1880-100 Comment Letter No. 39



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December 13, 2010

Technical Director Financial Accounting Standards Board 401 Merritt 7, PO Box 5116 Norwalk, CT 06856-5116

By e-mail: <u>director@fasb.org</u>

Re: Proposed Accounting Standards Update–Receivables (Topic 310) Clarifications to Accounting for Troubled Debt Restructurings by Creditors

(File Reference No. 1880-100)

The New York State Society of Certified Public Accountants, representing more than 27,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Mark Mycio, Chair of the Financial Accounting Standards Committee at (212) 838-5100 or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Margaret A. Wood

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President

Attachment



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NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

PROPOSED ACCOUNTING STANDARDS UPDATE-RECEIVABLES (TOPIC 310) CLARIFICATIONS TO ACCOUNTING FOR TROUBLED DEBT RESTRUCTURINGS BY CREDITORS

(FILE REFERENCE NO. 1880-100)

December 13, 2010

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New York State Society of Certified Public Accountants

Financial Accounting Standards Committee

Comments on

Proposed Accounting Standards Update—Receivables (Topic 310) Clarifications to Accounting for Troubled Debt Restructurings by Creditors
(File Reference No. 1880-100)

We have reviewed the Proposed Accounting Standards Update, *Receivables, (Topic 310), Clarifications to Accounting for Troubled Debt Restructurings by Creditors.* Overall, we agree with the proposed changes in the ASU, and we have provided the following responses to the questions for respondents.

Question 1: Would precluding creditors from applying the guidance in paragraph 470-60-55-10 create any operational challenges for determining whether a troubled debt restructuring exists? If yes, please explain why.

Response:

We do not think there would be any special challenges for creditors if they do not apply the debtor guidance as there is sufficient guidance in the original Statement and this clarification.

Question 2: Do you believe the proposed changes to the guidance for determining whether a troubled debt restructuring exists would result in a more consistent application of troubled debt restructuring guidance? If not, please explain why.

Response:

Yes, the guidance will result in more consistent application of GAAP. Currently, some companies might not be labeling transactions as troubled debt restructurings if there is a temporary reduction in interest rates.

Question 3: The Board decided that a creditor may consider that a debtor is experiencing financial difficulty when payment default is considered to be "probable in the foreseeable future." Do you believe that this is an appropriate threshold for such an assessment? If not, please explain why.

Response:

Yes, this is an appropriate threshold. A creditor may be aware of extenuating circumstances such as a debtor's loss of a job or a company announcing a myriad of layoffs that would suggest default would occur in the near term.

Question 4: Are the proposed transition and effective date provisions operational? If not, please explain why.

Response:

Yes, the dates are operational.

Question 5: Should the transition and effective date be different for nonpublic entities vs. public entities? If so, please explain why.

Response:

No, there should not be different dates for nonpublic companies.

Question 6: Should early adoption of the proposed amendments in this Update be permitted? If so, explain why.

Response:

We do not think that early adoption should be permitted. All companies should make the changes at the same time for a consistent adoption.