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ACCOUNTING STANDARDS UPDATE

No. 2009-16
December 2009

Transfers and Servicing (Topic 860)

Accounting for Transfers of Financial Assets

An Amendment of the *FASB Accounting Standards Codification*™

Financial Accounting Standards Board
of the Financial Accounting Foundation

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CONTENTS

Page
Numbers

Amendments to the *FASB Accounting Standards Codification*™

1. The amendments in this Update to the Accounting Standards Codification are the result of FASB Statement No. 166, *Accounting for Transfers of Financial Assets*. That Statement was issued by the Board on June 12, 2009.

Introduction

2. The Accounting Standards Codification is amended as described in paragraphs 3–251. In some cases, not only are the amended paragraphs shown, but also the preceding and following paragraphs are shown to put the change in context. Terms from the Master Glossary are in **bold** type. Added text is underlined and deleted text is ~~struck out~~.

Amendments to Subtopic 860-10

3. Amend paragraph 860-10-05-1, with no link to a transition paragraph, as follows:

Transfers and Servicing—Overall

Overview and Background

860-10-05-1 The Transfers and Servicing Topic establishes accounting and reporting standards for **transfers** and servicing of **{GLOSSARY LINK}financial assets{GLOSSARY LINK}**. It also establishes the accounting for transfers of servicing rights.

4. Amend paragraph 860-10-05-2, with a link to transition paragraph 860-10-65-3, as follows:

860-10-05-2 The Transfers and Servicing Topic includes the following five Subtopics:

a. Overall
b. Sales of Financial Assets
c. Secured Borrowings and Collateral
d. Subparagraph superseded by Accounting Standards Update 2009-16.~~Transfers to Qualifying Special-Purpose Entities~~
e. Servicing Assets and Liabilities.

> Transfers of Financial Assets

860-10-05-3 This Subtopic, together with the other Subtopics within this Topic, provides accounting and reporting standards for transfers and servicing of financial assets. It also addresses transfers of servicing rights.

5. Amend paragraph 860-10-05-4, with a link to transition paragraph 860-10-65-3, as follows:

860-10-05-4 Accounting for transfers in which the **transferor** has no **continuing involvement** with the transferred financial assets or with the **transferee** has not been controversial. However, transfers of financial assets often occur in which the transferor has some continuing involvement either with the assets transferred or with the transferee. ~~The following are examples~~Examples of continuing involvement with the transferred financial assets include, but are not limited to, any of the following:~~discussed in this Topic:~~

a. Servicing arrangements **[FAS 140, paragraph 2, sequence 71.1.2.2.2.2.2.1]**
~~a.~~aa. **Recourse** arrangements **[FAS 140, paragraph 2, sequence 71.1.2.2.2.2.1]**
aaa. Guarantee arrangements **[FAS 140, paragraph 2, sequence 71.1.2.2.2.2.2.1.2]**
b. [Subparagraph superseded by Accounting Standards Update 2009-16.] ~~Servicing~~
c. Agreements to ~~reacquire~~ purchase or redeem transferred financial assets
d. Options written or held
dd. **Derivative financial instruments** that are entered into contemporaneously with, or in contemplation of, the transfer **[FAS 140, paragraph 2, sequence 71.1.2.2.2.2.2.2.1.1]**
ddd. Arrangements to provide financial support**[FAS 140, paragraph 2, sequence 71.1.2.2.2.2.2.2.1.2]**
e. Pledges of **collateral**~~collateral.~~
f. The transferor's **beneficial interests** in the transferred financial assets. **[FAS 140, paragraph 2, sequence 71.1.2.2.2.2.2.2.2.1]**

Transfers of financial assets with continuing involvement raise issues about the circumstances under which the transfers should be considered as sales of all or part of the assets or as secured borrowings and about how transferors and transferees should account for sales and secured borrowings. This Topic establishes standards for resolving those issues.

6. Amend paragraph 860-10-05-5, with a link to transition paragraph 860-10-65-3, as follows:

860-10-05-5 Sales and other transfers ~~frequently~~ may result in a disaggregation of financial assets and liabilities into components, which become separate assets and liabilities. ~~For example, if an entity sells a portion of a~~ **{REMOVE GLOSSARY LINK IN CURRENT TEXT}~~financial asset~~{REMOVE GLOSSARY LINK}** ~~it owns, the portion that continues to be held by a transferor becomes an asset separate from the portion sold and from the assets obtained in exchange.~~ This Subtopic provides guidance on accounting for such transfers and provides consistent standards for distinguishing transfers of financial assets that are sales from transfers that are secured borrowings.

7. Amend paragraph 860-10-05-6, with no link to a transition paragraph, as follows:

> Types of Transfers

860-10-05-6 Transfers of financial assets take many forms. This guidance provides an overview of the following types of transfers discussed in this Topic:

a. **Securitizations**
b. Factoring
c. Transfers of receivables with recourse
d. Securities lending transactions
e. **Repurchase agreements**
f. **Loan participations**
g. Banker's acceptances.

8. Amend paragraph 860-10-05-7, with a link to transition paragraph 860-10-65-3, as follows:

> > Securitizations

860-10-05-7 An originator of a typical **{REMOVE GLOSSARY LINK IN CURRENT AND PENDING TEXT}**securitization**{REMOVE GLOSSARY LINK}** (the transferor) transfers a portfolio of financial assets to ~~a special-purpose entity,~~<u>a securitization entity,</u> commonly a trust. Financial assets such as mortgage loans, automobile loans, trade receivables, credit card receivables, and other revolving charge accounts are <u>financial </u>assets commonly transferred in securitizations. Securitizations of mortgage loans may include pools of single-family residential mortgages or other types of real estate mortgage loans, for example, multifamily residential mortgages and commercial property mortgages. Securitizations of loans secured by chattel mortgages on automotive vehicles as well as other equipment (including direct financing or sales-type leases) also are common.

9. Amend paragraph 860-10-05-8, with a link to transition paragraph 860-10-65-3, as follows:

860-10-05-8 {REMOVE GLOSSARY LINK}Beneficial interests**{REMOVE GLOSSARY LINK}** in the ~~special-purpose entity~~<u>securitization entity</u> are sold to investors and the proceeds are used to pay the transferor for the ~~assets transferred.~~<u>transferred financial assets.</u> Those beneficial interests may comprise either a single class having equity characteristics or multiple classes of interests, some having debt characteristics and others having equity characteristics. The cash collected from the portfolio is distributed to the investors and others as specified by the legal documents that established the ~~special-purpose~~ entity. ~~In some circumstances, the transferor continues to hold an interest in assets transferred. Examples of interests that continue to be held by a transferor include securities backed by the transferred assets,~~ ~~**undivided interests**~~~~, cash reserve accounts, and residual interests in securitization trusts.~~

10. Supersede paragraphs 860-10-05-9 through 05-10, with a link to transition paragraph 860-10-65-3, as follows:

860-10-05-9 Paragraph superseded by Accounting Standards Update 2009-16.~~In certain securitization transactions, the transferor must provide a credit enhancement such as a cash reserve account or a subordinated beneficial interest. A cash reserve account might work as follows. The transferor retains the majority of the credit risk associated with the transferred assets (for example, loans) by retaining a subordinated tranche of the beneficial interests. The transferor also may make a funding deposit into a cash reserve account. As loans are collected by the~~ ~~**qualifying special-purpose entity**~~~~, a specified portion of the cash flows attributable to the subordinated tranche are accumulated in the cash reserve account for possible distribution to the other beneficial interest holders if specified collection targets are not met. However, if those collection targets are met, distributions are to be made from the cash reserve account to the transferor as holder of the subordinated tranche beneficial interests.~~

860-10-05-10 Paragraph superseded by Accounting Standards Update 2009-16.~~**Revolving-period securitizations**~~ ~~may use either a discrete trust, used for a single securitization, or a master trust, used for many securitizations. To achieve another securitization using an existing master trust, a transferor first transfers additional receivables to the trust and then sells additional ownership interests in the trust to investors.~~

860-10-05-11 Securitizations of credit card and other receivable portfolios usually involve a specified reinvestment period (usually 18 to 36 months), during which the trust will purchase additional credit card receivables generated by the selected accounts. After the reinvestment period, a period of liquidation occurs during which the investors receive an allocated portion of principal payments relating to receivables in the trust. The **liquidation method** may vary depending on the terms of the agreement and may be a participation method (payout allocation rate may be fixed, preset, or variable) or a **controlled amortization method** (payout based on a predetermined schedule). Specific methods are as follows:

a. **Fixed participation method**
b. **Floating participation method**
c. **Preset participation method**.

860-10-05-12 Credit card securitizations (and other types of securitizations) may include a removal-of-accounts provision that permits the seller, under certain conditions and with trustee approval, to withdraw receivables from the pool of securitized receivables.

860-10-05-13 Many securitization structures provide for a disproportionate distribution of cash flows to various classes of investors during the amortization period, which is referred to as a turbo provision. For example, a turbo provision might require the first $100 million of cash received during the amortization period of the securitization structure to be paid to one class of investors before any cash is available for repayment to other investors. Similarly, certain revolving-period securitizations use what is referred to as a bullet provision as a method of distributing cash to their investors. Under a bullet provision, during a specified period preceding liquidating distributions to investors, cash proceeds from the underlying assets are reinvested in short-term investments other than the underlying revolving-period receivables. Those investments mature or are otherwise liquidated to make a single bullet payment to certain classes of investors.

11. Amend paragraphs 860-10-05-14 through 05-15, with a link to transition paragraph 860-10-65-3, as follows:

> > Factoring

860-10-05-14 Factoring arrangements are a means of discounting accounts receivable on a nonrecourse, notification basis. Accounts receivable in their entireties are sold outright, usually to a transferee (the factor) that assumes the full risk of collection, without recourse to the transferor in the event of a loss. Debtors are directed to send payments to the transferee.

> > Transfers of Receivables with Recourse

860-10-05-15 In a transfer of ~~receivables~~an entire receivable, a group of entire receivables, or a portion of an entire receivable with recourse, the transferor provides the transferee with full or limited recourse. The transferor is obligated under the terms of the recourse provision to make payments to the transferee or to repurchase receivables sold under certain circumstances, typically for defaults up to a specified percentage.

12. Amend paragraph 860-10-05-21, with no link to a transition paragraph, as follows:

860-10-05-21 Many repurchase agreements are for short terms, often overnight, or have indefinite terms that allow either party to terminate the arrangement on short notice. Other repurchase agreements are for longer terms, sometimes until the maturity of the transferred financial asset (repo to maturity).

13. Supersede paragraphs 860-10-10-1 through 10-2, with a link to transition paragraph 860-10-65-3, as follows:

Objectives

860-10-10-1 Paragraph superseded by Accounting Standards Update 2009-16.~~An objective in accounting for **transfers** of **{GLOSSARY LINK IN CURRENT TEXT}**financial assets**{GLOSSARY LINK}** is for each entity that is a party to the transaction to recognize only assets it controls and liabilities it has incurred, to **derecognize** assets only when control has been surrendered, and to derecognize liabilities only when they have been extinguished. Another objective is that recognition of financial assets and liabilities should not be affected by the sequence of transactions that result in their acquisition or incurrence unless the effect of those transactions is to maintain effective control over a transferred financial asset. For example, if a **transferor** sells financial assets it owns and at the same time writes an at-the-money put option (such as a guarantee or **recourse** obligation) on those assets, it should recognize the put obligation in the same manner as would another unrelated entity that writes an identical put option on assets it never owned. However, certain agreements to repurchase or redeem transferred assets maintain effective control over those assets and should therefore be accounted for differently than agreements to acquire assets never owned.~~

860-10-10-2 Paragraph superseded by Accounting Standards Update 2009-16.~~To address those issues adequately and consistently, the basis adopted in this Topic is a financial-components approach that focuses on control and recognizes that financial assets and liabilities can be divided into a variety of components. The approach analyzes a transfer of a **{REMOVE GLOSSARY LINK IN CURRENT TEXT}financial asset{REMOVE GLOSSARY LINK}** by examining the component assets (controlled economic benefits) and liabilities (present obligations for probable future sacrifices of economic benefits) that exist after the transfer. Each party to the transfer recognizes the assets and liabilities that it controls after the transfer and no longer recognizes the assets that were surrendered in the transfer.~~

14. Amend paragraph 860-10-15-3 with no link to a transition paragraph as follows:

Scope and Scope Exceptions

> Transactions

860-10-15-3 The guidance in the Transfers and Servicing Topic applies to the issues of accounting for **transfers** and servicing of **{GLOSSARY LINK}financial assets{GLOSSARY LINK}**.

15. Supersede paragraph 860-10-30-1, with a link to transition paragraph 860-10-65-3, as follows:

Initial Measurement

860-10-30-1 Paragraph superseded by Accounting Standards Update 2009-16. ~~See Section 860-10-35 for accounting guidance to be applied upon completion of any~~ ~~**transfer**~~ ~~of~~ **{GLOSSARY LINK IN CURRENT TEXT}**~~financial assets~~**{GLOSSARY LINK }**~~, including guidance on the measurement of interests that continue to be held by a~~ ~~**transferor**~~~~.~~

16. Supersede paragraphs 860-10-35-1 through 35-12 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

Subsequent Measurement

860-10-35-1 Paragraph superseded by Accounting Standards Update 2009-16.~~This Section sets forth accounting guidance to be applied upon completion of any~~ ~~**transfer**~~ ~~of~~ **{GLOSSARY LINK IN CURRENT TEXT}**~~financial assets~~**{GLOSSARY LINK}**~~ and is organized as follows:~~

~~a. Accounting upon completion of any transfer of financial assets~~
~~b. Measurement of interests that continue to be held by a~~ ~~**transferor**~~
~~c. Estimating the fair value of~~ ~~**beneficial interests**~~
~~d. Practicability of estimating fair value.~~

~~The criteria for derecognition of a financial asset in Section 860-10-40 shall be applied before the guidance contained in this Section. Paragraph 860-10-40-4 sets forth the criteria under which a transfer of financial assets (or all or a portion of a financial asset) is accounted for as a sale.~~

~~**> Accounting Upon Completion of Any Transfer of Financial Assets**~~

860-10-35-2 Paragraph superseded by Accounting Standards Update 2009-16.~~The following sets forth accounting guidance for all transfers—both transfers that satisfy the criteria for a sale under paragraphs 860-10-40-4 through 40-5 and~~

~~those that do not. For additional accounting guidance for transfers that satisfy the criteria for a sale under those paragraphs, see Subtopic 860-20.~~

860-10-35-3 Paragraph superseded by Accounting Standards Update 2009-16. ~~Upon completion of any transfer of financial assets, the transferor shall do all of the following:~~

- ~~a. Apply the guidance in Subtopic 860-50 for servicing assets and servicing liabilities that require recognition under the provisions of paragraph 860-50-25-1.~~
- ~~b. Allocate the previous carrying amount between the assets sold, if any, and the interests that continue to be held by the transferor, if any, based on their relative fair values at the date of transfer (see related guidance in this Section and Section 860-20-25)~~
- ~~c. Continue to carry in its statement of financial position any interest it continues to hold in the transferred assets, including, if applicable, beneficial interests in assets transferred to a qualifying special-purpose entity in a **securitization**, and any undivided interests (see related guidance in this Section and Section 860-20-25).~~

~~See Examples 1 through 5 (paragraphs 860-20-55-43 through 55-59) for illustration of this guidance.~~

~~> Measurement of Interests that Continue to Be Held by a Transferor~~

860-10-35-4 Paragraph superseded by Accounting Standards Update 2009-16.~~Paragraph 860-20-25-4 discusses how to distinguish new interests from interests that continue to be held by a transferor and the measurement of proceeds from a sale. Other interests in transferred assets—those that are not part of the proceeds of the transfer—are interests that continue to be held by a transferor over which the transferor has not relinquished control. Interests that continue to be held by a transferor shall be measured at the date of the transfer by allocating the previous carrying amount between the assets sold, if any, and the interests that continue to be held by a transferor based on their relative fair values. Allocation procedures shall be applied to all transfers in which interests continue to be held by a transferor, even those that do not qualify as sales.~~

860-10-35-5 Paragraph superseded by Accounting Standards Update 2009-16.~~Interests that continue to be held by a transferor and assets obtained and liabilities incurred upon completion of a transfer of financial assets shall be recognized separately. Interests in the transferred assets that continue to be held continue to be assets of the transferor, albeit assets of a different kind, because they never left the possession of the transferor and, thus, a surrender of control cannot have occurred. Therefore, interests that continue to be held shall continue to be carried at their allocated previous carrying amount, with no gain or loss recognized.~~

~~**> Estimating the Fair Value of Beneficial Interests**~~

860-10-35-6 Paragraph superseded by Accounting Standards Update 2009-16.~~If the interests that continue to be held by a transferor are subordinate to more senior interests held by others, that subordination may concentrate most of the risks inherent in the transferred assets into the interests that continue to be held by a transferor and shall be taken into consideration in estimating the fair value of those interests. For example, if the amount of the gain recognized, after allocation, on a securitization with a subordinated interest that continues to be held by a transferor is greater than the gain that would have been recognized had the entire asset been sold, the transferor needs to be able to identify why that can occur. Otherwise, it is likely that the effect of subordination to a senior interest has not been adequately considered in the determination of the fair value of the subordinated interest that continues to be held by a transferor.~~

~~**> Practicability of Estimating Fair Value**~~

860-10-35-7 Paragraph superseded by Accounting Standards Update 2009-16.~~If it is not practicable to estimate the fair values of assets, the transferor shall record those assets at zero. If it is not practicable to estimate the fair values of liabilities, the transferor shall recognize no gain on the transaction and shall record those liabilities at the greater of the following:~~

- ~~a. The excess, if any, of (a)(1) over (a)(2):~~
  - ~~1. The fair values of assets obtained less the fair values of other liabilities incurred~~
  - ~~2. The sum of the carrying values of the assets transferred.~~
- ~~b. The amount that would be recognized in accordance with Topic 450.~~

~~See Example 7 (paragraph 860-20-55-53) for illustration of this guidance.~~

860-10-35-8 Paragraph superseded by Accounting Standards Update 2009-16.~~This Topic does not define the term *practicable*. Therefore, determining when it is not practicable to estimate the fair value of assets or liabilities requires judgment. However, in a vast majority of circumstances, it should be practicable to estimate fair values.~~

860-10-35-9 Paragraph superseded by Accounting Standards Update 2009-16. ~~The practicability exception shall not be extended to the transferee's accounting. Because the **transferee** is the purchaser of the assets, it should be able to value all assets and any liabilities it purchased or incurred presumptively based on the purchase price paid. In addition, because the transferee recognizes no gain or loss on the transfer, there is no possibility of recognizing a nonexistent gain.~~

860-10-35-10 Paragraph superseded by Accounting Standards Update 2009-16. ~~In transactions for which it was not practicable to estimate fair value of an asset or liability at the date of the transfer, if it becomes practicable for the transferor to~~

~~estimate the fair value of the affected asset at a later date, the transferor shall not remeasure the asset or the resulting gain or loss under this Subtopic.~~

860-10-35-11 Paragraph superseded by Accounting Standards Update 2009-16.~~Section 860-50-35 addresses the subsequent measurement of servicing assets. Paragraph 860-50-30-8 provides guidance for circumstances in which it is not practicable to initially measure a servicing asset or servicing liability at fair value. For other assets, the transferor may be required to subsequently adjust that asset's carrying amount depending on the Topic that addresses its subsequent measurement. One possible result is that an asset may be initially recognized at zero or a liability may be initially recognized at something other than fair value because of the practicability exception in paragraph 860-10-35-7 and then subsequently measured at an estimate of fair value with changes in fair value recognized according to the requirements of the relevant Topic. For example, some assets may be required to be subsequently measured at fair value even if it is not practicable to estimate their fair value at the date of transfer (for example, Topic 320 does not provide a practicability exception).~~

860-10-35-12 Paragraph superseded by Accounting Standards Update 2009-16.~~Section 860-50-35 addresses the subsequent measurement of servicing liabilities. For other liabilities, other Topics that address subsequent measurement may require that the transferor subsequently adjust an affected liability's carrying amount.~~

17. Amend paragraph 860-10-40-1, with a link to transition paragraph 860-10-65-3, as follows:

Derecognition

860-10-40-1 This Section sets forth the ~~criteria~~conditions for derecognition of a transferred **financial asset** and is organized as follows:

a. Subparagraph superseded by Accounting Standards Update 2009-16.~~General principles~~
b. ~~Criteria~~Conditions for a sale of **{GLOSSARY LINK IN CURRENT TEXT}**financial assets**{GLOSSARY LINK}**
c. Application of the sale criteria to instruments that have the potential to be assets or liabilities
d. Circumstances that result in a **transferor** regaining control of assets previously sold
e. **Repurchase financings**.

