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FSP FIN 46-e

NATIONAL ASSOCIATION OF
REAL ESTATE INVESTMENT TRUSTS®

VIA E-MAIL

October 7, 2003

Mr. Lawrence W. Smith
Director-Technical Application and Implementation Activities and EITF Chair
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: FASB Staff Position on Interpretation 46 (FSP FIN 46-e)

Dear Mr. Smith:

The National Association of Real Estate Investment Trusts® ("NAREIT®") welcomes this opportunity to respond to the request for comments from the Financial Accounting Standards Board ("FASB") on the proposal contained in FSP FIN 46-e.

NAREIT is the national trade association for real estate investment trusts ("REITs") and other publicly traded real estate companies. Members include REITs and other businesses that own, operate, and finance income-producing real estate, as well as those firms and individuals who advise, study and service those businesses. Joint ventures and similar arrangements are used extensively in our industry. Currently, financial managers and accounting practitioners in our industry are making every effort to implement the requirements of FIN 46, many of which are complex and require extensive analysis. We support the deferral of the effective date of FIN 46 for variable interests held by a public entity until at least the end of the first interim or annual period ending after December 15, 2003.

Further, we urge the Board to eliminate the fourth condition required to defer implementation. Many of our member companies are in the process of completing their analysis of potential VIEs. It would be very confusing for users of financial statements to have some VIEs reflected in the third quarter of 2003 financial statements while others are not. In addition, an understanding of FIN 46 and its application to specific joint ownership entities will increase as it is applied to each additional entity for which the analysis has not yet been completed. This increased understanding may alter conclusions reached in earlier analyses.

♦ ♦ ♦

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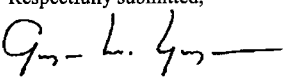
Therefore, we urge the Board to allow companies to defer the implementation of FIN 46 until it can be applied consistently to all of a company's VIEs.

We commend the FASB's efforts to continue to develop high-quality accounting standards that improve the transparency, usefulness and credibility of financial reporting and applaud the Board's efforts to issue related implementation guidance in a timely manner. NAREIT thanks the Board for this opportunity to comment on the FSP. Please contact Gaurav Agarwal, NAREIT's Director, Financial Standards, at (202) 739-9442 or me at (202) 739-9432 if you would like to discuss our comments.

Respectfully submitted,



George L. Yungmann
Vice President, Financial Standards