June 17, 2013

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

Re: Accounting for Investments in Qualified Affordable Housing Projects - FASB  
File Reference: EITF-13B

Dear Madam,

The Bank of New York Mellon Corporation (“BNY Mellon”) appreciates the opportunity to comment on the FASB’s Proposed Accounting Standards Update, Accounting for Investments in Qualified Affordable Housing Projects - EITF-13B (the “Exposure Draft”).

BNY Mellon is a global financial institution with $356 billion in assets and $1.4 trillion in assets under management. We are active investors in qualified affordable housing projects and also actively invest in other forms of tax credit investments that have similar economic characteristics.

We support the FASB’s proposal to improve the accounting for investments in affordable housing projects (“LIHTC”) that qualify for the low income housing tax credit, and we also encourage the FASB to expand its project to consider other similar structures without delaying the implementation for LIHTCs beyond fiscal years ending on December 31, 2013. We do believe, however, that a more principles based model could be developed by the FASB that applies to structures with similar economic characteristics, such as Solar Power, Wind Power, and Alternative Fuel tax credit investments. The Exposure Draft includes four conditions that must all be met for an entity to elect (as an Accounting Policy decision) to account for its LIHTCs using the effective yield method, and we propose that the fourth condition be reconsidered to enable a broader population of tax credit investments be included in its scope.
This could also include certain structures apart from limited liability entities as presently exist in certain Alternative Fuel tax credit investments that have very similar economic characteristics to LIHTCs.

**Income Statement Presentation on the Tax Line Best Reflects the Economics of LIHTCs**

We agree that presentation of the income statement components net on the tax line best reflects the underlying economics of LIHTCs (and similar tax credit investments with similar economic characteristics) and encourage the FASB to permit early adoption of the guidance once issued. We agree that retrospective transition is preferable.

**Cost-based Amortization Method Matches the Economic Benefits and is Operational**

We believe that the constant effective yield method in the Exposure Draft would be operationally burdensome and would not reflect the economics of LIHTCs. A cost-based amortization method would better match the tax credits with the amortization of the cost of the investment and would not result in a front-loading of the net economics of such investments in the income statement. We believe that the recognition of the economics for LIHTCs should be all set up and scheduled at the inception of each investment based on the initial schedule which is then only revised when there is an impairment to be recognized. Because Partnership K-1 cash flows may change or tax credits may change, the constant effective yield method would pose too much of an operational burden to preparers, particularly if the unit of account were to be at the individual LIHTC Partnership level. We believe that the unit of account could be an election at either the top level or at the individual Partnership level in a tiered Partnership structure based on operational considerations and a consistently applied accounting policy election.

The tables included in the Exposure Draft are not representative of the timing and economics of LIHTC investments and we believe that such specific guidance is unnecessary. Provided that a systematic and rational method, such as cost-based amortization is used by preparers we do not believe that such tables be included in the standard.

**Disclosures**

We agree with the FASB’s proposed Disclosures in the Exposure Draft and believe that additional disclosures will provide transparency into the income statement effects of LIHTCs recorded in the tax line.
Thank you for considering our comments regarding the Exposure Draft. If you have any questions or require further information, please contact me at 212-635-7080 or Ross Brown at 212-635-7023.

Sincerely,

[Signature]

John Park
Controller