



October 3, 2003

Director of Major Projects and Technical Activities
Financial Accounting Standards Board
Re: FASB Staff Position No. FIN 46-c

Dear Sir or Madam:

We have read your proposed FASB Staff Position No. FIN 46-c entitled *Impact of Kick-Out Rights Associated with the Decision Maker on the Computation of Expected Residual Returns under Paragraph 8(c) of FASB Interpretation No. 46, Consolidation of Variable Interest Entities*, and respectfully submit the following comments for your consideration.

LNR Property Corporation invests in commercial real estate properties, loans, and securities. In conjunction with our properties segment, we often invest through partnership entities in which one or more parties act as the general partner, while one or more other parties invest as limited partners. In certain of these partnerships, the general partner would meet the definition of sole decision maker, since the limited partners are not explicitly granted any of the participative rights described in EITF 96-16.

On occasion, limited partners have the right to remove the general partner with cause, which we view as a protective right, and therefore this kick-out right does not change the characterization of the general partner as the sole decision maker. However, in other circumstances, limited partners have the right to remove the general partner without cause. In a situation such as this, we believe that the right to remove the general partner for any reason should be viewed as a participative right, which effectively changes the characterization of the general partner such that it is no longer the sole decision maker.

The right to remove a sole decision maker without cause implies that the limited partners must approve all decisions of the general partner, effectively granting them participative rights in all operating activities and decisions made. This extensive participative right therefore implies that there is no sole decision maker in the entity – all decisions implicitly require the approval of any partner holding such kick-out right.

Accordingly, we respectfully submit that the ability of a non-decision maker to remove a decision maker without cause is a substantive participative right, and that the presence of such rights effectively changes the status of the decision maker such that it is no longer the sole decision maker.

Kind regards,

Shelly Rubin, CFO
LNR Property Corporation