18. Supersede paragraph 860-10-40-2 through 40-3 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-2 Paragraph superseded by Accounting Standards Update 2009-16.~~The guidance in this Section primarily addresses the criteria for derecognition~~

~~of transferred assets, that is, whether the transferred assets may be derecognized and whether gain or loss recognition is appropriate. See Section 860-20-40 for guidance on the accounting required by the transferor if a **transfer** meets the criteria for a sale.~~

~~> General Principles~~

860-10-40-3 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u> ~~The key principles to applying the financial-components approach discussed in Section 860-10-10 are as follows:~~

~~a. The economic benefits provided by a~~ **{REMOVE GLOSSARY LINK IN CURRENT TEXT}~~financial asset~~{<<REMOVE GLOSSARY LINK}** ~~(generally, the right to future cash flows) are derived from the contractual provisions that underlie that asset, and the entity that controls those benefits should recognize them as its asset.~~
~~b. A financial asset should be considered sold and therefore should be derecognized if it is transferred and control is surrendered.~~
~~c. A transferred financial asset should be considered pledged as **collateral** to secure an obligation of the transferor (and therefore should not be derecognized) if the transferor has not surrendered control of the financial asset.~~
~~d. Each liability should be recognized by the entity that is primarily liable and, accordingly, an entity that guarantees another entity's obligation should recognize only its obligation to perform on the guarantee.~~
~~e. The recognition of financial assets and liabilities should not be affected by the sequence of transactions that led to their existence unless as a result of those transactions the transferor maintains effective control over a transferred asset.~~
~~f. Transferors and transferees generally should account symmetrically for transfers of financial assets.~~

~~The following paragraph provides related criteria for a sale of financial assets. Section 860-30-25 provides related guidance on accounting for collateral by a debtor and a secured party. Section 405-20-40 provides related guidance on extinguishment of a liability.~~

19. Amend paragraph 860-10-40-4 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> ~~Criteria~~<u>Conditions</u> for a Sale of Financial Assets

860-10-40-4 ~~A transfer of financial assets (or all or a portion of a financial asset) in which the transferor surrenders control over those financial assets shall be accounted for as a sale to the extent that consideration other than **beneficial interests** in the transferred assets is received in exchange.~~ <u>The objective of the following paragraph and related implementation guidance is to determine whether a transferor and its **consolidated affiliates** included in the financial</u>

statements being presented have surrendered control over **transferred financial assets** **[FAS 140, paragraph 8A, sequence 88.1.1]** or third-party **beneficial interests**. **[FAS 140, paragraph 46A, sequence 249.1.1]** This determination: **[FAS 140, paragraph 8A, sequence 88.1.1]**

a. Shall first consider whether the **transferee** would be consolidated by the transferor (for implementation guidance, see paragraph 860-10-55-17D) **[FAS 140, paragraph 26A, sequence 198.1.1.1.2.1]**
b. Shall consider the transferor's continuing involvement in the transferred financial assets **[FAS 140, paragraph 8A, sequence 88.1.2]**
c. Requires the use of judgment that shall consider all arrangements or agreements made contemporaneously with, or in contemplation of, the transfer, even if they were not entered into at the time of the transfer. **[FAS 140, paragraph 8A, sequence 88.1.3]**

With respect to item (b), all continuing involvement by the transferor, its consolidated affiliates included in the financial statements being presented, or its **agents** shall be considered continuing involvement by the transferor. **[FAS 140, paragraph 46A , sequence 249.1.2.1]** In a transfer between two subsidiaries of a common parent, the transferor-subsidiary shall not consider parent involvements with the transferred financial assets in applying the following paragraph. **[QA 140, paragraph 20, sequence 84.1]**

20. Add paragraphs 860-10-40-4A through 40-4B, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-4A To be eligible for sale accounting, an entire financial asset cannot be divided into components before a transfer unless all of the components meet the definition of a **participating interest**. **[FAS 140, paragraph 26B, sequence 198.1.1.2.2]** The legal form of the asset and what the asset conveys to its holders shall be considered in determining what constitutes an entire financial asset (for implementation guidance, see paragraph 860-10-55-17E). **[FAS 140, paragraph 26C, sequence 198.1.1.3.1]** An entity shall not account for a transfer of an entire financial asset or a participating interest in an entire financial asset partially as a sale and partially as a secured borrowing. **[QA 140, paragraph 50, sequence 229.2.2.1.1.2.2]**

860-10-40-4B If a transfer of a portion of an entire financial asset meets the definition of a participating interest, the transferor shall apply the guidance in the following paragraph. If a transfer of a portion of a financial asset does not meet the definition of a participating interest, the transferor and transferee shall account for the transfer in accordance with the guidance in paragraph 860-30-25-2. However, if the transferor transfers an entire financial asset in portions that do not individually meet the participating interest definition, the following paragraph shall be applied to the entire financial asset once all portions have been transferred. **[FAS 140, paragraph 8B, sequence 88.2.6]**

21. Amend paragraph 860-10-40-5, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-5 A transfer of an entire financial asset, a group of entire financial assets, or a participating interest in an entire financial asset in which the transferor surrenders control over those financial assets shall be accounted for as a sale [**FAS 140, paragraph 9, sequence 89.1]**~~The transferor has surrendered control over transferred assets~~ if and only if all of the following conditions are met:

a. Isolation of transferred financial assets. The transferred financial assets have been isolated from the transferor—put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other ~~receivership~~receivership. Transferred financial assets are isolated in bankruptcy or other receivership only if the transferred financial assets would be beyond the reach of the powers of a bankruptcy trustee or other receiver for the transferor or any of its consolidated affiliates included in the financial statements being presented. For multiple step transfers, a **bankruptcy-remote entity** is not considered a consolidated affiliate for purposes of performing the isolation analysis. Notwithstanding the isolation analysis, each entity involved in the transfer is subject to the applicable guidance on whether it shall be consolidated (see paragraphs 860-10-40-7 through ~~40-14).~~40-14 and the guidance beginning in paragraph 860-10-55-18). [FAS 140, paragraph 9, sequence 90] A **set-off right** is not an impediment to meeting the isolation condition.**[FAS 166, paragraph A40, sequence 47.6]**
b. Transferee's rights to pledge or exchange. This condition is met if both of the following conditions are met:
   1. Each transferee (or, if the transferee ~~is a qualifying special-purpose entity [see paragraph 860-40-15-3],~~is an entity whose sole purpose is to engage in **securitization** or asset-backed financing activities and that entity is constrained from pledging or exchanging the assets it receives, each third-party holder of its beneficial interests) has the right to pledge or exchange the assets (or beneficial interests) it received.
   2. No condition does both ~~constrains~~ of the following:
      i. Constrains the transferee (or third-party holder of its beneficial interests) from taking advantage of its right to pledge or exchange ~~and provides~~
      ii. Provides more than a trivial benefit to the transferor (see paragraphs 860-10-40-15 through 40-21).

   If the transferor, its consolidated affiliates included in the financial statements being presented, and its agents have no continuing involvement with the transferred financial assets, the condition under paragraph 860-10-40-5(b) is met.**[FAS 140, paragraph 29A, sequence 201.2.1.1.2.2]**

c. Effective control. The ~~transferor~~transferor, its consolidated affiliates included in the financial statements being presented, or its agents ~~does~~do not maintain effective control over the transferred financial assets or third-party beneficial interests related to those transferred assets (see paragraph 860-10-40-22A). A transferor's effective control over the transferred financial assets includes, but is not limited to, ~~through either~~any of the following: [FAS 140, paragraph 9, sequence 92.1]
   1. An agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity (see paragraphs 860-10-40-23 through 40-27)
   2. **[**An agreement, other than through a **cleanup call** (see paragraphs 860-10-40-28 through 40-39), that provides the transferor with both of the following: **[FAS 140, paragraph 9, sequence 92.2.2]**
      i. The ~~ability to unilaterally~~**unilateral ability** to cause the holder to return specific financial assets ~~assets, other than through a cleanup call (see paragraphs 860-10-40-28 through 40-39).~~ **[FAS 140, paragraph 9, sequence 92.2.2.1.1]**
      ii. A more-than-trivial-benefit attributable to that ability. **[FAS 140, paragraph 9, sequence 92.2.2.1.2]**
   3. An agreement that permits the transferee to require the transferor to repurchase the transferred financial assets at a price that is so favorable to the transferee that it is probable that the transferee will require the transferor to repurchase them (see paragraph 860-10-55-42D).[**FAS 140, paragraph 9, sequence 92.2.2.1.3]**

22. Amend paragraph 860-10-40-6, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-6 ~~For guidance applicable to the accounting by a transferor upon completion of any transfer of financial assets (including those transfers that do not satisfy the conditions for a sale), see paragraph 860-10-35-3. For guidance applicable to the accounting by a transferor upon completion of a transfer of financial assets that satisfies the conditions for a sale under the preceding two paragraphs, including partial sales, see Subtopic 860-20.~~For guidance on accounting for a transfer that satisfies the conditions in the preceding paragraph, see Subtopic 860-20, including Section 860-20-40's derecognition guidance and Section 860-20-25's guidance on recognition of new assets obtained and new liabilities. For guidance on accounting for a transfer that does not satisfy the conditions in the preceding paragraph, see Subtopic 860-30.

23. Add paragraph 860-10-40-6A and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > Meaning of the Term Participating Interest

860-10-40-6A A participating interest has all of the following characteristics:**[FAS 140, paragraph 364, sequence 775.1.2]**

a. From the date of the transfer, it represents a proportionate (pro rata) ownership interest in an entire financial asset. The percentage of ownership interests held by the transferor in the entire financial asset may vary over time, while the entire financial asset remains outstanding as long as the resulting portions held by the transferor (including any participating interest retained by the transferor, its consolidated affiliates included in the financial statements being presented, or its agents) and the transferee(s) meet the other characteristics of a participating interest. For example, if the transferor's interest in an entire financial asset changes because it subsequently sells another interest in the entire financial asset, the interest held initially and subsequently by the transferor must meet the definition of a participating interest.**[FAS 140, paragraph 364, sequence 775.1.3]**
b. From the date of the transfer, all cash flows received from the entire financial asset are divided proportionately among the participating interest holders**[FAS 140, paragraph 364, sequence 775.1.4.1]** (including any interest retained by the transferor, its consolidated affiliates included in the financial statements being presented, or its agents) **[FAS 140, paragraph 26D, sequence 198.1.1.7.2.1]** in an amount equal to their share of ownership. **[FAS 140, paragraph 364, sequence 775.1.4.2.1]** An allocation of specified cash flows is not an allowed characteristic of a participating interest unless each cash flow is proportionately allocated to the participating interest holders. **[FAS 140, paragraph 26D, sequence 198.1.1.7.2.2.1]** In determining proportionate cash flows:
   1. Cash flows allocated as compensation for services performed, if any, shall not be included provided those cash flows meet both of the following conditions: **[FAS 140, paragraph 26E, sequence 198.1.1.8.1]**
      i. They are not subordinate to the proportionate cash flows of the participating interest. **[FAS 140, paragraph 26E, sequence 198.1.1.8.2.1]**
      ii They are not significantly above an amount that would fairly compensate a substitute service provider, should one be required, which includes the profit that would be demanded in the marketplace. **[FAS 140, paragraph 26E, sequence 198.1.1.8.2.2.1]**
   2. Any cash flows received by the transferor as proceeds of the transfer of the participating interest shall be excluded provided that the transfer does not result in the transferor receiving an ownership interest in the financial asset that permits it to receive

disproportionate cash flows. **[FAS 140, paragraph 364, sequence 775.1.4.2.2.2]**

c. The priority of cash flows has all of the following characteristics:
   1. The rights of each participating interest holder (including the transferor in its role as a participating interest holder) have the same priority. **[FAS 140, paragraph 364, sequence 775.1.5.1]**
   2. No participating interest holder's interest is subordinated to the interest of another participating interest holder. **[FAS 140, paragra ph 364, sequence 775.1.5.2.1]**
   3. The priority does not change in the event of bankruptcy or other receivership of the transferor, the original debtor, or any other participating interest holder. **[FAS 140, paragraph 364, sequence 775.1.5.2.2.1]**
   4. Participating interest holders have no recourse to the transferor (or its consolidated affiliates included in the financial statements being presented or its agents) or to each other, other than any of the following: **[FAS 140, paragraph 364, sequence 775.1.5.2.2.2.1]**
      i. Standard representations and warranties **[FAS 140, paragraph 364, sequence 775.1.5.2.2.2.2.1]**
      ii. Ongoing contractual obligations to service the entire financial asset and administer the transfer contract**[FAS 140, paragraph 364, sequence 775.1.5.2.2.2.2.2.1]**
      iii. Contractual obligations to share in any set-off benefits received by any participating interest holder. **[FAS 140, paragraph 364, sequence 775.1.5.2.2.2.2.2.2.1]**

      That is, no participating interest holder is entitled to receive cash before any other participating interest holder under its contractual rights as a participating interest holder. For example, if a participating interest holder also is the servicer of the entire financial asset and receives cash in its role as servicer, that arrangement would not violate this requirement.**[FAS 140, paragraph 364, sequence 775.1.5.2.2.2.2.2.2.2.]**

d. No party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to pledge or exchange the entire financial asset.**[FAS 140, paragraph 364, sequence 775.1.6]**

A **set-off right** is not an impediment to meeting the participating interest definition.**[FAS 166, paragraphs A40, sequence 47.6]** For implementation guidance on the application of the term *participating interest*, see paragraph 860-10-55-17D.

24. Amend paragraphs 860-10-40-7 through 40-10, with a link to transition paragraph 860-10-65-3, as follows:

> > Isolation of Transferred Assets

860-10-40-7 The guidance in the following paragraphs and the related implementation guidance beginning in ~~paragraphs 860-10-55-19 through 55-24~~paragraph 860-10-55-18 applies to transfers by all entities, including institutions for which the Federal Deposit Insurance Corporation (FDIC) would be the receiver.

860-10-40-8 Derecognition of transferred financial assets is appropriate only if the available evidence provides reasonable assurance that the transferred financial assets would be beyond the reach of the powers of a bankruptcy trustee or other receiver for the transferor or any of its consolidated affiliates (that are not bankruptcy-remote entities) included in the financial statements being presented and its creditors ~~**consolidated affiliate of the transferor** that is not a special-purpose corporation or other entity designed to make remote the possibility that it would enter bankruptcy or other receivership~~ (see paragraph 860-10-55-23(c)).

860-10-40-9 The nature and extent of supporting evidence required for an assertion in financial statements that **transferred financial assets** have been isolated—put presumptively beyond the reach of the ~~transferor~~transferor, any of its consolidated affiliates (that are not bankruptcy-remote entities) included in the financial statements being presented, and its creditors, either by a single transaction or a series of transactions taken as a whole—depend on the facts and circumstances. ~~This Topic does not provide guidance as to the type and amount of evidence that must be obtained to conclude that transferred financial assets have been isolated from the transferor.~~

860-10-40-10 All available evidence that either supports or questions an assertion shall be considered, including ~~considered. That consideration includes making judgments about~~ whether the contract or circumstances permit the transferor to revoke the transfer. It also may include ~~making judgments about the kind of~~consideration of the legal consequences of the transfer in the jurisdiction in which bankruptcy or other receivership ~~into which a transferor or special-purpose entity might be placed,~~would take place, including all of the following:

a. ~~whether~~Whether a transfer of financial assets would likely be deemed a true sale at ~~law,~~ law (see paragraph 860-10-55-18A) or otherwise isolated (see paragraph 860-10-55-18B)
b. ~~whether~~Whether the transferor is **affiliated** with the ~~transferee,~~ transferee
c. ~~and other~~Other factors pertinent under applicable law.

25. Amend paragraph 860-10-40-11, with no link to a transition paragraph, as follows:

860-10-40-11 The requirement of paragraph 860-10-40-5(a) that transferred financial assets be isolated focuses on whether transferred financial assets would be isolated from the transferor in the event of bankruptcy or other receivership regardless of how remote or probable bankruptcy or other receivership is at the date of transfer. That is, the requirement would not be satisfied simply because the likelihood of bankruptcy of the transferor is determined to be remote.

26. Amend paragraphs 860-10-40-12 through 40-16 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-12 A transferor's power to require the return of the transferred financial assets arising solely from a contract with the transferee, for example, a call option or removal-of-accounts provision, would not necessarily preclude a conclusion that transferred financial assets have been isolated from the transferor. However, such a power might preclude sale treatment if through it the transferor maintains effective control over the transferred financial assets. ~~Many~~Some common financial transactions, for example, typical **repurchase agreements** and securities lending transactions, may isolate transferred financial assets from the transferor, although they may not meet the other ~~criteria~~conditions for surrender of ~~control.~~control (see paragraph 860-10-40-5).

