



SunTrust Mortgage, Inc.
Mail Code MTG 1705
Legal Department
901 Semmes Avenue
Richmond, VA 23224
Tel: (804) 291-0369
Fax: (804) 675-9709

David S. Hay
Senior Vice President
Associate General Counsel

February 16, 2010

Paul Sanford, Executive Secretary
Federal Financial Institutions Examination Council
L. William Seidman Center, Mailstop: D 8073a
3501 Fairfax Drive
Arlington, Virginia 22226-3550

VIA REGULAR MAIL AND THE FEDERAL eRULEMAKING PORTAL

Re: Reverse Mortgage Comments
Docket Number: FFIEC-2009-0001

Dear Mr. Sanford:

SunTrust Banks, Inc., including its operating affiliates and subsidiaries (together, "SunTrust") is pleased to submit this response to the Federal Financial Institutions Examination Council ("FFIEC") in response to its Request for Comments on proposed Reverse Mortgage Products: Guidance for Managing Compliance and Reputation Risks, which was released on December 17, 2009 (the "Guidance"). SunTrust endorses FFIEC's efforts to address the concerns it has recognized as warranting regulatory change. More specifically, we support FFIEC's efforts to help financial institutions ensure that their risk management and consumer protection practices adequately address the compliance and reputation risks raised by reverse mortgage lending.

As one of the largest lending institutions in the United States, SunTrust is keenly aware of the necessity for prudent regulation that is correctly balanced against product innovation and consumer demand.¹ SunTrust Mortgage, one of the ten largest mortgage originators and mortgage servicers in the United States, offers reverse

¹ SunTrust Banks, Inc., with total assets of \$179.1 billion on March 31, 2009, is one of the nation's largest and strongest financial holding companies. Through its banking subsidiaries, the company provides deposit, credit, trust, and investment services to a broad range of retail, business, and institutional clients. Other subsidiaries provide investment management, equipment leasing, and capital market services. The company operates 1,694 retail branches and 2,673 ATMs in the Southeast. In addition, SunTrust provides customers with a full range of technology-based banking channels, including Internet, PC, and Automated Telephone Banking. Additional information about SunTrust is available at our website: www.suntrust.com.

mortgages through its Retail line of business (currently in four states with the intent to grow) and therefore has a substantial interest in the topic.² We believe that the below comments will assist FFIEC to achieve the right balance between addressing certain outstanding regulatory ambiguities and enabling reverse mortgage lending to responsibly thrive. We respectfully provide these comments in hopes of contributing meaningful input to FFIEC as it finalizes the Guidance.

Generally, we concur with the Guidance. We believe that it largely reinforces current requirements under the Home Equity Conversion Mortgage ("HECM") program that has proven effective in establishing responsible lending practices for consumers and financial institutions. However, we would recommend FFIEC consider the following suggestions for modification or clarification:

1. Promotional Materials. The Guidance recommends that promotional materials describe alternate products that may meet a customer's needs. Other products are typically forward products and not a real alternative to a reverse mortgage. Clarification of the intended scope of this statement and examples of analogous products to which reverse mortgages might be compared would be beneficial.
2. Counseling. The Guidance recommends that consumers be strongly encouraged to seek counseling in person and to attend counseling sessions with family members. FFIEC should bear in mind that there is a severe shortage of qualified, independent counselors. This shortfall includes counselors who are available by telephone. In fact, some markets are not served by any local counselors, and others have very long wait times. While in-person counseling is often a good thing, we believe it advisable not to mandate in-person counseling from qualified independent counselors – whether for HECM or proprietary products. Further, we do not understand the necessity for an institution to ensure that it does not "steer" consumers to a particular counseling agency when the counseling agency is independent (and may be the only available counseling agency).
3. Counseling Alternative Options. The Guidance suggests that counselors advise customers on alternate options such as sale lease-back and deferred payment loans. These can be very complex products and may not be offered by most financial institutions. The Guidance further recommends that counselors advise on the impact of a reverse mortgage on eligibility for federal and state needs-based assistance programs, impact on estate and heirs, and tax consequences. These matters are quite complex and outside the knowledge base of most counselors.
4. Third Party Risk Management. This part of the Guidance appears to be addressed to institutions that utilize brokers or correspondents to originate

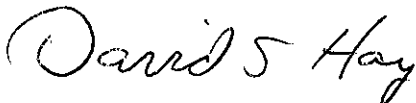
² SunTrust Mortgage, Inc. is a wholly-owned subsidiary of SunTrust Bank. SunTrust Mortgage, Inc. originates loans through 202 locations in SunTrust markets and adjacent states, maintains correspondent and broker relationships in 49 states and services loans in 50 states and the District of Columbia. SunTrust Mortgage services more than one million loans representing in excess of \$175 billion in outstanding closed-end, mortgage-secured, consumer debt. Additional information about SunTrust Mortgage is available at: www.suntrustmortgage.com.

reverse mortgage loans. We find the Guidance reasonable in this context. However, the Guidance could be interpreted to require that a broker or correspondent conduct certain risk management practices (e.g., due diligence, monitoring, etc.) on the institution. This seems extremely onerous and beyond the capacity of most small firms. We suggest that FFIECE clarify its expectations in this regard.

5. Taxes and Insurance. The Guidance correctly points out that there is a risk that borrowers might not pay required taxes and insurance. However, after reviewing the Guidance, we are uncertain as to the steps FFIEC suggests undertaking in order to mitigate this risk. That is, escrows are referenced several times, but there is no recommendation as to how escrows should be funded or for how long. Advancing funds out of the reverse mortgage proceeds presents the potential complication of a durational limitation applicable to the reverse mortgage. Of course, qualifying customers' ability to pay will add many new credit-related components to the application and approval process. As you may be aware the mortgage industry has been discussing this topic and has yet to arrive at an optimal solution. We recommend that FFIEC provide more specific guidance on this question, or, in the alternative, omit any reference thereto in the Guidance.

Once again, thank you for this opportunity to comment on the proposed Guidance. We hope that FFIEC finds the above discussion useful. Should you have any questions regarding these comments, please feel free to contact me at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "David S. Hay". The signature is written in dark ink and is positioned above the printed name and title.

David S. Hay
Senior Vice President and Associate General Counsel