

M. Deron Smithy
Executive Vice President
Treasurer



November 25, 2008

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th and Constitution Avenue, NW
Washington, DC 20551

Attention: Comments - R-1335

Re: Treatment of Certain Claims on or Guaranteed by, the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC)

Dear Ms. Johnson,

Regions Financial Corporation appreciates the opportunity to comment on the joint notice of proposed rulemaking (NPR) regarding the capital risk weighting treatment on Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) securities.

We fully support the proposal lowering capital requirements to the holders of debt and Mortgage Back Securities issued or guaranteed by FNMA and FHLMC from 20% to 10%. This move is appropriate given the additional financial support that the United States Treasury has now committed under the Government Sponsored Enterprise Credit Facility as well as the senior preferred stock purchase agreements that are now in place with these entities.

Additionally, we also suggest that debt issued by the Federal Home Loan Banks (FHLB) be similarly considered for lower risk weighting treatment. This system, after all, is also supported by the Government Sponsored Credit Facility. If these securities are not afforded similar treatment, unintended consequences could develop. The market could perceive that the United States Government does not support the FHLB's to the same degree as FNMA and FHLMC and as a result could encounter resistance when issuing debt in the public markets. The FHLB system has been an important and consistent source of funding to financial institutions of all sizes throughout the tumultuous economic environment.

Please feel free to contact my office should you wish to further discuss this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Deron Smithy", written over a horizontal line.

M. Deron Smithy
Treasurer

1900 Fifth Avenue North, 17th Floor
Birmingham, Alabama 35203
(205) 326.7832
Fax (205) 326.7482
Cell (205) 999.3530
Deron.Smithy@regions.com