
From: alvin granoff [mailto:argranoff@yahoo.com]
Sent: Tuesday, March 31, 2009 1:12 PM
To: LLPComments
Subject: comments on legacy loan program.

I am looking forward to putting together an international consortium to take part as investors in the proposed legacy loan program. My comments below are from my perspective as an investor but also as a former six term member of the Texas House of Representatives and someone who has a good feeling for public perceptions in the operations of government.

I will respond to most of your questions by number below;

1/I believe to achieve maximum price you should separate real estate assets from other bank assets but both should move forward expeditiously.

2/I think it would be a political disaster to allow large financial groups to buy big portfolios and flip them to each other. In fact this type of inside dealing between large financial institutions, hedge funds etc is the cause of much of the over leveraging in today's market. However subsets of the portfolio should be able to be sold off with FDIC approval.

3/The amount of government participation could vary according to type of portfolio but should remain between 5-10% of price

4/The time for secrecy in Wall Street is over by popular demand. All identities should be made available to the public.

5/The most important way to have more investor participation is to not limit pools of assets to over one billion dollars. I noted in the questionnaire that categories were 1-5B or 5-10B or above. It is important that pools of assets especially real estate assets should in many instances be in 50-100M original loan pools to encourage greater participation. Also, and very importantly, if bidding is limited to over one billion dollar pools the public will see the process as only for the existing fat cats on wall street including the existing hedge funds and others and not be an inclusive process. And clearly the FDIC will have to play tough with the banks to force them to sell what are not performing assets.

6,7,8/I believe it is critical that whichever process is used pools in the

amount of 100M original loan amount be viable.

9/ I think clarity is most important. Rules and rate structure should be very clear with a level playing field for everyone. Once again the perception of inside deals for Wall Street fat cats would be very damaging to the process.

11/ I do believe guaranty fees should be adjusted based on risk, but again clarity is critical.

13/I dont think there is anything wrong with pooling assets between banks as long as pools are small enough to extend the amount of investor participation. Making every pool billions of dollars will minimize involvement and damage public perception.

15/I believe the program must let the private sector deal with asset management in a way that adjusts to changing needs. Getting too specific on who can manage assets will force the assets to fall into only established management companies that had failed in the recent past. Investors need to be able to create new management arrangements as needed with FDIC approval.

17/I tend to believe open information is always best and avoids problems.

Thanks for taking the time to read these comments. I look forward to being able to take part in the Legacy Loan Program.

Alvin Granoff