



LETTER OF COMMENT NO. 28

November 10, 2008

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

Via email: [director@fasb.org](mailto:director@fasb.org)

**File Reference No. 1620-100, Proposed Statement of Financial Accounting Standards, Amendments to FASB Interpretation No. 46(R)**

Dear Mr. Golden:

Camden Property Trust ("Camden") appreciates the opportunity to comment on the FASB's Proposed Statement of Financial Accounting Standards, *Amendments to FASB Interpretation No. 46(R)* (the "Proposed Statement"). Camden is a Texas real estate investment trust and as of September 30, 2008, we owned interests in, operated, or were developing 179 multifamily properties comprising approximately 62,000 apartment homes located across the United States.

We support the FASB's efforts to improve transparency in financial reporting and to provide timely, reliable, and relevant information to users of financial statements. We believe the current accounting requirements for consolidation of a variable interest entity ("VIE") based upon economic risks and rewards would be improved upon by considering a new consolidation model which considers governance, power, and control of an entity. However, we believe there are several issues with the Proposed Statement that represent a significant change in the consolidation model for VIE's as well as contradictions to other accounting literature.

#### **IASB Convergence**

It is our understanding the FASB and the IASB are expected to issue a joint final consolidation model or standard by 2010. We believe the FASB should suspend this Proposed Statement and work with the IASB to issue the final consolidation model to be applied to all entities; otherwise, issuers will incur the challenges and costs to implement two new and potentially different, consolidation models in a short period of time. We further recommend the FASB consider the following comments as the joint final consolidation model is considered.

#### **Kick-Out Rights**

In determining whether an entity has the power to direct matters which most significantly effect the activities of a VIE, we disagree substantive kick-out rights, as discussed in paragraph 14A(a) of the Proposed Statement, should not be considered, unless there is

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only one entity with the ability to exercise kick-out rights, in the determination of whether an entity has the power to direct matters which most significantly effect the activities of a VIE. The FASB's conclusion to ignore substantive kick-out rights in these instances inconsistent with other consolidation literature such as Emerging Issues Task Force ("EITF") Issue No. 04-5, *Investors Accounting For an Investment in a Limited Partnership When the Investor is the Sole Partner and the Limited Partners Have Certain Rights* ("EITF 04-5"), EITF Issue No. 96-16, *Investor's Accounting for an Investee When the Investor Has a Majority Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights*, and AICPA Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures*. We believe the concept of substantive kick-out rights should not be changed without careful reconsideration and should be the same under either a voting or variable interest model.

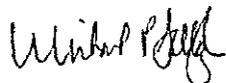
#### **Qualitative Analysis of the Primary Beneficiary**

We believe a qualitative approach to identify the entity with a controlling financial interest of a VIE as the primary beneficiary will meet the FASB's objective of having a more principles-based approach for determining the primary beneficiary and will reduce the potential complexity in implementation. We do not believe, if the qualitative analysis is performed correctly, a quantitative analysis is necessary and the quantitative analysis provision should be removed from the provisions of the Proposed Statement.

Concerning paragraph 14A(b) of the Proposed Statement, we believe requiring only potential, as opposed to actual, significance would result in a conclusion which is inconsistent with the Proposed Statement's objectives. The lack of a time limit for how far into the future an enterprise would need to consider and the ambiguous definition of "potential" could result in an extremely remote scenario triggering a primary beneficiary designation due to a purely statistical standpoint. As the Proposed Statement requires a continuous reassessment, we believe paragraph 14A(b) should be modified to replace the phrase "potentially" to "currently" significant as this would better reflect the intended analysis necessary for determining the primary beneficiary as facts and circumstances change over time; alternatively, we believe additional clarity and guidelines should be added to define "potentially significant" due to the reasons mentioned above.

Thank you for the opportunity to express our views on the Proposed Statement. If you have any questions regarding the comments set forth in this letter, please contact me at (713) 354-2500.

Very truly yours,



Michael P. Gallagher  
Vice President-Chief Accounting Officer