



Ms. Susan Cospier
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
Via email: director@fasb.org

RE: File Reference No. EITF-13E: *Reclassification of Collateralized Mortgage Loans upon a Troubled Debt Restructuring*

Dear Ms. Cospier:

SunTrust Banks, Inc.¹ (“SunTrust” or the “Company”) appreciates the opportunity to comment on the Exposure Draft – *Reclassification of Collateralized Mortgage Loans upon a Troubled Debt Restructuring* (the “Proposed Update”) issued by the Financial Accounting Standards Board (“FASB”).

We appreciate FASB’s efforts to provide implementation guidance on the appropriate time to reclassify a restructured collateralized consumer mortgage loan to real estate owned (REO). Existing GAAP indicates that a creditor should reclassify a loan to REO when there is an in-substance foreclosure, that is, the creditor receives physical possession of the debtor’s assets. Banking regulatory guidance indicates that foreclosure occurs when the title to or physical possession of real property is acquired, whichever comes first, regardless of whether formal foreclosure proceedings have taken place. Physical possession is not currently defined in GAAP or in other regulatory guidance; therefore, we expect there could be diversity in practice associated with the timing of recognition of foreclosed real estate.

Implementation Guidance

We support the Proposed Update which indicates that a creditor would be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan only upon the occurrence of either one of the following: (a) the creditor obtaining legal title to the residential real estate property or (b) completion of a deed in lieu of foreclosure or similar legal agreement under which the borrower conveys all interest in the residential real estate property to the creditor to satisfy the loan, even though legal title may not yet have passed. The deed in lieu of foreclosure or similar legal agreement is completed when agreed terms and conditions have been satisfied by both the borrower and the creditor. The implementation guidance in the Proposed Update reflects the Company’s interpretation of physical possession as it relates to the recognition of foreclosed residential real estate property.

¹ SunTrust, headquartered in Atlanta, Georgia, is one of the nation’s largest banking organizations with assets of approximately \$172 billion as of June 30, 2013. SunTrust offers a full line of financial services for consumers and businesses through an extensive distribution network, located primarily in the Southeast and Mid-Atlantic states and also services customers in selected markets nationally.

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September 16, 2013

Disclosure

The Proposed Update requires that for each interim and annual reporting period presented, an entity shall provide a reconciliation of the beginning and ending balances of residential real estate collateralizing a consumer mortgage loan, separately presenting changes during the period for additions, reductions, adjustments to value and other adjustments. We do not support this additional disclosure as we do not believe it will add significant value to the users of bank financial statements. REO typically rolls up as a component of Other Assets in the Balance Sheet as it is not a significant asset for most banking institutions. Typically, there are line items, other than REO, within the Balance Sheet that are of greater significance where roll forward information is not required; therefore, it seems arbitrary to require additional details specifically on REO and furthermore on one type of REO, residential real estate. REO is already disclosed separately in a bank's financial statement disclosure of nonperforming assets and furthermore, banks provide a detailed breakdown of its REO, by collateral type, in their quarterly Call Reports which are filed 30 days after quarter end. Quantitative disclosure about sales of REO may also be included a bank's Statement of Cash Flows. Given the insignificance of REO balances and as it is not viewed as a core asset to the banking business, we believe the existing disclosures for REO are sufficient.

We appreciate the opportunity to provide comments on the Update. Thank you for considering our views. If you have any questions, please contact Bob Worshek at (404) 813-0079.

Respectfully,

A handwritten signature in black ink that reads "Bob Worshek". The signature is written in a cursive, flowing style.

Bob Worshek
Chief Accounting Officer