REGIONS

September 17, 2013

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Via email: director@fasb.org

RE: File Reference No EITF-13E: *Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40)*

We appreciate the opportunity to comment on the exposure draft, *Proposed Accounting Standards Update (Revised), Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40)* ("the exposure draft" or "the proposal"). Regions Financial Corporation ("Regions"), with nearly $120 billion in assets, is one of the nation's largest full service providers of consumer and commercial banking, wealth management, mortgage and insurance product services. We serve customers in 16 states across the South, Midwest and Texas, and through our subsidiary, Regions Bank, operate approximately 1,700 banking offices and 2,000 ATMs. As of June 30, 2013, we had approximately $12.8 billion residential first mortgages and $136 million foreclosed properties, of which $74.5 million were 1-4 family residential properties.

In order to fully consider the exposure draft and assess how the proposed changes would impact our company, we discussed the exposure draft with business leadership responsible for the management of other real estate owned ("OREO") property, both consumer and commercial. We also participated in various conference calls discussing the proposal with the American Bankers Association ("ABA").

Overall, we support the efforts of the Financial Accounting Standards Board (the "Board" or "FASB") to clarify when a creditor should reclassify a mortgage loan as real estate property and support its conclusion that reclassification should occur when the creditor has acquired title to the real estate property by foreclosure, deed in lieu of foreclosure or similar process. We acknowledge that current accounting guidance lacks adequate definition of the terms *in substance a repossession or foreclosure* and *physical possession* resulting in diversity in application, lack of comparability in financial information and differing interpretations between bankers as well as between banking regulators. However, we have questions and concerns with the FASB's proposal as written and request clarification of these items before the proposal is adopted.

Specifically, we believe the FASB should consider clarifying how to account for a foreclosed real estate loan in which a sale has been fully executed but legal title has not yet transferred. Also, while not explicitly addressed within this exposure draft, we recommend the FASB clarify at what point financial institutions would record real estate properties repurchased from investors as there is usually a timing difference between when cash is paid to an investor and when legal title has been transferred.

We do not believe that the scope of this exposure draft should be extended to loans other than foreclosed residential real estate properties. We believe the legal environment in the U.S. related to residential mortgages is unique and the possession of the collateral is a different process than that of commercial real estate or loans collateralized by nonfinancial assets other than real estate (i.e., auto loans). We are not aware of any significant issues related to in substance foreclosure for other types of collateral and believe that those issues can be addressed separately, if needed.

We are not in favor of the required disclosures. Although these disclosures are not overly burdensome or complex, we do not believe they will add significant value to the overall financial analysis of a financial institution or provide decision-useful information to investors. Statements of operation, changes in stockholders' equity and cash flows are designed to show users the material changes in the respective balance sheet line items. Presenting roll-forwards of specific accounts or line items in the notes to the financial statements is redundant and often requires reporting entities to disclose immaterial amounts and transactions. For Regions, OREO is not a material asset and generally rolls up under "other assets" in the balance sheet. We recommend that the guidance only require a roll-forward if the beginning or ending balances of OREO are material or if the activity in the account during the period is material and the material roll-forward data is not otherwise disclosed in the financial statements.

Please refer to the Appendix for answers to specific questions put forth by the Board in the exposure draft.

We appreciate the opportunity to comment on this exposure draft, and we thank you for considering our views. If you have any questions about our comments or wish to discuss this matter further, please contact me at (205) 326-4972.

Sincerely,

Brad Kimbrough
Executive Vice President, Controller and
Chief Accounting Officer

Appendix
Questions for Respondents

Scope:

Question 1: Should the scope of the proposed amendments about the timing of reclassification of receivables to foreclosed residential real estate properties be extended to commercial real estate mortgage loans? If yes, please explain why, including a discussion on any special considerations related to reclassifying commercial real estate mortgage loans.

No, the scope should not be extended to loans other than foreclosed residential real estate properties. We believe the legal environment in the U.S. related to residential mortgages is unique and the possession of the collateral is a different process than that of commercial real estate or loans collateralized by nonfinancial assets other than real estate (i.e., auto loans). We are not aware of any significant issues related to in substance foreclosure for other types of collateral and believe that those issues can be addressed separately, if needed.

