

JONES DAY

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Securities Exchange Act of 1934
Rule 15Ga-1

January 27, 2012

Office of Structured Finance
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549
Attention: Katherine Hsu

Re: Securities Exchange Act Rule 15Ga-1

Dear Ms. Hsu,

On behalf of our client, PNC Bank, N.A. and its affiliates (the “Bank”), we respectfully request that the staff (the “Staff”) of the Securities and Exchange Commission (the “Commission”) confirm that, based on the facts and circumstances described in this letter, the Staff will not recommend enforcement action to the Commission under Securities Exchange Act Rule 15Ga-1 (“Rule 15Ga-1”)¹ if (a) the Bank does not file Form ABS-15G with respect to the three-year period ending December 31, 2011, if the only issuance of “asset-backed securities” (as defined in Exchange Act Section 3(a)(77)) in respect to of such three-year period that would otherwise require such filing was the issuance by the Bank of mortgage-backed securities (“Ginnie Mae MBS”) guaranteed by the Government National Mortgage Association (“Ginnie Mae”), (b) the Bank does not file Form ABS-15G in respect of any future quarterly period if the only asset-backed security outstanding during such period that had been securitized by the Bank are Ginnie Mae MBS and (c) future filings by the Bank on Form ABS-15G in respect of quarterly periods contain more limited reporting with respect to the Bank’s outstanding issuances of Ginnie Mae MBS.

I. Background

A. *The Repurchase Disclosure Regulations.* On January 20, 2011, the Commission promulgated Rule 15Ga-1 and certain Items under Regulation AB (together, the “Repurchase Disclosure Regulations”)² pursuant to the Commission’s release entitled “Disclosure for Asset-Backed Securities Required by Section 943 of The Dodd-Frank Wall Street Reform and

¹ Rule 15Ga-1 was promulgated by the Commission pursuant to Section 943 of the Dodd-Frank Act Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”).

² <http://www.sec.gov/rules/final/2011/33-9175fr.pdf>.

Consumer Protection Act” (the “Adopting Release”)³. As with other market participants, the Bank has been implementing appropriate processes to prepare for the requirements of the Repurchase Disclosure Regulations, and we understand that market participants continue to identify and discuss issues arising in the context of these regulations that require interpretation or clarification.

B. **PNC Bank, N.A.** Prior to 2009, the Bank (including its predecessors) securitized a number of classes of consumer and commercial assets in public and private transactions, including credit card receivables, residential and commercial mortgages and automobile loans. The Bank has not been the sponsor with respect to any issuances of “asset-backed securities” (within the meaning of the Exchange Act Section 3(a)(77)) since 2008.⁴ The Bank has originated residential mortgage loans which it sold to third parties (including Fannie Mae and Freddie Mac) that subsequently securitized those loans. Finally, the Bank has issued and continues to issue securities whose timely payment of interest and principal are guaranteed by Ginnie Mae and which pass through principal and interest from underlying pools of federally insured mortgages originated or assumed and serviced by the Bank.

The Bank expects to be included as an originator of securitized assets on other securitizers’ Form ABS-15G for the three-year period ended December 31, 2011, as well as for future quarterly periods reported by those securitizers. The Bank intends to file ongoing quarterly reports on Form ABS-15G for all outstanding securitizations where PNC is the securitizer. The Bank also intends to include required Regulation AB disclosures (Items 1104 and 1121) in prospectuses for future public offerings of asset-backed securities, and with respect to Item 1121 (Distribution and Pool Performance Information), in the Form 10-D filings for its Credit Card Master Trust and any other outstanding registered offerings of asset-backed securities for which it has filing obligations.

