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NATIONAL ASSOCIATION OF
REAL ESTATE INVESTMENT TRUSTS®

March 29, 2013

Ms. Susan Cosper
Technical Director
File Reference No. 2013-210
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116
director@fasb.org

Delivered Electronically

Re: File Reference No. 2013-210, Transfers and Servicing (Topic 860): *Effective Control for Transfers with Forward Agreements to Repurchase Assets and Accounting for Repurchase Financings*

Dear Ms. Cosper:

This letter is submitted by the National Association of Real Estate Investment Trusts® (NAREIT) in response to the Proposed Accounting Standards Update (Proposed ASU) from the Financial Accounting Standards Board (FASB or the Board) on Transfers and Servicing (Topic 860): *Effective Control for Transfers with Forward Agreements to Repurchase Assets and Accounting for Repurchase Financings*.

NAREIT is the worldwide representative voice for real estate investment trusts (REITs) and publicly traded real estate companies with an interest in U.S. real estate and capital markets. NAREIT's members are REITs and other businesses throughout the world that own, operate, and finance income-producing real estate, as well as those firms and individuals who advise, study, and service those businesses.

REITs are generally deemed to operate as either Equity REITs or Mortgage REITs. Our members that operate as Equity REITs acquire, develop, lease and operate income-producing real estate. Our members that operate as Mortgage REITs finance housing and commercial real estate, by originating mortgages or by purchasing whole loans or mortgage backed securities in the secondary market.

A useful way to look at the REIT industry is to consider an index of stock exchange-listed companies like the FTSE NAREIT U.S. Real Estate Index, which covers both Equity REITs and Mortgage REITs. This Index contained 172 companies

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representing an equity market capitalization of $603.4 billion at 2012 year end. Of these companies, 139 were Equity REITs representing 90.2% of total U.S. listed REIT equity market capitalization (amounting to $544.4 billion)[1]. The remainder, as of December 31, 2012, was 33 publicly traded Mortgage REITs with a combined equity market capitalization of $59 billion.

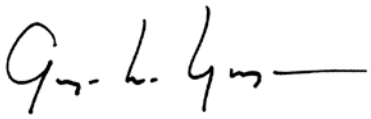
NAREIT's Recommendation

NAREIT supports the Board's objective to improve the accounting and disclosures for repurchase agreements, securities lending transactions, and other transactions that involve a transfer of a financial asset and an agreement that both entitles and obligates the transferor to repurchase or redeem the transferred asset. NAREIT believes that the essence of the proposal that would require transactions meeting these characteristics to be accounted for as secured borrowings provides a more transparent depiction of a company's leverage.

NAREIT requests that the FASB *permit* early adoption of the Proposed ASU and provide preparers with the ability to *retroactively restate* prior periods that are presented in the financial statements. While NAREIT recognizes that providing companies with optional transition methods and effective dates may reduce the comparability of application of the Proposed ASU across companies, NAREIT believes that the ability to early adopt and restate prior periods would result in consistent application of the Proposed ASU within a company's financial reporting as soon as possible. This would enhance comparability among accounting periods within the comparative financial statements and, therefore, make operating trends of individual companies much easier to understand. For these reasons, retrospective application is generally the preferred method of making accounting changes (Accounting Standards Codification Topic 250: Accounting Changes and Error Corrections).

We thank the FASB for the opportunity to comment on the Proposed ASU. If you would like to discuss our views in greater detail, please contact George Yungmann, NAREIT's Senior Vice President, Financial Standards, at gyungmann@nareit.com or 1-202-739-9432, or Christopher Drula, NAREIT's Vice President, Financial Standards, at cdrula@nareit.com or 1-202-739-9442.

Respectfully submitted,



George Yungmann
Senior Vice President, Financial Standards
NAREIT

[1] http://returns.reit.com/reitwatch/rw1301.pdf at page 20.

Christopher T. Drula
Vice President, Financial Standards
NAREIT