

PUBLIC SUBMISSION

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Executive Compensation

Comment On: [HUD-2009-0076-0001](#)

Executive Compensation

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Comment Submitted by James Regna, Triad Bank

Submitter Information

General Comment

I believe the guidance on Executive Pay is lacking related to community banks. The fact that certain executives at community banks are not eligible to receive a bonus is not fair. These executives compensation are dramatically below the threshold set for maximum compensation. These executives bonuses have always been part of a pay for performance. In other words if the bank performance was good the executive would receive a bonus. An executive of a non-performing bank would never receive a bonus. I believe that certain criteria could be implemented to achieve just that. If the bank is performing, 2 rated or higher, the executive should be eligible to receive a bonus of 30 percent of his/hers base pay. This would incent the executive to make sure the bank was performing. Executives of community banks did not create the problem and their interest have always been aligned with the long term performance of the bank. The TARP program has become punitive for those of us that have accepted the money.

Additionally the elimination of executives management contracts "golden parachutes" seems ridiculous give that the government has just invested millions of dollars in these institutions and turned around and made every executive a free agent. Meaning we are now fair game for the Non-TARP competition to recruit the best talent of the TARP banks. It would seem to me if someone made a large investment in a business they would want to make sure the talent was tied down.

Finally, the Say on Pay is just bad policy. It is the board of directors responsibility to set executive compensation. Shareholders are not equipped to make intelligent decisions on executive compensation, they dont have the data available or the day to day knowledge of the executives ability to make compensation decisions. The board does not make decisions on bank staff pay they leave it up to executive management. Further more this would appear not be a valid requirement since the SEC has no authority on privately held companies.

We are planning a secondary stock offering next year to pay back TARP. WE WOULD NOT HAVE ACCEPTED THIS MONEY IF WE WOULD HAVE KNOWN THIS WOULD HAVE BECOME SUCH A POLITICAL NIGHTMARE.