From: Harold J Hagen [mailto:harrys_47@yahoo.com]
Sent: Saturday, April 11, 2009 12:56 AM
To: LLPComments
Subject: FDIC Legacy Loans Program

Dear Mr. Feldman

We were encouraged by the news regarding the FDIC Legacy Loan Program and wanted to weigh-in on a few questions from the standpoint of Small Business. Below are answers to select questions.

1 Which asset categories should be eligible for sale through the LLP? Should the program initially focus on legacy real estate assets or should any asset on bank balance sheets be eligible for sale?

> To create the healthiest market conditions for selling the Legacy Loan Program, it may be beneficial for any asset on bank balance sheets to be eligible for sale. For example, a small business purchaser may not be interested in real estate debt at the moment, but would consider purchasing consumer debt.

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?

> By permitting initial investors to pledge, sell or transfer their interests, additional opportunities are created for subsequent investors. To facilitate this, the LLP agreement must include an exit strategy to allow the original investors to exit the partnership, based upon an agreed schedule. The FDIC would then take back the debt and tender revised LLPs to subsequent investors with new terms and conditions based on the latest debt valuation. Alternatively, the FDIC could also exit when the initial investor exits, and tender the next step in the process to external firms.

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?

FDIC can best encourage a broad and diverse range of investment participation by making the Legacy Loans Program accessible to Small Business and by issuing different sizes of loan pools. Small business drives the U.S. economy by providing jobs for over half of the nation's private workforce. SBA data released in 2005 showed that small businesses represented 99.7 percent of all the nation's employer businesses. Data also showed that they employed 57.4 million Americans or 50.6 percent of the non-farm private sector workforce. For example, California 's State Employment Development Department data showed in 2008 that approximately 96% of all businesses were small businesses, and **79% of those had fewer than 10 employees**.

Big business contributed to the current financial crisis. Given the opportunity, small business could be the solution to rebuild, stabilize and create a more sustainable economy for future generations.

The FDIC could create a more competitive market and foster entrepreneurial spirit by making pools of debt available to large, mid and small-sized investors. In this scenario, debt sellers would also stand a better chance to realize improved profits, rather than selling everything in "bulk".

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

Creating different loan pool sizes (eg. 3) or ranges with multiple characteristics would likely encourage both debt sales and debt investment because of increased choices in terms of suitability. For example small business might purchase $150,000 to $999,999 of debt. Mid-sized corporations might purchase $1 million to $999 million of pooled loans, and large institutions might purchase $1 billion.

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?

> Public issuance of debt would likely create a broader and more accessible market, foster increased entrepreneurship and result in fair market practices, if offered to the market at large. Perhaps both mechanisms could be implemented.

We appreciate being included in the FDIC decision making process; I hope you find these comments beneficial. Thank you very much for your time and consideration.

Harold Hagen