1660-100 Comment Letter No. 168

NATIONAL ASSOCIATION OF SURETY BOND PRODUCERS



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

Re: File Reference Number 1660-100

Dear Mr. Golden:

On behalf of the National Association of Surety Bond Producers (NASBP), a national trade association located in Washington, DC serving a membership of firms throughout the United States, with personnel of over 5,000 surety agents and brokers, who specialize in providing surety bonds to companies and individuals for construction and other commercial purposes, I am writing to express our comments and concerns centering on the Financial Accounting Standards Board's paper titled "Preliminary Views on Revenue Recognition in Contracts with Customers" (hereinafter "paper"). NASBP believes that the paper proposes a model—a completed contract method of revenue recognition—which would considerably complicate, and even hamper, the underwriting of construction firms by surety professionals.

We support the points posited to you by other organizations representing the interests of construction industry firms, most notably those of the Construction Financial Management Association (CFMA), which circulated its extensive comments to NASBP. In the interests of brevity and avoiding repetition, I will not recount those points here. However, we urge the Financial Accounting Standards Board to make clear that the proposed model contained in the paper should not be applied to construction industry firms, recognizing that the current model applying to such firms—the percentage of completion method of revenue recognition—effectively grasps the unique nature of construction business activities and has served and continues to serve the financial information needs of the industry well.

Further, we have significant concerns over the increased costs and heightened administrative burdens that would be engendered by the proposed model and placed on the shoulders of construction firms and surety professionals.

Please feel free to contact me should you have questions or require additional information from NASBP in this regard. NASBP appreciates your consideration of our comments and concerns.

Yours sincerely,

Patrick T. Pribvl

Chair, NASBP Industry Relations Committee