

Congress of the United States
Washington, DC 20515

April 16, 2012

Dear Colleague,

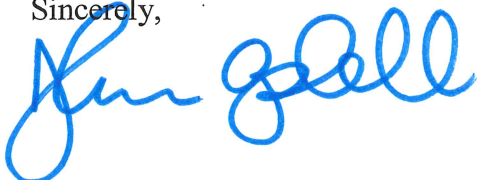
We invite you to join us in signing a letter to the Financial Accounting Standards Board (FASB) on proposed rule changes that, if implemented, could have adverse economic consequences for American businesses and the commercial real estate industry. As accountants, we want to respect the FASB's independence in developing sound accounting standards. It is in this spirit that we are asking for the FASB to undertake and publish an all-inclusive economic impact study to ensure that it is cognizant of any negative consequences that may result.

Under the proposal, U.S. companies that lease office, industrial, and retail space would be required to capitalize the costs of that lease – just as if they purchased the property – instead of recognizing the true costs of the lease transaction. It is estimated that under current terms, businesses would be required to capitalize over \$1.1 trillion in leased real estate assets onto their balance sheets. For businesses leasing space, especially small businesses, this will change these leases into a major liability. As a result, many businesses will shorten lease terms to minimize the impact. This will create instability in future rental costs and uncertainty about availability of space, as frequent renewals will be required. For commercial real estate property owners and investors, the impact will be even greater. Among other things, this proposal may jeopardize income property fundamentals, loan structures, property valuations, financing covenants, and the underlying economics of commercial real estate – all during the worst real estate crisis since the Great Depression.

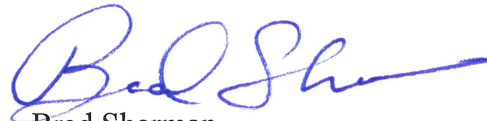
Despite these grave concerns raised by investors and businesses, FASB has yet to acknowledge the negative consequences the lease accounting proposal could have on businesses, commercial property, and the U.S. economy. Accordingly, accounting standards should be developed to accurately reflect economic activity, not drive it. Please join us in sending the letter below to FASB Chairwoman Seidman, to ensure the accounting board conducts a comprehensive examination of the costs and benefits of their lease proposal. A failure to fully understand the economic ramifications of these accounting changes may harm businesses that own, invest, or rent commercial real estate.

To sign the letter, please contact Geoffrey Okamoto in Rep. Campbell's office at ext. 55611 or Geoffrey.Okamoto@mail.house.gov, or Tim Carey in Rep. Sherman's office at ext. 55911 or Tim.Carey@mail.house.gov. The deadline for signatures is C.O.B. Friday, April 27, 2012.

Sincerely,



John Campbell
Member of Congress



Brad Sherman
Member of Congress