860-10-40-13 Whether securitizations isolate transferred financial assets may depend on such factors as whether the **{REMOVE GLOSSARY LINK}**securitization**{REMOVE GLOSSARY LINK}** is accomplished in ~~one step~~one-step or ~~two steps.~~multiple-step transfers. That is, the ~~criterion~~condition can be satisfied either by a single transaction or by a series of transactions considered as a whole. A securitization carried out in one transfer or a series of transfers may or may not isolate the transferred financial assets beyond the reach of the transferor, its consolidated affiliates (that are not bankruptcy-remote entities) included in the financial statements being presented, and its creditors. Whether it does depends on the structure of the securitization transaction taken as a whole, considering such factors as the type and extent of further involvement in arrangements to protect investors from ~~credit~~credit, ~~and~~ interest ~~rate~~rate, and other risks, the availability of other financial assets, and the powers of bankruptcy courts or other receivers.

860-10-40-14 Paragraphs 860-10-55-19 through 55-23 clarify the requirements for transfers by entities subject to the U.S. Bankruptcy Code to meet the condition in paragraph 860-10-40-5(a) that the transferred financial assets have been put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy. Paragraphs 860-10-55-24 through 55-25 provide related guidance for entities not subject to the U.S. Bankruptcy Code. The discussion in paragraphs 860-10-55-18 through 55-25 relates only to the isolation condition in paragraph 860-10-40-5(a). The conditions in paragraph 860-10-40-5(b) through (c) also shall be considered to determine whether a transferor has surrendered control over the transferred financial assets. **[FAS 140, paragraph 80, sequence 336.2.1]**

> > Transferee's Rights to Pledge or Exchange Transferred Financial Assets

860-10-40-15 ~~The ways of using assets that are important in determining whether a transferee holding a financial asset controls it are the ability to exchange it or pledge it as collateral and thus obtain all or most of the cash inflows that are the primary economic benefits of financial assets. Sale accounting is allowed under paragraph 860-10-40-5(b) only if each transferee has the right to pledge, or the right to exchange, the transferred assets or beneficial interests it received, but constraints on that right also matter. [FAS 140, paragraph 29, sequence 201.1]~~Many transferor-imposed or other conditions on a transferee's right to pledge or exchange both constrain a transferee from pledging or exchanging and, through that constraint, provide more than a trivial benefit to the transferor. **[FAS 140, paragraph 29, sequence 201.2.1]** Judgment is required to assess whether a particular condition results in a constraint. Judgment also is required to assess whether a constraint provides a more-than-trivial benefit to the transferor. If the transferee is an entity whose sole purpose is to engage in securitization or asset-backed financing activities, that entity may be constrained from pledging or exchanging the transferred financial assets to protect the rights of beneficial interest holders in the financial assets of the entity. Paragraph 860-10-40-5(b) requires that the transferor look through the constrained entity to determine whether each third-party holder of its beneficial interests has the right to pledge or exchange the beneficial interests that it holds. The considerations in paragraphs 860-10-40-16 through 40-18 apply to the transferee or the third-party holders of its beneficial interests in an entity that is constrained from pledging or exchanging the assets it receives and whose sole purpose is to engage in securitization or asset-backed financing activities. **[FAS 140, paragraph 29, sequence 201.2.1.1.1]**

860-10-40-16 ~~Many transferor-imposed or other conditions on a transferee's right to pledge or exchange a transferred asset both constrain a transferee from pledging or exchanging the transferred assets and, through that constraint, provide more than a trivial benefit to the transferor.~~ A condition imposed by a transferor that constrains the transferee presumptively provides more than a trivial benefit to the transferor. A condition not imposed by the transferor that constrains the transferee may or may not provide more than a trivial benefit to the transferor. For example, if the transferor refrains from imposing its usual contractual constraint on a specific transfer because it knows an equivalent constraint is already imposed on the transferee by a third party, it presumptively benefits more than trivially from that constraint. However, the transferor cannot benefit from a constraint if it is unaware at the time of the transfer that the transferee is constrained.~~ Judgment is necessary to assess constraint and benefit.~~

27. Add paragraph 860-10-40-16A, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-16A In some circumstances in which the transferor has no continuing involvement with the transferred financial assets, some conditions may constrain a transferee from pledging or exchanging the financial assets. Paragraph 860-10-40-5(b) states that if the transferor, its consolidated affiliates included in the financial statements being presented, and its agents have no continuing involvement with the transferred financial assets, the condition under paragraph 860-10-40-5(b) is met. For example, if a transferor receives only cash in return for the transferred financial assets and the transferor, its consolidated affiliates included in the financial statements being presented, and its agents have no continuing involvement with the transferred financial assets, sale accounting is allowed under paragraph 860-10-40-5(b) even if the transferee entity is significantly limited in its ability to pledge or exchange the transferred assets.**[FAS 140, paragraph 29A, sequence 201.2.1.1.2.2]**

28. Amend paragraphs 860-10-40-17 through 40-19, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-17 ~~The~~All of the following are examples of conditions that both constrain the transferee and presumptively provide the transferor with more than trivial benefits:

a. ~~A provision in the transfer contract that prohibits selling or pledging a transferred loan receivable, because it not only constrains the transferee but also provides the transferor with the more-than-trivial benefits of knowing who has the asset, a prerequisite to repurchasing the asset, and of being able to block the asset from finding its way into the hands of a competitor for the loan customer's business or someone that the loan customer might consider an undesirable creditor. [FAS 140, paragraph 29, sequence 201.2.2.1]~~A provision that prohibits selling or pledging a transferred loan receivable. This condition not only constrains the transferee but also provides the transferor with the more-than-trivial benefit of knowing who holds the financial asset (a prerequisite to repurchasing the financial asset) and of being able to block the financial asset from being transferred to a competitor for the loan customer's business.**[FAS 140, paragraph 29A, sequence 201.2.2.1]**
b. Transferor-imposed contractual constraints that narrowly limit timing or terms, for example, allowing a transferee to pledge only on the day assets are obtained or only on terms agreed with the transferor. ~~[FAS 140, paragraph 29, sequence 201.2.2.2]~~ **[FAS 140, paragraph 29A, sequence 201.2.2.2]**
c. Some rights or obligations to reacquire transferred financial ~~assets,~~assets or beneficial interests, including all of the following:
    1. A **freestanding call option** written by a transferee to the ~~transferor~~transferor. Such an option may benefit the transferor and, if the transferred financial assets are not readily obtainable in the

marketplace, is likely to constrain a transferee because the transferee might have to default if the call option was exercised and ~~it~~ the transferee had ~~exchanged or~~ pledged or exchanged the financial assets.

1A. A call option to repurchase third-party beneficial interests at the price paid plus a stated return if the third-party holders of its beneficial interests are constrained from pledging or exchanging their beneficial interests due to that call option.**[FAS 140, paragraph 32, sequence 204.2.1.1.1]**

2. A call option written by a transferee to the transferor that is sufficiently deep-in-the-money, if the transferred assets are not readily obtainable in the marketplace, because the transferee would be more likely to have to hold the assets to comply with a potential exercise of the call option.
3. A freestanding forward purchase-sale contract between the transferor and the transferee on transferred financial assets not readily obtainable in the marketplace would benefit the transferor and is likely to constrain a transferee.
4. Subparagraph superseded by Accounting Standards Upate 2009-16.~~A put option written by the transferor to the transferee on a not-readily-obtainable asset may benefit the transferor and effectively constrain the transferee if the option is sufficiently deep-in-the-money when it is written that it is probable that the transferee will exercise it and the transferor will reacquire the transferred asset (since it would be imprudent for the transferee to sell the assets for the market price rather than holding the assets to get the much higher put price from the transferor).~~

29. Amend paragraphs 860-10-40-18 through 40-19, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-18 All of ~~The~~the following are examples of conditions that presumptively would not constrain a transferee from pledging or exchanging the ~~asset~~transferred financial asset:~~ and therefore do not preclude a transfer subject to such a condition from being accounted for as a sale:~~

a. A transferor's right of first refusal on the occurrence of a bona fide offer to the transferee from a third party, because ~~that~~the right in itself does not enable the transferor to compel the transferee to sell the ~~assets~~financial asset and the transferee would be in a position to receive the sum offered by exchanging the financial asset, albeit possibly from the transferor rather than the third party
b A requirement to obtain the transferor's permission to sell or pledge that is not to be unreasonably withheld
c. A prohibition on sale to the transferor's competitor if other potential willing buyers exist

d. A regulatory limitation such as on the number or nature of eligible transferees (as in the circumstance of securities issued under Securities Act Rule 144A or debt placed privately)
e. Illiquidity, for example, the absence of an active market
f. Subparagraph superseded by Accounting Standards Update 2009-16.~~A sufficiently out-of-the-money call option held by the transferor, if it is probable when the option is written that it will not be exercised~~
g. Freestanding rights to reacquire transferred assets that are readily obtainable.

860-10-40-19 Judgment is required to assess the significance of some conditions. For example, a prohibition on sale to the transferor's competitor would be a ~~significant~~ constraint if that competitor were the only potential willing buyer other than the transferor.

30. Supersede paragraph 860-10-40-20, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-20 Paragraph superseded by Accounting Standards Update 2009-16.~~Despite the challenges of making such judgments in practice, some options do constrain a transferee and benefit a transferor so that a transferor remains in control, and others do not. Whether they do or do not can only be assessed after considering all the relevant facts and circumstances. The assessment of whether an option constrains a transferee need only be made at the date of transfer. Neither the remaining life of a put option nor the existence of multiple put options affects the determination of whether a transfer qualifies for sale treatment.~~

31. Amend paragraphs 860-10-40-21 through 40-22, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-21 As discussed in paragraphs ~~860-10-40-28~~860-10-40-22 through 40-39~~ and 860-40-40-9 through 40-11~~, some rights or obligations to reacquire transferred financial assets, regardless of whether they constrain the transferee, may result in the transferor's maintaining effective control over the transferred financial assets, thus precluding sale accounting under paragraph ~~860-10-40-5(c)(2).~~860-10-40-5(c). For example, an attached call in itself would not constrain a transferee who is able, by exchanging or pledging the asset subject to that call, to obtain substantially all of its economic benefits. However, an attached call could result in the transferor's maintaining effective control over the transferred asset(s) because the attached call gives the transferor the unilateral ability to cause whoever holds that specific asset to return it**.[FAS 140, paragraph 33, sequence 206.1.1]**

> > Effective Control

860-10-40-22 This guidance discusses the ~~criterion~~condition in paragraph 860-10-40-5(c) that the transferor, its consolidated affiliates included in the financial statements being presented, or its agents do not maintain effective control over the transferred assets or third-party beneficial interests related to those transferred assets.~~through either of the following:~~

~~a. An agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity (see paragraph 860-10-40-5(c)(1))~~

~~b. The ability to unilaterally cause the holder to return specific assets, other than through a cleanup call (see paragraph 860-10-40-5(c)(2)).~~

32. Add paragraph 860-10-40-22A, with a link to transition paragraph 860-10-65-3, as follows:

> > > Involvements of Agents

860-10-40-22A Paragraph 860-10-40-4 states that, to assess whether the transferor maintains effective control over the transferred financial assets, all continuing involvement by the transferor, its consolidated affiliates included in the financial statements being presented, or its agents shall be considered continuing involvement by the transferor. **[FAS 140, paragraph 46A, sequence 249.1.2.1]** When assessing effective control, the transferor only considers the involvements of an agent when the agent acts for and on behalf of the transferor. If the transferor and transferee have the same agent, the agent's activities on behalf of the transferee shall not be considered in the transferor's evaluation of whether it has effective control over a transferred financial asset. For example, an investment manager may act as a fiduciary (agent) for both the transferor and the transferee; therefore, the transferor need only consider the involvements of the investment manager if it is acting on its behalf.**[FAS 140, paragraph 46A, sequence 249.1.2.2]**

33. Amend paragraph 860-10-40-23 and its related heading, with no link to a transition paragraph, as follows:

> > > Effective Control through~~Through~~ Both a Right and an Obligation

860-10-40-23 Although paragraph 860-10-40-5 sets forth criteria that must be met to achieve sale accounting, this guidance addresses criteria that must be met for a transfer to fail the ~~criterion~~condition in paragraph 860-10-40-5(c) through an agreement of the type described in paragraph 860-10-40-5(c)(1) and thus preclude sale accounting and result in accounting for the transfer as a secured borrowing.

34. Amend paragraphs 860-10-40-24 through 40-26, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-24 An agreement that both entitles and obligates the transferor to repurchase or redeem transferred financial assets from the transferee maintains the transferor's effective control over those assets as described in ~~under~~ paragraph 860-10-40-5(c)(1), ~~and the transfer shall therefore be accounted for as a secured borrowing, if and only~~ if all of the following conditions are met:

a. The financial assets to be repurchased or redeemed are the same or substantially the same as those transferred. To be substantially the same, the financial asset that was transferred and the financial asset that is to be repurchased or redeemed need to have all of the following characteristics:
   1. The same primary obligor (except for debt guaranteed by a sovereign government, central bank, government-sponsored enterprise or agency thereof, in which circumstance the guarantor and the terms of the guarantee must be the same)
   2. Identical form and type so as to provide the same risks and rights
   3. The same maturity (or in the circumstance of mortgage-backed pass-through and pay-through securities, similar remaining weighted-average maturities that result in approximately the same market yield)
   4. Identical contractual interest rates
   5. Similar assets as collateral
   6. The same aggregate unpaid principal amount or principal amounts within accepted good delivery standards for the type of security involved. Participants in the mortgage-backed securities market have established parameters for what is considered acceptable delivery. These specific standards are defined by the Bond Market Association and can be found in Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities, which is published by the Bond Market Association.

   See paragraph 860-10-55-35 for implementation guidance related to these conditions.
b. The transferor is able to repurchase or redeem them on substantially the agreed terms, even in the event of default by the transferee. To be able to repurchase or redeem financial assets on substantially the agreed terms, even in the event of default by the transferee, a transferor must at all times during the contract term have obtained cash or other collateral sufficient to fund substantially all of the cost of purchasing replacement financial assets from others. *Substantially all* is not specifically defined in this Topic. Judgment is needed to interpret the term substantially all and other aspects of the ~~criterion~~condition that the terms of a repurchase agreement not maintain effective control over the transferred asset. See paragraph 860-10-55-37 for implementation guidance related to the term substantially all and other aspects of the ~~criterion~~condition that the terms of a repurchase agreement not maintain effective control over the transferred asset.
c. The agreement is to repurchase or redeem them before maturity, at a fixed or determinable price.
d. The agreement is entered into ~~concurrently with~~contemporaneously with, or in contemplation of, the transfer.

860-10-40-25 With respect to the condition in (a) in the preceding paragraph to maintain effective control under the ~~criterion~~condition in paragraph 860-10-40-5(c) as illustrated in paragraph 860-10-40-5(c)(1), the transferor must have both the contractual right and the contractual obligation to reacquire securities that are identical to or substantially the same as those concurrently transferred. Transfers that include only the right to reacquire, at the option of the transferor or upon certain conditions, or only the obligation to reacquire, at the option of the transferee or upon certain conditions, generally do not maintain the transferor's control, because the option might not be exercised or the conditions might not occur. Similarly, expectations of reacquiring the same securities without any contractual commitments (for example, as in wash sales) provide no control over the transferred securities.

860-10-40-26 With respect to the condition in paragraph 860-10-40-24(b), even if the probability of ever holding inadequate collateral appears remote, the transferor ~~requirement in paragraph 860-10-40-5(c)(1) would not be met (and sale accounting by the transferor~~ would not maintain effective control ~~be precluded)~~ unless the arrangement assures, by contract or custom, that the collateral is sufficient. If a transferor is substantially overcollateralized at the date of transfer but the arrangement does not provide for frequent adjustments to the amount of collateral maintained by the transferor, the ~~requirement in that paragraph~~transferor would not maintain effective control to preclude sale accounting. That is, a mechanism to ensure that adequate collateral is maintained must exist even in transactions that are substantially overcollateralized (for example, deep discount and haircut transactions) to indicate that the transferor has maintained effective control that would preclude sale accounting for those transactions.

35. Amend paragraph 860-10-40-27, with no link to a transition paragraph, as follows:

860-10-40-27 This guidance does not prescribe that a specific contractual term, such as a margining provision, must be present to meet the sufficient collateral requirement. Simply excluding a margining provision from a repurchase agreement does not change the accounting that results if the maintenance of sufficient collateral is otherwise assured. For example, a contractual provision that a repurchase agreement is immediately terminated should the value of the collateral become insufficient to fund substantially all of the cost of purchasing replacement financial assets would satisfy the requirement in paragraph 860-10-40-24(b).

36. Amend paragraph 860-10-40-28 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > > Effective Control ~~Through a Right~~through Unilateral Ability

860-10-40-28 ~~Rights or obligations to reacquire transferred financial assets, regardless of whether they constrain the transferee, may result in the transferor's maintaining effective control over the transferred financial assets, therefore precluding sale accounting under paragraph 860-10-40-5(c)(2). It is necessary to consider the overall effect of such rights and obligations in assessing such matters as whether a transferee is constrained or a transferor has maintained effective control. For example, if the transferor or its affiliate or **agent** is the servicer for the transferred asset and is empowered to decide to put the asset up for sale, and has the right of first refusal, that combination would place the transferor in position to unilaterally cause the return of a specific transferred asset and therefore maintain the transferor's effective control of the transferred asset.~~ This guidances addresses whether any of the following agreements maintain effective control under paragraph 860-10-40-5(c)(2):

a. A call option or other right conveys more than a trivial benefit (that is, fails the condition in paragraph 860-10-40-5(c)(2)(ii)) if the price to be paid is fixed, determinable, or otherwise potentially advantageous, unless because that price is so far out of the money or for other reasons it is probable when the option is written that the transferor will not exercise it. **[FAS 140, paragraph 50, sequence 264.2.2.2.2.2.1.1.2.1]**
b. A transferor's unilateral ability to cause a securitization entity to return to the transferor or otherwise dispose of specific transferred financial assets, for example, in response to its decision to exit a market or a particular activity, has the characteristic in paragraph 860-10-40-5(c)(2)(i) and, thus, would provide the transferor with effective control over the transferred financial assets if it also has the characteristic in paragraph 860-10-40-5(c)(2)(ii)—that is, if it also provides more than a trivial benefit to the transferor. **[FAS 140, paragraph 50, sequence 264.2.2.2.2.2.1.1.2.2.1]**
c. A call option on readily obtainable assets at fair value may not provide the transferor with more than a trivial benefit.**[FAS 140, paragraph 50, sequence 264.2.2.2.2.2.1.1.2.2.2.1]**

Paragraph 860-10-40-35 provides an example in which, due to the combination of arrangements, the transferor would maintain effective control.**[FAS 140, paragraph 50, sequence 264.2.2.2.2.2.1.1.2.2.2.2]**

37. Add paragraph 860-10-40-28A, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-28A Effective control over transferred financial assets can be present even if the right to reclaim is indirect. For example, if a call allows a transferor to buy back the beneficial interests at a fixed price, the transferor may maintain effective control of the financial assets underlying those beneficial interests.**[FAS**

140, paragraph 51, sequence 264.2.2.2.2.2.1.1.2.2.2.2.1] If the transferee is an entity whose sole purpose is to engage in securitization or asset-backed financing activities, that entity may be constrained from choosing to pledge or exchange the transferred financial assets. **[FAS 140, paragraph 51, sequence 265.1]** In that circumstance, any call held by the transferor on third-party beneficial interests is effectively an attached call on the transferred financial assets. Depending on the price and other terms of the call, the transferor may maintain effective control over the transferred financial assets.**[FAS 140, paragraph 51, sequence 265.2.1]**

38. Supersede paragraph 860-10-40-29, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-29 Paragraph superseded by Accounting Standards Update 2009-16.~~A right to reclaim specific transferred assets precludes sale accounting only if the transferor can exercise the right unilaterally. Further, a unilateral right to reclaim specific transferred assets precludes sale accounting only for transferred assets that the transferor has the unilateral right to reacquire.~~

39. Amend paragraph 860-10-40-30, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-30 See paragraphs 860-10-55-39 through ~~55-42~~55-42C for implementation guidance addressing how different types of rights of a transferor to reacquire (call) transferred financial assets affect sale accounting under this Subtopic.

