



Keith W. Reynolds
Senior Vice President and
Deputy General Counsel

SunTrust Bank
SunTrust Plaza, Suite 3600
303 Peachtree Street, N.E.
Atlanta, Georgia 30308
Tel 404.588.8616
Fax 404.215.5333
Keith.Reynolds@SunTrust.com

July 17, 2008

Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

RE FRB Docket Number R-1286

Dear Ms. Johnson:

SunTrust Banks, Inc. ("SunTrust") submits this letter in response to the Board's request for comment on the proposed Rule to amend Regulation Z as published by the Board of Governors of the Federal Reserve System in the *Federal Register* on May 19, 2008 (the "Proposal"). Additionally, SunTrust approves and supports comments submitted by the Consumer Bankers Association ("CBA") as to the Proposal, and supplements such comments by this letter.

Headquartered in Atlanta, Georgia, SunTrust is one of the nation's largest bank holding companies, with consolidated assets of approximately \$179 billion. Its primary subsidiary, SunTrust Bank, operates more than 1,600 branch offices in twelve states and the District of Columbia and provides a full range of retail, commercial, corporate and trust banking services. SunTrust also has operating subsidiaries engaged in mortgage banking, investment management, commercial leasing, investment banking and retail investment sales, among other things.

As a preliminary matter, we believe that the Proposal, if implemented, should allow a period of no less than two years for compliance therewith. The Proposal would have significant implications for many aspects of the banking system, as well as consumer creditors in general, and substantial time will be required for the numerous adjustments which would be required to comply.

For the reasons discussed below, as well as in the comment letter submitted by the CBA, we believe the Proposal to contain serious flaws and would result in significant new regulatory burdens, which in some instances would not achieve the objectives of the Proposal. In other instances the objective may be achieved by less stringent requirements which would lessen those burdens. Finally, we view that certain aspects of the Proposal would tend to exacerbate existing industry problems rather than contribute to their curtailment.

Cut-Off Times for Payments by Mail

The Proposal addresses the situation of payment crediting, and would continue to provide that a creditor may specify reasonable requirements that enable most consumers to make conforming payments; however, it would also provide official Commentary stating that it would not be reasonable for a creditor to set a cut-off time for payment by mail that is earlier than 5:00 p.m. on the due date.

We agree that the goal of the Proposal is sound, so as to avoid the concern that cut-off times may effectively result in a due date that is one day earlier in practice than the due date disclosed. However, we agree with the Supplementary Information that different creditors (and indeed the same creditor for various products and programs) may have different internal processes and systems, and may work with different vendors and service providers, effectively precluding a one-size-fits-all approach.

By providing official Commentary stating that a cut-off time earlier than 5:00 p.m. for mailed payments would be unreasonable, the Board would effectively codify that requirement, thereby effectuating the very “one-size-fits-all” approach it seeks to avoid, and would further place a very expensive and difficult operational burden on many consumer creditors.

First, many creditors do not remain open for business until or after 5:00 p.m., and the Proposal in its current form would require them to do so.

Many creditors (and most depository institutions) collect payments by use of an off-site lock-box; creditors would be required to maintain personnel to not only access those lock-boxes at some time *after* 5:00 p.m., but also to process and credit those payments after that time. Again, this would require *all* consumer creditors to employ personnel after the time that most creditors have closed business for the day in order to conduct these activities. The Board would thereby dictate required operations well beyond normal business hours.

The operational burden in doing so would be highly significant.

As it stands today, for example, no payment collected at the lock-box at or after 5:00 p.m. would be processed in time to meet SunTrust’s credit card vendor’s data file deadline to conduct same-day posting. We believe this to be true for many creditors. Should the payment then have to be “backdated”, not only will significant programming and procedural changes be required, but also there will be an increased risk of erroneously imposed late fees and interest, possible negative credit reporting, the triggering of collection notices, and impacts to promotional rates, at a minimum, all of which would need to be addressed.

