January 28, 2011

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

File Reference No. 1890-100: Effective Dates and Transition Methods

Dear Technical Director:

FelCor Lodging Trust Incorporated (FelCor) appreciates the opportunity to comment on the Financial Accounting Standard Board’s (FASB) Discussion Paper, *Effective Dates and Transition Methods*. FelCor is a publicly-held real estate investment trust and owns interests in 82 hotels, located in 22 states and Canada. We prepare our financial statements in accordance with U.S. GAAP.

**Broad Concerns; Increased Overhead with Limited Investor Benefit**

We have several concerns about the impact the proposed accounting standards will have on our company, particularly the significant costs involved in the transition and ongoing compliance with these proposed standards relative to the perceived benefit to investors. It is difficult for us to predict the hours or cost to adopt each of the proposed standards, but the process will be expensive and time-consuming. Our accounting department is relatively small because we engage third parties to manage our hotels, accounting for the bulk of our routine transactions. Many of the proposed standards will require extensive time and involvement, particularly the proposed accounting for leases and changes being discussed regarding financial statement presentation. These standards could easily require us to add two to three people to our accounting staff, representing a 20 to 25 percent increase in staffing. Finally, the proposed standards will increase the disparity between financial accounting and income tax accounting, increasing the time and expense to reconcile between book and tax records.
Implementation Costs

Because of our limited size, we do not expect to have sufficient resources within our company to address all the complexities of the proposed accounting standards. As such, we expect we will be required to engage third parties to consult on the complex accounting matters, resulting in additional costs. We may also be required to upgrade our accounting systems and software to accommodate the proposed standards, further increasing implementation cost.

Timing of Implementation: Retrospective versus Prospective Transition

Many of the proposed accounting standards require retrospective transition. This necessitates that the effective dates of the proposed standards be several years away to enable preparers to apply the new standards in each of the years included in the financial statements of the year of adoption. Prospective application would be more manageable.

Sequential Implementation

We believe sequential implementation dates allows for greater control over implementation. If all the proposed standards are effective on the same date, there is heightened risk of errors. A measured approach, where standards become effective over a period of time, is our preference and recommendation. Standards with overlapping changes should have the same effective dates, but the effective dates for the entire group of standards should be spread over several years. We do not believe companies should be given the option of adopting early because it could reduce comparability among peers during the transition period. Likewise, allowing certain companies a delayed effective date could also reduce comparability and should not be permitted.

International Convergence Considerations

With the FASB and the International Accounting Standards Board (IASB) working toward potential convergence, we believe that the two bodies should have the same effective dates for their respective new standards addressing the same areas of accounting. This also means that consistency between the provisions of any new standards issued by the FASB and IASB is very important. It would be counterproductive and wasteful to require compliance with new FASB standards only to have those same standards changed again upon convergence with International Financial Reporting Standards.

Changes to Standards Setting for Private Entities

We recommend that the FASB not develop a separate set of accounting rules for private companies. Private companies go public and public companies go private. A change in accounting standards should not be an impediment to movement between public and private sources of capital.

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Once again, we appreciate the opportunity to provide comments on the Discussion Paper. In addition to our comments concerning the effective dates and transition methods, we have concerns regarding many of the technical aspects of the proposed standards. These concerns have been addressed in several of the comment letters received by the FASB on these Exposure Drafts. We believe that the FASB can meet its overall objective of improving financial reporting while still giving consideration to the concerns raised by financial statement preparers. The changes to the accounting standards being proposed are significant; therefore, we believe the FASB should move forward cautiously and with due deliberation to avoid any unnecessary disruption in the timely preparation of accurate financial statements.

Sincerely,

Andrew J. Welch
Executive Vice President
Chief Financial Officer

Lester C. Johnson
Senior Vice President
Chief Accounting Officer

Jeffrey D. Symes
Vice President
Controller