40. Amend paragraph 860-10-40-31, with no link to a transition paragraph, as follows:

> > > > Call Options

860-10-40-31 Cash-settled call options do not constrain the transferee, nor do they result in the transferor maintaining effective control because they do not provide the transferor with an opportunity to reclaim the transferred financial assets. Therefore, this guidance addresses call options that can be physically settled.

41. Amend paragraph 860-10-40-32, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-32 ~~An **attached call option** could result in the transferor's maintaining effective control over a transferred asset because the attached call gives the transferor the ability to unilaterally cause whoever holds that specific asset to return it. In contrast, transfers of financial assets subject to call options embedded by the issuers of the financial instruments, for example, callable bonds or prepayable mortgage loans, do not preclude sale accounting. Such an **embedded call option** does not result in the transferor's maintaining effective control, because it is the issuer rather than the transferor that holds the call~~

~~option.~~ An **embedded call option** would not result in the transferor's maintaining effective control because it is the issuer rather than the transferor who holds the call option and the call option does not provide more than a trivial benefit to the transferor. For example, a call embedded by the issuer of a callable bond or the borrower of a prepayable mortgage loan would not provide the transferor with effective control over the transferred financial asset.**[FAS 140, paragraph 52, sequence 266.2.2.2.2.2.1.1]**

42. Supersede paragraph 860-10-40-33, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-33 Paragraph superseded by Accounting Standards Update 2009-16.~~A call option that is attached to transferred assets maintains the transferor's effective control over those assets if, under its price and other terms, the call option conveys more than a trivial benefit to the transferor. A call option or other right conveys more than a trivial benefit if the price to be paid is fixed, determinable, or otherwise potentially advantageous, unless because that price is so far out of the money or for other reasons it is probable when the option is written that the transferor will not exercise it. Under paragraph 860-10-40-5(c)(2), a call option attached to specific transferred assets at a fixed price results in the transferor's maintaining effective control over the transferred assets subject to that call option and, therefore, precludes sale accounting.~~

43. Amend paragraph 860-10-40-34 through 40-38, with a link to transition paragraph 860-10-65-3, as follows:

860-10-40-34 Paragraph 860-10-40-5(c)(2) excludes a cleanup call from the general principle that a transferor maintains effective control over transferred financial assets if the transferor has the unilateral ability to cause the holder to return specific financial assets and that ability provides more than a trivial benefit to the transferor. **[FAS 140, paragraph 50, sequence 264.2.2.2.2.2.1.1.1]** ~~[A **cleanup call option** is permitted as an exception to the general principle that a call option on specific assets transferred maintains the transferor's effective control over the assets subject to that call.~~ A cleanup call on beneficial interests in the transferred assets is permitted because burdensome costs in relation to benefits may arise when the remaining assets or beneficial interests fall to a small portion of their original level. Parties other than the servicer cannot hold the option, because only the servicer is burdened when the amount of outstanding assets falls to a level at which the cost of servicing the assets becomes burdensome—the defining condition of a cleanup call—and any other party would be motivated by some other incentive in exercising a call.

860-10-40-35 A right to reclaim specific transferred financial assets by paying their fair value when reclaimed generally does not maintain effective ~~control,~~control ~~because~~if it does not convey a ~~more than trivial~~more-than-trivial benefit to the transferor. However, a transferor has maintained effective control if it has such a right and also holds the residual interest in the transferred financial assets. See paragraph ~~860-40-55-22~~860-10-55-42A for discussion of a related example.

> > > > Removal-of-Accounts Provisions

860-10-40-36 Many transfers of financial assets that involve transfers of a group of entire financial assets to an entity whose sole purpose is to engage in securitization or asset-backed financing activities~~in securitizations~~ empower the transferor to reclaim assets subject to certain restrictions. Such a power is sometimes called a removal-of-accounts provision. Whether a removal-of-accounts provision precludes sale accounting depends on whether the removal-of-accounts provision results in the transferor's maintaining effective control over ~~specific~~ transferred financial assets.

860-10-40-37 The following are examples of removal-of-accounts provisions that preclude transfers from being accounted for as sales:

a. An unconditional removal-of-accounts provision or repurchase agreement that allows the transferor to specify the financial assets that may be removed and that provides a more-than-trivial benefit to the transferor, because such a provision allows the transferor unilaterally to remove specific financial assets
b. A removal-of-accounts provision conditioned on a transferor's decision to exit some portion of its ~~business,~~business that provides a more-than-trivial benefit to the transferor, because whether it can be triggered by canceling an affinity relationship, spinning off a business segment, or accepting a third party's bid to purchase a specified (for example, geographic) portion of the transferor's business, such a provision allows the transferor unilaterally to remove specific financial assets.

860-10-40-38 The following are examples of removal-of-accounts provisions that do not preclude transfers from being accounted for as sales:

a. A removal-of-accounts provision for random removal of excess financial assets, if the provision is sufficiently limited so that the transferor cannot remove specific transferred financial assets, for example, by limiting removals to the amount of the transferor's interests ~~that continue to be held by the transferor~~ and to one removal per month
b. A removal-of-accounts provision for defaulted receivables, because the removal would be allowed only after a third party's action (default) and could not be caused unilaterally by the transferor
c. A removal-of-accounts provision conditioned on a third-party cancellation, or expiration without renewal, of an affinity or private-label arrangement, because the removal would be allowed only after a third party's action (cancellation) or decision not to act (expiration) and could not be caused unilaterally by the transferor~~transferor.~~

d. A removal-of-accounts provision that does not allow the transferor to unilaterally reclaim specific financial assets from the transferee.**[QA 140, paragraph 31, sequence 144.2.1.1]** For related implementation guidance, see paragraph 860-10-55-41.

44. Amend paragraphs 860-10-40-39 through 40-40 and the related heading, with no link to a transition paragraph, as follows:

860-10-40-39 A removal-of-accounts provision that can be exercised only in response to a third party's action that has not yet occurred does not maintain the transferor's effective control over financial assets potentially subject to that removal-of-accounts provision.

> Application of the Sale Criteria for Financial Instruments ~~that~~That Have the Potential to Be Assets or Liabilities

860-10-40-40 Certain recognized financial instruments, such as forward contracts and swaps, have the potential to be financial assets or financial liabilities. Accordingly, transfers of those financial instruments must meet the ~~criteria~~conditions of both paragraphs 405-20-40-1 and 860-10-40-5 to be derecognized. Paragraph 815-10-40-2 states that transfers of assets that are derivative instruments and subject to the requirements of Subtopic 815-10 but that are not financial assets shall be accounted for by analogy to this Subtopic. The same criteria shall be applied to transfers of nonfinancial derivative instruments that have the potential to become either assets or liabilities (for example, forward contracts and swaps).

45. Amend paragraph 860-10-40-41 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> Circumstances ~~that~~That Result in a Transferor Regaining Control of Assets Previously Sold

860-10-40-41 A change in ~~law,~~law ~~status of the transferee as a qualifying special-purpose entity,~~ or other circumstance may result in a transferred portion of an entire financial asset no longer meeting the conditions of a participating interest (see paragraph 860-10-40-6A) or the transferor's regaining control of transferred financial assets after a transfer that was previously accounted for ~~appropriately~~ as ~~having been sold,~~a sale, because one or more of the conditions in paragraph 860-10-40-5 are no longer met. See ~~Section 860-20-25~~ the related guidance beginning in paragraph 860-20-25-8.~~for further guidance related to those situations.~~

46. Supersede paragraph 860-10-50-1, with a link to transition paragraph 860-10-65-3, as follows:

Disclosure

860-10-50-1 Paragraph superseded by Accounting Standards Update 2009-16.~~If it is not practicable to estimate the fair value of certain assets obtained or liabilities incurred in~~ ~~**transfers**~~ ~~of~~ **{GLOSSARY LINK IN CURRENT TEXT}**~~financial assets~~**{GLOSSARY LINK}** ~~during the period, the entity shall disclose a description of those items and the reasons why it is not practicable to estimate their fair value.~~

47. Amend paragraphs 860-10-50-2 through 50-4 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

> ~~Public Entities~~General

860-10-50-2 Overall guidance on Topic 860 disclosures ~~specific to~~ ~~**public entities**~~ is organized as follows:

a. Disclosure objectives
b. Aggregation of certain disclosures.

> > Disclosure Objectives

860-10-50-3 ~~The principal objectives of the public-entity disclosure requirements of this Topic are to provide financial statement users with an understanding of all of the following:~~The principal objectives of the disclosure requirements of this Topic are to provide financial statement users with an understanding of all of the following:**[FAS 140, paragraph 16A, sequence 115.1.1.1]**

a. ~~A transferor's~~ ~~**continuing involvement**~~ ~~with financial assets that it has transferred in a securitization or asset-backed financing arrangement~~ A transferor's **continuing involvement**, if any, with transferred **financial assets** **[FAS 140, paragraph 16A, sequence 115.1.1.2]**
b. ~~The nature of any restrictions on assets reported by an entity in its statement of financial position that relate to a transferred financial asset, including the carrying amounts of such assets~~The nature of any restrictions on assets reported by an entity in its statement of financial position that relate to a transferred financial asset, including the carrying amounts of those assets **[FAS 140, paragraph 16A, sequence 115.1.1.3]**
c. How servicing assets and servicing liabilities are reported under Subtopic 860-50 ~~[FSP FAS140-4/FIN46(R)-8, paragraph B1, sequence 16.1.3]~~ **[FAS 140, paragraph 16A, sequence 115.1.1.4]**
d. ~~For securitization or asset-backed financing arrangements accounted for as sales if a transferor has continuing involvement with the transferred financial assets and transfers of financial assets accounted for as secured borrowings, how the transfer of financial assets affects~~

~~an entity's financial position, financial performance, and cash flows.~~For both of the following, how the transfer of financial assets affects an entity's financial position, financial performance, and cash flows: **[FAS 140, paragraph 16A, sequence 115.1.1.5.2.2]**

1. Transfers accounted for as sales, if a transferor has continuing involvement with the transferred financial assets **[FAS 140, paragraph 16A, sequence 115.1.1.5.1]**
2. Transfers of financial assets accounted for as secured borrowings. **[FAS 140, paragraph 16A, sequence 115.1.1.5.2.1]**

860-10-50-4 ~~A reporting entity shall consider these objectives in providing the required public-entity disclosures required by this Topic. The disclosures shall be presented in a manner that clearly and fully explains to financial statements users the risks related to the transferred financial assets and any restrictions on the assets of the entity. To achieve the disclosure objectives, an entity may need to supplement the required public-entity disclosures of this Topic depending on the facts and circumstances of a transfer and the entity's continuing involvement with the transferred financial assets.~~The objectives in the preceding paragraph apply regardless of whether this Topic requires specific disclosures. The specific disclosures required by this Topic are minimum requirements, and an entity may need to supplement the required disclosures depending on any of the following: **[FAS 140, paragraph 16A, sequence 115.1.1.6.1]**

a. The facts and circumstances of a transfer **[FAS 140, paragraph 16A, sequence 115.1.1.6.2.1]**
b The nature of an entity's continuing involvement with the transferred financial assets **[FAS 140, paragraph 16A, sequence 115.1.1.6.2.2.1]**
c. The effect of an entity's continuing involvement on the transferor's financial position, financial performance, and cash flows. **[FAS 140, paragraph 16A, sequence 115.1.1.6.2.2.2.1]**

Disclosures required for a particular form of continuing involvement shall be considered when determining whether the disclosure objectives of this Topic have been met. **[FAS 140, paragraph 16A, sequence 115.1.1.6.2.2.2.2]**

48. Add paragraph 860-10-50-4A and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > Aggregation of Certain Disclosures

860-10-50-4A Disclosures required by this Topic may be reported in the aggregate for similar transfers if separate reporting of each transfer would not provide more useful information to financial statement users. A transferor shall both: **[FAS 140, paragraph 16B, sequence 115.1.1.7.1]**

a. Disclose how similar transfers are aggregated **[FAS 140, paragraph 16B, sequence 115.1.1.7.2.1]**

b. <u>Distinguish between transfers that are accounted for as secured borrowings and transfers that are accounted for as sales.</u>**[FAS 140, paragraph 16B, sequence 115.1.1.7.2.2.1]**

49. Amend paragraph 860-10-50-5 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~**> > Aggregation of Certain Disclosures**~~

860-10-50-5 ~~Public-entity disclosures required by this Topic may be reported in the aggregate for similar transfers if separate reporting of each transfer would not provide more useful information to financial statement users. A transferor shall distinguish between transfers that are accounted for as secured borrowings and transfers that are accounted for as sales. A transferor shall further distinguish between transfers to qualifying special-purpose entities accounted for as sales and all other transfers accounted for as sales. In determining whether to aggregate the disclosures for multiple transfers, the reporting entity shall consider quantitative and qualitative information about the characteristics of the transferred financial assets. For example, consideration shall be given, but not limited, to all of the following:~~<u>In determining whether to aggregate the disclosures for multiple transfers, the reporting</u> ~~-~~<u>entity shall consider quantitative and qualitative information about the characteristics of the transferred financial assets, including all of the following:</u>**[FAS 140, paragraph 16B, sequence 115.1.1.7.2.2.2]**

a. The nature of the transferor's continuing involvement ~~[FSP FAS140-4/FIN46(R)-8, paragraph B2, sequence 18.1.1]~~ **[FAS 140, paragraph 16B, sequence 115.1.1.8]**
b. The types of financial assets transferred ~~[FSP FAS140-4/FIN46(R)-8, paragraph B2, sequence 18.1.2]~~ **[FAS 140, paragraph 16B, sequence 115.1.1.9]**
c. Risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the change in the transferor's risk profile as a result of the transfer ~~[FSP FAS140-4/FIN46(R)-8, paragraph B2, sequence 18.1.3]~~ **[FAS 140, paragraph 16B, sequence 115.1.2.1]**
d. The guidance in paragraph 310-10-50-25 (for risks and uncertainties) and paragraphs 825-10-55-1 through 55-2 (for concentrations involving loan product terms). ~~[FSP FAS140-4/FIN46(R)-8, paragraph B2, sequence 18.1.4]~~ **[FAS 140, paragraph 16B, sequence 115.1.2.2]**

50. Amend paragraphs 860-10-50-6 through 50-7, with a link to transition paragraph 860-10-65-3, as follows:

860-10-50-6 ~~An entity shall determine, in light of the facts and circumstances, how much detail it must provide to satisfy the public-entity disclosure requirements of this Topic, how much emphasis it places on different aspects of~~

~~the requirements, and how it aggregates information for assets with different risk characteristics. The entity shall strike a balance between obscuring important information as a result of too much aggregation and overburdening financial statements with excessive detail that may not assist financial statement users to understand the entity's financial position. For example, an entity shall not obscure important information by including it with a large amount of insignificant detail. Similarly, an entity shall not disclose information that is so aggregated that it obscures important differences between the different types of involvement or associated risks.~~The disclosures shall be presented in a manner that clearly and fully explains to financial statement users the transferor's risk exposure related to the transferred financial assets and any restrictions on the assets of the entity. An entity shall determine, in light of the facts and circumstances, how much detail it must provide to satisfy disclosure requirements of this Topic and how it aggregates information for assets with different risk characteristics. The entity shall strike a balance between obscuring important information as a result of too much aggregation and excessive detail that may not assist financial statement users to understand the entity's financial position. For example, an entity shall not obscure important information by including it with a large amount of insignificant detail. Similarly, an entity shall not disclose information that is so aggregated that it obscures important differences between the different types of involvement or associated risks. **[FAS 140, paragraph 16C, sequence 115.1.2.3]**

860-10-50-7 ~~To apply the public entity disclosures required in this Section, a public entity shall consider all involvements by the transferor, its consolidated **affiliates** included in the financial statements being presented, or its **agents** to be involvements by the transferor.~~To apply the disclosures required in this Topic, a public entity shall consider all involvements by the transferor, its consolidated **affiliates** included in the financial statements being presented, or its **agents** to be involvements by the transferor. **[FAS 140, paragraph 16E, sequence 115.1.2.5]**

51. Amend paragraph 860-10-55-1, with a link to transition paragraph 860-10-65-3, as follows:

Implementation Guidance and Illustrations

> Implementation Guidance

860-10-55-1 ~~This Section, which is an integral part of the requirements of the Overall Subtopic, provides guidance related to the following:~~This Section is organized as follows:

a. Scope
aa. Consolidation of transferee by transferor

aaa. Application of the term *transferred* **{GLOSSARY LINK IN CURRENT AND PENDING TEXT}financial assets{GLOSSARY LINK}**
b. Isolation ~~and the U.S. Bankruptcy Code~~of transferred financial assets
c. **Transferee's** right to pledge or exchange transferred financial assets
d. Effective control
e. Application of sale ~~criteria~~conditions to specific transactions
f. Classification of transferred debt securities
g. Recognition of a sale in ~~separate entity~~separate-entity financial ~~statements~~statements.
h. Subparagraph superseded by Accounting Standards Update 2009-16.~~Application of the term ***continuing involvement***.~~

52. Amend the heading that precedes paragraph 860-10-55-3, with no link to a transition paragraph, as follows:

> > > Examples of Transactions and Activities ~~that~~That Are Included in the Scope

860-10-55-3 The guidance in this Topic applies to the following transactions and activities, among others:

a. All **loan participations**
b. Transfers of equity method investments, unless the transfer is of an investment that is in substance a sale of real estate, as defined in Subtopic 360-20
c. Transfers of cost-method investments
d. With respect to the guidance in paragraph 860-10-40-5 only, transfers of financial assets in desecuritization transactions.

