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I believe that while it is important that we create standards that mirror that of the international standards, it is also important to minimize the effect to the companies that have operating leases and real estate developers that have based business models on doing such. I think by contemplating the inclusion of extension options unduly penalize both parties and by its very nature it is an option and is not assured to be executed.

Additionally, the timing of implementing this standard change will have a devastating impact to the a sector of the economy that has always been responsible for a significant amount of growth in the past. With unemployment as high as it is in many markets, this could be a devastating blow to cause more bankruptcies and foreclosures. The banking industry and real estate community are fragile enough without you dealing it a potential death blow

Also, the underwriting is going to change altering many of the loan programs due to tenants opting for shorter lease terms and most likely no renewal options. This will minimize any future speculative development, which is something that has always accommodated future growth in all R.E. markets. This will actually provide REITs which already have an overwhelming advantage to leverage their cash for development and displace the smaller niche developers out of competition due to their inability to fund with all cash.

You have many options if you wish to pursue this course of action but at a minimum you should contemplate a phased implementation when economic times are better which 2012 or 2013 should be to minimize the impact and continue to contemplate methods of implementation.

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