

August 15, 2008

Mr. Russell Golden
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116



LETTER OF COMMENT NO. 70

Re: File Reference Number 1590-100, Proposed Statement of Financial Accounting Standards, *Accounting for Hedging Activities, an amendment of FASB Statement No. 133*

Dear Mr. Golden:

Camden Property Trust (Camden) appreciates the opportunity to comment on the Financial Accounting Standards Board's ("FASB") Exposure Draft of Proposed Statement of Financial Accounting Standards, *Accounting for Hedging Activities, an amendment of FASB Statement No. 133* (the "Exposure Draft"). As of June 30, 2008, we owned interests in, operated, or were developing 190 multifamily properties comprising approximately 66,000 apartment homes located in 13 states and the District of Columbia.

We regularly use derivatives as one way of actively managing our exposure to variability in interest rates. We fund our operations with a mix of debt and equity. Included in our approximately \$2.8 billion of debt is variable rate mortgages as well as a variable rate credit line. We primarily use interest rate swaps to fix our floating rate debt when issuing fixed rate debt is not possible. As such, we offer the following comments related to the Exposure Draft.

We are supportive of the overall objectives of the Exposure Draft which are:

- a. Simplify accounting for hedging activities
- b. Improve the financial reporting of hedging activities to make the accounting model and associated disclosures more useful and easier to understand for users of financial statements
- c. Resolve major practice issues related to hedge accounting that have arisen under Statement 133
- d. Address differences resulting from recognition and measurement anomalies between the accounting for derivative instruments and the accounting for hedged items or transactions.

However, we have concerns the proposed guidance does not meet these objectives and do not believe the proposed guidance should be issued for the reasons noted in the Alternative Views in paragraphs A52 through A60 in the Exposure Draft.

Hedged Risk

We believe hedge accounting as currently required by SFAS 133 generally results in an accurate reflection of economics of hedging transactions in the financial statements. While the proposed guidance will likely not affect the financial statement results of most of our hedges, we are concerned the elimination of the bifurcation by risk for hedges executed after the inception of debt may not accurately reflect the true economics of the hedge.

We pursue an active risk management strategy to allow for us to take advantage of opportunities in the market that may require additional debt or may result in a reduction of debt. As such, our overall fixed/floating mix is subject to constant change as is our overall exposure to variability in interest rates. Managing this exposure means there may be circumstances where we need to hedge debt that was previously unhedged. Whether debt is hedged at inception or sometime thereafter, the economics are the same in that we end up with a fixed coupon for the term of the swap. As such, we fail to see why the proposed guidance makes a distinction between the two scenarios. The proposed guidance could limit our ability to refinance affected pieces of debt due to the "ineffectiveness" that would result. Rather, we would have to incur additional transaction costs by terminating the swap and entering into a new one resulting in potentially poor economic decisions in order to accurately reflect management's risk mitigation strategies in the financial statements.

Additionally, removing the ability to hedge individual risks would so drastically separate economic reality from what is reported in the financial statements for hedges of future debt issuances, we question why anyone would choose to elect hedge accounting at all for forward hedges.

Hedge Effectiveness

We are supportive of reducing the effectiveness threshold from "highly effective" to "reasonably effective". This amendment would likely eliminate false failures of the "law of small numbers" problem that in order to currently avoid requires the use of complex regression analysis as the assessment method. Likewise, we support the elimination of effectiveness testing after inception unless circumstances suggest the hedging relationship may no longer be reasonably effective.

However, over the past eight years, preparers, auditors, and regulators have come to an understanding on many of the nuanced, gray areas of FAS 133. We fear the proposed guidance serves to eliminate some gray areas by replacing them with new gray areas. We strongly suggest the FASB define what is considered "reasonably effective" and what circumstances would require additional effectiveness testing as these will clearly be areas of considerable discussion among preparers, auditors, and regulators.

Additionally, we believe the vast majority of hedges were originally intended to qualify for either the "shortcut method" described in paragraph 68 of FAS 133 or the critical terms match method described in paragraph 65 and DIG Issue G9. These provisions greatly reduced the complexity of applying hedge accounting. We see this project as an opportunity to clarify these assessment methodologies and once again make them available for simple coupon swaps. We

believe any amendment that does not provide a methodology for the most simple and common hedging strategies that avoid effectiveness testing, and reduce the documentation complexities, ultimately falls short of the FASB's objective to reduce the complexity of hedge accounting.

Presentation of Hedging Gains and Losses

We agree with the FASB's decision not to prescribe the presentation of gains and losses associated with hedging instruments for the reasons sighted in the Exposure Draft. Additionally, we agree with the FASB's decision not to require additional disclosures during transition.

Effective Date and Transition

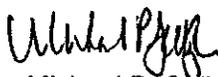
We do not agree with the Board's goal to issue a final statement by December 31, 2008. Given the convergence goal with the IASB in the near future, we fail to see a reason to overhaul accounting for derivatives at this time. Implementing the proposed guidance will be difficult, costly, and time consuming and having to do it all over again in the near future seems unnecessary. Given the complexities of derivatives, we believe additional time must be taken to meet with preparers, auditors, users, and regulators to determine whether the impacts of the proposed guidance meet any of the stated objectives. Given the dramatic changes the proposed guidance would require to hedge accounting, we would strongly recommend the FASB not require implementation of the proposed guidance for at least 18 months after it is issued in its final form in order for preparers to have adequate time to implement the required system changes.

Benefit-Cost Considerations

For the reasons noted above, we do not see the proposed guidance benefiting financial reporting nor does it alleviate many of the more complex areas of hedge accounting. However, there will be costs, possibly substantial, in order to implement the proposed guidance. We believe the FASB should give additional consideration to the timing of convergence with the international accounting community and spend additional time talking with preparers regarding the areas that are most difficult to comply with before proceeding with this project.

For the reasons stated herein, we do not support the issuance of the proposed guidance at this time.

Sincerely,



Michael P. Gallagher
Vice President – Chief Accounting Officer