

---

**From:** Michael Bigger [mailto:mbigger@biggercapital.com]  
**Sent:** Monday, April 06, 2009 6:48 AM  
**To:** LLPComments  
**Cc:** 'Michael Bigger'  
**Subject:** Legacy Loans Program

Our comments follow:

1. Which asset categories should be eligible for sale through the LLP? Should the program initially focus only on legacy real estate assets or should any asset on bank balance sheets be eligible for sale? Are there specific portfolios where there would be more or less interest in selling through the LLP?

***Everything on the bank balance sheet should be included. Don't forget student loans.***

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. Subsequent investors should meet the program's initial inclusion criteria.***

3. What is the appropriate percentage of government equity participation which will maximize returns for taxpayers while assuring integrity in the pricing by private investors? How would a higher investment percentage on the part of the government impact private investment in PPIFs? Should the amount of the government's investment depend on the type of portfolio?

***50%. It would discourage participation in our opinion. No.***

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

***Yes, we know what happened to the AIG's executives which addresses were disclosed to the public.***

5. How can the FDIC best encourage a broad and diverse range of investment participation? How can the FDIC best structure the valuation and bidding process to motivate sellers to bring assets to the PPIF?

***No comment***

6. What type of auction process facilitates the broadest investor participation? 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? If the latter, would a Dutch auction process or some other structure provide the best mechanism for bridging the potential gap between what investors might bid and recoverable value? If multiple investors are allowed to bid through a Dutch auction, or similar process, how should asset management control be determined?

***The Dutch auction process should facilitate the participation by small, veteran-, minority and women- owned firm. Asset management control should be based on cost, fairness, merit and skill.***

7. What priorities (i.e., types of assets) should the FDIC consider in deciding which pools to set for the initial PPIF auctions?

***No comment***

8. What are the optimal size and characteristics of a pool for a PPIF?

***The optimal size should the participation by small, veteran-, minority and women- owned firm.***

9. What parameters of the note and its rate structure would be essential for a potential private capital investor to know at the time of the equity auction to provide equity?

***Everything that is needed to determine its fair value. Use what the FED, FDIC and Treasury use for determining fair value.***

10. Would it be preferable for the selling bank to take a note from the PPIF in exchange for the pool of loans and other assets that it sells? Alternatively, what would be the advantages and disadvantages of structuring the program so that the PPIF issues debt publicly in order to pay cash to the selling bank? Would a public issuance of debt by the PPIF limit its flexibility compared to the issuance of a note to a selling bank?

***Yes. PPIF issuing debt directly will increase cost to PPIF. Yes, resource wise.***

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?

***It should be priced to facilitate the transaction. Price discovery should reassure the FDIC that the assets are priced fairly with minimum risk to the guarantee.***

12. 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..***

13. Should the program permit multiple selling banks to pool assets for sale? If so, what constraints should be applied to such pooling arrangements? How can the PPIF structure equitably accommodate participation by smaller institutions? Under what process would proceeds be allocated to selling banks if they pool assets?

***No comments.***

14. What are the potential conflicts which could arise among LLP participants? What structural arrangements and safeguards should the FDIC put into place to address or mitigate those concerns?

**No comments.**

15. What should the relative role of the government and private sector be in the selection and oversight of asset managers? How can the FDIC most effectively oversee asset management to protect the government's investment, while providing flexibility for working assets in a way which promotes profitability for both public and private investors?

***A manager with skin in the game is a better asset manager.***

16. How should on-going servicing requirements of underlying assets be sold to a PPIF and paid for? Should value be separately attributed to control of the servicing rights?

**No comment.**

17. Should data used by the independent valuation consultant, as well as results of such consultant's analysis, be made available to potential bidders? Should it be made available to potential sellers prior to their decision to submit assets to bid?

***Yes. No, they are in the business of pricing these assets. In a transaction, the advantage is usually to the seller and this information would increase this advantage.***

Kind Regard,

Michael Bigger

Bigger Capital, LLC