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To: LLPComments

Subject: Legacy Loans Program

I have two suggestions which I believe will help increase participation in the Legacy Loans PPIF:

Since the FDIC wants broad investor participation in the program (pension funds, mutual funds, individual investors), it should expand the prequalification criteria beyond investors with experience managing the assets on sale. As long as someone with available funds is willing to invest in these assets, they should be allowed to do so. After all, investors willing to participate would factor in their ability to manage and service the assets. To that extent, the selling banks should state their interest in servicing the assets for the lifetime of the assets (at the investor's discretion) if they are willing to do so. The bank's cost of servicing the assets can be factored into the bid by the investor.

Selling banks should set an undisclosed reserve price in consultation with their regulator as a part of the selection of assets (prior to the FDIC review and setting of debt guarantee leverage). This would be part of the banks and regulators evaluating the impact of the sale on the bank's regulatory ratios. Banks must accept a winning bid above this reserve price because the bidding investors would have invested time and money due diligence on the assets being offered for sale. Investors could add a "refusal" discount on their bids that would run lower the prices, increasing the chance of a refusal. Furthermore, the auction costs associated with a refused bid would get added to the second auction, potentially lowering the demand and bids for that as well.

Thanks,
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