

February 2, 2018

Ms. Susan M. Cospers  
Technical Director  
File Reference No. 2018-200  
Financial Accounting Standards Board  
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**Delivered Electronically to [director@fasb.org](mailto:director@fasb.org)**

**Subject: File Reference No. 2018-200, FASB Exposure Draft, Proposed Accounting Standards Update, Leases (Topic 842), Targeted Improvements**

This letter is submitted by a coalition of multifamily member companies from The National Association of Real Estate Investment Trusts (NAREIT). On September 29, 2017, the coalition submitted an unsolicited letter to the Financial Accounting Standards Board (FASB or Board) with respect to the implementation of the Leases standard (Topic 842). The letter discussed the issues with respect to separating lease and non-lease components of a residential lease, including:

- The lack of usefulness of separating lease and non-lease components to investors and other users of financial statements; and,
- Requested the Board provide separate implementation guidance for lessors of multifamily residential leases which would: (1) not require the bifurcation of the Common Area Maintenance (CAM) components on the face of the income statement, and, (2) not require the disclosures required by ASC 606 for CAM to be reported as a non-lease performance obligation.

In addition, the coalition and representatives of NAREIT, including financial statement users, met with representatives of the Board and its staff to discuss the issues raised in the coalition's letter.

We have reviewed the subject exposure draft and conclude the targeted improvements to the Leases Standard addresses the coalition's requests of the Board. We believe the conclusions reached by the Board will significantly reduce the cost and complexity associated with implementing Topic 842 for the great majority of multifamily leases without eliminating material information for financial statement users.

The coalition appreciates the Board's consideration of our request and the updated guidance provided in the exposure draft in response to the coalition's requests. We particularly commend the Board for the extensive considerations provided in the Basis for Conclusions underlying the Board's exposure draft.

Respectfully submitted by the coalition of multifamily member companies from NAREIT,



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