January 15, 2019

Ms. Susan M. Cosper
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116


Dear Ms. Cosper:

We appreciate the opportunity to comment on the Exposure Draft, Proposed Accounting Standards Update, Leases (Topic 842): Codification Improvements for Lessors (the Proposal). Bank of America Corporation 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 are very focused on the efforts of the Financial Accounting Standards Board (the FASB or the Board) to continually improve the Codification.

We appreciate and are supportive of the Board’s effort to address stakeholders’ issues related to Accounting Standards Update No. 2016-02, Leases (Topic 842). We have responded in Appendix A to the questions put forth by the Board in the Proposal.

We welcome the opportunity to express our views in this letter. Should you have any questions, please feel free to contact Michael Tovey (980.387.6061) or me (980.387.4997).

Sincerely,

John M. James
Senior Vice President and Corporate Controller

Cc: Rudolf Bless, Chief Accounting Officer
    Michael Tovey, Accounting Policy Executive
Appendix A

The following are our responses to the questions posed by the FASB.

**Question 1:** Should a lessor that is not a manufacturer or dealer establish fair value of the underlying asset as its cost, subject to any trade or volume discounts that apply (acknowledging that if a significant lapse of time occurs between the acquisition of the underlying asset and lease commencement, the definition of fair value must be used)? If not, please explain why.

Yes. We support the Proposal as it eliminates a potential income statement recognition mismatch that would have required qualifying lessors to recognize certain costs at lease commencement, only to then recover these costs through the recognition of higher lease (interest) income over the life of the contract.

**Question 2:** Are the proposed amendments operable? If not, please explain why.

Yes.

**Question 3:** Would the proposed amendments result in a reduction of decision-useful information to users of financial statements? If so, please explain why.

No. As noted in our response to Question 1, the Proposal enhances the presentation of decision-useful information by establishing a more faithful representation of the economics of the transaction, which is to finance the cost of the underlying asset for the lessee.

**Question 4:** Should lessors that are depository lending institutions present "principal payments received under sales-type leases and direct financing leases" in investing activities? If not, please explain why.

Yes. For depository lending institutions, these leases are managed similarly to held-for-investment lending activities, and therefore, the associated cash flows should be included with similar activities in the investing section of the statement of cash flows.

**Question 5:** Are the proposed amendments operable? If not, please explain why.

Yes.

**Question 6:** Would the proposed amendments result in a reduction of decision-useful information to users of financial statements? If so, please explain why.

No. We believe that the Proposal is written to consistently treat similar cash flow activity for depository lending institutions, which would aid a user of the financial statements.

**Question 7:** Should the effective date for all lessors within the scope of the proposed amendment be for fiscal years beginning after December 15, 2019 with early adoption permitted. If no, what effective date should be established and why?

Yes.

**Question 8:** Should the proposed amendments be applied at the date that an entity first applied Topic 842 using the same transition methodology in accordance with paragraph 842-10-65-1(c)? If not, please explain why.

Yes, we believe that the application of the proposed amendments — including the transition method — should be consistent with the adoption of Topic 842.