From: Tricia Kosnik [mailto:tk@eaglesnestcapital.com]
Sent: Thursday, April 09, 2009 12:09 PM
To: LLPComments
Subject: Legacy Loans Program

Dear Mr. Feldman,

Eagles Nest Capital is a real estate investment and management fund focused on acquiring distressed assets in the greater NY Metro area. We appreciate the opportunity to participate in the PPIF and have drafted a series of responses to a selection of FDIC Questions on the Legacy Loans program:

In addition to these questions below, I would like to submit a proposal that the FDIC provide a mechanism for investors to notify sellers of criteria for the type of assets they wish to purchase, such as an an online questionnaire which eventually provides sellers with statistics nd reports on investor preferences. Having this information in advance should help sellers structure their pools and auctions to reach the greatest audience of potential buyers. For instance, Eagles Nest Capital is interested in purchasing distressed mortgages on multifamily and condominium developments with 12-70 units in the NY Metro area. Sellers with these assets may choose to create pools or sell off individual loans for auction to investors like us. These more targeted pools may command a higher relative price than a large, multi-region and multi-asset type pool of unknown assets.

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?

Yes, they should be able to break off pieces of the pools and sell individual loans to other investors. If the new investor is eligible for the same financing, then they should also be subject to the same eligibility criteria. If, however, the new investor is paying cash for the loan, then the new investor is not subject to FDIC regulations.

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

Because the assets are financed with taxpayer money, the investors and the amount paid should be made public. This will help price discovery in the future, enable smaller investors to determine who may have assets to sell, and also increase the public's confidence that this process is fully disclosed.

5. How can the FDIC best encourage a broad and diverse range of investment participation?

The auctions must be advertised to all interested investors, perhaps by allowing them to register on a website, and then receive emails about them. Also, the size and asset type of the auctions should vary, including single loans/assets or very small pools so that investors from all sizes can participate.

6. What type of auction process facilitates the broadest investor participation?
The general size and type of assets involved in the auction should be announced to all registered investors via email. Investors can then register for the auction itself, and submit their application to be approved. Once approved, sellers should provide these investors with a package of information on the assets. Investors should have a 1-2 week period to perform due diligence on the assets before the auction.

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?

Investors should bid as a single entity. However, to allow for all sizes of investors to participate, small pools (grouped by geography and property type) and individual loans should be offered ($5M - $50M range).

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?

The amount paid for each pool (and thus the amount guaranteed) should reflect the amount of risk involved. High risk assets will be purchased for a lower percentage of face value, and thus the FDIC is guaranteeing a relatively smaller amount for these risky assets. Therefore, the fee can be consistent across pools.

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?

No, this may be a disincentive for investors to purchase the riskier assets.

Regards,

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