



Robert E. Feldman, Executive Secretary
ATTN: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RIN 3064-AD43

Mr. Feldman,

BB&T Corporation (BB&T) appreciates the opportunity to comment on the proposed regulations implementing the requirements of the Safe and Fair Enforcement for Mortgage Licensing Act of 2008 (the SAFE Act). BB&T is a regional financial holding company whose lead bank (Branch Banking and Trust Company) has approximately 1,500 branches throughout the Southeast. This comment is submitted on behalf of the lead bank and all applicable subsidiaries and affiliates.

BB&T supports the FDIC and the other federal bank regulators' efforts to instill confidence in the integrity of the mortgage loan industry by ensuring that consumers obtain loans only through qualified and ethical originators. Purchasing or refinancing a home is a significant event and the consumer has a right to expect expert advice during this important process. However, BB&T feels that the regulation, as proposed, adds unnecessary regulatory burden which will increase the costs to originate a mortgage at a time when credit is already tight. Ultimately, these costs are passed on to the consumer resulting in higher origination and financing costs. BB&T offers the following comments as alternatives that could reduce the burden and therefore the costs to both the industry and to the consumer.

BB&T recommends the annual renewal period be revised. If the annual renewal period is the same every year it could put a strain on the registry, particularly the first year after implementation when there will be substantial overlap between the original registration and the annual renewal. BB&T does not believe that requiring re-registration within a month or two after original registration adds value as it is unlikely that any information will have changed in that short period of time. BB&T recommends instead that the annual renewal either coincide with the anniversary of the employee's hire date or initial registration date. If the renewal date remains as proposed, BB&T recommends that an originator would only have to re-register if it had been more than 6 months since the original registration, allowing that first 'annual' renewal to be no more than 18 months.

BB&T recommends the FDIC allow institutions that currently conduct criminal background checks on its employees to rely on these checks without requiring an additional check for those involved in the mortgage origination process. The underlying purpose of the SAFE act is to develop a system for registering mortgage loan originators that will protect the integrity of that process and provide consumers with the confidence



in the mortgage originator they select. FDIC insured banks already have an obligation to ensure they hire employees with high ethical standards, and fulfill this obligation through pre-hire employment checks, including criminal background checks. BB&T believes that employees of financial institutions are already held to a higher standard and additional requirements would be redundant.

BB&T recommends the FDIC narrow the definition of mortgage loan originator. BB&T believes that personnel involved in modifications and workout agreements should be exempt from the definition, as well as those who refinance loans in a workout situation. The personnel who perform this task do not solicit loans, are not compensated for production, and are part of a back office operation, segregated from the origination process. Employees performing a workout function strive to arrive at negotiated loan terms that are beneficial to both the consumer and the bank.

BB&T requests that the FDIC further clarify the definition of mortgage loan originator. BB&T believes it is appropriate to exclude those who simply take information or verify that information. However, as the proposal is written, it is unclear whether those involved in negotiating loan terms, but not directly with the consumer, would be covered by the rules. For example, underwriters or second level review personnel may be involved in setting the terms of the loan, but do not directly negotiate with the consumer. BB&T recommends that back office functions such as these be excluded from the definition of mortgage originator.

The definition of mortgage originator appears to assume that an originator both takes an application and negotiates terms. However, this is not the case in all situations. At BB&T applications are received by mail, completed and delivered to a branch employee, accepted over the telephone, or completed online. In these cases, the originator has not actually taken or assisted the applicant in completing the application. BB&T recommends that the definition be rephrased to clarify that an originator does not have to both take the application and negotiate terms.

BB&T requests that the FDIC clarify how online applications and loan approvals are to be considered. Since the consumer never directly interacts with an originator, it is unclear who the originator is in this scenario. BB&T requests that the FDIC provide guidance not only as to who the originator would be for purposes of registration, but how the applicant could request, and the originator provide, the unique identifier.

BB&T requests that the FDIC further clarify the definition of residential mortgage loan. BB&T does not believe that ancillary liens such as those taken as an abundance of caution or liens taken to provide consumers with potential tax advantages should be considered residential mortgage loans.

BB&T appreciates the need to collect adequate information about an originator to enable a complete background check to be completed. As stated previously, BB&T believes

these background checks to be duplicative and redundant as these checks are typically completed for all employees, not just those involved in mortgage loan originations. Should the FDIC and the other agencies determine the background checks are necessary, BB&T requests that the FDIC consider eliminating the requirement to provide a social security number. BB&T is concerned about data security and identity theft and believes this additional information is unnecessary.

BB&T recommends the FDIC reconsider requiring new fingerprints if the fingerprints on file are more than three years old. Since a person's fingerprints do not change, BB&T does not believe updating the fingerprints adds any value.

BB&T does not believe that 180 days is sufficient time to complete the registration process. As a large regional financial holding company, the number of employees affected by these rules is substantial; the numbers of employees affected at BB&T alone is estimated to be between 2,000 and 3,000. Once these employees have been identified, then additional time is required to ensure that all of the information the bank would be required to maintain is on file. The employees will then be required to enter the information into the registry and there will be some delay between the time this information is entered and the time the employee or the institution is contacted regarding the registration. Given that thousands of bank and affiliate employees across the country will be registering during this time, BB&T questions the ability of any system to accept such a large number of transactions within a short period of time. BB&T recommends the agencies consider the 180 day deadline as a deadline for new hires and permit a phase in of existing employees over a period of one year.

BB&T requests the FDIC consider a safe harbor for institutions regarding the accuracy of the information an employee enters into the registry. If an institution has adopted reasonable policies and procedures to ensure the employee fulfills their obligations under the SAFE Act, the employee attests to the accuracy of the information entered, the institution followed its own policies and procedures to confirm the adequacy and accuracy of employee registration, BB&T does not believe that the institution should incur any liability if that information is later determined to be inaccurate.

Further clarification is also requested regarding the notification the institution will receive regarding an employee's registration. Specifically, BB&T is requesting that institutions receive both positive and negative notifications. For example, if an employee failed to renew during the annual renewal period, it would assist institutions in their compliance efforts if a reminder notice were to be sent in order for the institution to follow up with that employee.

BB&T agrees that originators who become employees of an institution through a merger or acquisition should be permitted a reasonable period of time to re-register. However, BB&T believes the period of time should be extended from 60 days to 90 days. During a



merger or acquisition an employee may be involved with numerous tasks relating to the transition and permitting an additional 30 days to re-register would lessen that burden.

BB&T appreciates the opportunity to comment on the proposed rule. BB&T believes that consumers should have confidence in their mortgage originator and in the lender they select. BB&T believes that financial institutions across the nation already employ sound hiring practices and these practices are sufficient to allow consumers to have faith and confidence in obtaining a mortgage from a federally regulated institution. BB&T asks that the agencies consider the soundness of a financial institution's existing practices and the costs involved in adding additional layers to these practices when finalizing the rule.

Sincerely,

A handwritten signature in black ink that reads 'Sherryl McDonald'. The signature is written in a cursive, flowing style.

Sherryl McDonald
Senior Vice President
Corporate Compliance Lending Group Manager