C. **Ginnie Mae.** Ginnie Mae is an association created under Federal law under the auspices of the Department of Housing and Urban Development. Ginnie Mae does not buy or sell loans and is not the issuer of mortgage-backed securities (“MBS”). Rather, Ginnie Mae guarantees to investors the timely payment of principal and interest on MBS backed by federally insured or guaranteed loans, in particular loans insured by the Federal Housing Administration (“FHA”) or guaranteed by the Department of Veterans Affairs (“VA”). Other guarantors or issuers of loans eligible as collateral for Ginnie Mae MBS include the Department of Agriculture’s Rural Housing Service (“RD”) and the Department of Housing and Urban Development’s Office of Public and Indian Housing (“PIH”). Only loans originated in accordance with the requirements of these federal insurers or guarantors are eligible for inclusion in Ginnie Mae MBS.

³ Release Nos. 33-9175; 34-6374.

⁴ We note the Bank’s creation, in July 2009, solely as additional credit support for investors, of subordinate Class D Notes for the Bank’s outstanding credit card master trust series. The Class D Notes were created during the financial crisis as credit enhancement for the outstanding investor notes, by reclassifying a portion of PNC’s outstanding Seller’s Interest as a first loss investor note held by PNC. Because no offer or sale of securities was made and no consideration was received by PNC (rather PNC merely exchanged a portion of its Seller’s Interest for the Class D Notes), we believe that this should not count as an “issuance” under Rule 15Ga-1.

Ginnie Mae MBS comprise a substantial market. As of the end of fiscal 2010, there were 380 approved Ginnie Mae issuers, comprising a diverse group of private lending institutions that originate eligible loans. With the rapid decline in non-agency residential mortgage securitizations, Ginnie Mae's share of the MBS market had increased by the end of fiscal 2010 to 29% of all outstanding, with issuances totaling \$413 billion in aggregate principal amount. The aggregate outstanding balance of Ginnie Mae MBS as of the end of fiscal 2010 was \$1.0462 trillion.⁵

While Ginnie Mae is often considered together with Fannie Mae and Freddie Mac as government-sponsored enterprises, there are important differences⁶. Ginnie Mae securities are the only MBS to carry the full faith and credit guaranty of the United States government. Ginnie Mae offers two MBS products: Ginnie Mae I MBS and Ginnie Mae II MBS. Under the Ginnie Mae I and II MBS programs, eligible mortgage loans are not sold by the originating mortgage lender and Ginnie Mae MBS are not issued out of legally established special purpose entities, such as trusts. Rather, the originator of the backing mortgages is considered the issuer of the Ginnie Mae MBS.

Ginnie Mae I MBS requires all mortgages in a pool to be of the same type (e.g. single-family). The mortgage interest rates must all be the same and the mortgages must be issued by the same lender. Ninety percent of the pooled mortgages backing 30-year pass-throughs must have original maturities of 20 or more years. In addition, the minimum pool size is \$1 million; and each payment on Ginnie Mae I MBS is made on the 15th day of each month. Ginnie Mae II MBS permits multiple-issuer pools to be assembled, which in turn allows for larger and more geographically dispersed pools as well as the securitization of smaller portfolios. A wider range of coupons is permitted in a Ginnie II MBS pool, and issuers are given greater flexibility on the range of fees — ranging from 25 to 75 basis points for pools issued after July 1, 2003 and 50 to 150 basis points for pools issued earlier. The minimum pool size is \$250,000 for multiple-lender pools and \$1 million for single-lender pools. Each Ginnie II MBS payment is made on the 20th day of each month.⁷

PNC is an approved issuer under both the Ginnie Mae I and Ginnie Mae II MBS programs. Accordingly, PNC is seeking interpretive advice with respect to those programs.

Under the Ginnie Mae I and II MBS Programs, the issuer is liable for shortfalls on payments due on the MBS, whether due to shortfalls in payments from underlying mortgage loans or otherwise. The issuer must pay security holders on time and in the full amount specified by the terms of the MBS regardless of whether the issuer receives mortgage payments on time or receives them at all. There is no concept of permitting the issuer to forego advances of funds if deemed nonrecoverable. If pooled loans are delinquent or in foreclosure, issuers must use their own funds to insure that security holders receive principal and interest when due. The issuer

⁵ See Ginnie Mae's 2010 Annual Report (http://www.ginniemae.gov/about/ann_rep/annual_report10.pdf).

