

December 14, 2011

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 37

To Whom It May Concern:

Health Care REIT, Inc. appreciates the opportunity to provide feedback on The Public Company Accounting Oversight Board (“PCAOB”) Rulemaking Docket Matter No. 37 – Concept Release on Auditor Independence and Audit Firm Rotation.

We do not support the proposal for mandatory audit firm rotation because we do not believe that there is sufficient objective evidence that links audit firm tenure to audit failures or lack of independence, objectivity, and professional skepticism. In fact, we believe it is likely that the proposal would actually diminish audit quality.

The following are our most significant concerns with the proposal:

Mandatory audit firm rotation would eliminate the benefits associated with the cumulative knowledge (both company specific and industry specific) developed by the audit firm over time. In an environment of significantly increasing complexity, a requirement to periodically change audit firms would diminish audit quality due to the learning curve that a new audit firm would face. We strongly believe that professional skepticism is best applied by auditors with sufficient knowledge of the company’s business and industry. We are party to a large number of long term contracts and relationships with operators and tenants of the real property investments that we own. Mandatory audit firm rotation would require the successor audit firm to review such relationships in order to fully understand them, identify risks, and appropriately design and execute their audit procedures. This would be inefficient and represent a significant increase in costs (both for external audit costs and internal costs) in order for the successor audit firm to obtain such an understanding. Even after such efforts it is unlikely that the successor audit firm would have a better understanding of the relationships than the existing audit firm had based on their knowledge accumulated over time.

- The number of accounting firms with appropriate resources and industry expertise in any particular market could significantly reduce the number of plausible choices that companies have when choosing their registered independent auditor upon a required rotation. After consideration of independence requirements and relationships with audit firms, registrants may be left with little or no choice in selecting a successor firm. We strongly believe that such limitations will adversely affect audit quality and that

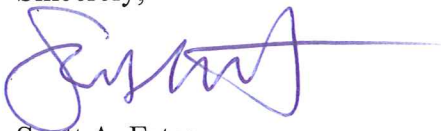
independent audit committees and the Board of Directors, with a statutorily mandated responsibility for audit oversight and a fiduciary duty to shareholders', are best positioned to select and retain audit firms that best meet shareholders' interests.

- The audit relationship between external auditor and the issuer is built in part on mutual trust that develops over time. In such a relationship, the issuer is required to exercise prudent judgment in accounting for transactions in a manner that it believes is appropriate, and the auditor is required to exercise judgment in designing its audit procedures (i.e. a risk based audit approach) and in determining whether the financial statements are presented fairly in all material respects (i.e. evaluating whether the issuer's judgments in accounting for transactions are reasonable). Accordingly, judgment, both on the part of the external auditor and the issuer, represents a significant part of the audit process. The mandatory audit firm rotation proposal will not eliminate the judgment that must be applied by either the issuer or the audit firm as a part of the audit process; however, we believe the proposal would undermine the mutual trust that is an essential part of producing reliable and accurate financial statements. Given the limited abilities for issuers to change audit firms, the proposal incentivizes audit firms to make judgments that are most beneficial to them (i.e., reducing their risk, even if it is not the best or correct conclusion) as opposed to exercising reasonable judgment after careful consideration of all facts and circumstances involved.
- Audit work by any firm is performed by a small team within that firm. There are existing rules governing personnel rotation, training, independence, etc which are designed to ensure audit professionals are independent, and objective, and employ the appropriate level of professional skepticism. Changing audit firms does not improve upon the quality of the audit work that is already being achieved by changing team members as required by existing partner rotation requirements and through other staffing turnover.

We fully support the PCAOB's efforts to enhance audit quality, but do not believe that mandatory audit firm rotation will achieve such an objective. In our view, the increase in internal and external costs, as well as the risk that audit quality may deteriorate outweighs any benefits associated with the proposal.

Thank you for the opportunity to comment on the proposal.

Sincerely,



Scott A. Estes
Executive Vice President and Chief Financial Officer
Health Care REIT, Inc.