

October 3, 2003

Director, TA&I-FSP
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Proposed FASB Staff Position No. FIN 46-e

We appreciate the opportunity to comment on Proposed FASB Staff Position (FSP) No. FIN 46-e *Consolidation of Variable Interest Entities, for Certain Interests Held by a Public Entity*.

FSP FIN 46-e proposes a deferral to the effective date of applying the provisions of Interpretation 46 to interests held in a variable interest entity or potential variable interest entity if four conditions are met. Borrowers of a public entity that have been subject to a troubled debt restructuring have been included as an example to which this deferral may be applicable.

The FINOVA Group Inc. ("FINOVA"), which is in the commercial lending business, believes that FSP FIN 46-e's condition number 2, that requires the assets of the variable interest entity or potential variable interest entity to be predominantly nonfinancial, has the unintended consequence of excluding the deferral period for certain operating entities that have been subject to troubled debt restructuring. Many of FINOVA's restructured senior secured loans are to operating entities that, due to the nature of their business activities, have predominantly financial assets in the form of consumer notes receivable. The consumer notes are originated and held by these borrowers and are not subject to the rules of SFAS 140. These are not entities that were established simply to hold financial assets in a special purpose entity, but are actively managed operating entities engaged in the business of generating sales that result in notes receivable from their customers. Examples of these entities include timeshare resort developers that finance their timeshare sales with consumer notes and regional and local consumer finance companies. These consumer notes are pledged to FINOVA as the primary collateral securing our loans. FINOVA does not manage, operate or control these entities.

It is our opinion that FIN 46 should treat these restructured loans in the same manner as any other asset based senior secured troubled debt restructuring. The circumstances warranting delay of FIN 46 implementation for troubled debt restructurings are the same for the loans discussed herein, as any other troubled debt restructuring. As a result, we strongly urge that FASB consider revising condition 2, which currently excludes from the deferral, troubled debt restructurings with *operating entities* that have predominantly financial assets as a result of their *normal operating activities*. Our recommendation assumes that deferral of these troubled debt restructurings would still be predicated on meeting the other three conditions as outlined in the FSP.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart A. Tashlik". The signature is fluid and cursive, with the first name "Stuart" being the most prominent.

Stuart A. Tashlik
Senior Vice President & Chief Financial Officer
The FINOVA Group Inc.