RAYMOND JAMES®

May 28, 2013

Susan M Cosper, Chairman
Emerging Issues Task Force
401 Merritt 7
P O Box 5116
Norwalk, CT 06856-5116

Dear Ms Cosper

Raymond James Tax Credit Funds, Inc ("RJTCF"), a wholly owned subsidiary of Raymond James Financial, Inc ("RJF"), has been an active participant in the tax credit program since the inception of the program in 1986 RJTCF currently focuses on making investments in qualifying affordable housing properties, aggregating the project partnership investments in low-income housing tax credit funds, and selling investments in such funds to institutional investors Since its inception, RJTCF has raised over $4 billion in equity from investors and has sponsored more than 75 tax credit funds, with project property investments in over 1,500 low-income housing tax credit generating affordable housing apartment complexes located in nearly all 50 states and one U S Territory It is with this extensive industry knowledge and active presence in the markets for these investments that we provide our comments to the "Questions for Respondents" reflected in the Proposed Accounting Standards Update, Accounting for Investments in Qualified Affordable Housing Projects, issued on April 17, 2013 (the "Update")

Question 1: Do you agree that an entity should meet the conditions in this proposed Update in order to elect to account for the investment in a qualified affordable housing project using the effective yield method? If not, please explain why

Generally, yes, we agree that an entity should meet the conditions as proposed in the Update with one notable exception In item aa, the proposed Update suggests that an investor must retain "no operational influence" over the investment in order to qualify for this accounting treatment We believe the use of the term "no" in this provision creates an unnecessary bright line in the analysis Practically speaking, no investment is completely void of operational influence, and the inclusion of such a solid bright line may unnecessarily narrow the application of the Update We would suggest a more appropriate standard to be "substantially no operational influence," which would eliminate an unnecessary bright line in the analysis of whether an investment qualifies for this accounting treatment Further, the inclusion of the term "substantially" would not have an adverse impact on the scope of the investments in which the Update is intended to apply Whether the investee has an inconsequential, indirect operational influence on the fund which holds the investment, should not be a determinative factor in whether the Update is applicable to such investment

Question 2 Do you agree that the effective yield method is an appropriate method to account for investments in qualified affordable housing projects? If not, what method of accounting should be used? Please explain

We believe that there are a number of reasonable methods to account for these investments, the effective yield method being one That being the case, the most important aspect of any method of accounting for these investments is to specify the reporting of the amortization of the cost of the investment, on the same financial statement line item that the benefits are realized The computational method of the amortization related to the costs of these investments is of much lessor importance than correcting the distorted reporting results that occur from the application of an accounting method that does not enable the costs to be amortized on the same line item as the benefits are realized (ie the equity method or the cost method)

There are simpler and more straight-forward methods of determining the amortization of the costs of the investments than the effective yield method As it pertains to the variability of potential cash flows to investors from these investments, the tax credits delivered to the investee are typically not subject to significant variability over the 10-year period they are delivered While it is the case that the other tax benefits will by their nature have higher levels of variability from year to year, there is a defined cap or limit on the total amount of other tax benefits the investor will realize over the life of the investment (the other benefits will be limited, or capped, on a cumulative basis over the life of the investment to the net amount invested - the investors cost less any proceeds they receive upon liquidation) Therefore, the application of the effective yield method, which results in a constant yield, or margin, presented in the investors financial statements over the life of the investment has merit but may introduce unnecessary complexity in application

In our view, the "summary of the net income effect of the cost, equity and effective yield methods" presented in the Update are overly simplified, and therefore not practical illustrations of the accounting results of the application of these methods Similarly, the "detailed analysis of the effective yield method" presented in the Update does not reflect the inherent complexities of applying the effective yield model in practice Practical issues, which are not apparent in the illustrations presented in the Update due to the overly simplified assumptions in the examples include 1) the assumption that pass-through losses arising from these investments commence in the same period the tax credits commence (in reality, the pass-through losses can commence one or even two years prior to the initial tax credit delivery from the investment) 2) The assumption that the tax credits are delivered to the investor in the same amount in each year of the investment (in reality, there is typically a ramp-up period resulting in lower tax credit delivery in years 1 and 2 of the investment, and thus a longer tail on the delivery of the tax credits into years 11 and 12 of the investment) These practical complexities, absent specific prescriptive guidance on how to address in the application of the effective yield method model, will result in variations in the results We believe that rather than prescribing the use of the effective yield method, the Update should provide a more principled based application directive to apply a method of amortization of the investment that is ratable and proportionate to the benefits received from the investment, and allow the reporting entity to choose the most reasonable method of computation which would include the effective yield method as an option, amongst other reasonable pro-rata computational methods

We believe that a ratable amortization of the investment is also a reasonable method of computing the economics, and one which would be simpler in practice without sacrificing the usefulness of the results

Question 3 Do you believe that removal of the requirement for guaranteed tax credits should change the method used to account for such investments from an effective yield method to an approach where the cost of investment is amortized in proportion to tax credits and other tax benefits received and recognized as a component of income taxes attributable to continuing operations?

