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Sept. 19, 2018

Ms. Susan M. Cospers
Technical Director
File Reference No. 2018-200
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

director@fasb.org

Delivered Electronically

Subject: File Reference No. 2018-270, FASB Exposure Draft, Proposed Accounting Standards Update, Codification Improvements to Topic 326, Financial Instruments – Credit Losses

Dear Ms. Cospers,

This letter is submitted by Nareit in response to the Proposed Accounting Standards Update by the Financial Accounting Standards Board (FASB) on the *Codification Improvements to Topic 326, Financial Instruments – Credit Losses* (the proposal).

Nareit serves as the worldwide representative voice for real estate investment trusts (REITs) and real estate companies with an interest in U.S. income-producing real estate. Nareit's members are REITs and other real estate companies 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 real estate working for you. Through the properties they own, finance and operate, REITs help provide the essential real estate we need to live, work and play. REITs own more than \$3 trillion in gross assets across the U.S. and have an equity market capitalization of \$1 trillion. In addition, more than 80 million Americans invest in REIT stocks through their 401(k) and other investment funds.

Nareit has followed the development of the new Credit Losses standard and the Leases standard over the last decade and has provided input to the FASB during that time.

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Nareit has concluded that the proposed amendment to clarify that receivables arising from operating leases would not be within the scope of Subtopic 326-20 addresses the real estate industry's concerns. Nareit concurs with the FASB's approach to have the impairment of receivables arising from operating leases be accounted for in accordance with the new Leases standard (*i.e.*, Topic 842).

Nareit appreciates FASB appropriately clarifying the scope of impairment guidance related to operating lease receivables.

Respectfully submitted,

A handwritten signature in black ink that reads "George Yungmann" with a horizontal line extending to the right.

George Yungmann
SVP, financial standards
Nareit

A handwritten signature in black ink that reads "Christopher Drula" in a cursive style.

Christopher Drula
VP, financial standards
Nareit