
From: Jeff Grogin [mailto:jeff.grogin@pnmac.com]
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To: LLPComments
Subject: Legacy Loans Program – Public Comments

Legacy Loans Program Public Comments from PennyMac

Thank you for the opportunity to post comments. Private National Mortgage Acceptance Company, LLC (**PennyMac**) is a specialty financial services firm created to address the dislocations in the U.S. mortgage market. PennyMacs focus is acquiring and managing residential whole loans on behalf of private investors. PennyMac has two operating subsidiaries: PNMAC Capital Management, LLC, an SEC-registered investment advisor, and PennyMac Loan Services, LLC, which conducts residential loan servicing, origination, and fulfillment activities. The company is managed by a team of mortgage industry veterans. PennyMacs strategic partners are BlackRock and Highfields Capital.

Qualification

In general, we suggest a Master Qualification program so that once qualified, a bidder can update or re-affirm their qualifications. For asset managers and servicers, we suggest a two-tiered qualification. First, there would be general qualification requirements, such as approved GSE seller/servicer; and second, there would be deal-specific requirements relating to the qualities in the pool offered for sale. A list of approved servicers should be made publicly available. This

would help potential investors that do not have servicing capabilities to align themselves with approved servicers and make the investor base as broad as possible.

Servicing Released

We believe all pools should be offered servicing released so that each investor can choose their preferred asset manager and servicer. There is every reason to believe that these choices will greatly impact the value of the assets going forward.

Management & Servicing Fees

Presumably, these fees will be at the very top of the waterfall and therefore, FDIC should set out a maximum fee structure for each offered pool to protect the debt and equity holders below.

Permissible Modification

Ideally, permissible modification rules will not significantly change after a sale. However, if changes are made to the government modification program that negatively affect value, then the guaranty or the governments return should share in the negative change. This is analogous to the government warrants allowing the government to share in unusual positive valuation changes.

Licensing

Several states purport to license owners of mortgage assets. Federal assistance in seeking exemptions or other relief in this area will lessen the compliance burden of bidding.

Debt Structure

Relating the cash flow of a particular pool to the incurred debt is obviously important. We have previously submitted a proposed structure utilizing a reserve which protects note holders while following cash flows. Please consider that structure.

Authority of Manager

The Asset Manager should have the ability to take all actions that will produce the greatest net principal value for any loan. The manager must demonstrate and document that its initiatives do not negatively impact the debt and equity holders.

Thank you again for considering these comments.

Sincerely,

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