⁶ We note that the Adopting Release for Rule 15Ga-1 is silent as to the treatment of Ginnie Mae MBS.

⁷ See Ginnie Mae's website at <http://www.ginniemae.gov/about/about.asp?subTitle=About>.

may reimburse itself only from late mortgagor payments, liquidation proceeds, or FHA, VA, RD, or PIH insurance or guaranty payments.⁸

D. Repurchase obligations. Under the Ginnie Mae I and II MBS programs, issuers certify that the underlying mortgage loans conform to Ginnie Mae's program requirements and are not defective.⁹ "A defective mortgage is a mortgage: (1) that cannot be insured or guaranteed by an agency of the Federal Government, named in Section 306(g)(1) of the National Housing Act; (2) that has been refused by the insuring or guaranteeing agency; (3) for which federal agency insurance or guaranty has been withdrawn; or (4) for which, in the case of GNMA II Single Family Level Payment MBS and H4H mortgage loans, FHA is prohibited from paying insurance benefits, whether or not the mortgage is insured, or (5) that does not comply with the terms of the related securities."¹⁰ If a single family mortgage or manufactured home loan is found to be defective within four months after the issue date of the securities, the issuer must cure the defect or replace the mortgage or loan in the pool or loan package with a substitute mortgage or loan. After the four-month period, replacement is not allowed, and the issuer must either cure the defect or repurchase the mortgage or loan out of the pool or loan package at par, less the principal payments advanced by the Issuer.

Issuers and custodians police the reporting and resolution (including repurchases) of defective mortgages underlying Ginnie Mae MBS. After the issuer/servicer or custodian discovers a defective mortgage in the pool, it must notify Ginnie Mae and can only repurchase the mortgage after receiving Ginnie Mae's written approval.¹¹ Many Ginnie Mae MBS are issued on a "to-be-announced" (TBA) basis, meaning that the lender's review of pool mortgages for compliance is not complete at such time. Accordingly, defective mortgages are sometimes discovered after issuance of the Ginnie Mae MBS and a cure, repurchase or substitution of the defective mortgage occurs. A repurchase by the issuer is treated as a liquidation or prepayment of the loan and passed through to investors. This information is reported monthly to Ginnie Mae.¹² Ginnie Mae has historically made this data available to investors on its website on a quarterly basis, but since September 2011 has provided these data disclosures on a monthly basis.¹³

Moreover, our understanding is that such repurchases or substitutions of defective loans are rare. For example, based on the Bank's servicing system for the Ginnie Mae program, the

⁸ See Chapter 5 of the Ginnie Mae MBS Guide (<http://www.ginniemae.gov/guide/pdf/chap05.pdf>).

⁹ See Section 3.06 of Ginnie Mae's form of Guaranty Agreement (single-family), at http://www.ginniemae.gov/guide/pdf/app_iii-15.pdf.

¹⁰ See Chapter 14 of the Ginnie Mae MBS Guide (<http://www.ginniemae.gov/guide/pdf/chap14.pdf>).

¹¹ Id. See also Ginnie Mae's form of issuer repurchase request (http://www.ginniemae.gov/guide/pdf/app_vi-02.pdf).

¹² See Ginnie Mae's forms of monthly accounting report and liquidation schedule (http://www.ginniemae.gov/guide/pdf/app_vi-04.pdf). A separate reporting field entitled "reason for removal" is present" and is broken down further into 6 categories, including "substitution" and "other" (which is the category utilized for reporting repurchases of defective loans).