53. Amend the heading that precedes paragraph 860-10-55-6, with no link to a transition paragraph, as follows:

> > > > Minimum Lease Payments and Guaranteed Residual Values ~~Under~~under Certain Leases

860-10-55-6 Sales-type and direct financing receivables secured by leased equipment, referred to as gross investment in lease receivables, are made up of two components: minimum lease payments and residual values. Minimum lease payments are requirements for lessees to pay cash to lessors and meet the definition of a financial asset. Thus, transfers of minimum lease payments are subject to the requirements of this Subtopic. Residual values represent the lessor's estimate of the salvage value of the leased equipment at the end of the lease term and may be either guaranteed or unguaranteed. Residual values meet the definition of financial assets to the extent that they are guaranteed at the inception of the lease. Thus, transfers of residual values guaranteed at inception also are subject to the requirements of this Subtopic. Unguaranteed residual values do not meet the definition of financial assets, nor do residual values guaranteed after inception, and transfers of them are not subject to the requirements of this Subtopic.

54. Amend the heading that precedes paragraph 860-10-55-13, with no link to a transition paragraph, as follows:

> > > > Ownership Interest in a Consolidated Subsidiary by Its Parent ~~if~~If the Subsidiary Holds Nonfinancial Assets

860-10-55-13 An ownership interest in a consolidated subsidiary is evidence of control of the entity's individual assets and liabilities, not all of which are financial assets, and this guidance only applies to transfers of financial assets. (Note that in the parent's [transferor's] consolidated financial statements, the subsidiary's holdings are reported as individual assets and liabilities instead of as a single investment.) The guidance in this Subtopic does not apply to a transfer of an ownership interest in a consolidated subsidiary by its parent if that consolidated subsidiary holds nonfinancial assets.

55. Amend paragraph 860-10-55-16, with a link to transition paragraph 860-10-65-3, as follows:

> > > Exchange of One Form of Beneficial Interest for Another

860-10-55-16 A **transferor's** exchange of one form of beneficial interests in financial assets that have been transferred into a trust that is consolidated by the transferor for an equivalent, but different, form of beneficial interests in the same transferred financial assets would not be a transfer under this Subtopic if the exchange is with the trust that initially issued the beneficial interests. If the exchange is not a transfer, then the provisions of ~~paragraph 860-10-35-3~~paragraph 860-20-40-1B would not be applied to the transaction.

56. Add paragraphs 860-10-55-17D through 55-17N and their related headings, with a link to transition paragraph 860-10-65-3.

> > Consolidation of Transferee by Transferor

860-10-55-17D Paragraph 860-10-40-4 states that the determination of whether a transferor and its **consolidated affiliates** included in the financial statements being presented have surrendered control over transferred financial assets **[FAS 140, paragraph 8A, sequence 88.1.1]** shall first consider whether the transferee would be consolidated by the transferor.**[FAS 140, paragraph 26A, sequence 198.1.1.1.2.1]** If all other provisions of this Topic are met with respect to a particular transfer, and the transferee would be consolidated by the transferor, then the transferred financial assets would not be treated as having been sold in the financial statements being presented. However, if the transferee is a consolidated subsidiary of the transferor (its parent), the transferee shall recognize the transferred financial assets in its separate entity financial statements, unless the nature of the transfer is a secured borrowing with a pledge of collateral (for example, a repurchase agreement that would not be accounted for as a sale under the provisions of paragraph 860-10-40-24).**[FAS 140, paragraph 26A, sequence 198.1.1.1.2.2]**

> > Application of the Term Transferred Financial Assets

> > > Meaning of the Term Entire Financial Asset

860-10-55-17E This implementation guidance addresses the application of what constitutes an entire financial asset.**[FAS 140, paragraph 26C, sequence 198.1.1.3.1]**

860-10-55-17F A loan to one borrower in accordance with a single contract that is transferred to a securitization entity before securitization shall be considered an entire financial asset. Similarly, a beneficial interest in securitized financial assets after the securitization process has been completed shall be considered an entire financial asset. In contrast, a transferred interest in an individual loan shall not be considered an entire financial asset; however, if the transferred interest meets the definition of a **participating interest**, the participating interest would be eligible for sale accounting.**[FAS 140, paragraph 26C, sequence 198.1.1.4]**

860-10-55-17G In a transaction in which the transferor creates an interest-only strip from a loan and transfers the interest-only strip, the interest-only strip does not meet the definition of an entire financial asset (and an interest-only strip does not meet the definition of a participating interest; therefore, sale accounting would be precluded). In contrast, if an entire financial asset is transferred to a securitization entity that it does not consolidate and the transfer meets the conditions for sale accounting, the transferor may obtain an interest-only strip as proceeds from the sale. An interest-only strip received as proceeds of a sale is an entire financial asset for purposes of evaluating any future transfers that could then be eligible for sale accounting. **[FAS 140, paragraph 26C, sequence 198.1.1.5]**

860-10-55-17H If multiple advances are made to one borrower in accordance with a single contract (such as a line of credit, credit card loan, or a construction loan), an advance on that contract would be a separate unit of account if the advance retains its identity, does not become part of a larger loan balance, and is transferred in its entirety. However, if the transferor transfers an advance in its entirety and the advance loses its identity and becomes part of a larger loan balance, the transfer would be eligible for sale accounting only if the transfer of the advance does not result in the transferor retaining any interest in the larger balance or if the transfer results in the transferor's interest in the larger balance meeting the definition of a participating interest. Similarly, if the transferor transfers an interest in an advance that has lost its identity, the interest must be a participating interest in the larger balance to be eligible for sale accounting.**[FAS 140, paragraph 26C, sequence 198.1.1.6]**

> > > Application of the Term Participating Interest

860-10-55-17I Paragraph 860-10-40-6A(b) states that an allocation of specified cash flows precludes a portion from meeting the definition of a participating interest unless each cash flow is proportionately allocated to the participating interest holders. **[FAS 140, paragraph 26D, sequence 198.1.1.7.2.2.1]** Following are several examples implementing that guidance:

a. In the circumstance of an individual loan in which the borrower is required to make a contractual payment that consists of a principal amount and interest amount on the loan, the transferor and transferee shall share in the principal and interest payments on the basis of their proportionate ownership interest in the loan. **[FAS 140, paragraph 26D, sequence 198.1.1.7.2.2.2.1]**
b. In contrast, if the transferor is entitled to receive an amount that represents the principal payments and the transferee is entitled to receive an amount that represents the interest payments on the loan, that arrangement would not be consistent with the participating interest definition because the transferor and transferee do not share proportionately in the cash flows received from the loan. **[FAS 140, paragraph 26D, sequence 198.1.1.7.2.2.2.2.1]**
c. In other circumstances, a transferor may transfer a portion of an individual loan that represents either a senior interest or a junior interest in an individual loan. In both of those circumstances, the transferor would account for the transfer as a secured borrowing because the senior interest or junior interest in the loan do not meet the requirements to be participating interests (see paragraph 860-10-40-6A(c)). **[FAS 140, paragraph 26D, sequence 198.1.1.7.2.2.2.2.2]**

860-10-55-17J Given the conditions in paragraph 860-10-40-6A(b)(1), cash flows allocated as compensation for services performed that are significantly above an amount that would fairly compensate a substitute service provider would result in a disproportionate division of cash flows of the entire financial asset among the participating interest holders and, therefore, would preclude the portion of a transferred financial asset from meeting the definition of a participating interest. Examples of cash flows that are compensation for services performed include all of the following: **[FAS 140, paragraph 26E, sequence 198.1.1.8.2.2.2.1]**

a. **Loan origination fees** paid by the borrower to the transferor **[FAS 140, paragraph 26E, sequence 198.1.1.8.2.2.2.2.1]**
b. Fees necessary to arrange and complete the transfer paid by the transferee to the transferor **[FAS 140, paragraph 26E, sequence 198.1.1.8.2.2.2.2.2.1]**
c. Fees for servicing the financial asset. **[FAS 140, paragraph 26E, sequence 198.1.1.8.2.2.2.2.2.2]**

860-10-55-17K The transfer of a portion of an entire financial asset may result in a gain or loss on the transfer if the contractual interest rate on the entire financial asset differs from the market rate at the time of transfer. **[FAS 140, paragraph 26F, sequence 198.1.1.9.1]** Paragraph 860-10-40-6A(b)(2) precludes a portion from meeting the definition of a participating interest if the transfer results in the transferor receiving an ownership interest in the financial asset that permits it to receive disproportionate cash flows. **[FAS 140, paragraph 364, sequence 775.1.4.2.2.2]** For example, if the transferor transfers an interest in an entire financial asset and the transferee agrees to incorporate the excess interest (between the contractual interest rate on the financial asset and the market interest rate at the date of transfer) into the contractually specified servicing fee, the excess interest would likely result in the conveyance of an interest-only strip to the transferor from the transferee. An interest-only strip would result in a disproportionate division of cash flows of the financial asset among the participating interest holders and would preclude the portion from meeting the definition of a participating interest.**[FAS 140, paragraph 26F, sequence 198.1.1.9.2.2]**

860-10-55-17L Paragraph 860-10-40-6A(c) addresses the priority of cash flows. In certain transfers, recourse is provided to the transferee that requires the transferor to reimburse any premium paid by the transferee if the underlying financial asset is prepaid within a defined time frame of the transfer date. Such recourse would preclude the transferred portion from meeting the definition of a participating interest. However, once the recourse provision expires, the transferred portion shall be reevaluated to determine if it meets the participating interest definition.**[FAS 140, paragraph 26G, sequence 198.1.2.1.2]**

860-10-55-17M Paragraph 860-10-40-6A(c) addresses recourse in a participating interest. Recourse in the form of an independent third-party guarantee shall be excluded from the evaluation of whether the participating interest definition is met. Similarly, cash flows allocated to a third-party guarantor for the guarantee fee shall be excluded from the determination of whether the cash flows are divided proportionately among the participating interest holders.**[FAS 140, paragraph 26H, sequence 198.1.2.2.2]**

860-10-55-17N Examples of **standard representations and warranties** (as used in paragraph 860-10-40-6A(c)) include representations and warranties about any of the following:**[FAS 140, paragraph 364, sequence 789.2.1]**

a. The characteristics, nature, and quality of the underlying financial asset, including any of the following: **[FAS 140, paragraph 364, sequence 789.2.2.1]**
    1. Characteristics of the underlying borrower**[FAS 140, paragraph 364, sequence 789.2.2.2.1.1]**
    2. The type and nature of the collateral securing the underlying financial asset.**[FAS 140, paragraph 364, sequence 789.2.2.2.1.2]**

b. The quality, accuracy, and delivery of documentation relating to the transfer and the underlying financial asset**[FAS 140, paragraph 364, sequence 789.2.2.2.2.1]**

c. The accuracy of the transferor's representations in relation to the underlying financial asset.**[FAS 140, paragraph 364, sequence 789.2.2.2.2.2]**

57. Amend paragraph 860-10-55-18 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > Isolation of Transferred Financial Assets

860-10-55-18 ~~The following provides~~This implementation guidance ~~related to~~addresses the isolation ~~criterion~~condition in paragraph 860-10-40-5(a) ~~discussed in paragraphs 860-10-40-7 through 40-14. The implementation guidance in paragraphs 860-10-55-19 through 55-24~~and applies to transfers of all entities, including institutions for which the FDIC would be the receiver.

58. Add paragraphs 860-10-55-18A through 55-18C, with a link to transition paragraph 860-10-65-3, as follows:

860-10-55-18A In the context of U.S. bankruptcy laws, a true sale opinion from an attorney is often required to support a conclusion that transferred financial assets are isolated from the transferor, any of its consolidated affiliates included in the financial statements being presented, and its creditors. In addition, a nonconsolidation opinion is often required if the transfer is to an affiliated entity. In the context of U.S. bankruptcy laws:**[FAS 140, paragraph 27A, sequence 199.2.2.2.1.1.1]**

a. A true sale opinion is an attorney's conclusion that the transferred financial assets have been sold and are beyond the reach of the transferor's creditors and that a court would conclude that the transferred financial assets would not be included in the transferor's bankruptcy estate. **[FAS 140, paragraph 27A, sequence 199.2.2.2.1.1.2]**

b. A nonconsolidation opinion is an attorney's conclusion that a court would recognize that an entity holding the transferred financial assets exists separately from the transferor. Additionally, a nonconsolidation opinion is an attorney's conclusion that a court would not order the substantive consolidation of the assets and liabilities of the entity holding the transferred financial assets and the assets and liabilities of the transferor (and its consolidated affiliates included in the financial statements being presented) in the event of the transferor's bankruptcy or receivership.**[FAS 140, paragraph 27A, sequence 199.2.2.2.1.1.3]**

860-10-55-18B A legal opinion may not be required if a transferor has a reasonable basis to conclude that the appropriate legal opinion(s) would be given if requested. For example, the transferor might reach a conclusion without consulting an attorney if either of the following conditions exists:**[FAS 140, paragraph 27A, sequence 199.2.2.2.1.1.4.1]**

a. The transfer is a routine transfer of financial assets that does not result in any continuing involvement by the transferor.**[FAS 140, paragraph 27A, sequence 199.2.2.2.1.1.4.2.1]**
b. The transferor had experience with other transfers with similar facts and circumstances under the same applicable laws and regulations.**[FAS 140, paragraph 27A, sequence 199.2.2.2.1.1.4.2.2]**

860-10-55-18C For entities that are subject to other possible bankruptcy, conservatorship, or other receivership procedures (for example, banks subject to receivership by the Federal Deposit Insurance Corporation [FDIC]) in the United States or other jurisdictions, judgments about whether transferred financial assets have been isolated shall be made in relation to the powers of bankruptcy courts or trustees, conservators, or receivers in those jurisdictions.**[FAS 140, paragraph 27B, sequence 199.2.2.2.1.1.5]**

59. Amend paragraphs 860-10-55-19 through 55-24, with a link to transition paragraph 860-10-65-3, as follows:

860-10-55-19 In certain securitizations, a corporation that, if it failed, would be subject to the U.S. Bankruptcy Code transfers financial assets to a ~~special-purpose trust~~securitization entity in exchange for cash. The ~~trust~~entity raises that cash by issuing to investors beneficial interests that pass through all cash received from the financial assets, and the transferor has no further involvement with the trust or the transferred financial assets. Those securitizations generally would be judged as having isolated the assets~~,~~ because, in the absence of any continuing involvement there would be reasonable assurance that the transfer would be found to be a true sale at law that places the assets beyond the reach of the ~~transferor~~transferor, its consolidated affiliates (that are not bankruptcy-remote entities) included in the financial statements being presented, and its creditors, even in bankruptcy or other receivership.

860-10-55-20 In other securitizations, a similar corporation transfers financial assets to a ~~special-purpose entity~~securitization entity in exchange for cash and beneficial interests in the transferred financial assets. That entity raises the cash by issuing to investors commercial paper that gives them a senior beneficial interest in cash received from the financial assets. The beneficial interests ~~that continue to be held~~obtained by the transferring corporation represent a junior interest to be reduced by any credit losses on the financial assets in ~~trust.~~the entity. The senior beneficial interests ~~commercial paper~~ (commercial paper) ~~interests~~ are highly rated by credit rating agencies only if both the credit enhancement from the junior interest is sufficient and the transferor is highly rated.

860-10-55-21 Depending on facts and circumstances, those single-step securitizations often would be judged in the United States as not having isolated the financial assets, because the nature of the continuing involvement may make it difficult to obtain reasonable assurance that the transfer would be found to be a true sale at law that places the financial assets beyond the reach of the ~~transferor~~transferor, its consolidated affiliates (that are not bankruptcy-remote entities) included in the financial statements being presented, and its creditors in U.S. bankruptcy (see paragraph 860-10-55-46). If the transferor fell into bankruptcy and the transfer was found not to be a true sale at law, investors in the transferred financial assets might be subjected to an automatic stay that would delay payments due them, and they might have to share in bankruptcy expenses and suffer further losses if the transfer was recharacterized as a secured loan.

860-10-55-22 Other securitizations use ~~two~~multiple transfers intended to isolate transferred financial assets beyond the reach of the ~~transferor~~transferor, its consolidated affiliates (that are not bankruptcy-remote entities) included in the financial statements being presented, and its creditors, even in bankruptcy. The series of transactions in a typical two-tier structure taken as a whole may satisfy the isolation test because the design of the structure achieves isolation. The two-step securitizations, taken as a whole, generally would be judged under present U.S. law as having isolated the financial assets beyond the reach of the ~~transferor~~transferor, its consolidated affiliates (that are not bankruptcy-remote entities) included in the financial statements being presented, and its creditors, even in bankruptcy or other receivership. However, each entity involved in a transfer shall be evaluated under the consolidation guidance in Topic 810. Accordingly, a transferor could be required to consolidate the trust or other legal vehicle used in the second step of the securitization, notwithstanding the isolation analysis of the transfer.

860**-10-55-23** ~~Those~~For example, two-step structures involve the following:

a. First, the corporation transfers a group of financial assets to a special-purpose corporation that, although wholly owned, is so designed that the possibility is remote that the ~~transferor~~transferor, its consolidated affiliates (that are not bankruptcy-remote entities) included in the financial statements being presented, or its creditors could reclaim the ~~assets~~financial assets. ~~is remote.~~ This first transfer is designed to be judged to be a true sale at law, in part because the transferor does not provide excessive credit or yield protection to the special-purpose corporation, and the transferred financial assets are likely to be judged beyond the reach of the ~~transferor~~transferor, its consolidated affiliates (that are not bankruptcy-remote entities) included in the financial statements being presented, or the transferor's creditors even in ~~bankruptcy.~~bankruptcy or other receivership.

b. Second, the special-purpose corporation transfers ~~the assets~~a group of financial assets to a trust or other legal vehicle with a sufficient increase in the credit or yield protection on the second transfer (provided by a transferor's junior beneficial interest ~~that continues to be held by the transferor~~ or other means) to merit the high credit rating sought by third-party investors who buy senior beneficial interests in the trust. Because of that aspect of its design, that second transfer might not be judged to be a true sale at law and, thus, the transferred financial assets could at least in theory be reached by a bankruptcy trustee for the special-purpose corporation.
c. However, the special-purpose corporation is designed to make remote the possibility that it would enter bankruptcy, either by itself or by substantive consolidation into a bankruptcy of its parent should that occur. For example, its charter forbids it from undertaking any other business or incurring any liabilities, so that there can be no creditors to petition to place it in bankruptcy. Furthermore, its dedication to a single purpose is intended to make it extremely unlikely, even if it somehow entered bankruptcy, that a receiver under the U.S. Bankruptcy Code could reclaim the transferred financial assets because it has no other assets to substitute for the transferred financial assets.

860-10-55-24 The powers of receivers for entities not subject to the U.S. Bankruptcy Code (for example, banks subject to receivership by the Federal Deposit Insurance Corporation [FDIC]) vary considerably, and therefore some receivers may be able to reach financial assets transferred under a particular arrangement and others may not. A securitization may isolate transferred financial assets from a transferor subject to such a receiver and its creditors even though it is accomplished by only one transfer directly to ~~a special-purpose entity~~a securitization entity that issues beneficial interests to investors and the transferor provides credit or yield protection. For entities that are subject to other possible bankruptcy, conservatorship, or other receivership procedures in the United States or other jurisdictions, judgments about whether transferred financial assets have been isolated need to be made in relation to the powers of bankruptcy courts or trustees, conservators, or receivers in those jurisdictions.

