

From: Dorothy Kraemer <dorothykraemer@yahoo.com>  
Sent: Tuesday, May 31, 2011 11:36 PM  
To: !FHFA REG-COMMENTS  
Subject: Comments regarding RIN 2590-AA42

I live in a fairly middle class community where we once did not have homeless children and people lined up at food pantries. Now we do.

Wall Street greed and outrageous pay practices were a major cause of the economic collapse and the ensuing joblessness and home foreclosures. Changing incentives for people in banking and finance. It is overdue time to change the pay incentives to promote honest, safe practices rather than short-term profits.

Currently, most bankers receive stock options. So if they can generate more profits, the stock price goes up, and their options become more valuable.

Instead, what if they used the bank's bond price, which measures the overall ability of the bank to repay its own debt? Another measure of bank stability is the spread on credit default swaps (the insurance-like policies that are essentially bets, where one gambler bets with another that a particular firm will fail). The closer a bank comes to failing (such as in failing to pay of its bond debt), the bigger the spread on credit default swaps.

Thank you for considering my comment,

Dorothy Kraemer

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