

From: Skip Kaltenheuser [mailto:kaltenheuser@verizon.net]  
Sent: Thursday, March 26, 2009 1:27 PM  
To: LLPComments  
Subject: Legacy Loans Program comment

March 26th, 2009  
Re: Legacy Loans Program

Dear Chairman Bair,

During the conference call, I didn't hear any attention paid to a potential impact of the program that is of keen interest to a number of bank customers, and perhaps to agencies and legislators looking out for their interests.

Some bank customers have very real grievances involving banks that are foreclosing on the bank customers' properties, not just in homeowner situations but also commercial loans that involve tying up a home or a farm or other property. Those grievances may originate in bad banking practices that were instrumental in putting a bank customer in the position of foreclosure, and in some cases stem from misinformation and misrepresentations from a bank, and from violations of fiduciary duties that were relied upon by bank customers.

Customers may have filed lawsuits against banks that have wronged them, and be in the process of struggling to stop foreclosure on their properties until they get their day in court. Once the property is foreclosed on, or shifted to another entity's control, such as under the program the FDIC is proposing, there may in fact be no practical remedy that makes the customer whole or anywhere near it. This is particularly so if there is a problem bank involved, a bank that might already be under pressure to foreclose on and sell properties, regardless of whether the affected bank customer has legitimate grievances against the bank.

Is any thought being given to criteria by which bank customers with legitimate claims against banks, particularly problem banks, can ask that their properties be precluded from getting lumped in with assets acquired under the program, in order to allow legal actions and negotiations to run their course? Aggrieved bank customers should not lose the opportunity to pursue their rights against the offending banks in ways that are meaningful. Customers in this situation should not be disadvantaged by the program, or pressured by banks that can simply use the program to lateral legal challenges to another entity to deal with, removing legitimate leverage a customer otherwise might have had in dealing with the offending bank.

It would be a tremendous injustice if bank customers with legitimate grievances and actions against problem banks were penalized by programs such as the one proposed, perhaps losing family farms or

other critical assets, while banks that have responsibility for causing problems are removed from having to negotiate a proper outcome with bank customers who have been wronged.

For that matter, is enough thought being given to customers trying to pursue grievances against a bank if that bank is taken over? I realize that is not within the Legacy Loans Program, but the concerns over fairness and recourse are similar.

The basic concepts behind your proposed program sound laudable. But as you refine it, please give considerable thought to what impacts this and other programs will have on bank customers struggling to save their assets when they have legitimate complaints over unethical practices against banks that are foreclosing on them. Perhaps a different category for such loans can be created that holds them away from the program, providing a measure of protection to bank customers while they pursue their rights against offending banks. I hope the US government will do all it can to avoid placing aggrieved individuals and families, who already face an uphill battle against banks, at an even greater disadvantage.

Thank you,

Skip Kaltenheuser

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