## Morris, Manning & Martin, LLP

## **Legacy Loans Program**



FDIC hires to analyze pool and determine amount of debt

"Eligible Asset Pool" (Loan Assets)

Guaranty of PPIF Debt (not to exceed 6/1 Debt to Equity Ratio)  Security Interest in Pool to secure Guarantee
 Agrand Administrate

**FDIC** 

 Annual Administrative Fee and Guarantee Fee

At least 50% equity

Agreement

allocating Costs

50% or less

Equity (warrants)

Conducts

Financing

auction for Pool

& Committed

Eligible Private Investors

(High Bidder)

**U.S. TREASURY** 

("UST")

## Participant Bank

Insured Bank, Thrift or other Depository Institution

"Purchase Money Loan" by Participant Bank:

- FDIC Guarantee
- Can resell to third party

 PPIF purchases Pool if high bid accepted by Bank for cash and/or FDIC Guaranteed Debt (senior to equity)

 Holdback of portion of purchase price until DSCA fully funded from cash flow Asset Manager/Servicer
(approved by FDIC)

Public-Private

**Investment Fund** 

("PPIF")

Pool managed by Private Investors using Asset Manager

- FDIC oversight
- FDIC guarantees debt issued by PPIF to fund purchase
- Debt Service Coverage Account ("DSCA") to be funded upon acquisition
- · Participant Bank may remain as Servicer

Can join with other investors before bidding

• Cannot be affiliated with Participant Bank

• Refundable Cash Deposit of 5% of Bid