From: Joyce Dillard [mailto:dillardjoyce@yahoo.com]
Sent: Friday, September 13, 2013 2:32 PM
To: Director - FASB
Subject: Comments to File Reference No. 2013-270 Leases (Topic 842) due 9.13.2013

We have two problems with leases in today's world of debt-short-term financing, not approved by voters, and tax credits.

Non-profit financing corporations are formed, controlled by the government entity, to transfer real property to the non-profit for short-term borrowing. In turn, the property is leased back by the government entity.

Asset values are not reflected on the government entity financial statement, but the lease payments are reflected and disclosed in notes.

We see no attempt to record any value.

At the end of the debt, the asset is transferred back to the government entity. We, again, see no asset value recorded.

With New Markets Tax Credits being used as a financing conduit, government property is leased to an entity then leased back for this capitalization opportunity.

It is not a sale. It is a financing mechanism for paper control of the asset.

Compounding the problem, is when federal land is leased, then sub-leased, then leased back.

The lessor leases then leases back without any consent of the (Federal) owner.

Again, this is a New Markets Tax Credit technique.

Also, title transfers occur, but we have found the title not clear enough in our experience.

This is a Related Party issue as we see many complexities arising because title is not necessarily in the agency who wants to use the New Markets Tax Credit but under the main government entity. Again, a non-profit corporation enters the picture as the financing conduit.

New Markets Tax Credits NMTC is under the jurisdiction of the US Treasury Community Development Financial Institutions Fund CDFI.

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