



June 17, 2013

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Dear Technical Director:

**Re: Proposed Accounting Standards Update, *Investments – Equity Method and Joint Ventures (Topic 323)*, *Accounting for Investments in Qualified Affordable Housing Projects* (File Reference No. EITF - 13B)**

We appreciate the opportunity to comment on the Proposed Accounting Standards Update, *Investments – Equity Method and Joint Ventures (Topic 323)*, *Accounting for Investments in Qualified Affordable Housing Projects* (the Proposed Update). Bank of America Corporation (BAC) provides a diverse range of banking and non-banking financial services and products domestically and internationally. As one of the world's largest financial institutions, we invest in qualified affordable housing projects and are, therefore, focused on the efforts of the Financial Accounting Standards Board (FASB) and the Emerging Issues Task Force (EITF) to amend the guidance related to the accounting for such investments. Please find our comments on certain aspects of the proposal below.

We agree with the proposed conditions for electing the effective yield method of accounting for investments in qualified affordable housing projects. Specifically, the removal of the requirement that the tax credits be guaranteed and allowing other tax benefits to be considered in the analysis. While the evaluation of the proposed conditions and election of the effective yield method is required at the inception of the investment, we believe a reevaluation should be required only when there is a significant structural change in the investment or when the investment ownership interest changes. For example, the first proposed condition in applying the effective yield method requires an assessment as to whether it is probable allocable tax credits will be available to the investor. We believe this assessment is required at inception of the investment as opposed to being an on-going evaluation but request that the FASB/EITF provide clarification in the final standard.

In addition, it should be noted that investors often provide lending to qualified affordable housing project vehicles (e.g., construction loans) in addition to holding a capital investment. We do not believe providing financing should impact or alter whether the effective yield can be applied. Specifically related to criteria (aa) of paragraph 323-740-25-1 that requires substantially all of the benefits be from tax credits and other tax benefits we do not believe interest received on lending should impact the analysis. We also believe lending should not impact criteria (c) of paragraph 323-740-25-1 where it suggests the investor's liability is limited to its capital investment.

We also note that including other tax benefits in ASC 323-70-35-2 resulted in changing the word “allocated” to “realized”. This change may be misinterpreted to require an investor to modify the effective yield calculation during the life of an investment. For example, an investor might estimate in year two of an investment’s life that the tax credits allocated for year two will not result in cash tax savings until year three due to a temporary, unexpected drop in the investor’s taxable income. We do not believe “realized” was meant to change the effective yield calculation. Therefore, we recommend the following modification to the paragraph:

“Under the effective yield method the investor recognizes tax credits as they are allocated and recognizes other tax benefits as they become available ~~are realized~~ and amortizes the initial cost...”

Finally, we support expanding the scope of the proposed guidance to other tax credit investments (e.g., historic tax credits) as we believe addressing all tax credit investments will lead to consistent application in the accounting for similar investments.

#### *Subsequent Measurement*

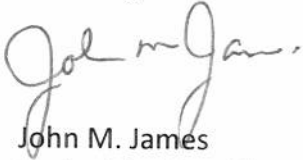
We note in the updated example in paragraph 323-740-55-10 that there is a sizeable impact from the amortization recognized in year 10 under the effective yield calculation. As a result revenue is recognized earlier and may require the recognition of an impairment charge in year 10. We do not believe this necessarily reflects the spirit of matching the amortization of the initial investment with the tax credits and other tax benefits being allocated to the investor. We believe the example is not the only acceptable way to calculate effective yield as the calculation could be based on a pre-tax basis or post-tax basis. Additionally, revenue may be earned over a longer period than the tax credit period. We request the FASB make clear the example is not the sole acceptable effective yield calculation and other methods may be acceptable.

#### *Transition*

We currently hold a significant number of investments that will be impacted by system changes needed for implementation. If the FASB decides to retain a retrospective approach, we believe the effective date should be at least one year after issuance with early adoption permitted. We agree with the comments in the basis for conclusions paragraph 14 that states, “...information to retrospectively apply the proposed amendments would be readily available.” However, it ignores the system changes and time necessary to convert systems to an effective yield methodology. Our recommendation would be to allow certain financial institutions that have a limited number of investments or systems readily available for conversion the ability to early adopt and those with significant investments or systems limitations sufficient time to implement.

We appreciate the opportunity to express our views in this letter. Should you have any questions, please feel free to contact Randall Shearer (980.388.8433) or me (980.387.4997).

Sincerely,



John M. James  
Senior Vice President and Corporate Controller

JJ.kh

cc: Bruce Thompson, Chief Financial Officer  
Neil A. Cotty, Chief Accounting Officer  
Randall J. Shearer, Accounting Policy Executive