Further, a cut-off time of no earlier than 5:00 p.m. is *not* reasonable as to bank processing. The Board has historically recognized this, and should continue to do so. For example, under Regulation CC the Board recognized the difficulties that would be imposed in requiring late-day processing, by allowing a bank to set cut-off times for deposits no earlier than 2:00 p.m. rather than a later time.

The Proposal in its current form would create a dramatic new expense for consumer creditors for personnel, its vendors, and processing systems. This would ultimately be to the detriment of consumers as those costs are passed along. In summary, such an overly broad approach would create significant operational burdens, expense, mandated extended business hours and, in many cases, inability to comply.

Due to the foregoing concerns, SunTrust does not believe this portion of the Proposal to be in positive furtherance of the goal. The goal may in fact be reached in the manner suggested in the Supplementary Information, i.e. by expanding upon the current comments to explain the goal itself but without providing further comment as to specific cut-off times. We therefore respectfully suggest that this portion of the Proposal should be removed.

Investigating Claims of Unauthorized Transaction or Allegations of Billing Errors

The Proposal suggests adding to existing Comment 12(b)-3, by way of example, that a card issuer may not deny a claim based solely on the consumer's failure or refusal to submit a signed statement or affidavit or file a police report. In the current environment of increasing fraud, SunTrust is greatly alarmed at this portion of the Proposal.

The consumer's signed statement, sworn affidavit and/or police report are primary tools in evaluating the consumer's unauthorized use or billing error claim. Rather than "causing a chilling effect on a consumer's ability to assert his or her right to avoid liability for an unauthorized transaction", they are necessary for validation, analysis and appropriate resolution of a valid dispute as well as for the identification of fraudulent claims. If a consumer has a valid unauthorized use or billing error dispute, there is no reason the consumer should be unwilling to provide such a statement or report and it is reasonable to require that the consumer provide it. Should such portion of the Proposal be implemented, an unscrupulous or careless consumer would in fact be protected from the penalties associated with a false statement or police report, and would thereby be protected and encouraged to proceed with impunity, precluding the checks and balances needed to properly manage the exponentially expanding fraudulent activity seen in the markets today. This portion of the Proposal would exacerbate the current problem, rather than curtail it.

Promotional and Introductory Rates

The Proposal provides certain proximity requirements for the use of the term "introductory rate" and new/separate definitions of "introductory" and "promotional". However, it is unclear under the Proposal as to whether the term "introductory rate" *must* be used for special rates in connection with an account opening, or if "promotional rate" may be used to describe any and all special rates. SunTrust therefore requests clarification as to whether the Proposal would permit the use of the term "promotional rate" for all instances when there is an offered rate that is less than the standard rate, including special rates in connection with an account opening.

Effective Date and Implementation

SunTrust requests that the Board note that many of the amendments as contained in the Proposal, as well as in a number of additional proposed and final federal rules, will result in substantive and material changes to the processes and practices of the lending industry (e.g., HOEPA, Risk-Based Pricing, UDAP). Substantial legislation at the state level has been enacted, much of it to combat problems and issues in the credit industry. Further, because of these multiple and rather concurrent developments, already-limited system and programming resources are stretched beyond capacity and capability. In order to ensure that the industry is capable of full and material compliance, we ask that the Board afford those impacted by the Proposal reasonable and ample time to appropriately respond and address, which is commensurate with the sweeping changes imposed by the Proposal and other pending or passed laws and regulations. We believe that the industry will require a period no shorter than two years to comply with the Proposal, and we further urge the Board to consider establishing a staged compliance requirement with time periods of at least two years for each such stage.

SunTrust thanks you for the opportunity to comment on these important issues as contained within the Proposal, and welcomes the opportunity to discuss our views further if and as warranted.

Sincerely,



Keith W. Reynolds
Senior Vice President and Deputy General Counsel
SunTrust Banks, Inc.