



October 15, 2008

VIA EMAIL

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7 Corporate Park
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference: Proposed FSP FAS 140-e and FIN 46(R)-e (the “Proposed FSP”)

Dear Mr. Golden:

Thank you for the opportunity to comment on the Proposed FSP. This comment letter is being submitted jointly on behalf of the Commercial Mortgage Securities Association (“CMSA”),¹ the Mortgage Bankers Association (“MBA”)² and the Real Estate Roundtable

¹ CMSA is dedicated to promoting the ongoing strength, liquidity and viability of commercial real estate capital market finance worldwide. With commercial mortgage backed-securities (“CMBS”) in the U.S. currently valued at almost \$1 trillion, CMSA acts as the voice of the marketplace encouraging the development of consensus positions among its diverse membership which encompasses the full range of market participants, including investment banks and commercial banks, rating agencies, insurance companies, service providers and investors at all levels of risk. For additional information, visit CMSA's Web site: www.cmbs.org.

² MBA is the national association representing the real estate finance industry, an industry that employs more than 370,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,400 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mortgagebankers.org.

(“RER”).³ We recognize the amount of effort that has gone into producing the Proposed FSP. We have reviewed the Proposed FSP, and we have some comments and suggestions as described below. Before proceeding to our more detailed comments and suggestions, we would like to express our support for an overall effort to provide users of financial statements with greater transparency about a transferor’s continuing involvement with transferred financial assets and an enterprise’s involvement with variable interest entities.

Our Preference for Principles-Based Accounting

While we support the objectives of the Proposed FSP, we are concerned that the proposed changes to the reporting requirements are overly prescriptive and will require reporting entities to provide such detailed and granular disclosure that its meaning is obscured. We believe that the new reporting requirements may actually result in less transparency because the ultimate user of financial statements will be presented with too much numeric and qualitative data and too little useful and meaningful information to assess risk. We believe that an FSP that focused on principles-based guidance would better service the needs of the users of financial statements. In addition to this overarching concern with the FSP Proposal, we have the following additional concerns.

Effective Date

We are concerned with the timing of the implementation of the final FSP once it is issued by FASB. While we appreciate the urgent need to improve transparency, we do not believe that the proposed effective date will provide reporting entities sufficient time to implement the new reporting requirements as currently set forth in the Proposed FSP. We propose that FASB encourage compliance by the end of the reporting period in which the final FSP is issued, and delay mandatory compliance until the end of the next reporting period after the reporting period in which the final FSP is issued. We believe that moving the effective date will provide reporting entities with enough time to put the proper procedures in place to implement the new reporting requirements.

Additional Scope Concerns

Paragraph 17i requires detailed disclosure where the transferor has continuing involvement (not just significant continuing involvement). Likewise, paragraphs 22C and 24 require detailed disclosure for a sponsor that holds a variable interest in a variable interest entity (irrespective of the significance of the variable interest). We propose that FASB clearly limit the detailed disclosure required in paragraphs 17i, 22C and 24 to those reporting entities that have a significant continuing involvement or significant variable interest, as applicable. We believe that to require such detailed disclosure where the reporting entity does not have significant continuing involvement, or a significant variable interest, as

³ The Real Estate Roundtable brings together leaders of the nation’s top publicly-held and privately-owned real estate ownership, development, lending and management firms with the leaders of 16 national real estate trade associations to jointly address key national policy issues relating to real estate and the overall economy. Collectively, RER members’ portfolios contain over 5 billion square feet of office, retail and industrial properties valued at more than \$1 trillion; over 1.5 million apartment units; and in excess of 1.3 million hotel rooms. Participating trade associations represent more than 1.5 million people involved in virtually every aspect of the real estate business. For additional information, visit RER’s Web site: www.rer.org.

applicable, will not provide any true and meaningful benefit to users of financial statements and may ultimately overwhelm and confuse such users with excessive disclosure.

Second, the Proposed FSP will significantly increase the disclosure required for variable interest entities that are consolidated by another entity. While we agree that certain additional disclosure regarding variable interest entities that are consolidated could be helpful to users of financial statements, we believe that the additional disclosure about the special status of assets and liabilities of such variable interest entities that would be most helpful concerns the presence of asset restrictions, the nonrecourse nature of the variable interest entity's liabilities and the entity's maximum exposure to the variable interest entities.

Third, we believe that additional guidance and clarity is needed to assist the reporting entity in preparing the disclosure contemplated by paragraphs 17i(2) and 22Cd. Specifically, we urge FASB to provide guidance and clarity as to what types of "implicit arrangements" should be considered when preparing the disclosure required by paragraphs 17i(2) and 22Cd. Our concern is that the proposed language leaves too much uncertainty as to what arrangements, which are not explicitly contractual, should be deemed "implicit arrangements" within the scope of the FSP. The lack of clarity may result in superfluous and inconsistent disclosures adding no real value to the ultimate user of financial statements.

Fourth, we believe that the disclosure contemplated by paragraph 22Ca(2) is open-ended and should be narrowed and clarified. Pursuant to paragraph 22Ca(2), an enterprise is required to disclose its methodology for determining whether an enterprise is (or is not) the primary beneficiary of a variable interest entity, including "whether a different assumption or judgment *could* have been reasonably made that would result in a different conclusion" (emphasis added). We believe that this requirement creates the possibility of overly broad disclosure that may ultimately confuse the user of financial statements. We propose that FASB narrow the scope of this requirement and provide clarity and guidance as to what it intends to accomplish by such disclosure.

Fifth, we believe that the definitions of "nonpublic entity" and "nonpublic enterprise" should be clarified by removing the "control" concept in subclause (d) of each definition. We propose that FASB instead adopt the following language: "(d) that is included in a consolidated group of an [entity or enterprise] covered by (a), (b), or (c)." While we do not believe that this changes the substance of what FASB intends, it will provide the preparer with certainty in how to use these definitions.

We would again like to convey our appreciation to be given the opportunity to participate in this process and we would be pleased to meet with FASB or the staff to discuss our concerns or to answer any questions you might have.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dottie Cunningham".

Dottie Cunningham
Chief Executive Officer
Commercial Mortgage Securities Association

Handwritten signature of John A. Courson in black ink.

John A. Courson
Chief Operating Officer
Mortgage Bankers Association

Handwritten signature of Jeffrey D. DeBoer in black ink.

Jeffrey D. DeBoer
President and Chief Executive Officer
The Real Estate Roundtable