this particular pool of assets, not from a wide assessment on every bank.

12. Should the program include provisions under which the government would increase its participation in any investment returns that exceed a specified trigger level? If so, what would be the appropriate level and how should that participation be structured?

If Gov't is putting up 50% of equity stake, then 50% profit should go to Gov't. If Gov't takes more than their share, could reduce incentive for Equity investors. Maybe, set some kind of fee take for the Gov't if profits exceed a certain IRR, to cover FDIC bailout costs and guarantees.

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?

Yes. Sellers could create pools of their assets and sell them individually to the manager, for compensation as priced for their pool. Manager may have to bid separately for assets from same institution if assets are inherently different.

14. What are the potential conflicts which could arise among LLP participants? What structural arrangements and safeguards should the FDIC put into place to address or mitigate those concerns?

Participants should not be institutions or related parties, who originated loans that are included in the sale or sold loans to a PPIF. Will require detailed guidelines on potential conflicts and those who will be kept from participating. Details submitted with a pool should be required to show information on originators.

15. What should the relative role of the government and private sector be in the selection and oversight of asset managers? How can the FDIC most effectively oversee asset management to protect the government's investment, while providing flexibility for working assets in a way which promotes profitability for both public and private investors?

Government should be required to ensure that asset managers have controlled processes, and transparent investment reporting. Can use 3 rd party administrators if need special reporting that manager cannot provide. There should be transparency around loan modifications and their impact. Gov't should have periodic audit of records.

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?

Wouldn't the current servicer maintain servicing responsibility collecting payments, etc, but investment manager would make foreclosure or modification decisions, utilizing the servicer to take action on the manager's decision? Most investment managers would not have capability to perform full scope of servicing, so why would they want to buy it? They could buy and transfer servicing if they did not like the current servicer.

17. Should data used by the independent valuation consultant, as well as results of such consultant's analysis, be made available to potential bidders? Should it be made available to potential sellers prior to their decision to submit assets to bid?

No

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