Subject: Exemption of Securities Financing Transactions

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Proposal: Transactions Between Member Banks and Their Affiliates: Exemption for Certain Securities Financing Transactions Between a Member Bank and an Affiliate Document ID: R-1330 Document Version: 1 Release Date: 09/14/2008 Name: FREDERICH C VOELKER Affiliation: CEO, THE VENTUREBANC, INC Category of Affiliation: Other Address: 1755 CENTRAL 'I' City: DENVER State: CO Country: Zip: 80211 PostalCode:
Comments: DR. BEN S. BERNANKE CC Mr. Henry Paulson, Secretary US Treasury HOW TO GET OUT OF THE CURRENT 'MORTGAGE CRISIS" – WITHOUT A " BAIL OUT, " FROM CONGRESS. To : Mssr'.s Ben Bernacke, FEDERAL RESERVE BOARD and Henry Paulson , US TREASURY The uncertainty remaining AFTER the "Proposed Bailout" is the real problem, not the acute risk of the proposed Bail Out to the American taxpayer in the short term. I am presenting here a 'package of financing solutions' that are somewhat simple, and would produce ALL of the 'desired results' in the financial markets, instantly ameliorate the current subprime 'mortgage crisis, and completely restore confidence in all US mortgage paper (both "ARM" and "fixed"). You (the FED) have publicly stated your goal of : "In close collaboration with the Treasury and the Securities and Exchange Commission, we have been in ongoing discussions with market participants, including through the weekend, "identify potential market vulnerabilities in the wake of an unwinding of a major financial institution and to consider appropriate official sector and private sector responses," Well , you are in the unique position-in concert with the US Treasury to re-assert confidence and build repair damage(s) , and build a new much firmer, and reality-based foundation going forward in mortgage backed securities. But the Bail Out will NOT do that , in the long term, as 'vulnerabilities" are both exist ant and rampant, going forward, in both the ARM markets, and the performing components of "stated income loans" (sub prime) – both ARM , and fixed. I would suggest you consider the following 'three part plan': Part 1. 1) Take the ENTIRE existing mortgage pool - both fixed and ARM, and offer a ONE TIME SURRENDER of each and every mortgage into a US Government (obligation) debt instrument, Priced at a 10% discount to the holder's current mortgage, and at an interest rate of 1% for the next 12 months , 3% for the next 12 months and 5% thereafter . Re-price all mortgages for a term of 35 years. Let the (US) banks get a 25 basis point fee' for processing the surrender and conversion of all mortgages. This in effect would: 1) give every mortgage holder a net 10% increase in their underlying equity; thusly providing equity 'skin in the game' for the "stated income loans"; and "more skin in the game', for the rest of the mortgage pool. 2) give every mortgage holder both debt relief, substantial reduction of monthly expenditures (probably 20%), and immediate increased disposable income/liquidity, for every mortgage holder in the US. 3) eliminate the uncertainty in the ARM market going forward (as it would all be "fixed" now). 4) instill additional certainty and confidence into the fixed market , going forward. 3) incentivize each and every mortgage holder to pay his monthly mortgage henceforth. 4) restore and bolster confidence to the entire US mortgage backed portfolio. 5) be an immediate positive "JOLT" to the US Economy. 6,) stop the decline of US Real Estate values, immediately. Part 2 is puts the" double –positive- whammy" on the whole thing: Part 2. 1) each and every US mortgage holder- residential or commercial, is offered a one time TAX Credit for of up to a 50% pay-down of their current mortgage, i.e. for a $500,000 mortgage, they could pay up to 50% against it , and get a $250,000 write off against gross income, personal or corporate. This would : 1) flush the entire banking system and mortgage pools, with CASH. 2) Make US mortgage –backed paper significantly more solid , as debt to equity ratios plummet. 3) Put the coup de grace on the real estate 'bear market". 4) Make the $700B 'Bail Out', completely unnecessary. Part 3: HOW THE ENTIRE (ABOVE) SCENARIO WOULD COST NOTHING : The counter balancing, quid pro quo would be: 1) a suspension of mortgage interest payments deductions- both personal and corporate- against gross income – for the 5 years. 2) A suspension of ANY home sale capital gains tax exemption for three years. This would balance out (plus or minus about 5%, in rough numbers) the entire program. I tender the forgoing for your consideration, as a viable alternative to the "BAIL OUT", currently under consideration, as it would be completely unnecessary. VERY TRULY YOURS, FRITZ C. VOELKER, CEO THE VENTUREBANC , INC. DENVER, COLORADO