December 15, 2010

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

Re: File Reference No. 1850-100, Proposed Accounting Standards Update – Leases (Topic 840)

Dear Sir / Madam:

Camden Property Trust ("Camden") appreciates the opportunity to comment on the Financial Accounting Standards Board's (the "Board" or "FASB") Proposed Accounting Standards Update – Leases (the "Exposure Draft" or "ED"). Camden is one of the largest multifamily real estate investment trusts in the nation and specializes in the ownership, development, and management of apartment home communities. As of September 30, 2010, Camden owned interest in and operated 186 properties containing approximately 64,000 apartment homes in the United States.

Camden is a member of the National Association of Real Estate Investment Trusts ("NAREIT") that submitted a comment letter on behalf of its global members in response to the invitation to comment on this ED. Camden supports the views expressed in the NAREIT letter, and this Camden letter provides additional support for certain of the views expressed in the NAREIT comment letter and provides supplemental comments.

Investment Property Reported at Fair Value

We support the International Accounting Standards Board's ("IASB") conclusion to exclude lease income from investment property reported at fair value from the ED, and urge the FASB to include such an exclusion under US GAAP. As the USA continues to converge its financial standards, we believe a standard under US GAAP similar to IAS 40 allowing the reporting of investment property at fair value would result in relevant comparable financial statements for those companies owning investment properties worldwide. We understand the FASB is also considering a convergence project of fair value accounting for real estate investment property, which we believe should result in a scope exemption from the proposed leasing standard for those investment properties
reported at fair value. We urge the FASB to consider the timing of such a project, the respective implementation date, and allow simultaneous adoption of both standards.

The remainder of our comments assume the investment property at fair value project does not materialize, or is delayed, and the ED proceeds as written.

Lessee and Lessor Accounting Standards Should Be Different

While we acknowledge the current model for leases has been criticized over the years, we believe having a singular approach for both lessees and lessors does not achieve the Board’s goal of a consistent relevant accounting model for both lessees and lessors. We note the Board has recognized lessee accounting is of greater concern to financial statement users than lessor accounting, and we do not believe a singular approach is a significant improvement to current guidance and will require substantial effort and cost to change. It is our recommendation the current leasing guidance for lessors remain in effect until both the FASB and the IASB develop a lessor accounting standard or, alternatively, address any lessor accounting concerns under a principles-based revenue recognition standard. We do not believe a “one size fits all” accounting standard applicable to both lessees and lessors is necessary or appropriate and would not yield meaningful information to the users of our, and other real estate owners’, financial statements.

Bright Line for Short-Term Designation

Historically, apartment leases typically are for a one-year term. However, due to many factors our current leases generally range from 11 – 15 months. We believe as the US standards converge to the principles-based international standards, the short-term designation / probable lease term should be defined on a portfolio basis as “generally” one year vs. a lease-by-lease bright line of 12 months or less. We do not believe, for example, users of our financial statements will believe presenting 13 month apartment leases under the guidance of the ED versus a lease of 12 months or less (with a different accounting / presentation) to be particularly useful or relevant information.

Lessor Discount Rate

The discount rate used in the ED to determine the present value of lease payments for lessors is the rate the lessor charges the lessee or, for property leases, the yield on the property. Absent a specific definition of “yield on property,” we interpreted the FASB considers the yield on property to be defined as net operating income as the numerator and depreciated cost basis as the denominator.
Assuming our interpretation of yield on property is correct, we do not support the yield on property as a reliable measure of a discount rate: newer properties typically have relatively low yields vs. older properties, and using a property yield rate would distort results for similar leases. For example, assume one apartment community has a 13 month / $1,500 per month lease, and the apartment community is relatively new with a 7% yield; over the life of this 13 month lease, we would report $18,726 of rental income and $774 of interest / financing income. Assuming the same facts for a similar property and floor plan we own one block away from the first example, but a slightly older asset with a 13% yield results in $18,098 of rental income and $1,402 of interest / financing income. Due to using the yield on property as the discount rate (as apartment leases do not have a stated rate in the lease), for two similar properties with the exact same lease term, located one block from each other, would result in materially different financial results. Unless specifically stated within the terms of the lease, we believe the discount rate used should be the lessor’s incremental or average borrowing rate.

**Board Assessment of Costs and Benefits of the Proposed Requirements**

We do not believe the Board’s assessments of the costs of the proposed requirements of the ED in paragraphs BC200 – BC205 are correct, and believe the implementation and continuing costs of compliance will be prohibitive. As an apartment real estate owner, we are an operating company and not a financing company. Due to market competition, the continued recession, and the desire of our residents over the last two years (among other items) to (a) lock-in a lower monthly rental rate and, (b) decrease the number of times to move, and the associated costs of moving, our leases are typically in the 11 -15 month range. Signing an apartment lease for a 12-15 month term can result in monthly savings to our residents of approximately 7% vs. signing an 11 month (or less) lease for the exact same apartment.

Under the guidance of the ED, we will be forced to incur significant information technology and personnel costs; we estimate the initial costs in the $1.5 - $2.5 million range, and the addition of approximately three full-time staff members plus an ongoing technology investment in order to reassess 64,000 apartment leases for each quarterly reporting period. The $1.5 - $2.5 million mentioned above approximates $0.02 - $0.04 per diluted share of earnings.

Each of our apartments has a separate lease, and many of these leases contain roommates who are also a party to the lease. These factors, combined with other measurable elements such as type of floor plan, size, first floor / higher floor, history of the location in the building, etc., we are concerned with the number of calculations we would have to perform on an annual basis in order to determine the initial recording of the right to receive lease payments and the associated lease liability. If you also consider the potential number of reassessments due to, among other factors, tenants
breaking their lease due to move out or eviction, the ED will require hundreds of thousands of potential mechanistic calculations with little, if any, value.

**Accounting Standards Will Force Change in Our Fundamental Business Model**

Given these challenges, and assuming the terms of this ED become a final standard, we will be forced to change our business model and not allow the origination of leases longer than 12 months in order to avoid these burdensome costs and reduction in shareholder value. We do not believe the potential benefits to users of our financial statements outweigh the costs. This treatment would also directly increase the costs of our residents as they move from community-to-community in order to save a few dollars on monthly rent chasing the latest special offer from other multifamily operators. As an owner, developer, and manager of apartment communities we are an operating company and not a financing company and we strongly believe business practices and consumer behavior should reflect the business economics of a transaction vs. trying to comply with an accounting standard.

Thank you for the opportunity to express our views on the Exposure Draft. 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