We believe that whether a guarantee provided by a third party exists, or does not exist, in either case it should not be a determinative factor in the accounting method applicable to these investments We do not believe that an investors choice to insure the returns on these investments with a third party has any impact on the underlying nature of the investment, and thus the accounting determinations applicable to the original investment should be made without regard to the existence of any guarantees We believe that the guarantee transaction, assuming it is a separate transaction from the actual investment transaction, should be accounted for separately from the investment transaction through application of existing generally accepted accounting principles applicable to guarantee accounting

Question 4 Do other types of investments made primarily for the purpose of receiving tax credits meet the conditions in this proposed Update for an entity to elect to account for the investments using the effective yield method? If so, please describe them

At the present time, our tax credit investment experience and expertise apply to the low-income housing tax credits specifically Thus, our response is limited to the nature of the applicable investments that we apply our expertise to

Question 5 Should the guidance in this proposed Update extend the effective yield method of accounting to other types of investments for which the economic benefits are realized primarily as a result of tax credits and other tax benefits? Please explain

As noted above, our vast experience and expertise is applicable specifically to low-income housing tax credit investments This being the case, we are not opposed to the extension of the effective yield method to other types of investments which have characteristics substantially similar to those of low-income housing tax credit investments

Low-income housing tax credit investments are unique, and as a result of their unique nature and the diversity in accounting for these specific investments at the time, the Emerging Issues Task Force ("EITF") first addressed this topic in 1994 We believe the matter of critical importance addressed by this Update is to correct the distortion in investor's financial statements resulting from the application of the equity or cost methods specifically to low-income housing tax credit investments that are not guaranteed, as is required under the application of current accounting pronouncements While it is certainly reasonable to consider broadening the scope of the application of improved accounting methodology to other substantially similar investment types, such considerations may require substantial analysis This additional analysis need not postpone or otherwise delay the implementation of what appear to be the necessary and widely accepted revisions to current pronouncements specifically applicable to qualified affordable housing credits that are reflected in the Update

Question 6 Do you agree that the amendments in this proposed Update should prescribe recurring disclosure objectives that would enable users of financial statements to understand the nature of investments in qualified affordable housing projects and the effect of the measurement of that investment and the related tax credits on the financial position and results of operations of the reporting entity? Alternatively, should the proposed amendments include minimum required disclosures?

Generally, we do not believe the current disclosure requirements related to these investments to be inadequate We note that the application of the effective yield method contemplated in this Update will likely result in additional disclosures under existing requirements regarding the nature of the impact of the returns on these investments as they relate to an investor's income tax disclosures (specifically as a component of the effective tax rate reconciliation disclosures) The effective tax rate reconciliation disclosures will increase in cases where the volume of these investments is material to an entities provision for income taxes computed using the statutory rate

Given the above, we believe the incremental disclosure item in the Update regarding "whether the qualified affordable housing project is currently subject to any regulatory reviews and the status of such reviews (for example, investigations by the housing authority)" may be especially burdensome and potentially irrelevant Regulatory reviews related to investment properties are for the large part normal course of business for these investments Such reviews seldom involve significant issues of non-compliance that might impact the availability of the tax credits To require such disclosures in the case of investors who meet the conditions in the Update and therefore by definition have (as we suggest) "substantially no operational influence" over the investment, presents both a practical concern with the

investors ability to have the most current information to make such disclosures, and brings the meaningfulness of such information to users of financial statements into question Further, we believe that the balance of the items specified for potential disclosure consideration in the Update are, in all likelihood, already items requiring disclosure consideration under other existing accounting pronouncements

Question 7. Do you agree that the amendments in this proposed Update should be applied using a retrospective approach? If not, please explain why

Yes, the retrospective approach is most appropriate, coupled with the fact that entities would apply materiality to the prior period impact of adopting the Update to determine whether restatement of the prior periods is required for a fair presentation of the results of operations

Question 8 Do you agree that early adoption of the proposed amendments should be permitted? If not, please explain why

Yes, the option to immediately adopt the Update is preferable

Question 9 The amendments in this proposed Update would apply to public and nonpublic entities Should the proposed amendments be different for nonpublic entities? If so, please describe how and why you think they should be different

We believe that all companies, both publicly held and privately held, should apply the Update to their qualifying investments There is no need to differentiate between public and nonpublic entities

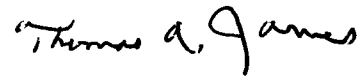
Question 10. For preparers, how much effort would be needed to implement the proposed amendments?

As a syndicator of low-income housing tax credit fund investments, this Update would not directly impact the nature of RJF's accounting practices In our consideration of the likely impact on investors accounting practices, we believe that while the effective yield method is not necessarily the most straight-forward method, it could be adopted without significant burden on preparers (although as we mentioned in our response to question 2 above, we believe other more simplified methods could be adopted in place of the effective yield method without diminishing the positive effects of the Update)

Were the additional disclosure requirements as currently reflected in the Update to be adopted, as mentioned in our response to question 6 above, the ability of the investor to obtain the information necessary to disclose the nature and status of regulatory reviews of projects in which the investor holds an indirect investment could be overly burdensome to obtain, since this information may not be readily available to the investor in certain instances

In conclusion, I applaud the EITF's willingness to address the issues inherent in the current accounting for investments in qualified affordable housing projects The industry has certainly matured since the EITF initially provided its guidance back in 1994, and the Update incorporates necessary changes to result in a significantly more meaningful application of accounting principles to these investments We look forward to the timely completion of the implementation of the changes contemplated in the Update, and stand ready to provide input as needed

Sincerely,



Thomas A James
Executive Chairman and Director