



August 18, 2008

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

Ms. Johnson:

BB&T Corporation (BB&T) is a southeast regional financial holding company with approximately \$132 billion in assets. Branch Banking and Trust Company is the lead bank with approximately 1,500 financial center locations throughout the Southeast. This comment letter is submitted on behalf of the lead bank as well as its applicable affiliates.

BB&T appreciates this opportunity to comment on the proposed rules to implement Section 311 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act). We support the proposal's intent to provide consumers with information about how their credit reports may influence credit pricing. We appreciate the Board's attempt to provide creditors with some flexibility in providing this information to the consumer. However, we find the proposal problematic in some ways and offer the following comments for consideration.

General Use of Credit Scores in Pricing

The proposed rules would require a creditor to provide a risk-based pricing notice to a consumer when the 'material' terms of the credit were 'materially' affected in whole or in part based on information in the consumer's credit report. The required language in this notice contains disclosures regarding the consumer's credit score.

BB&T, and most other lenders, rely on factors other than the consumer's credit score in pricing loans. For example, a consumer's loan-to-value and debt-to-income ratios both factor into the final price for the loan. A consumer could have a credit score that exceeds a minimum standard and still receive a higher priced loan based on these other factors. Providing a notice to a consumer that the loan's price was based on a credit score that was lower than other consumers would have little meaning to the consumer since the score wasn't the primary factor driving the price. In addition, it could expose the creditor to potential liability as the consumer could claim an unjust denial.

The fact that the price is set on a number of variables makes it difficult for a creditor to determine whether or not a notice would be required in a particular situation, especially in light of the language that the notice would be required if the credit report was used in whole or in part. The calculation of a debt-to-income ratio based on information in the

credit report is use of the credit report, but a risk based pricing notice would be of minimal use for a consumer in these situations.

Pricing Comparisons

In each of the two notice method options and the exception provision, a creditor must be able to compare the credit score of the applicant with applications for similar products. While BB&T agrees that this provides the most meaningful information to a client, the collection and comparison of this information would be costly. This is not information today that is readily available to BB&T and would require programming changes to be able to collect, store, and analyze this information. Costs that would ultimately be passed on to the consumer in a time when credit is already tight and increased costs would tend to tighten the market even more.

Additionally, as mentioned above, the credit score is not the sole factor in determining the final price on a loan. To provide a consumer a comparison of their score as it relates to other borrowers could be misleading when the score may not even have played a role in the increased price.

Timing of the Notice

The rule proposes to require creditors to provide the notice after application but before consummation. The suggested timeframe is within 3 days of obtaining a credit score (as under section 609). BB&T asks that the Board note that, in cases where a notice is not required under Section 609, that the risk based pricing notice could be provided at the time other disclosures are provided such as those required under the truth in Lending Act and Regulation Z.

Content of the Notice

Two of the notice options (under the notice exceptions) would require a creditor to disclose up to five factors that affected the credit score. In general, a credit report will contain a list of factors that affect a score, but this list does not necessarily indicate that the score was adversely affected by any of these factors. If a creditor will be required to use factors listed by the consumer reporting agency, then BB&T recommends that the disclosures specifically state that these factors are determined by the credit reporting agency and not the creditor.

BB&T appreciates the opportunity to express our concerns. In summary, we feel that the ability of creditors to collect information about the credit scores of its consumers and make meaningful comparisons would be costly and adversely affect the cost and availability of credit in a time when the credit markets are already being tightened.

BB&T

Sincerely,

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