

March 22, 2013

Technical Director
File Reference No. 2012-260
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Re: FASB Credit Impairment Proposal – Request for Extension of the Comments Due Date Until July 5, 2015 (Subtopic 825-15; File Reference No. 2012-260)

Dear Director:

The Commercial Real Estate Finance Council ("CRE Finance Council"), on behalf of its members, respectfully requests an extension of April 30, 2013 comment due date to July 5, 2013 for the Financial Accounting Standards Board's ("FASB") Exposure Draft of a proposed Accounting Standards Update regarding credit losses associated with loans and other financial instruments (Subtopic 825-15). The CRE Finance Council is the collective voice of the entire \$3.1 trillion commercial real estate finance market. Our principal missions include setting market standards, facilitating market information, and providing education at all levels. Because our membership consists of all constituencies across the entire CRE finance market, the CRE Finance Council has been able to develop comprehensive responses to policy questions that promote increased market efficiency and investor confidence.

As you know, the international standard-setter – the International Accounting Standards Board ("IASB") – released an Exposure Draft on the same subject matter that overlaps with much of FASB's Exposure Draft. Comments on the IASB Exposure Draft are not due until July 5, 2013, over two months after FASB's comment due date. The amendments in both Exposure Drafts would generally affect the same entities and financial instruments – namely, any entity that holds financial assets that are not accounted for and a commitment to extend credit. Furthermore, FASB and IASB have a shared objective: to replace the incurred credit loss impairment model, which delays recognition until a credit loss is probable or has already incurred, with a model that recognizes *expected* credit risks and requires consideration of a broader range of information to better inform credit loss estimates.

Indeed, as FASB noted in its Exposure Draft, before the global economic crisis in 2008, both FASB and IASB began a joint project to revise and improve upon the standards of accounting for financial instruments. As part of their joint approach to dealing with the financial reporting issues arising from the financial crisis, FASB and IASB set up the Financial Crisis Advisory Group in October 2008 to consider how improvements in reporting could help to enhance

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investor confidence in financial markets. Having identified delayed recognition of losses associated with loans and other financial instruments and the complexity of having multiple impairment approaches as the primary weaknesses in existing accounting standards, the Financial Crisis Advisory Group recommended exploring alternatives to the current "incurred loss" model that would use more forward-looking information in an effort to thwart delayed recognition of credit losses.

In order for the CRE Finance Council and other interested parties to adequately evaluate, consider, and comment on both Exposure Drafts, comments on both drafts should be due on the same date. Accordingly, CRE Finance Council respectfully requests that FASB extend the comment deadline to July 5, 2013.

CRE Finance Council greatly appreciates your consideration of this request. Please do not hesitate to contact us at your convenience if you have questions or if any additional information would be helpful.

Sincerely,

Martin Schuh

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CRE Finance Council

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