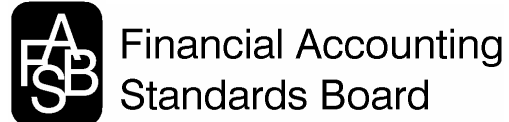


MINUTES



To: Board Members

From: Statement 140 Amendment Team
(Gagon, Ext. 322)

Subject: Minutes of the January 21, 2004 Board Meeting **Date:** January 23, 2004

cc: Bielstein, Smith, Petrone, Leisenring, Project Team, Mahoney, Thompson, Vincent, Sutay, Gabriele, Swift, Polley, FASB Intranet (e-mail)

Topic: Qualifying Special-Purpose Entities:
Transfers of Undivided Interests

Basis for Discussion: Board memorandums 21 and 22,
dated January 9, 2004, and Board
memorandum 23, dated
January 20, 2004

Length of Discussion: 1:00 p.m. to 1:30 p.m.

Attendance:

Board members present:	Herz, Trott, Schipper, Batavick, Crooch, Seidman, and Schieneman
Board members absent:	None
Staff in charge of topic:	Donoghue, Lott, Smith
Other staff at Board table:	Lusniak, Stell, and Gagon
Outside participants:	None

Summary of Decisions Reached:

The Board discussed issues related to the accounting for transfers of undivided interests in financial assets that have arisen in the redrafting of the amendment to FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, and directed the staff to perform additional research on legal isolation and the costs of establishing a qualifying special-purpose entity (SPE).

The Board has requested additional information on the impact of the right of offset on legal isolation and has asked whether that impact is being considered by accountants and attorneys in evaluating whether a transferred asset has been legally isolated. The Board has also asked that the staff evaluate whether the requirement for a qualifying SPE for participation transactions would resolve the legal isolation issue, particularly in the case of participation transactions under the jurisdiction of the FDIC.

The Board deferred a decision to reconsider the provisions related to the accounting treatment for undivided interests and beneficial interests pending completion of additional research, which is planned to be completed by the end of January.

Matters Discussed and Decisions Reached:

Same as Summary of Decisions Reached, above.

Follow-up Items:

None.

General Announcements:

None.