Subject: Leverage & Risk-Based Capital Rules

Date: Sep 30, 2008
Proposal: Risk-Based Capital Guidelines; Leverage Capital Guidelines Document ID: R-1332 Document Version: 1 Release Date: 09/19/2008 Name: aaron perez Affiliation: Category of Affiliation: Address: 10606 ella lee ln City: houston State: TX Country: UNITED STATES Zip: 77042 PostalCode: 77042
Comments: I am a resident and home owner in your district. I know this will sound silly at first, the thought of an individual suggesting a possible solution to our financial crisis. If I have it right the 700 billion dollar bailout was actually not giving anything to banks. It would remove mortgages that are valued far below their face value by purchasing them and reselling them as the housing market rebounds. This would come with some restrictions to the banks and loses would be guaranteed by the banks in form of warrants. The reason this is needed is to reduce the incredible amount of reserves the banks have to carry and pay interest on and allow them to loan this money and make interest. It makes a lot of sense and would work. Logically I am for this plan but the ethical side of me wants no part of it until I understand as a stock holder, investor in retirement and employed citizen I am the one who sustains the loss if we don't fix the probl em. My suggestion is simple but would satisfy all the objectives stated by Bernanke and Paulson and cost the tax payer little or nothing. Create a fund $70 billion dollars Insure mortgages for 40 cents on the dollar for a small premium. All insured mortgages debt would be decreased by 40% until actual gain or loss due to insurance giving all banks participating immediate 40 % cash to loan. Private firms who wish to buy these mortgages would be able to participate in program for same premium Future mortgages could be insured by same fund at 40 % for premium preventing future mortgage related crisis Fund would Generate revenue and when $70 billion in premiums reached $70 billion returned to Tax budget. Never insure more than 40 % property will always average higher than 40 % loan value. for future loans have strict requirements for insurance. This would have a quicker effect on the banks lending capabilities, would shore up their books, ease investors fears and increase capital ratios across the board. It would set a floor for value of these mortgages and encourage private investors to purchase these mortgages due to minimal risk because of ability to insure them. If this somehow falls on ears that listen and the right people review and enact this plan I would appreciate recognition and perhaps to be debt free for my contribution. Sincerely yours Aaron Perez