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**From:** Dr Housing Bubble [mailto:drhousingbubble@hotmail.com]  
**Sent:** Friday, April 10, 2009 6:54 PM  
**To:** LLPComments  
**Subject:** Legacy Loan Comments

Dear FDIC,

Let me begin by saying you are the absolute last line of defense from giving out a massive \$500 billion to \$1 trillion in handouts to the perpetrators of this financial crisis. The tentacles of the problems run deep and this legacy loan program is disingenuous to the taxpayers of America. To begin, the program is marketed as a public and private partnership but the massive downside potential is falling on the shoulders of the taxpayers. The burden is not shared. In the end, taxpayers are fronting nearly 93 percent of the risk. These loans *will* be toxic otherwise someone would be buying them up already. To put the FDIC in business of buying up toxic assets is a ploy. The FDIC should be concerned with the solvency of banking deposits and also, cleaning up failed banks. When these loans start failing as they will, the FDIC will suddenly become one of the biggest toxic mortgage holders and guess what? This would only force another bailout since we are now putting taxpayer deposits, the securest of the secure, in the mix with potentially a \$1 trillion mess in questionable loans. It is a recipe for another disaster.

The legacy loan program is flawed. It was from day one. This is the Hank Paulson plan with lipstick. Here we are again, a new year with toxic loans still festering like a rotting fruit on the sidewalk. This program is designed to over pay for assets that have no market value and propping up failed institutions who should be taken over they have failed just like all those banks that get taken over on Fridays. The FDIC should be taking over these larger institutions. Most thoughtful analysis on this program agrees that it is a boondoggle. Going forward will be a failure. The use of the FDIC is to circumvent the actual congressional process because this thing doesnt stand a chance of passing. So the FDIC is left to stop this mess. That is, do not accept the loans. That is the final step. Ultimately if this should go through and the loans fail as they will, the public will be looking at the FDIC since they will hold most of the legacy assets and ask, why didnt you do your due diligence?

Sincerely,  
Dr. Housing Bubble