60. Amend paragraph 860-10-55-24B through 26 and the related heading, with no link to a transition paragraph, as follows:

860-10-55-24B ~~Assets~~Financial assets transferred by an entity subject to possible receivership by the FDIC are isolated from the transferor if the FDIC or another creditor either cannot require return of the transferred financial assets or can only require return in receivership, after a default, and in exchange for payment of, at a minimum, principal and interest earned (at the contractual yield) to the date investors are paid.

860-10-55-25 Conversely, financial assets transferred by an entity ~~should~~shall not be considered isolated from the transferor if circumstances can arise under which the transferor can require their return, but only in exchange for payment of principal and interest earned (at the contractual yield) to the date investors are paid, unless the transferor's power to require the return of the transferred financial assets arises solely from a contract with the transferee. ~~However, a~~A noncontractual power to require the return of transferred assets is inconsistent with the limitations in paragraph 860-10-40-5(a) that, to be accounted for as having been sold, transferred financial assets ~~must~~shall be isolated from the transferor. That is the circumstance even if the noncontractual power appears unlikely to be exercised or is dependent ~~upon~~on the uncertain future actions of other entities (for example, insufficiency of collections on underlying transferred financial assets or determinations by court of law). Under that guidance, a single-step ~~securitizations~~securitization commonly used by financial institutions subject to receivership by the FDIC and sometimes used by other entities ~~are~~is likely not to be judged as having isolated the assets. One reason for that is because it would be difficult to obtain reasonable assurance that the transferor would be unable to recover the transferred financial assets under the **equitable right of redemption** available to secured debtors, after default, under U.S. law.

860-10-55-25A For entities that are subject to possible receivership under jurisdictions other than the FDIC or the U.S. Bankruptcy Code, whether assets transferred by an entity can be considered isolated from the transferor depends on the circumstances that apply to those types of entities. As discussed in paragraph 860-10-55-24, for entities that are subject to other possible bankruptcy, conservatorship, or other receivership procedures in the United States or other jurisdictions, judgments about whether transferred financial assets have been isolated need to be made in relation to the powers of bankruptcy courts or trustees, conservators, or receivers in those jurisdictions. The same sorts of judgments may need to be made in relation to powers of the transferor or its creditors.

> > Transferee's Right to Pledge or Exchange Transferred Financial Assets

860-10-55-26 The following provides implementation guidance on the application of the ~~criterion~~condition in paragraph 860-10-40-5(b) related to the transferee's right to pledge or exchange transferred assets in certain circumstances and transactions, specifically:

a. Transferee is precluded from exchanging the transferred financial assets but has the unconstrained right to pledge them.
b. Transferee is significantly limited in its ability to pledge or exchange the transferred financial assets.
c. Transferor's approval is required for transferee's subsequent transfers or pledges.
d. Transactions involving Rule 144A securities.

61. Amend paragraphs 860-10-55-27 through 55-29 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

> > > Transferee Is Precluded from Exchanging the Transferred Financial Assets but Has the Unconstrained Right to Pledge Them

860-10-55-27 In a transaction in which a transferee ~~(that is not a qualifying special-purpose entity)~~(that is not an entity whose sole purpose is to engage in securitization or asset-backed financing activities) is precluded from exchanging the transferred financial assets but obtains the unconstrained right to pledge them, the determination of whether the sale ~~criterion~~condition in paragraph 860-10-40-5(b) is met depends on the facts and circumstances. In a transfer of financial assets, a transferee's right to both pledge and exchange transferred financial assets suggests that the transferor has surrendered its control ~~of~~over those financial assets. However, more careful analysis is warranted if the transferee may only pledge the transferred financial assets.

> > > Transferee Is Significantly Limited in Its Ability to Pledge or Exchange the Transferred Financial Assets with No Continuing Involvement

860-10-55-28 An entity transfers financial assets to ~~an entity that is not a qualifying special-purpose entity.~~a transferee that is significantly limited in its ability to pledge or exchange the transferred assets (the transferee is not an entity whose sole purpose is to engage in securitization or asset-backed financing activities). The transferor receives cash in return for the transferred financial assets, and has no **continuing involvement** with the transferred assets.~~assets—no servicing responsibilities, no participation in future cash flows, no **recourse** obligations other than standard representations and warranties that the financial assets transferred met the delivery requirements under the arrangements, no further involvement of any kind.~~ ~~The transferee is significantly limited in its ability to pledge or exchange the transferred assets.~~ The transfer described in this example meets the ~~requirements of~~condition in paragraph 860-10-40-5(b).

860-10-55-29 While the condition in paragraph 860-10-40-5(b) is met in the example described in the previous paragraph, in general, for transfers ~~to an entity that is not a qualifying special-purpose entity after~~in which the transferor does have any continuing involvement, an evaluation ~~must~~shall be made as to whether the ~~requirements of~~condition in paragraph 860-10-40-5(b) ~~have~~has been met.

62. Amend paragraph 860-10-55-30, with no link to a transition paragraph, as follows:

860-10-55-30 For a transfer to fail to meet the ~~requirements of~~condition in paragraph 860-10-40-5(b), the transferee must be constrained from pledging or exchanging the transferred financial asset and the transferor must receive more than a trivial benefit as a result of the constraint.

63. Amend paragraph 860-10-55-31, with a link to transition paragraph 860-10-65-3, as follows:

> > > Transferor's Approval Required for Transferee's Subsequent Transfers or Pledges

860-10-55-31 Judgment is necessary to determine whether a requirement to obtain the transferor's permission to sell or exchange should preclude sale accounting. For example, in certain **loan participation** ~~agreements,~~agreements involving transfers of participating interests, the transferor is required to approve any subsequent transfers or pledges of the ~~portion of~~interests in the loans held by the transferee. Whether that requirement would be a constraint that would prevent the transferee from taking advantage of its right to pledge or to exchange the transferred financial asset and, therefore, accounting for the transfer as a sale, depends on the nature of the requirement for approval.

64. Amend paragraphs 860-10-55-32 through 55-33, with no link to a transition paragraph, as follows:

860-10-55-32 A prohibition on sale to the transferor's competitor may or may not constrain a transferee from pledging or exchanging the financial asset, depending on how many other potential buyers exist. If there are many other potential willing buyers, the prohibition would not be constraining. In contrast, if that competitor were the only potential willing buyer (other than the transferor), then the condition would be constraining.

> > > Transactions Involving Rule 144A Securities

860-10-55-33 Issuing beneficial interests in the form of securities issued under Rule 144A presumptively would not constrain a transferee's ability to transfer those beneficial ~~interests.~~interests for purposes of this Subtopic. The primary limitation imposed by Rule 144A is that a potential buyer must be a sophisticated investor. If a large number of qualified buyers exist, the holder could transfer those securities to many potential buyers and, thereby, realize the full economic benefit of the assets. In such circumstances, the requirements of Rule 144A would not be a constraint that precludes sale accounting under paragraph 860-10-40-5(b).

65. Amend paragraph 860-10-55-34, with a link to transition paragraph 860-10-65-3, as follows:

> > Effective Control

860-10-55-34 The following provides implementation guidance related to the effective control ~~criterion,~~condition and related examples in paragraph 860-10-40-5(c), specifically:

a. An agreement that both entitles and obligates the transferor to repurchase or redeem transferred financial assets before maturity (see paragraph 860-10-40-5(c)(1)):
   1. Whether securities exchanged are substantially the same
   2. **Collateral** maintenance provisions.

b. An agreement that provides the transferor with~~The ability to unilaterally~~ the **unilateral ability** to cause the holder to return specific financial assets, other than through a cleanup call (see paragraph 860-10-40-5(c)(2)):
   1. Rights to reacquire (call) transferred assets.

c. An agreement that permits the transferee to require the transferor to repurchase the transferred financial asset at a price that is so favorable to the transferee that it is probable that the transferee will require the transferor to repurchase the transferred financial asset.**[FAS 140, paragraph 54A, sequence 268.2.1.2.1]**

66. Amend paragraph 860-10-55-35, with no link to a transition paragraph, as follows:

> > > Whether Securities Exchanged Are Substantially the Same

860-10-55-35 This guidance addresses criteria that must be met for a transfer to fail the ~~criterion~~condition in paragraph 860-10-40-5(c) through an agreement of the type described in paragraph 860-10-40-5(c)(1), precluding sale accounting and resulting, instead, in secured-borrowing accounting. The following are examples of whether securities exchanged are substantially the same as discussed in paragraph 860-10-40-24:

a. The same primary obligor (see paragraph 860-10-40-24(a)). The exchange of pools of single-family loans would not meet this criterion because the mortgages comprising the pool do not have the same primary obligor, and would therefore not be considered substantially the same.
b. Identical form and type (see paragraph 860-10-40-24(b)). The following exchanges would not meet this criterion:
   1. GNMA I securities for GNMA II securities
   2. Loans to foreign debtors that are otherwise the same except for different U.S. foreign tax credit benefits (because such differences in the tax receipts associated with the loans result in instruments that vary in form and type)
   3. Commercial paper for redeemable preferred stock.
c. The same maturity (or in the case of mortgage-backed pass-through and pay-through securities, similar remaining weighted-average maturities that result in approximately the same market yield) (see paragraph 860-10-40-24(a)(3)). The exchange of a fast-pay GNMA certificate (that is, a certificate with underlying mortgage loans that have a high prepayment record) for a slow-pay GNMA certificate would not meet this criterion because differences in the expected remaining lives of the certificates result in different market yields.
d. Similar assets as collateral (see paragraph 860-10-40-24(a)(5)). Mortgage-backed pass-through and pay-through securities must be

collateralized by a similar pool of mortgages, such as single-family residential mortgages, to meet this characteristic.

67. Amend paragraphs 860-10-55-38 through 55-39, with a link to transition paragraph 860-10-65-3, as follows:

860-10-55-38 This Subtopic does not contain special provisions for differences in collateral maintenance requirements that exist in markets outside the United States. Market practices and contracts for **repurchase agreements**, sale-buybacks, and securities lending transactions can vary significantly from market to market and country to country. For example, in certain markets, it is not customary to provide or maintain collateral in connection with repurchase transactions. In addition, in ~~emerging market~~certain repurchase agreements, the amount of cash lent often is limited to an amount substantially less than 100 percent (for example, 80 percent or less) of the value of the securities transferred under the repurchase agreements because of the level of market and credit risk associated with those transactions. ~~Since this~~ This Subtopic does not provide special provisions for those differences in collateral ~~requirements,~~requirements. ~~sale accounting would not be precluded by paragraph 860-10-40-5(c)(1) for those transactions. However, sale accounting is precluded by that paragraph~~Paragraph 860-10-40-5(c)(1) describes an example of effective control if the transfer involves an agreement that both entitles and obligates the transferor to repurchase or redeem the transferred financial assets before maturity and all of the requirements of paragraph 860-10-40-24 are met.

> > > Rights to Reacquire (Call) Transferred Assets

860-10-55-39 Rights or obligations to reacquire transferred financial assets may result in the transferor's maintaining effective control over the transferred assets, therefore precluding sale accounting under paragraph ~~860-10-40-5(b) through (c).~~860-10-40-5(c). The following guidance addresses how different types of rights of a transferor to reacquire (call) transferred assets affect sale accounting, specifically:

a. Removal-of-accounts provisions (see paragraphs 860-10-40-36 through 40-39)
b. Call options (see paragraphs 860-10-40-28 and 860-10-40-34)~~860-10-40-33 through 40-34 and paragraphs 860-40-40-9 through 40-10).~~
c. Other arrangements.

68. Supersede paragraph 860-10-55-40, with a link to transition paragraph 860-10-65-3, as follows:

860-10-55-40 Paragraph superseded by Accounting Standards Update 2009-16. ~~The following table summarizes provisions for different types of rights of a transferor to reacquire (call) transferred assets. See Section 860-40-55 for a version of this table that is specifically applicable to transfers to qualifying special-purpose entities.~~

~~**Effective control over Transferred Asset(s) through an Option or Repurchase Agreement**~~

~~*Transferor holds…*~~	~~**Non-Qualifying Special-Purpose Entity**~~	~~**Paragraph References**~~
~~**Unconditional Attached Call (fixed price)[a]**~~		
~~–on all transferred assets~~	~~No Sale.~~	~~860-10-40-5(c)(2)~~
~~–on a portion of the assets and:~~		
~~–can choose assets~~	~~No sale on covered assets.~~	~~860-10-40-5(c)(2), 860-10-40-37(a), and 860-10-40-33 through 40-34~~
~~–cannot choose assets[b]~~	~~Sale of part of the asset(s).~~	~~860-10-40-5(c)(2), 860-10-40-38(a), and 860-10-40-33 through 40-34~~
~~**Unconditional Embedded Call (fixed price)[a]**~~		
~~–in assets (embedded by the issuer)~~	~~Does not preclude sale.~~	~~860-10-40-32~~
~~**Unconditional Freestanding Call (fixed price)[a]**~~		
~~–on assets readily obtainable~~	~~Does not preclude sale.~~	~~860-10-40-5(b), 40-5(c)(2), and 40-18(g)~~
~~–on assets not readily obtainable~~	~~No Sale.~~	~~860-10-40-5(b) and 40-17(c)(1)~~
~~**Removal-of-Accounts Provisions[a]**~~		
~~–unconditional~~	~~Analyze as if it were either an attached or freestanding unconditional call.~~	-
~~–conditional[c]~~	~~Reanalyze as an unconditional call when the condition is resolved.~~	-
~~**Exceptions**~~		
~~Cleanup call~~	~~Does not preclude sale.~~	~~860-10-40-34~~
~~Fair value call (no residual interest)~~	~~Does not preclude sale unless it constrains the transferee.~~	~~860-10-40-5(c)(2) and 860-10-40-35~~
~~Conditional call~~	~~Does not preclude sale. Reanalyze provision when condition is resolved.~~	-
~~**Other Rights to Reclaim Assets**~~		
~~Forward purchase agreement:~~		
~~–with collateral maintenance, and so forth~~	~~No sale.~~	~~860-10-40-5(c)(1) and 860-10-40-24~~
~~–without collateral maintenance~~	~~Analyze as either an attached or freestanding call.~~	~~860-10-40-5(c)(2)~~
~~Auction where transferor holds residual~~	~~Analyze as either an attached or freestanding call.~~	~~860-10-40-5(c)(2), 860-10-40-35, and 860-40-55-22~~
~~Right of first refusal[d]~~	~~Reanalyze as an unconditional call when the condition is resolved.~~	~~860-10-40-18(a)~~

~~(a) Unless the call option is so far out of the money or for other reasons it is probable when the call option is written that the transferor will not exercise it.~~

~~(b) Some attached call options become exercisable at either of the following times:~~
~~a. When the balance of the transferred pool or asset remaining reaches a specified level~~
~~b. At a specified date.~~
~~Possible credit losses or prepayments may make uncertain either of the following:~~
~~a. The time until the option is exercisable~~
~~b. The proportion of the pool or asset that will then remain.~~
~~If such a call option maintains the transferor's effective control over a portion of the transferred assets, the portion of the transferred assets to be derecognized and retained shall be based on the relative fair values of the following:~~
~~a. Cash flows expected to be distributed to third-party beneficial interest holders before the call option becomes exercisable~~
~~b. The balance of future cash flows expected to remain when the call option becomes exercisable.~~

~~(c) Conditional removal-of-accounts provisions are discussed in paragraph 860-10-40-37(b).~~

~~(d) Unless the transferor can trigger activation of the right (see paragraph 860-10-40-28). In that circumstance, the right should be analyzed as an in-substance call option.~~

69. Amend paragraphs 860-10-55-41 through 55-42, with a link to transition paragraph 860-10-65-3, as follows:

> > > > Removal-of-Accounts Provisions

860-10-55-41 The following are examples of application of effective control principles to removal-of-accounts provisions:

a. An unconditional removal-of-accounts provision that allows the transferor to specify the financial assets that may be removed from a group of financial assets precludes sale accounting for all financial assets in the group that might be ~~specified,~~specified ~~because~~ if such a provision allows the transferor unilaterally to remove specific financial assets and provides a more-than-trivial benefit to the transferor (see paragraph 860-10-40-37(a)), even if the transferor's right to remove specific financial assets from a ~~pool~~group of transferred financial assets is limited, for example, to 10 percent of the fair value of the financial assets transferred and all of the financial assets are smaller than that 10 percent. In that circumstance, none of the transferred financial assets would be derecognized at the time of transfer because no transferred financial asset is beyond the reach of the transferor. If the transferor reclaims all the financial assets it can and thereby extinguishes its option, its control has expired and the rest of the financial assets have been sold at that time.
b. A removal-of-accounts provision ~~for random removal of excess assets~~that provides the right to random removal of excess financial assets from a ~~pool~~group of transferred financial assets up to 10 percent of the fair value of the financial assets transferred (all financial assets in the ~~pool~~group are ~~smaller~~less than this 10 ~~percent.~~percent of the fair value of transferred financial assets) does not preclude sale accounting if ~~The~~the transferor has no other interest in the ~~pool.~~group. The transferor has, in essence, ~~retained~~obtained a 10 percent beneficial interest in the ~~pool~~group and should account for it as such. This treatment is permitted because the removal-of-accounts provision is sufficiently limited and the transferor cannot unilaterally remove specific transferred financial assets, because the timing of the removal (when the excess develops) and the assets being removed (which are randomly determined) are not under the control of the transferor (see paragraph 860-10-40-38).
c. A removal-of-accounts provision conditioned on a transferor's decision to exit some portion of its business precludes sale accounting for all financial assets that might be affected, because it permits the transferor unilaterally to remove specific financial assets and provides a more-than-trivial-benefit to the transferor (see paragraph 860-10-40-37(b)).
d. A removal-of-accounts provision for defaulted receivables does not preclude sale accounting at the time of transfer, because the removal would be allowed only after a third party's action (default) and could not be caused unilaterally by the transferor (see paragraph 860-10-40-38(b)). However, once the default has occurred, the transferor would have the **{REMOVE GLOSSLINK}** unilateral ability **{REMOVE GLOSSLINK}** to remove those specific financial assets and would need to recognize the defaulted ~~receivable.~~receivable if that ability provides a more-than-trivial benefit to the transferor.

e. A removal-of-accounts provision conditioned on a third-party cancellation, or expiration without renewal, of an affinity or private-label arrangement does not preclude sale accounting at the time of transfer, because the removal would be allowed only after a third party's action (cancellation) or decision not to act (expiration) and could not be caused unilaterally by the transferor (see paragraph 860-10-40-38(c)). However, once the cancellation or expiration has occurred, the transferor would have the unilateral ability to remove specific financial assets and would need to recognize those financial ~~assets.~~assets if that ability provides a more-than-trivial benefit to the transferor.

