

February 10, 2016

Ms. Susan Cospers
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Via email to director@fasb.org

Reference: File Reference No. 2015-340, Proposed Accounting Standards Update, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance

Dear Ms. Cospers:

Freddie Mac appreciates the opportunity to comment on the Exposure Draft for the proposed Accounting Standards Update of Topic 832, *Disclosures by Business Entities about Government Assistance* (the “proposed Update”).

Freddie Mac is a government-sponsored enterprise (“GSE”) chartered by Congress to provide a continuous flow of funds for residential mortgages. We achieve our charter mission by purchasing, securitizing, and investing in home mortgages, in effect acting as a conduit between the residential mortgage market and the investment community. Since September 2008, we have been operating in conservatorship, with the Federal Housing Finance Agency (“FHFA”) operating as our Conservator. Additionally, Freddie Mac is subject to legally enforceable arrangements with the government that we believe would fall within the scope of the proposed Update.

The views expressed in this comment letter are solely those of Freddie Mac, and do not purport to represent the views of the FHFA, as Conservator.

We support the Board’s efforts to increase transparency about government assistance arrangements, and we have been providing most of the disclosures contained in the proposed update for our legally enforceable arrangements with the government. While in general we agree with the guidance articulated in the proposed Update, we do have concerns about two items within the guidance:

- Definition of a government - The proposed Update defines a government for this topic as including “government-sponsored-entities”, which includes Enterprises like Freddie Mac, which we believe is unnecessary; and



- Disclosure guidance for government assistance received but not recognized – The inclusion of the requirement to disclose these amounts, unless impracticable, may create an undue cost and burden on entities to prove impracticability.

These concerns are discussed in greater detail below.

Definition of a Government

The Update defines a government for this Topic as including: “domestic, foreign, local, regional, and national governments, including related governmental entities (for example, departments, independent agencies, government-sponsored entities, boards, commissions, and other component units) and intergovernmental organizations.”

The inclusion of GSEs in this definition includes Enterprises such as Freddie Mac, which we believe is unnecessary. Financial services entities routinely enter into legally enforceable arrangements with Freddie Mac. However, we believe that these arrangements would not require disclosure based upon the scoping criteria in the proposed Update. Specifically, the proposed Update excludes arrangements where the government is legally required to provide some broadly available assistance without specific agreement or arrangements that are executed where the government is deemed a customer. Many of the transactions with Freddie Mac are broadly available without specific agreement to those who qualify, and/or these arrangements take place with entities who count Freddie Mac as a customer. We are not aware of any arrangements with counterparties that would be within the scope of the disclosure requirements of the proposed Update.

Inclusion of Freddie Mac within the definition of a government could create unnecessary complexity as entities would need to evaluate their legally enforceable arrangements with Freddie Mac to determine whether any of the proposed disclosures would be required. Given that we are not aware of any legally enforceable arrangements with our counterparties that would be included in the scope of the proposed update, inclusion of Enterprises such as Freddie Mac in the definition of a government appears unnecessary, as it will provide no incremental disclosure.

Disclosure Guidance for Government Assistance Received But Not Recognized

The Update requires that an entity shall disclose, “unless impracticable, the amount of government assistance received but not recognized directly in the financial statements.” We believe that this requirement could be interpreted in various ways by reporting entities and audit firms, resulting in inconsistent practice and potentially needless burden. Specifically, some parties may conclude that they must prove impracticability, even if that requires significant cost and effort; whereas, other parties may conclude that if the amount is not readily available, no further work is required to prove impracticability. Requiring the determination of impracticability places a burden on entities, especially in cases where the arrangement cannot be valued due to



lack of a ready market, a publicly comparable arrangement, or a reasonable quantitative estimate.

We believe that the guidance should be clarified, so that enterprises, their independent auditors, and regulators can consistently follow the disclosure guidance in the manner the Board intends.

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Freddie Mac appreciates the opportunity to provide our comments on the proposed Update. If you have any questions about our comments, please contact Timothy Kviz (703-714-3800).

Sincerely,

A handwritten signature in black ink that reads "Timothy Kviz".

Timothy Kviz
Vice President - Accounting Policy and External Financial Reporting

cc: Mr. James G. Mackey, Freddie Mac Executive Vice President – Chief Financial Officer
Mr. Robert D. Mailloux, Freddie Mac Senior Vice President – Corporate Controller and
Principal Accounting Officer
Mr. Nicholas J. Satriano, Chief Accountant, FHFA