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James S. Keller
Chief Regulatory Counsel

May 26, 2009

By E-mail

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

RE: Proposed rule: Request for comments regarding proposed amendments to Regulation Z; Docket No. R-1353; 74 Fed. Reg. 12464 (March 24, 2009)

Dear Ms. Johnson:

The PNC Financial Services Group, Inc. ("PNC"), Pittsburgh, Pennsylvania, and its principal subsidiary banks, PNC Bank, National Association ("PNC Bank"), Pittsburgh, Pennsylvania, and National City Bank, Cleveland, Ohio, appreciate the opportunity to comment on the proposed amendments to Regulation Z ("Proposal") issued by the Board of Governors of the Federal Reserve System ("Board").

PNC is one of the largest diversified financial service companies in the United States, with \$291 billion in assets as of March 31, 2009. PNC engages in retail banking, corporate and institutional banking, mortgage financing and servicing, consumer finance, asset management and global investment services. Its principal subsidiary bank, PNC Bank, has branches in the District of Columbia, Florida, Indiana, Kentucky, Maryland, New Jersey, Ohio, Pennsylvania and Virginia. National City Bank has branches in Florida, Illinois, Indiana, Kentucky, Michigan, Missouri, Ohio, Pennsylvania and Wisconsin. In addition, PNC's other subsidiary bank, PNC Bank, Delaware, Wilmington, Delaware, has branches in Delaware.

I. Specific Comment

The Proposal's definition of a "private education loan" includes a loan that is "extended to a consumer expressly, in whole or in part, for postsecondary educational expenses...." Proposed 12 CFR § 226.37(b)(5)(ii), 74 Fed. Reg. at 12492 (March 24, 2009)(emphasis added). Thus, as proposed, the new disclosures and all other rules applicable to private education loans would apply to an entire loan, any part of which has been identified as intended for postsecondary educational expenses. The Board has requested comment on whether these "multi-purpose loans" should be exempted from the requirements of the regulation.

Ms. Jennifer J. Johnson
May 26, 2009
Page 2

We respectfully urge the Board to reconsider this definition. As proposed, it is so broad that many banks that are not in the business of private education lending will be swept up in the scope of the new rules. This could cause enormous problems for the industry. If a loan applicant indicates that any portion of the loan may be used to help defray postsecondary education expenses, it will trigger the unique rules mandated by the Higher Education Opportunity Act, Pub. L. No. 110-315, 122 Stat. 3078 (2008) (“HEOA”), and the Board’s regulations adopted thereunder. There is no way that most creditors who are not in the business of student lending will be in a position to comply. Thus, the proposal would create compliance problems and the potential for liability under the Truth in Lending Act, 15 U.S.C. § 1601 et seq.

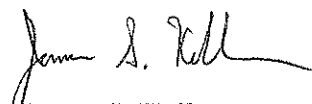
Title X of the HEOA defines “private education loan” as a loan issued “expressly” for qualified higher education expenses. HEOA § 1101. It does not include—and we do not believe it was intended to include—multipurpose loans. We believe the broader definition in the Proposal will result in unintended and undesirable results.

We therefore request that the phrase, “in whole or in part” be removed from the regulatory definition, that multi-purpose loans be excluded from the coverage of all the new requirements for private education loan, and that the definition cover only those loans marketed for use in paying higher education expenses.

II. Conclusion

Thank you very much for the opportunity to comment on this Proposal. We strongly recommend that the Board consider this comment in finalizing the Proposal. If you would like to discuss any aspect of this letter, please do not hesitate to call me.

Sincerely,



James S. Keller

cc: Michael D. Coldwell
Michelle L. Kuhn
Federal Reserve Bank of Cleveland

Cindy M. Dehls
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