

Congress of the United States
Washington, DC 20515

May 14, 2013

Ms. Leslie Seidman
Chairman
Financial Accounting Standards Board
401 Merritt 7 P.O. Box 5116
Norwalk, CT 06856-5116

Dear Chairman Seidman:

We believe that thoroughly vetted and sound accounting standards are needed to create certainty in the marketplace for investors and businesses alike. The goal of financial reporting must be the transmission of transparent relevant information needed for investors to engage in a rational decision making process. As the Financial Accounting Standards Board ("FASB") and International Accounting Standards Board ("IASB") are preparing to release the latest exposure draft on leases, we remain concerned that there has not been a release of a cost-benefit analysis of the lease accounting proposal. A failure to provide such an analysis may cause unintended consequences harming businesses, real estate and the investors who provide them with capital.

Last year, we wrote to you to express our concerns regarding the potential unintended consequences of the lease accounting proposal, ***File Reference: No. 1850-100, Leases.*** Because leases are a common tool for businesses and commercial real estate, we requested a detailed cost-benefit analysis of the proposal. To date no cost-benefit analysis of the lease accounting proposal has been provided, though reports indicate that the final proposal will be released for comment next month. We hope that the release of the final draft of the lease accounting proposal will include a cost-benefit analysis for all stake holders to better assess how the proposed standard will impact them and to provide FASB with informed and constructive commentary that may assist in avoiding unintended consequences.

In addition to the comprehensive cost-benefit analysis, we would also like to have answers to the following questions related to the costs and benefits of the lease accounting proposal:

- What are the compliance costs and burdens that will be placed on businesses if leases are capitalized?
- Because of potential differences between the lease accounting proposal and existing tax, bankruptcy and state laws, some believe that preparers may have to keep separate duplicate records to comply with the differences in the accounting and legal requirements. Is this the case? If so, have you estimated the costs of such duplicative compliance functions?
- Very often, new regulatory or standard implementation disproportionately burdens small and midsize businesses. How will these costs impact small and medium companies? How will emerging growth companies, as defined under the Jumpstart Our Businesses Startup Act (JOBS Act) be impacted?
- What new systems will businesses need to put in place in order to comply with the proposed standard?
- How will existing debt covenants be affected and how will that impact the debt burdens and costs for a company? Generally, how will capital formation be affected?
- During the July 21, 2012, meeting of the Investor Technical Advisory Committee ("ITAC") concerns were raised that the lease accounting proposal will not provide investors with more decision useful information than exists under current standards. It was also expressed that investors will have to continue to make adjustments to financial statements to reflect their information needs. Accordingly, it seems that ITAC members failed to see the benefits in the lease accounting proposal. What are the benefits of the lease accounting proposal? How has FASB addressed the issues raised at the ITAC meeting?
- What impact will the proposed standard have on commercial real estate valuations?
- How will the proposal affect existing commercial real estate debt covenants and real estate lending going forward?

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- How will the proposed rules affect tenant behavior (i.e., lease term, number of lease obligations, etc.) and the economics of new commercial development?
- The lease accounting proposal is a convergence project undertaken by both FASB and the International Accounting Standards Board ("IASB"). At times there have been significant differences between FASB and IASB. If a cost-benefit analysis determines that the lease accounting proposal will raise costs for investors and businesses without any benefits and if the IASB decided to move forward with the lease accounting proposal anyway, will the FASB continue to work with the IASB, or decide to go its own way, or terminate the project on its own?
- Public input by all stakeholders is an important process to develop high-quality accounting standards and FASB has engaged in this type of dialogue in the past. Besides comment letters, what are the forms of public due process FASB and IASB are expected to use when the lease accounting proposal is released? Will this include public roundtables, field testing and industry specific outreach?

We believe that it is important to have a comprehensive analysis of the costs and benefits of the lease accounting proposal before it moves forward. Thank you for your consideration of this request and we look forward to your response and discussing these issues with you further.

Sincerely,



John Campbell
Member of Congress



Brad Sherman
Member of Congress



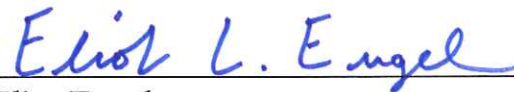
Peter King
Member of Congress



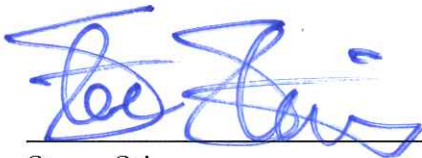
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Cc: Hans Hoogervorst, Chairman International Accounting Standards Board
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