
From: chernerjc@aol.com [mailto:chernerjc@aol.com]

Sent: Friday, April 10, 2009 10:19 AM

To: LLPComments

Subject: Legacy Loan Program - Comment

Ladies and Gentlemen:

I have two comments on the Legacy Loan Program in response to your request for public comments.

Regarding Question 6 concerning how to facilitate the broadest possible participation in the program, please consider that it is vital that the auctions also be open to any distressed investors and not just the proposed PPIFs.

While outside investors, like hedge funds and others, should not necessarily have access to the FDIC guaranteed debt, they should certainly be allowed to enter all cash offers on a competitive basis with the proposed PPIFs (there is no reason to preclude non-participants in the PPIF program from bidding on the assets).

In order to insure the fairest possible price for the pools of Eligible Assets, it is vital that the government not create an artificially closed auction, but that it instead open the process to all interested bidders, even those that do not involve government investment or loans.

Regarding Question 16 on the servicing of the loan pools, the winning bidder must have the right to require the Participant Bank to transfer the servicing to either the winning bidder or to a qualified entity designated by the winning bidder. Leaving the servicing with the Participant Bank may create many adverse consequences including, without limitation, conflicts of interests between the interests of the Participant Bank, which may have other relationships with the borrowers under the Eligible Assets, and the PPIF or other winning bidder seeking to maximize its return on its investment (and minimizing the cost to the FDIC in terms of loan guarantees). Allowing the Participant Bank to retain the servicing is not in the best interest of the program.

Thank you for your request for public comment.
Sincerely,

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