
From: jerome brick [mailto:brick840@cascadeaccess.com]

Sent: Monday, April 06, 2009 12:51 PM

To: LLPComments

Subject: Re Legacy Loan Program

First may I express my extreme dissapointment in the bank regulatory apparatus that allowed this calamity to occur in the first place. The whole sorry affair represents an unfortunate lapse of regulatory oversight that our banking system should be overrun with toxic assets. That having been said, may I offer my insights to your LLP program.

The FDIC has no responsibility to prop up banks that have acted imprudently and loaded up their balance sheets with bad assets - even if said banks are deemed to be to big to fail (TBTF). That whole concept of TBTF needs to be re-evaluated based on current circumstances because the actions you are now taking are putting our entire economy at risk. I think the AIG fiasco should be ample evidence that TBTF is an outmoded concept. The moral hazard that has been introduced with TBTF has been a far worse consequence.

The FDIC has one, and only one, mission and that is to maintain a sound banking system and to protect the bank insurance fund from depletion. It is not the purpose of the FDIC tp prop up the housing market and/or keep people in their homes. If homes are overpriced, then prices must come down. If a debtor is over-extended and cannot afford the home he has purchased, then he must downsize or rent a more affordable dwelling. The market is the best mechanism to bring these adjustments about - not government intervention and manipulation.

If it is the mission of the LLP to free up bank reserves and get banks lending again, then it is a fool's errand. Our society has been on a 25 year credit binge that has brought us to our current grief. The LLP will only perpetuate the unsustainable path we have been on and attempt to cover up the errors of the past. We have ample credit facilities available for creditworthy borrowers.

We need to cleanse our banking system of bad debts and get back to a credit allocation system based on sound credit principles. To this end I would propose that insolvent bank's be identified, competent asset managers and liquidators be retained to cull bad assets from the good and salvageable assets, and the good business franchises and assets sold off for maximum value to the government. The government hasn't been very good at performing these tasks in the past, but who knows, there are plenty of unemployed bankers out there who may be up to the task.

GOOD LUCK.

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