



December 18, 2014

Submitted by electronic delivery

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency (OCC)
400 7th Street S.W., Suite 3E-218
Mail Stop 9W-11
Washington, DC 20219
regs.comments@occ.treas.gov
Docket ID: OCC-2014-0016
RIN 1557-AD84

Barry F. Mardock, Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090
reg-comm@fca.gov
RIN 3052-AC93

Robert E. Feldman, Executive Secretary
Attn: Comments/Legal ESS
Federal Deposit Insurance Corporation (FDIC)
550 17th Street, N.W.
Washington, DC 20429
comments@FDIC.gov
RIN 3064-AE27

Gerard Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428
regcomments@ncua.gov
RIN 3133-AE40

Mr. Robert deV. Frierson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW.
Washington, DC 20551
regs.comments@federalreserve.gov
Agency Name: Federal Reserve
Docket No. R-1498
RIN 7100-AE22

RE: Loans in Areas Having Special Flood Hazards

Dear Sir or Madam:

We are pleased to submit comments to the Board of Governors of the Federal Reserve System (Board), the Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), the Farm Credit Administration (FCA), and the National Credit Union Administration (NCUA) (collectively,

the Agencies) on behalf of Regions Financial Corporation¹ and its subsidiary Regions Bank in response to the joint proposed rule to implement provisions of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). We greatly appreciate the opportunity to comment on this proposal.

Our comments are focused on the Agencies' request for comments on whether or not clarification is needed on the new exemption to the mandatory flood insurance purchase requirement for detached structures not used as a residence and located on residential property. We respectfully request that any clarification added to the final rule allow lenders to apply the exemption to loans which are primarily for the commercial purpose of constructing a single family residence. When considering application of the exemption to commercial purpose credits, the provision would only affect loans for which residential property has been provided as collateral.

Concerns with the Proposed Regulation

The proposed regulation includes language attempting to address an area of concern for consumer borrowers and lenders by authorizing an exemption for relatively low-value structures, for example, detached sheds and simple garages, from mandatory flood insurance. However, the proposed regulation provides an example of clarification in which business and commercial purpose credits are excluded from the exemption. These, sometimes, low-value structures are a common issue for both consumer and commercial borrowers and lenders. In fact, the same properties constructed by residential home builders are the properties that will be eventually purchased by the consumers. If the exemption applies only to consumer purpose credit, it creates a situation where commercial developers of single family homes would be required to provide flood insurance on detached structures (i.e. garages) that consumers purchasing those same single family homes, under the same regulations, would not be required to insure for flood.

Residential construction companies are a good example of businesses stressed by the added strain of compliance. At any one time builders oversee numerous projects in various states of completion, many of which can include detached structures, such as garages. Mandating flood insurance on these structures increases costs for builders during a period when they are already struggling financially and margins are very thin. Allowing the exemption to apply to residential construction purpose credits preserves the lender's ability to make decisions based on safety and soundness.

Additionally, allowing the exemption with commercial purpose credits promotes consistent treatment across the bank when considering collateral made up of residential property that includes a detached structure. Properties of this type would be handled in the same manner for consumer and commercial loans, reducing potential errors due to misapplication of guidelines and costs associated with training employees.

Suggested Amendment to the Proposed Regulation

Regions respectfully requests the new exemption included in the proposed regulation also be available for extensions of credit that are primarily for the commercial purpose of constructing a single family residence and that this position be formally documented within the final regulation.

¹ Regions Financial Corporation (NYSE:RF), with \$119 billion in assets, is a member of the S&P 500 Index and is one of the nation's largest full-service providers of consumer and commercial banking, wealth management, mortgage, and insurance products and services. Regions serves customers in 16 states across the South, Midwest and Texas, and through its subsidiary, Regions Bank, operates approximately 1,700 banking offices and 2,000 ATMs. Additional information about Regions and its full line of products and services can be found at www.regions.com.

We appreciate the opportunity to provide public comment on this proposal. Thank you for your consideration. If you have any questions please contact Pam Prestwood at (205) 560-5282.

Sincerely,

A handwritten signature in black ink that reads "Pam Prestwood". The signature is written in a cursive style with a long, sweeping underline.

Pam Prestwood
Senior Vice President
Corporate Bank Administration
Regions Bank
1900 5th Avenue North
Birmingham, AL 35203