f. Because the transferor could not cause the reacquisition unilaterally a transferor does not maintain effective control through a removal-of-accounts provision that obligates the transferor to reacquire transferred financial assets from a securitization entity only after either: **[FAS 140, paragraph 54, sequence 268.2]**
   1. A specified failure of the servicer to properly service the transferred financial assets that could result in the loss of a third-party guarantee**[FAS 140, paragraph 54, sequence 268.2]**
   2. Third-party beneficial interest holders require a securitization entity to repurchase that beneficial interest.**[FAS 140, paragraph 54, sequence 268.2]**

> > > > Call Options

860-10-55-42 The following are other examples of the application of effective control principles:

a. In a loan participation, the lead bank (that is also the transferor) allows the participating bank to resell but reserves the right to call at any time from whoever holds it and can enforce the call option by cutting off the flow of interest at the call date; such a call option precludes sale accounting.

b. In a securitization, a~~A~~ call option permits the transferor to reclaim all of the transferred financial assets from the ~~qualifying special-purpose entity~~securitization entity at any time; such a call option precludes sale ~~accounting.~~accounting unless both of the following conditions exist:
   1. The call option is an option to call, at fair value, a financial asset that is readily obtainable in the marketplace.
   2. The transferor does not hold a residual beneficial interest in the transferred financial assets (see paragraph 860-10-40-35).

c. A transferor-servicer transfers a group of entire financial assets to a securitization entity and has the right to call all of the financial assets ~~in the pool~~ when ~~it~~the group amortizes to 20 percent of its value (determined at the date of transfer). The transferor-servicer determines that at that level of financial assets, its cost of servicing them would not be burdensome in relation to the benefits of servicing, and therefore that the call option is not a cleanup call. Such a call option precludes sale accounting for the entire group of transferred financial assets (see paragraph 860-10-55-70).**[QA 140, paragraph 49, sequence 204]** ~~The transferor-servicer has retained a 20 percent subordinated interest in the pool and should account for it as such.~~

d. If the third-party beneficial interests contain an embedded option and the transferor holds the residual interest in the ~~qualifying special-purpose entity,~~securitization entity, the combination has the same kind of effective control as a scheduled auction provision if the transferor holds a residual beneficial interest. Sale accounting would be precluded for all of the transferred financial assets ~~or, if only part of the assets will remain when the option can be exercised, for the portion that would be subject to~~affected by the call option.

e. If the third-party beneficial interests in a ~~qualifying special-purpose entity~~securitization entity pay off first (a so-called turbo structure, where principal payments and prepayments are allocated on a non–pro rata basis, as discussed in paragraph 860-10-05-13), ~~the transfer could be viewed as meeting the requirements of paragraphs 860-40-40-9 through 40-10.~~the transferor may not maintain effective control over transferred financial assets (see paragraph 860-10-40-32). To some extent, these repayments are contractual cash flows of the underlying assets, but repayments also result from prepayments in the underlying assets (that is, the prepayment options in the underlying assets are mirrored in the third-party beneficial interests). In this circumstance, call options embedded in the third-party beneficial interests result from the options embedded in the underlying assets (that is, they are held by the underlying borrowers rather than the transferor), and thus do not preclude sale ~~accounting~~accounting. ~~to the extent of the third-party interests.~~

f. A transferor's contractual right to repurchase, at any time, a loan that is not a readily obtainable financial asset would preclude sale accounting,**[QA 140, paragraph 51, sequence 233]** because the transferor's contractual right to repurchase is effectively a call option of the type described in paragraph 860-10-40-17(c)(2).**[QA 140, paragraph 51, sequence 234.2.2.1]**

70. Add paragraphs 860-10-55-42A through 55-42D and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

860-10-55-42A This guidance illustrates the concept in paragraph 860-10-40-35 that a transferor maintains effective control if it has a right to reclaim specific transferred assets by paying fair value and also holds the residual interest in the transferred financial assets.**[FAS 140, paragraph 53, sequence 267.1.2]** If a transferor holds the residual interest in securitized financial assets and can reclaim the transferred financial assets at termination of the securitization entity by purchasing them in an auction, and thus at what might appear to be fair value, then sale accounting for the transfer of those financial assets it can reclaim would be precluded. **[FAS 140, paragraph 53, sequence 267.2.1]** Such circumstances provide the transferor with a more-than-trivial benefit and effective control over the financial assets, because it can pay any price it chooses in the auction and recover any excess paid over fair value through its residual interest in the transferred financial assets.**[FAS 140, paragraph 53, sequence 267.2.2]**

860-10-55-42B Sale accounting is not appropriate if a cleanup call on a group of financial assets in a securitization entity is held by a party other than the servicer.**[QA 140, paragraph 55, sequence 243.1]** A transferor's call option on the transferred financial assets in the securitization entity is not a cleanup call for accounting purposes because it is not the servicer or an affiliate of the servicer.**[QA 140, paragraph 55, sequence 246]** in which the fair value of beneficial interests obtained by a transferor of financial assets that is not the servicer or an affiliate of the servicer is adversely affected by the amount of transferred financial assets declining to a low level.**[QA 140, paragraph 55, sequence 243.2.1]**

860-10-55-42C In a securitization transaction involving not-readily-obtainable financial assets, a transferor that is also the servicer may hold a cleanup call if it enters into a subservicing arrangement with a third party without precluding sale accounting.**[QA 140, paragraph 56, sequence 249]** Under a subservicing arrangement, the transferor remains the servicer from the perspective of the securitization entity because the securitization entity does not have an agreement with the subservicer (that is, the transferor remains liable if the subservicer fails to perform under the subservicing arrangement).**[QA 140, paragraph 56, sequence 250.1.1]** However, if the transferor sells the servicing rights to a third party (that is, the agreement for servicing is between the securitization entity and the third party after the sale of the servicing rights), then the transferor could not hold a cleanup call without precluding sale accounting.**[QA 140, paragraph 56, sequence 250.1.2]**

> > > > Other Arrangements

860-10-55-42D This implementation guidance addresses the application of paragraph 860-10-40-5(c)(3) through the following examples:

a. A put option written to the transferee generally does not provide the transferor with effective control over the transferred financial asset under paragraph 860-10-40-5(c)(3). **[FAS 140, paragraph 54A, sequence 268.2.1.2.2.1]**
b. A put option that is sufficiently deep in the money when it is written would, under that paragraph, provide the transferor effective control over the transferred financial asset because it is probable that the transferee will exercise the option and the transferor will be required to repurchase the transferred financial asset.**[FAS 140, paragraph 54A, sequence 268.2.1.2.2.2.1]**

c. A sufficiently out-of-the-money put option held by the transferee would not provide the transferor with effective control over the transferred financial asset if it is probable when the option is written that the option will not be exercised.**[FAS 140, paragraph 54A, sequence 268.2.1.2.2.2.2.1]**
d. A put option held by the transferee at fair value would not provide the transferor with effective control over the transferred financial asset.**[FAS 140, paragraph 54A, sequence 268.2.1.2.2.2.2.2]**

71. Amend paragraph 860-10-55-43 through 55-46 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > Application of Sale ~~Criteria~~Conditions to Specific Transactions

860-10-55-43 The following provides implementation guidance regarding the application of the sale ~~criteria~~conditions in paragraph 860-10-40-5 to certain transactions, specifically:

a. Pass-through, pay-through, and **revolving-period securitizations**
b. Factoring arrangements
c. Transfers of receivables with recourse
d. Securities lending transactions
e. Repurchase agreements
f. Wash sales
g. Dollar rolls
h. Loan participations
i. Banker's acceptances and risk participations in them
j. Subparagraph superseded by Accounting Standards Update 2009-16.~~Transfers involving derivative instruments~~
k. Transfers involving certain transferor powers
l. ~~Transfers that are partial sales due to transferor~~Transferor option to repurchase individual financial assets
m. Transfer of a short-term loan made under a long-term credit commitment
n. Transfer of bad-debt recovery ~~rights~~rights.
o. Subparagraph superseded by Accounting Standards Update 2009-16.~~Desecuritization transactions.~~

> > > Pass-Through, Pay-Through, and Revolving-Period Securitizations

860-10-55-44 Paragraphs 860-10-05-7 through ~~05-8~~05-13 provide background on securitization transactions. In pass-through and pay-through securitizations, receivables are transferred to ~~a special-purpose entity~~the entity at the inception of the securitization, and no further transfers are made; all cash collections are paid to the holders of beneficial interests in the ~~special-purpose~~ entity. Pass-through, pay-through, and revolving-period securitizations that meet the ~~criteria~~conditions in paragraph 860-10-40-5 qualify for sale accounting under this

~~Subtopic.~~Subtopic, provided the securitization entity is not consolidated by the transferor or its consolidated affiliates in the financial statements being presented. ~~Adding receivables to a master trust (as described in paragraph 860-10-05-10), in itself, is neither a sale nor a secured borrowing, because that transfer only increases the transferor's beneficial interest in the trust's assets. Transfers that result in an exchange of cash, that is, either transfers that in essence replace previously transferred receivables that have been collected or sales of beneficial interests to outside investors, are transfers in exchange for consideration other than beneficial interests in the transferred assets and thus are accounted for as sales (if they satisfy all the criteria in paragraph 860-10-40-5) or as secured borrowings.~~

> > > Factoring Arrangements

860-10-55-45 Paragraph 860-10-05-14 provides background on factoring arrangements. Factoring arrangements that meet the ~~criteria~~conditions in paragraph 860-10-40-5 shall be accounted for as sales of financial assets because the transferor surrenders control over the receivables to the factor.

> > > Transfers of Receivables with Recourse

860-10-55-46 Paragraph 860-10-05-15 provides background on transfers of receivables with recourse. The effect of a recourse provision on the application of paragraph 860-10-40-5 may vary by jurisdiction. In some jurisdictions, transfers with full recourse may not place transferred financial assets beyond the reach of the ~~transferor~~transferor, its consolidated affiliates (that are not entities designed to make remote the possibility that it would enter bankruptcy or other receivership) included in the financial statements being presented, and its creditors, but transfers with limited recourse.

a. Transfer consists of an entire financial asset or a group of entire financial assets.**[QA 140, paragraph 67, sequence 290.1.2]** ~~In transfers of receivables with recourse,~~Before the method of recourse ~~should be~~can be evaluated to determine the appropriate accounting treatment, the entity shall first determine whether a sale has occurred because in some jurisdictions recourse might mean that the transferred financial assets have not been isolated beyond the reach of the ~~transferor~~transferor, its consolidated affiliates (that are not entities designed to make remote the possibility that it would enter bankruptcy or other receivership) included in the financial statements being presented, and its creditors. A transfer of receivables in their entireties with recourse shall be accounted for as a sale, with the proceeds of the sale reduced by the fair value of the recourse obligation, if the ~~criteria~~conditions in paragraph 860-10-40-5 are met. Otherwise, a transfer of receivables with recourse shall be accounted for as a secured borrowing.

b. Transfer does not consist of an entire financial asset or a group of entire financial assets. The transferred financial asset must meet the definition of a **participating interest**. **[QA 140, paragraph 67, sequence 290.1.1.1]**. A transfer of a portion of a receivable with recourse, **[FAS 140, paragraph 113, sequence 389.1.1.2.1]** other than that permitted in paragraph 860-10-40-6A(c)(4),**[QA 140, paragraph 67, sequence 290.1.1.2.2]** does not meet the requirements of a participating interest and shall be accounted for as a secured borrowing.**[FAS 140, paragraph 113, sequence 389.1.1.2.2]**

72. Amend paragraph 860-10-55-48, with a link to transition paragraph 860-10-65-3, as follows:

> > > Securities Lending Transactions

860-10-55-48 Paragraphs 860-10-05-16 through 05-18 provide background on securities lending transactions. ~~In some securities lending transactions,~~If the ~~criteria~~conditions in paragraph 860-10-40-5 are met, ~~including the effective control criterion in paragraph 860-10-40-5(c), and consideration other than beneficial interests in the transferred assets is received. Those transactions~~a securities lending transaction shall be accounted for as follows:

a. By the transferor as a sale of the loaned securities for proceeds consisting of the cash collateral and a forward repurchase commitment. If the collateral in a transaction that meets the ~~criteria~~conditions in paragraph 860-10-40-5 is a financial asset that the holder is permitted by contract or custom to sell or repledge, that financial asset is proceeds of the sale of the loaned securities.
b. By the transferee as a purchase of the borrowed securities in exchange for the collateral and a forward resale commitment.

860-10-55-49 During the term of that agreement, the transferor has surrendered control over the securities transferred and the transferee has obtained control over those securities with the ability to sell or transfer them at will. In that circumstance, creditors of the transferor have a claim only to the collateral and the forward repurchase commitment.

73. Amend paragraphs 860-10-55-50 through 55-51, with no link to a transition paragraph, as follows:

860-10-55-50 To the extent that the collateral consists of letters of credit or other financial instruments that the holder is not permitted by contract or custom to sell or repledge, a securities lending transaction does not satisfy the sale ~~criteria~~conditions and is accounted for as a loan of securities by the transferor to the transferee.

> > > Repurchase Agreements

860-10-55-51 Paragraphs 860-10-05-19 through 05-21 provide background on repurchase agreements. Repurchase agreements that do not meet all the ~~criteria~~conditions in paragraph 860-10-40-5 shall be treated as secured borrowings. Under many agreements to repurchase transferred financial assets before their maturity, the transferor maintains effective control over those financial assets. This Subtopic does not specifically define the term *before maturity*. The only meaningful distinction based on required repurchase at some proportion of the life of the assets transferred is between a repo-to-maturity, in which the typical settlement is a net cash payment, and a repurchase before maturity, in which the portion of the asset that remains outstanding is indeed reacquired in an exchange. A transferor's agreement to repurchase a transferred financial asset would not be considered a repurchase or redemption before maturity if, because of the timing of the redemption, the transferor would be unable to sell the financial asset again before its maturity (that is, the period until maturity is so short that the typical settlement is a net cash payment).

74. Amend paragraph 860-10-55-54, with a link to transition paragraph 860-10-65-3, as follows:

860-10-55-54 Whether a transfer of a debt security is accounted for as a sale under this Topic depends on whether the ~~criteria~~conditions in paragraph 860-10-40-5 are met. In repurchase transactions involving readily obtainable held-to-maturity debt securities, the ~~criteria~~conditions set forth in paragraph 860-10-40-24 ~~must~~shall be carefully evaluated to determine whether the transaction should be accounted for as a sale or secured borrowing. For example, if the security that is required to be returned has a different maturity or has a different contractual interest rate from the transferred security, the substantially-the-same criterion would not be met. In that circumstance, effective control would not be maintained under the condition in paragraph 860-10-40-5(c) and the transfer would be accounted for as a ~~sale,~~sale ~~assuming~~if the other conditions in ~~paragraph 860-10-40-5(a) through (b)~~paragraph 860-10-40-5 ~~required for a sale~~ are met. Both parties to a repurchase agreement shall use the same ~~criteria~~conditions in determining the accounting for a repurchase agreement.

75. Amend paragraph 860-10-55-55, with no link to a transition paragraph, as follows:

860-10-55-55 If the ~~criteria~~conditions in paragraph 860-10-40-5 are met, ~~including the criterion in paragraph 860-10-40-5(c)(1),~~ the transferor shall account for the repurchase agreement as a sale of financial assets and a forward repurchase commitment, and the transferee shall account for the agreement as a purchase of financial assets and a forward resale commitment. Other transfers that are accompanied by an agreement to repurchase the transferred financial assets that ~~shall~~would be accounted for as sales if the conditions in paragraph 860-10-40-5 are met include transfers with agreements to repurchase at maturity and transfers with repurchase agreements in which the transferor has not obtained collateral sufficient to fund substantially all of the cost of purchasing replacement financial assets.

76. Amend paragraph 860-10-55-57, with no link to a transition paragraph, as follows:

> > > Wash Sales

860-10-55-57 Wash sales shall be accounted for as sales under this Subtopic. Unless there is a concurrent contract to repurchase or redeem the transferred financial assets from the transferee, the transferor does not maintain effective control over the transferred financial assets.

77. Amend paragraphs 860-10-55-58 through 55-59, with a link to transition paragraph 860-10-65-3, as follows:

> > > Dollar Rolls

860-10-55-58 Whether paragraph ~~860-10-40-5(c)(1)~~860-10-40-5(c) precludes sale accounting for a dollar-roll transaction depends on the facts and circumstances. Paragraph 860-10-40-24 states the conditions under which an agreement that both entitles and obligates the transferor to repurchase or redeem transferred financial assets from the transferee maintains the transferor's effective control over those assets as described in paragraph 860-10-40-5(c)(1).**[FAS 140, paragraph 47, sequence 250]** The condition in paragraph 860-10-40-24(a) requires that the financial assets to be repurchased or redeemed are the same or substantially the same as those transferred. **[FAS 140, paragraph 47, sequence 251]** ~~For that paragraph to preclude sale accounting, the assets to be repurchased or redeemed shall be the same or substantially the same as those transferred.~~ Paragraph ~~860-10-40-24~~860-10-40-24(a) describes six characteristics that must all exist for a transfer to meet the substantially-the-same requirement. ~~One of those characteristics is that the same aggregate unpaid principal amount or principal amounts within accepted good-delivery standards for the type of security involved must be met (see paragraph 860-10-40-24(a)(6)).~~ Paragraph 860-10-40-24(a)(6) requires (as one of those six characteristics) that the financial asset that was transferred and the financial asset that is to be repurchased or redeemed have the same aggregate unpaid principal amount or principal amounts within accepted good delivery standards for the type of security involved. **[FAS 140, paragraph 48, sequence 262]** ~~However, the good-delivery standard is only one of the six characteristics that must exist. Another is that the transferor must be able to repurchase or redeem the transferred assets on substantially the agreed terms, even in default by the transferee.~~

860-10-55-59 For transfers of existing securities under a dollar-roll repurchase agreement, the transferee must be committed to return substantially-the-same securities to the ~~transferor~~transferor, ~~to fail the condition in paragraph 860-10-40-~~

~~5(c)(1) that would preclude sale accounting.~~which would indicate that the transferor has maintained effective control. In a transfer of existing securities under a dollar-roll repurchase agreement, if the transferee is committed to return substantially-the-same securities to the transferor but that transferee's securities at the time of the transfer were to-be-announced securities, the transferor would not be precluded from accounting for the transfer as a secured borrowing. The transferor is only required to obtain a commitment from the transferee to return substantially-the-same securities and is not required to determine that the transferee holds the securities that it has committed to return. Therefore, the financial asset to be returned may be a to-be-announced asset at the time of the transfer because the transferor would have no way of knowing whether the transferee held the security to be returned.

