Federal Deposit Insurance Corporation

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To Whom It May Concern,

I have often wondered about the "fairness" of certain municipal property tax assessments that, in my opinion, played a significant role (among many others, of course) in well-known events in the housing market, which, in turn, naturally conducted their broader implications in the stability of the currency.

As a thought experiment, I often wonder about the prudence of the following:

A) That the FDIC offer banks a separate, **discounted** insurance premium (dollar-for-dollar) for a **qualifying portion** of that bank's deposits. The **qualifying portion** would be calculated as that which corresponds to the **same proportion** of those mortgages & home loans on its balance sheet that meet the **qualification standards** below for the purposes of the program. (For many reasons, prior standards may continue to run concurrently for non-participating institutional customers at the higher premium—performance review purposes chief among them.)
B) The qualification standards would actually evaluate any **municipal property tax assessment procedures** levied upon the mortgaged properties, for reasons explained later. The standards would not be directly negotiated with local tax assessors, but instead offered merely as financial incentives for those institutions that write loans on properties whose **property tax *assessment procedures*** meet the standards.
C) The **qualification standards** on the assessment procedures would essentially entail the following:
    a. A progressive (or possibly even linear) tax structure, based on the assessed or appraised value of the property.
    b. The regular assessment by the relevant taxing authority, in addition to its conventional interpretation as a type of appraisal for tax liability purposes, shall also be construed as a temporary, yet binding **offer to purchase** the property in question at the assessed value. The duration of the assessment's simultaneous legal status as a binding offer to buy (under standard contract law) need not extend more than a short period of time (say, 21 days or so). Should the property owner choose to accept the tax appraisal and initiate (force) a sale to the assessing entity during this time period (a right necessarily afforded to the owner in order

for mortgages against said property to meet these qualifications), auction procedures would thereafter commence as though the properly had undergone a traditional foreclosure proceeding. Otherwise, if the owner lets the offer expire, the assessment is treated as normal, with its simultaneous status as an offer to purchase **rescinded**.

c. Properties subject to concurrent jurisdictional tax assessments might require a further degree of likewise proportionalization.

Heavily populated (urban) markets may or may not be the best places to test such a program. However, I often speculate that such a program (even if only tested in select rural or suburban markets) might have a batch of benefits for viable communities, including:

i) The program might provide incentive for participating banks and local governments to resolve regular political grievances between property owners and local governments (thereby strengthening local currency liquidity and stability).

ii) A strong incentive should naturally result (upon participation) on the part of assessors (and their respective municipalities) not to overvalue properties for tax purposes, at the severe risk of having to purchase the same properties too far above market value. Perhaps an entire new private industry for policies that insure participating municipalities against such forced purchases might be created as well, although for obvious reasons extreme care would have to be exercised to determine how such policies are funded.

iii) Trilateral interests among the homeowners, the banks, and the municipalities may be more mutually resolved if, upon such participation, the more favorable premiums might afford the banks the ability to offer higher interest rates on savings & investment vehicles, or lower rates on business or other loan products.

Inasmuch as such a seemingly strange plan might be construed by some as a conservative policy merely to provide homeowners more leverage against overzealous property tax assessments, it does bear more fundamental and meaningful interests as far as currency stabilization is concerned. The more conservative property tax assessments that would inevitably result on participating mortgages would not only improve the homeowners' personal solvencies (thereby decreasing the associated default risks), but could also greatly enhance real price transparency in the housing market itself.

Thank you for your time.

Annuit cœptis