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To: LLPComments
Subject: Legacy Loan Program Comments

We have three general comments

We have heard some comments about raising the equity capital either after the bidding process or after the pool is put out for a possible sale. We would recommend that the approved investors (and bidders) have the capital available to close the sale prior to the start of any bid process and part of the approval process is that all interested bidders show proof of that capital. An additional thought is to allow a sufficient time period between a bid announcement and the bid date in order for approved potential bidders to raise new capital or enact capital calls.

In order to make sure that investors stay interested in the process there should be a reserve price set and released to bidders/investors at the bid announcement date and the selling institution would be required to sell the pool at or above the reserve price at the conclusion of the auction. Bidders incur significant expense in bid preparation and will quickly decide not to participate in sales if they believe sellers have unrealistic price expectations. A disclosed reserve price enables bidders to make an up-front assessment of the probability of a pool being sold and will maximize bidder participation over the long-term.

We would recommend that outside parties involved in the process be allowed to play multiple roles as long as there is no direct conflict. For example, if FDIC Contractor A did the valuation on Loan Pool B from Bank B they or their affiliates would not be allowed to bid or invest in Loan Pool B, however they or their affiliates would be allowed to bid or invest in Pool C from Bank C as long as contractor A had no connections to Pool C or Bank C. As many potential bidders have multiple capabilities allowing them to participate when they are not conflicted will result in a larger pool of potential investors.

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