
From: Phil Dandridge [mailto:pdandridge@associatesassetmanagement.com]
Sent: Tuesday, April 07, 2009 4:20 PM
To: LLPComments
Subject: Legacy Loans Program

My firm, Associates Asset Management, LLC (“AAM”) has been an active participant in owning and managing distressed residential mortgage loans since our inception in 2007. My partners and I are looking forward to participating in the Legacy Loans Program. AAM believes each PPIF should have the following characteristics in order to create the greatest amount of value to all participants and to enable the FDIC and Treasury to realize the program’s goals:

In order to obtain the highest prices and broadest participation from investors, the pool size should be no more than \$5MM to \$10MM of the unpaid principal balance of the loans in each pool.

Selling banks should be required to sell all assets which receive a bid. This will ensure investors do not expend time and resources on transactions that will not close. Selling banks can be protected by setting a floor that is provided to the participating bidders.

To preclude “gaming” the program, no selling banks should be allowed to participate as an investor.

The selling banks should take a FDIC guaranteed note back from the PPIF. This structure will allow the quickest, most efficient and lowest cost method of closing individual purchases of the troubled assets by the investors.

The FDIC guaranteed loans should be fixed rate obligations of the PPIF.

All loans should be sold to the investors on a service released basis. If the investor does not have the ability to service the loans, they will be able to obtain those services outside of the PPIF. Lack of ability to service the loans should raise a “red flag” regarding the investor’s ability to repay the loan and provide a reasonable return to the Treasury.

The private equity should have the ability to make all decisions regarding managing and servicing the loans they purchase.

The private equity and Treasury should receive an equal division of all profits from each pool.

Regards,

Phil Dandridge
Associates Asset Management