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January 2, 2013

## **Ford Motor Company**

Technical Director -- File Reference No. EITF-12G Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116 director@FASB.org

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File Reference: Comments on Exposure Draft, Accounting for the Difference between the Fair Value of the Assets and the Fair Value of the Liabilities of a Consolidated Collateralized Financing Entity in Proposed Accounting Standards Update File Reference No. EITF-12G

Ford Motor Company ("Ford") is a global automotive industry. Ford Motor Credit Company LLC ("Ford Credit"), an indirect, 100% owned subsidiary of Ford, is one of the world's largest automotive finance companies. We file consolidated financial statements with the SEC reflecting two business sectors, Automotive and Financial Services. Ford Credit also files financial statements as a separate SEC registrant.

We agree with the proposed guidance in Subtopic 810-10 that prescribes how a reporting entity should measure the financial assets and liabilities of a Collateralized Financing Entity.

We encourage the Board to provide clarity with respect to the scope and sequencing of the consolidation guidance for asset securitization trusts, particularly those already consolidated by a reporting entity under subtopic 810-10-30-1, Entities Under Common Control. The proposed EITF-12G defines a Collateralized Financing Entity as, "A variable interest entity that holds debt instruments, issues beneficial interests in those financial assets, and has no equity. All of the beneficial interests are financial liabilities that only have recourse to the related financial assets of the collateralized financing entity." We structure our securitization trusts by transferring receivables generated from Ford Credit's automotive financing business. The securitization trusts do not issue any form of equity or stock. We commonly over-collateralize the trusts with extra receivables or cash in order to reduce third-party risk. We generally retain all residual risks and benefits of resulting only from the related financial assets of the trust. Presently we consolidate the trusts under the guidance of ASC 810-10-30-1.

It is unclear to us whether an entity that consolidates a variable interest entity (i.e., the securitization trust) under the broader guidance of ASC 810-10-30-1 should *instead* be applying the guidance in this proposed EITF; whether proposed 810-10-30-2A should *also* be applied to determine if the variable interest entity is a Collateralized Financing Entity; or whether a reporting entity has the *option* to apply the Collateralized Financing Entity guidance when the entity has elected to apply the fair value option on the related assets and debt. We understand that others believe the proposed guidance only applies to entities that consolidate collateralized entities but retain no residual risk. We recommend that the Board clarifies the scope and sequencing of the consolidation guidance as it relates to these financing structures.

We appreciate the Board's consideration of our views.

Sincerely, Sman Callahan

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