Question 2: Should the scope of proposed amendments about the timing of reclassification of receivables to foreclosed assets also be extended to loans collateralized by nonfinancial assets other than real estate (for example, auto loans)? If yes, please explain why, including a discussion on any special considerations related to reclassifying loans that are collateralized by nonfinancial assets other than real estate.

No, refer to response number 1 above.

Question 3: Do you agree that a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan upon (a) the credit obtaining legal title to the residential real estate property or (b) completion of a deed in lieu of foreclosure or similar legal agreement under which the borrower conveys all interest in the residential real estate property to the creditor to satisfy that loan, even though legal title may not yet have passed? If not, please explain why.

We generally agree the exposure draft will clarify varying interpretations of "physical possession" between bankers as well as between banking regulators. However, as discussed in our general comments above, we believe the FASB should further address the following:

- How to account for a foreclosed real estate loan in which a sale has been fully executed but legal title has not yet been transferred, and
- At what point financial institutions should record real estate properties repurchased from investors.

Disclosures:

Question 4: Do you agree that the recurring disclosures of (a) the recorded investment in consumer mortgage loans secured by residential real estate properties that are in the process of foreclosure according to local requirements of the applicable jurisdiction and (b) a roll-forward schedule reconciling the change from the beginning to the ending balance of foreclosed residential real estate properties provide decision-useful information and should be required to be provided in interim and annual financial statements? If not, please explain why and what disclosures, if any, you would propose.

No, we are not in favor of the proposed disclosures and do not believe they should be required within the interim and annual financial statements. See our concerns in the general comments above.

Question 5: If the scope of the proposed amendments is extended to commercial real estate mortgage loans and/or loans collateralized by nonfinancial assets other than real estate (for example, auto loans), should different disclosures be required for these loans? Please describe how and why you think the disclosures should be different.

We do not believe the scope of the proposed amendment should be expanded beyond collateralized residential mortgage loans. However if the scope was expanded, the required disclosures should not be different for commercial real estate mortgages.

Initial Recognition

Question 6: Do you agree that the proposed amendments should be applied to both collateralized residential mortgage loans and foreclosed residential real estate properties existing at the date of adoption by means of a cumulative-effect adjustment as of the beginning of the annual reporting period for which the guidance is effective? If not, please explain why.

Yes- we would prefer the modified retrospective basis as this would eliminate the need to continue tracking and accounting for the existing portfolios, thus ensuring better consistency, control and comparability.

Question 7: If an entity is required to reclassify foreclosed residential real estate property to consumer mortgage loans upon transitioning to the proposed guidance, at what amount should those loans be recorded at the date of adoption? For example, (a) should the recorded investment in such consumer mortgage loans at the date of adoption be the initial recognition basis of the foreclosed residential real estate property and (b) should any difference between the carrying amount of the foreclosed residential real estate property at the date of adoption and its initial recognition basis be recorded as an allowance for loan losses for such consumer mortgage loans? Please explain the reasons for your view.

Banks that currently have in substance OREO should be allowed to reclassify the current book value of the OREO as of the date of adoption. This allowance eliminates the need for a cumulative-effect adjustment for loans that previously have been reclassified to OREO. This change would ease the challenges of transition, and more importantly, would prevent certain counter-intuitive results, such as the possibility of double-recognition of charge-offs on loans. At Regions, most titles have been transferred for a large portion of these assets that would qualify for reclassification under the proposed standard from OREO back to loans during this period. At the date of adoption, these assets would ultimately be classified as OREO again. Thus, establishing the loan book value based on the current book value of OREO, at the date of reclassification, would best align the accounting measurement to the ultimate realizability of the asset.

Transition and Effective Date:

Question 8: Do you agree that the proposed amendments should apply to both public entities and nonpublic entities? If not, please describe how and why you think they should be different.

Yes, we believe the proposed amendments should apply to both public and nonpublic entities.

Question 9: Do you agree that an entity should be permitted to early adopt the proposed amendments? If not, please explain why.

Yes- we believe early adoption should be permitted.

Question 10: How much time would be needed to implement the proposed amendments, and should the effective date differ for nonpublic entities versus public entities? Please explain why.

We believe the guidance could be implemented soon, i.e., within one quarter, if the disclosures were not expanded. If the disclosures are expanded, we believe implementation could take approximately one year due to the time it would take to attain all the information needed for the roll-forward.