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To: LLPComments
Subject: Today Call and comments

Thank you very much for today's call. My name is David Oliner and I'm with WHL Capital – a prospective loan buyer. I'm reachable at 917 327 1066

My comments on the program are:

1) Sellers should either be obligated to sell assets once they have agreed to commence with the program or they should provide and FDIC should publish reserve prices. Given that the greatest impediment to increased loan sales volume in the market already has been the wide bid/ask gap between buyers and sellers, it will be important that prospective buyers do not see the PPIP program as a very expensive and time consuming pricing exercise. Prospective participants will not likely participate in more than one or two bids if it turns out that portfolios are not ultimately sold because of unrealistic and unpublished reserve prices.
2) In order to make the financings viable, term on the financings must be adequate to fully resolve a portfolio. The Mortgage REIT sector has been devastated by the lack of term match financings. Loan terms must be adequate to anticipate a variety of loan resolutions including extended bankruptcies etc. Likely need to include full loan term if assets are performing (but subject to a likely maturity default) plus a 2 or 3 year tail.
3) Financings should be taken back by the selling institution or directly sold by the FDIC into the market. Only the most sophisticated buyers will have the capacity to understand and underwrite the process and risk of placing this debt.
4) FDIC will need to qualify the asset management capability of buyers – in effect buyers will need to be affiliated with approved asset managers. A lack of such experience may result in reduced recoveries, not just from poor decision making but in the form of massive lender liability exposures.