¹³ See Ginnie Mae MBS Disclosure Data – Research Tools at <http://www.ginniemae.gov/investors/data.asp?Section=Investors>.

aggregate outstanding principal balance of loans for which the Bank potentially has the repurchase obligation underlying Ginnie Mae MBS was approximately \$17.9 billion as of December 31, 2011 (representing approximately 160,000 loans). For the three-year period ended December 31, 2011, PNC effected approximately 85 defective loan repurchases totaling approximately \$12.4 million. With respect to all issuers of Ginnie Mae MBS, we have determined that for the three-month period ended November 30, 2011, out of approximately 7.7 million loans outstanding in Ginnie Mae MBS pools, only 2,284 repurchases or substitutions for defective loans occurred, representing 0.03% of the total loans outstanding.

E. Rule 15Ga-1(a). Rule 15Ga-1(a) requires disclosure concerning “assets securitized by the securitizer that were the subject of a demand to repurchase or replace for breach of the representations and warranties concerning the pool assets for all asset-backed securities held by non-affiliates of the securitizer during the period”. The Adopting Release confirms the rule’s purpose of identifying asset originators with clear underwriting deficiencies based upon repurchase activities, including resistance to repurchase demands. However, as noted above, Ginnie Mae MBS issuers already report repurchase activity in detail through Ginnie Mae. Accordingly, investors have had and will continue to have timely, transparent access to loan repurchase data for Ginnie Mae MBS comparable to that provided under Rule 15Ga-1, thereby obviating the need for separate, duplicative reporting by issuers under the Repurchase Disclosure Regulations. Nonetheless, investors might find it useful if repurchase reporting by securitizers otherwise required to file Form ABS-15G includes a statement by the filer as to (i) whether it is an issuer of Ginnie Mae MBS and (ii) if so, whether or not it has made repurchases of defective loans, and disclosing any activity related to the loan repurchases.

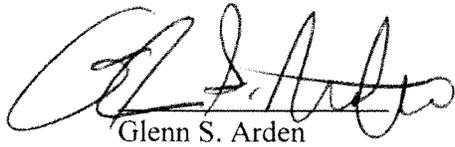
II. Interpretive Request

For the forgoing reasons we respectfully request the Staff to confirm that, based on the facts and circumstances described in this letter, the Staff will not recommend Enforcement action to the Commission under Rule 15Ga-1 if (a) the Bank does not file Form ABS-15G with respect to the three-year period ending December 31, 2011, if the only issuance of asset-backed securities in respect to of such three-year period that would otherwise require such filing was the issuance by the Bank of Ginnie Mae MBS, (b) the Bank does not file Form ABS-15G in respect of any future quarterly period if the only asset-backed security outstanding during such period that had been securitized by the Bank are Ginnie Mae MBS and (c) future filings by the Bank on Form ABS-15G in respect of quarterly periods contain more limited reporting with respect to the Bank’s outstanding issuances of Ginnie Mae MBS. Specifically, with respect to any future reporting period for which the Bank is otherwise obligated to file Form ABS-15G in respect of such period, with respect to Ginnie Mae MBS for which the Bank is the issuer, the Bank will exclude each such Ginnie Mae MBS from the table as otherwise required by Rule 15G(a)-1(a)(1) and instead only include a statement that it is an issuer of Ginnie Mae MBS. However, the Bank will provide the tabular disclosures required by Rule 15G(a)-1(a)(1) with respect to any specific Ginnie Mae MBS issuance for which there was repurchase activity during such period. If there was no such repurchase activity, then the Bank will state that it had no activity to report for the respective period.

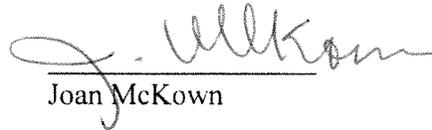
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Seven copies of this letter are enclosed pursuant to Securities Act Release No. 6269. If you have any questions concerning the foregoing or desire any additional information, please do not hesitate to contact Glenn Arden (212-326-7852) or Joan McKown (202-879-3647) at Jones Day, or Christi Davis (412-762-2637) at The PNC Financial Services Group, Inc.

Very truly yours,



Glenn S. Arden



Joan McKown

cc: Christi Davis, Esq.