From: Jim Mostofi [mailto:Jmostofi@sndirect.com]
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To: LLPComments
Subject: Legacy Loan Program

1. Sellers and their affiliates should be limited from participating in purchasing of Loans to avoid potential for shifting toxic assets from initial lender to taxpayers at inflated (non-market) values.
   - Selling Lenders can sell its loans at near book value (reducing any immediate financial impact) to itself (or its affiliate).
   - Funds for the purchase will be in the form of small portion of Selling Lender's equity matched by taxpayer equity and taxpayer guaranteed non-recourse loan.
   - Effect would be reduce Selling Lender's risk of loan to the amount of equity contributed by Selling Lender for purchase and to ultimately shift the vast majority of a toxic asset to the taxpayers.
   - Would also distort the real market for the Loans because Selling Lenders would have significant incentive to sell (and purchase) at high valuation to minimize capital charge.
2. Loans should be parsed in to groups by **geography** and **type** to allow for local knowledge of real estate and local markets to obtain what they know and want.

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