Irene M. Esteves
Chief Financial Officer
Senior Executive Vice President

REGIONS

April 9, 2009

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 Seventeenth Street, NW
Washington, DC 20429

Attention: Comments - "Legacy Loans Program"

Dear Mr. Feldman:

Regions Financial Corporation appreciates the opportunity to comment on the Federal Deposit Insurance Corporation's ("FDIC") recently announced "Legacy Loan Program" ("LLP"). Regions believes that appropriately encouraging private investors to return to the marketplace is essential to getting markets functioning again. Importantly, taxpayers will be able to reap rewards alongside private investors.

Asset Categories
To increase the likelihood of success, a broad range of assets on a bank's balance sheet should be eligible for the LLP. Including a wider array of classes provides a more comprehensive approach to dealing with not only the current stressed portfolios, but emerging problems as well. Initiating the program with commercial and residential real estate loans which are considered the most "stressed" portfolios is logical as financial institutions have had very limited options to dispose of these assets. Furthermore, the demand from private investors is likely to be higher as the value of the underlying assets is generally more desirable. In order to fully cleanse the balance sheet of problem assets, all loans including non-accruals should be included. By first focusing on real estate classes, the processes can be streamlined, paving the way for expansion into other types of collateral.

Transfer of Interests
Regions believes that a vibrant secondary market is critical for the success of the LLP. Ensuring access to liquidity for the investors will foster increased participation. Additionally, secondary market trading further develops price discovery and therefore a more amenable clearing price. We do not think it is necessary to formally qualify prospective investors unless they are required to service loans being sold.

Regions Financial Corporation
Post Office Box 11007
Birmingham, Alabama 35288
(205) 264.4150
Fax (205) 264.0875

Note Exchange
Receiving FDIC backed notes adds an additional element of risk and complexity to the program, accordingly cash proceeds are preferable. An imbalance in investor demand and flow of new issuances could cause spread pressures; a risk that would have to be managed. An alternative could be for the FDIC to offer notes at a marginally better execution price and allow the seller to decide the better economic answer on a deal by deal basis. Arguably, the FDIC should be willing to improve the execution price to avoid issuance costs. Also, liquidity for these notes is uncertain. Cash proceeds better serve the ultimate goal of increased lending.

Guarantee Fee
A flat guarantee fee should be considered; differing levels of risk could be managed through leverage. Expanding options to provide additional leverage at an added cost (i.e., higher spread to LIBOR) might create several subordinated tranches of additional leverage which require more return. This could be structured to provide a mezzanine class of securities that could be sold into the market with some shared loss arrangement between the FDIC and the investor. Multiple levels of guarantee fees could negatively impact liquidity for these notes.

Conflict of Interest
While banks will be participating as sellers, the LLP should be crafted in such a way that allows for participation as investors as well. Passive investment through a qualified bidder should be permissible. Through this design, shareholders of insured depository institutions can share in the upside.

Terms
In order to increase the program's effectiveness, private investors must be convinced that rules and terms governing the program are firm at the onset. Participation in TALF has thus far been below expectations as prospective investors have not been convinced that contractual obligations will not be altered once they have been executed or that executive compensation restrictions will be retroactively applied to them. Strong assurances with respect to contractual commitments must be communicated to the industry or capital inflow will be greatly limited. Similarly, sellers will be more likely to participate if the LLP does not include restrictive executive compensation clauses.

We appreciate the FDIC's willingness to assist the marketplace in this very important matter. Please feel free to contact my office should you wish to further discuss.

Respectfully,

Irene M. Esteves
Chief Financial Officer
Senior Executive Vice President