From: Teela Spiller [mailto:teela@teelaspillerinc.org] **Sent:** Friday, April 10, 2009 8:07 PM
To: LLPComments **Subject:** Legacy Loans Program

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? The real estate market created issues that subsequently led to other issues involving credit – I think all assets that became toxic from the moment the real estate bubble popped going forward should be considered.

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? This principle supports the overall banking notion that you sell interest in long term debt to obtain capital to lend again. I think subsequent purchasers should follow the same criteria as primary purchasers and all should be apart of the overall program.

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? It as been discussed about the initial stage – purchasing the toxic asset and having it guaranteed. The collection of the actual debt has not been addressed. I think the government should partner with nonprofits that will help the person to whom the debt is attributable make regularly scheduled payments through a financial literacy plan that will not only address how to make sound financial decisions but also aptly prepare the person to repair their credit through the collection of these payments and form a saving account. A whole problem needs to be addressed not just part of it. It really won't matter if money is available to lend if people are not credit worthy. Reducing credit standards is the way to go, effectively considering the liquidity issue as well as the repayment issue is the most effective measure. If this is taken into account the government can then retain the highest liability because they have the repayment factor in place and they are secure even without the guarantee of the treasury.

4. Is there any reason that investors' identities should not be made publicly available? I believe that all records of this nature should be held open. Nothing should be private. Wouldn't it be interesting to note that banks would buy their own toxic assets and then profit from themselves in a circular motion. At a point when they are not able to find qualified borrowers they may opt for this investment strategy and profit from their own ailments.

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? Seller motivation is already there – they need to unload the toxic assets. The banks need to stop being coddled and forced to understand their participation in this problem. If more of them modified loans more quickly then we would not have the mass exodus we have. The foreign car makers are stepping up everyday to make workout plans for people to keep their cars – the banks should do the same thing. I think more emphasis should be on the motivation of the buyer/investor and making it easily understood. It could even start grassroot level mutual funds wherein communities bank upon their own progress and success.

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? Assets that affect the bedrock of mainstream society. Mortgages for commercial and residential real estate – but residential real estate should have highest priority. Auto loans, because people need to get to work and then some sort of moratorium on consumer debt judgments which will further weaken the credibility of the consumer. The object should be to get the people to repay and providing them with enough time to obtain suitable employment so that they can repay.

8. What are the optimal size and characteristics of a pool for a PPIF? I think the pool should be specific to region and like kind instruments. For instance, mortgages for west coast real estate for certain amounts need to be bundled apart from southern real estate bundles.

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? I think fair market value should prevail. Of course the longer the asset is retained the better the odds the overall value may rise thus producing an effective return on the investment if it is real estate related. I think all information should be available in the prospectus and the bundles should be specific to region of the country and type of asset attached to the debt.

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? That is the revolving door I spoke of earlier. This will allow the bank to profit from it's own misstep. How are you going to introduced seller financing in a situation that the seller is seeking financial assistance. The bank has a responsibility to exercise prudent judgment. The bank gambled on the credit is issued, in some instances it is the banks fault but the bank has not been sanctioned. The consumer has been penalized for making the mistake but the bank being far more intelligent in these matters should be held to the same accountability that a real estate broker would. In all transactions wherein the broker has a vested interest they must disclose this vested interest or be sanctioned. The bank had an upper hand and understood the ramifications of making highly speculative loans.

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

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? This is a capitalistic question, I think that is should consistent. If there is a loss it is not like it will increase its loss at a trigger.

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 smaller banks should be allowed to pool assets and their return should be in accordance with the amount/percent of the overall balance contributed. It should be regionally but commingle high populated areas that may experience growth rate a bit faster than rural areas that may be slower.

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? What happens when the debts are not repaid then you have this huge market of toxic assets wherein no capital was recovered to pay the debt. Careful review of the attached document will share how we might incorporate nonprofits in the collection process.

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? A mutually agreed upon committee with representatives from the government, the investor pool, the banks and the general public as well as nonprofit should convene to make determinations that will best suit the needs of all parties involved. When all affected parties meet they will bring their concerns and needs to the table, this exchange will allow them to negotiate moderate terms so that everyone's interest is protected.

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? Nonprofits should definitely be allowed to participate in the servicing of the assets. As described in the attached document, this is how we would handle the situation so that it were win/win for everyone involved. No, value is value and it is relative to the date it is assessed. You can not impose future or past value to an asset those figures are false – only current day market value prevails. The balance should not change, the people owe what they owe and should be given time to repay. In the event the person wants to sell their real estate and their balance is above market value then in certain situations accommodations can be made including job transfer. But now that modifications are happening and refinances are happening then people should be encourage to stay in their existing properties and if they chose to speculate on sale then they get what they get. It should be more about readjusting as oppose to letting people break free. If they purchased real estate we should not be responsible for their new desire to move. At some point the value will increase and the asset will be worth what is owed upon it in many instances – not all but many.

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? Yes, and the bidder should also be encouraged to obtain their own opinions of value. If the bank is in a position to keep the asset, it should but is should not sit on both sides of the fence. We need to help mainstreet and put its needs ahead of wall street and even the banks. If the bank is suffering at a loss it can not be allowed to gluttonly consider holding assets that it can not collect upon for the sake of a future rise in value. I don't think the bank should be able to profit in this circumstance. There are two culprits – the consumer and the bank. Right now the bank suffers at will, for if they were to make arrangements with the consumer then most homes would be saved cars not repossessed. The asset tied to their sophisticated bundles would be persevered and their assets would not be toxic only delinquent or on some work out plan. The objective is to collect from the consumer not create another cesspool of debt. Please carefully consider the solutions we have presented..

vaya con dios,
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