August 27, 2013

Mr. Russell G. Golden
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London, EC4M6XH
United Kingdom

Subject: Comments Re: Leases Project Exposure Draft

Dear Sirs:

First Financial Corporate Leasing, Inc. is a privately held equipment leasing company specializing in healthcare, material handling and IT equipment. We are exclusively a fair market value lessor, relying on end of term residual values for our return on investment. We feel that the proposed lease standards are a significant negative for both lessors and lessees, do not provide a meaningful improvement in the ability of financial analysts to evaluate corporate financial strength and will add significant costs to both lessees and lessors as the standards are put into effect in terms of man hours and software requirements. Having these added costs and negative impacts on companies, especially smaller ones, at a time when the economy is still struggling to regain some momentum, is not a positive step.

Many of our customers, especially hospitals, have required off-balance sheet, operating lease treatment in order to be able to finance new equipment purchases to remain competitive and have access to capital. With the proposed accounting standards, requiring these hospitals to put these lease obligations on their balance sheets will inhibit their ability to access capital, especially if they have indenture covenants limiting the amount of on balance sheet debt.

As a lessor, we feel the new standard is a significant negative because:

1. As we understand it, the primary reason for requiring operating leases to be capitalized is to provide more clarity in terms of financial analysis of a company. I have been in the leasing business for over 20 years and have never had a difficulty obtaining the necessary long term lease obligation figures from the financial statement notes so as to incorporate those obligations into my analysis of the overall financial condition of the company. In my experience, all financial analysts routinely use the financial statement notes to include long term lease obligations in their analysis. We make credit decisions evaluating the financial statements of potential lessees every day and have been taking into consideration the impact of the long term lease obligations that are noted in the accompanying footnotes of the lessees' financial statements. In our view, requiring the lessees to now capitalize these operating lease obligations will not improve our ability to analyze their financial statements.

2. If we are to transition to the new standard we will have to re-class all our operating leases. With almost a thousand lease schedules, this will be a huge accounting project costing us many man hours and accounting software charges which, in a competitive and sluggish economy, will be a serious burden to us.

3. Our clients have shared with us their feelings that this is a waste of time and resources that will not bring any value to their organization. They state that they are already resource constrained and these proposed lease standards will just put more burden on their already stretched resources.

Having said the above, if it is inevitable that the new standards are to be put in place, we strongly urge the committees to not require equipment lessees to treat the monthly expense differently than in the real estate industry. We feel that a straight-line expense pattern for profit-and-loss reporting is a better accounting for the economics of a true lease/operating lease.

Thank you for the opportunity to provide comments.

Sincerely,

Brett Poteet
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