

VIA Electronic Mail (director@fasb.org)

December 16, 2010

Technical Director  
Financial Accounting Standards Board (FASB)  
401 Merritt 7, P. O. Box 5116  
Norwalk, CT 06856-5116

File Reference: No. 1900-200

Dear Board Members and FASB Staff:

The Mortgage Bankers Association<sup>1</sup> (MBA) appreciates the opportunity to comment on the Proposed Accounting Standards Update, *Receivables, Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20* (Proposed Deferral). The stated objective of the Proposed Deferral is to defer the effective date of the disclosure requirements for public entities about troubled debt restructurings (TDRs) in Accounting Standards Update No. 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (TDR Disclosures) until the effective date of proposed changes to the definition of TDRs in Accounting Standards Update, *Receivables (Topic 310): Clarifications to Accounting for Troubled Debt Restructurings* (Proposed Update).

### **Background**

The Proposed Deferral would delay indefinitely the effective date of the disclosures about troubled debt restructurings in Update 2010-20 for public entities. The delay is intended to allow the FASB time to complete its deliberations on what constitutes a troubled debt restructuring under the Proposed Update. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring would then be coordinated.

<sup>1</sup> The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: [www.mortgagebankers.org](http://www.mortgagebankers.org).

## **General Comment**

MBA thanks the FASB for taking up this issue and heartily recommends that FASB move forward with the Proposed Deferral. The Proposed Deferral will save significant time and expense for preparers and avoid potential confusion for users that would stem from back-to-back changes in accounting and reporting for TDRs.

## **MBA's Responses to FASB's Specific Questions**

**Question 1:** Do you agree that the effective date for the disclosure requirements for public entities about troubled debt restructurings in Update 2010-20 should be delayed to be concurrent with the effective date of the guidance presented in proposed Accounting Standards Update (Topic 310): *Clarifications to Accounting for Troubled Debt Restructurings by Creditors*?

**MBA's Response:** MBA agrees that the effective date for the disclosure requirements in Update 2010-20 should be delayed to be concurrent with the effective date for proposed changes in the definition of a TDR in the Proposed Update.

**Question 2:** Is the proposed effective date operational?

**MBA's Response:** MBA believes that the effective date of the Proposed Deferral will be operational if the effective date and transition rules for the Proposed Update are operational. Below please find one of MBA's general comments to the FASB on the Proposed Update:

For purposes of measuring impairment of a receivable, the Proposed Update would be applied on a prospective basis. MBA agrees with this treatment. However, for purposes of identifying and disclosing TDRs, the Proposed Update would require retrospective application. Applying the proposed guidance to past transactions would be an extremely onerous and expensive task. For many preparers, it would be impossible to apply retrospectively, as preparers did not previously track or have access to market rates for loans such that they would not be able to evaluate historical restructurings under new standards. Furthermore, MBA does not believe the retrospective disclosure provides any useful information to financial statement users and MBA questions the cost/benefits of the retrospective proposal. Preparers are already required to disclose the amount of receivables and associated impairment allowance. Because the retrospective application proposal is only to identify TDRs, there would be no comparison between that proposed TDR information and any other amounts, such as allowance balances, within the financial statements. Therefore, MBA does not agree with the proposed retrospective disclosure requirement because it would provide no additional useful information to users of financial statements.

The MBA appreciates the opportunity to share these comments with the Board. Any questions about MBA's comments should be directed to Jim Gross, Associate Vice President and Staff Representative to MBA's Financial Management Committee, at (202) 557-2860 or [jgross@mortgagebankers.org](mailto:jgross@mortgagebankers.org).

Sincerely,



John A. Courson  
President and Chief Executive Officer