78. Amend paragraph 860-10-55-61, with a link to transition paragraph 860-10-65-3, as follows:

> > > Loan Participations

860-10-55-61 ~~Paragraphs 860-10-05-22 through 05-23 provide~~Paragraph 860-10-05-23 provides background on loan participations. If a loan participation agreement transfers a participating interest in an entire financial asset (as described in paragraph 860-10-40-6A) ~~gives the transferee the right to pledge or exchange those participations~~ and the ~~other criteria for a sale~~conditions in paragraph 860-10-40-5 are met, the transfers ~~to the transferee~~ shall be accounted for by the transferor as ~~sales~~a sale of ~~financial assets.~~a participating interest. However, if the loan participation agreement constrains the ~~transferees~~transferee from pledging or exchanging ~~their participations,~~its participating interest and that constraint provides a more-than-trivial benefit to the transferor, the transferor ~~presumptively receives a more than trivial benefit,~~ has not relinquished control ~~over the loan,~~ and shall account for the ~~transfers~~transfer as a secured ~~borrowings.~~borrowing.

79. Supersede paragraphs 860-10-55-62 through 55-64, with a link to transition paragraph 860-10-65-3, as follows:

860-10-55-62 Paragraph superseded by Accounting Standards Update 2009-16.~~A transferor's contractual right to repurchase, at any time, a loan participation that is not a readily obtainable asset would preclude sale accounting, except in the unlikely circumstance that the contractual right is freestanding and does not constrain the transferee. The transferor's contractual right to repurchase is effectively a call option, and paragraph 860-10-40-17(c)(1) notes that a~~ ~~**freestanding call option**~~ ~~written by a transferee to the transferor benefits the transferor and, if the transferred assets are not readily obtainable in the marketplace, is likely to constrain a transferee. Furthermore, if the transferor's right to repurchase is not freestanding but rather attached to and transferable with the participation, paragraph 860-10-40-5(c)(2) would preclude sale accounting because the transferor maintains effective control over the transferred assets through the ability to unilaterally cause the holder to return specific assets.~~

860-10-55-63 Paragraph superseded by Accounting Standards Update 2009-16.~~As discussed in paragraph 860-10-05-22, banks may participate a portion of a customer's loan to one or more participating banks if the customer's borrowing needs exceed the bank's legal lending limits. In those situations, a noncontractual understanding may exist among the participants. Under that noncontractual understanding, the participating banks will return some portion of the loan at par to the lending bank if its legal lending limit increases. The noncontractual understanding is not an enforceable right, although the participating banks generally comply. Those loans generally are not readily-obtainable assets, and the participating banks are not constrained from selling their interest in the participation.~~

860-10-55-64 Paragraph superseded by Accounting Standards Update 2009-16. ~~Such a noncontractual understanding does not constitute a unilateral ability to reclaim specific transferred assets because the lead bank is not in a position to unilaterally reclaim the specific transferred assets. Although the participating bank may choose to comply with the lead bank's request, and may be motivated to do so, for example, by the prospect of future business dealings, it is not contractually obligated to comply. Whether the transferor benefits from knowing where the assets are is not relevant, since the informal understanding does not constrain the transferee from selling or pledging the assets.~~

80. Supersede paragraph 860-10-55-66 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~> > > Transfers Involving Derivative Instruments~~

860-10-55-66 Paragraph superseded by Accounting Standards Update 2009-16. ~~If a special-purpose entity enters into certain derivative instruments, sale accounting may be precluded, not because the special-purpose entity is not qualifying, but because one of the criteria for a sale in paragraph 860-10-40-5 has not been met. Examples of those instruments include:~~

- ~~a. Derivative instruments that preclude the transferor from achieving legal isolation under paragraph 860-10-40-5(a)~~
- ~~b. Derivative instruments through which the transferor retains effective control over the transferred assets under paragraph 860-10-40-5(c).~~

81. Amend paragraph 860-10-55-67 through 55-68 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > > Transfer Involving Certain Transferor Powers

860-10-55-67 ~~If a transferor's retention of beneficial interests in financial assets transferred to a non-qualifying special-purpose entity that cannot pledge or exchange its assets permits~~ If the transferor has the ability to dissolve ~~the special-purpose entity~~a securitization entity (for example, through the beneficial interests that it holds) and reassume control of the financial assets at any time, the transferor is precluded from accounting for the transfer as a sale for the following ~~reasons:~~reason:

a. Subparagraph superseded by Accounting Standards Update 2009-16. ~~The special-purpose entity cannot pledge or exchange the assets (it is not a qualifying special-purpose entity) and this restriction provides the transferor with the more than trivial benefit of knowing that the assets (which it is entitled to reacquire) must remain in the special-purpose entity, which precludes sale accounting under paragraph 860-10-40-5(b).~~
b. The transferor's current ability to dissolve the ~~special-purpose entity~~securitization entity and reassume control of the transferred financial assets entitles it to unilaterally cause the return of the transferred financial assets, ~~which~~indiciating that the transferor has maintained control over the transferred financial assets which precludes sale accounting under paragraph ~~860-10-40-5(c)(2).~~860-10-40-5(c).

> > > ~~Transfers that Are Partial Sales Due to~~ Transferor Option to Repurchase Individual Financial Assets

860-10-55-68 In certain transactions, the transferor is entitled to repurchase a transferred amortizing, individual (specific) financial asset when its remaining principal balance reaches some specified amount, for example, 30 percent of the original balance. To exercise that call option, the transferor would pay the remaining principal balance. ~~That transfer would be accounted for partially as a sale and partially as a secured borrowing. A transferred amortizing, individual financial asset is required to be bifurcated in the manner described if the transferor is entitled to repurchase part of it, assuming the other provisions of paragraph 860-10-40-5 have been met. In this circumstance, the specific asset over which the transferor retains control is the remaining principal balance once the asset amortizes to the specified threshold. The transferor has no effective control over the portion of the financial asset that will be collected before then, so the transfer of that portion of the asset should be accounted for as a sale.~~ Paragraph 860-10-40-5(c)(2) states that a transferor maintains effective control through a call option, other than through a cleanup call, that provides the transferor with both: **[FAS 140, paragraph 9, sequence 92.2.2]**

1. The unilateral ability to cause the holder to return specific financial assets**[FAS 140, paragraph 9, sequence 92.2.2.1.1]**
2. A more-than-trivial-benefit attributable to that ability.**[FAS 140, paragraph 9, sequence 92.2.2.1.2]**

82. Add paragraph 860-10-55-68A, with a link to transition paragraph 860-10-65-3, as follows:

860-10-55-68A Such a call option on the remaining portion of an entire financial asset precludes sale accounting for the entire financial asset.**[QA 140,**

paragraph 50, sequence 229.2.2.1.1.1] Paragraph 860-10-40-5 applies to an entire financial asset, a group of entire financial assets, or a participating interest. [**FAS 140, paragraph 9, sequence 89.1]** Paragraph 860-10-40-4A states that, to be eligible for sale accounting, an entire financial asset cannot be divided into components before a transfer unless all of the components meet the definition of a participating interest.**[FAS 140, paragraph 26B, sequence 198.1.1.2.2]** That paragraph states also that an entity shall not account for a transfer of an entire financial asset or a participating interest in an entire financial asset partially as a sale and partially as a secured borrowing.**[QA 140, paragraph 50, sequence 229.2.2.1.1.2.2]**

83. Supersede paragraph 860-10-55-69, with a link to transition paragraph 860-10-65-3, as follows:

860-10-55-69 Paragraph superseded by Accounting Standards Update 2009-16.~~Similarly, if a transferor holds an~~ ~~**attached call option**~~ ~~to repurchase the individual loans that remain from an entire portfolio of prepayable loans that were transferred in a securitization transaction, once prepayments have reduced the portfolio balance to some specified amount, then sale accounting is precluded only for the transfer of the remaining principal balance subject to the call option, not the whole portfolio of loans.~~

84. Amend paragraph 860-10-55-70, with a link to transition paragraph 860-10-65-3, as follows:

860-10-55-70 ~~Also, if~~If a transferor holds a call option to repurchase at any time a few specified, individual loans from an entire ~~portfolio~~group of loans transferred in a securitization transaction, then sale accounting is precluded only for the specified loans subject to the call option, not the whole ~~portfolio~~group of loans. In contrast, if the transferor holds a call option to repurchase from the ~~portfolio~~group any loans it chooses, up to some specified limit, then ~~paragraph 860-10-40-37(a) precludes~~ sale accounting is precluded for the transfer of the entire ~~portfolio~~ group while that option remains outstanding. See paragraphs ~~860-10-55-23 and~~ 860-10-55-39 through 55-42 for related guidance.

85. Amend paragraph 860-10-55-72, with a link to transition paragraph 860-10-65-3, as follows:

860-10-55-72 To the extent that the transfer of the short-term loan made under a long-term credit commitment as described above is accounted for as the transfer of a receivable with a put option, it would be required to be accounted for as a sale if the conditions of paragraph 860-10-40-5 are met. ~~However, the existence of a put option or the probability that it will be exercised may affect the determination of whether the transfer qualifies as a sale.~~ The terms of the put option should be analyzed to determine whether it meets the definition of a derivative instrument under Subtopic 815-10.

86. Supersede paragraph 860-10-55-74 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~**> > > Desecuritization Transactions**~~

860-10-55-74 Paragraph superseded by Accounting Standards Update 2009-16.~~The transfer of securities or beneficial interests in a securitized pool of financial assets in which the transferor receives in exchange only the financial assets underlying those securities or beneficial interests would not be accounted for as a sale.~~

87. Amend paragraphs 860-10-55-75 through 55-78 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > Classification of Transferred Debt Securities

860-10-55-75 An entity may transfer debt securities to ~~a qualifying special-purpose~~an unconsolidated entity that has a predetermined life in exchange for cash and the right to receive proceeds from the eventual sale of the securities. For example, a third party holds a beneficial interest that is initially worth 25 percent of the fair value of the assets of the ~~qualifying special-purpose~~ entity at the date of transfer. The ~~qualifying special-purpose~~ entity is required to sell the transferred securities at a predetermined date and liquidate the ~~qualifying special-purpose~~ entity at that time. Assume the facts in that example and the following additional facts:

a. The beneficial interests are issued in the form of debt securities.
b. Before the transfer, the debt securities were accounted for as available-for-sale securities in accordance with Topic 320.

860-10-55-76 In that example, whether the transferor ~~does not have the option to~~may classify the debt securities as trading at the time of the transfer depends on whether the transfer is accounted for as a sale or as a secured borrowing: ~~based on the following:~~

a. Sale. If a transfer of a group of entire financial assets satisfies the conditions to be accounted for as a sale, Subtopic 860-20 requires that any assets obtained or liabilities incurred in the transfer be recognized (see paragraph 860-20-25-1) and initially measured at fair value (see paragraph 860-20-30-1). If the transfer in the example is accounted for as a sale, the transferor would account for the debt securities received as new assets and would have the option to classify the debt securities received as trading securities. **[QA 140, paragraph 61, sequence 275]** ~~The securities subject to the guidance in Topic 320 held by the transferor after the transfer convey rights to the same cash flows as did the securities held before the transfer.~~
b. Secured borrowing. If the transfer is accounted for as a secured borrowing, paragraph 860-30-25-2 requires the transferor to continue to

report the transferred debt securities in its statement of financial position with no change in their measurement (that is, basis of accounting). Paragraph ~~320-10-35-12~~320-10-35-12, which explains that transfers into or from the trading category should be ~~rare.~~rare, would continue to apply. **[QA 140, paragraph 61, sequence 276]**

860-10-55-77 ~~In contrast, if~~If the transferred financial assets were not securities subject to the guidance in Topic 320 before the transfer that was accounted for as a sale but the beneficial interests were issued in the form of debt securities or in the form of equity securities that have readily determinable fair values, then the transferor would have the opportunity to decide the appropriate classification of the ~~transferred assets at the date of the transfer.~~beneficial interests received as proceeds from the sale.

> > Recognition of a Sale in Separate-Entity Financial Statements

860-10-55-78 A transfer from one subsidiary (the transferor) to another subsidiary (the transferee) of a common parent would be accounted for as a sale in ~~the transferor~~each subsidiary's separate-entity financial statements if both of the following requirements are met:

a. All of the conditions in paragraph 860-10-40-5 (including the condition on isolation of the transferred financial assets) are met.
b. The transferee's assets and liabilities are not consolidated into the separate-entity financial statements of the transferor.

~~The transferor must still consider whether consolidation of the transferee is required under generally accepted accounting principles (GAAP).~~Paragraph 860-10-40-4 states that, in a transfer between two subsidiaries of a common parent, the transferor-subsidiary shall not consider parent involvements with the transferred financial assets in applying paragraph 860-10-40-5.**[QA 140, paragraph 20, sequence 84.1]**

88. Amend paragraph 860-10-55-79, with no link to a transition paragraph, as follows:

860-10-55-79 If the transferee was an equity method investee of the transferor, only the investment and not the investee's assets and liabilities would be reported in the transferor subsidiary's separate-entity financial statements. Therefore, the transferee would not be a **{REMOVE GLOSSARY LINK IN CURRENT TEXT}**consolidated affiliate of the transferor,**{REMOVE GLOSSARY LINK}** and such a transfer could isolate the transferred financial assets and be accounted for as a sale if all other conditions of paragraph 860-10-40-5 are met.

89. Amend paragraphs 860-10-55-79A through 55-79B, with a link to transition paragraph 860-10-65-3, as follows:

> > Application of the Term Continuing Involvement

860-10-55-79A This implementation guidance addresses the application of the glossary term *continuing involvement*. All available evidence shall be considered, including, but not limited to, all of the following: ~~[FSP FAS140–4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.2]~~ **[FAS 140, paragraph 364, sequence 755.2.2.1]**

a. Explicit written arrangements ~~[FSP FAS140–4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.3]~~ **[FAS 140, paragraph 364, sequence 755.2.2.2.1]**
b. Communications between the transferor and the transferee or its beneficial interest holders ~~[FSP FAS140–4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.4]~~**[FAS 140, paragraph 364, sequence 755.2.2.2.2.1]**
c. Unwritten arrangements customary in similar transfers. ~~[FSP FAS140–4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.5]~~ **[FAS 140, paragraph 364, sequence 755.2.2.2.2.2.1]**

860-10-55-79B Examples of continuing involvement include, but are not limited to, all of the following: ~~[FSP FAS140–4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.6]~~ **[FAS 140, paragraph 364, sequence 755.2.2.2.2.2.2.1]**

a. Servicing arrangements ~~[FSP FAS140–4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.6.1]~~ **[FAS 140, paragraph 364, sequence 755.2.2.2.2.2.2.2.1]**
b. Recourse or guarantee arrangements ~~[FSP FAS140–4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.6.2]~~ **[FAS 140, paragraph 364, sequence 755.2.2.2.2.2.2.2.2.1]**
c. Agreements to purchase or redeem transferred financial assets ~~[FSP FAS140–4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.6.3]~~ **[FAS 140, paragraph 364, sequence 755.2.2.2.2.2.2.2.2.2.1]**
cc. Options written or held **[FAS 140, paragraph 364, sequence 755.2.2.2.2.2.2.2.2.2.2.1]**
d. Derivative instruments that are entered into contemporaneously with, or in contemplation of, the transfer ~~[FSP FAS140–4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.6.4]~~ **[FAS 140, paragraph 364, sequence 755.2.2.2.2.2.2.2.2.2.2.2.1]**
e. Arrangements to provide financial support ~~[FSP FAS140–4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.6.5]~~ **[FAS 140, paragraph 364, sequence 755.2.2.2.2.2.2.2.2.2.2.2.2.1]**
f. Pledges of collateral ~~[FSP FAS140–4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.6.6]~~ **[FAS 140, paragraph 364, sequence 755.2.2.2.2.2.2.2.2.2.2.2.2.2.1]**

g. The transferor's beneficial interests in the transferred financial assets. ~~[FSP FAS140-4/FIN46(R)-8, paragraph B1 FN4, sequence 16.1.1.6.7]~~ **[FAS 140, paragraph 364, sequence 755.2.2.2.2.2.2.2.2.2.2.2.2.2.2]**

90. Add paragraph 860-10-65-3 and its related heading, as follows:

> Transition Related to FASB Statement No. 166, *Accounting for Transfers of Financial Assets*

860-10-65-3 The following represents the transition and effective date information related to FASB Statement No. 166, *Accounting for Transfers of Financial Assets*:

a. The pending content that links to this paragraph shall be effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, and for both of the following:**[FAS 166, paragraph 5, sequence 5.1]**
    1. Interim periods within that first annual reporting period**[FAS 166, paragraph 5, sequence 5.1.1]**
    2. Interim and annual reporting periods thereafter.**[FAS 166, paragraph 5, sequence 5.1.2]**

b. Earlier application of the pending content that links to this paragraph is prohibited.**[FAS 166, paragraph 5, sequence 5.2]**

c. The recognition and measurement provisions of the pending content that links to this paragraph shall be applied to transfers that occur on or after the effective date.**[FAS 166, paragraph 5, sequence 5.3]**

d. On and after the effective date, existing qualifying special-purpose entities (as defined before giving effect to the pending content that links to this paragraph) shall be evaluated for consolidation by reporting entities in accordance with the applicable consolidation guidance in this Codification. If the evaluation on the effective date results in consolidation, the reporting entity shall apply the guidance in the Transition and Open Effective Date Section of the applicable Subtopic.**[FAS 166, paragraph 6, sequence 6]**

e. The disclosure provisions of the pending content that links to this paragraph shall be applied to transfers that occurred both before and after the effective date specified in this paragraph.**[FAS 166, paragraph 7, sequence 7.1]**

f. An entity is encouraged, but not required, to disclose comparative information for periods earlier than the effective date for disclosures that were not required before the effective date of the pending content that links to this paragraph. **[FAS 166, paragraph 7, sequence 7.2]**

g. Comparative disclosures for those disclosures that were not required before the effective date of the pending content that links to this paragraph are required only for periods after the effective date of that pending content.**[FAS 166, paragraph 7, sequence 7.3]**

91. Supersede paragraph 860-20-10-1, with a link to transition paragraph 860-10-65-3, as follows:

Transfers and Servicing—Sales of Financial Assets

Objective

860-20-10-1 Paragraph superseded by Accounting Standards Update 2009-16.~~Paragraph 860-10-10-2 discusses the financial components approach on which the guidance in this Subtopic is based.~~

92. Amend paragraph 860-20-25-1, with a link to transition paragraph 860-10-65-3, as follows:

Recognition

860-20-25-1 Section 860-20-40 provides derecognition guidance a **{GLOSSARY LINK}transferor{GLOSSARY LINK} {GLOSSARY LINK}**(seller)**{GLOSSARY LINK}** applies upon~~Upon~~ completion of a **transfer** of **financial assets** that satisfies ~~the conditions to be accounted for as a sale in paragraph 860-10-40-5,~~ paragraph 860-10-40-5's conditions to be accounted for as a sale. Upon completion of such a transfer, the **{REMOVE GLOSSARY LINK>}**transferor**{<REMOVE GLOSSARY LINK}{REMOVE GLOSSARY LINK>}**(seller)**{<REMOVE GLOSSARY LINK}** ~~shall apply the related derecognition guidance in this Subtopic and~~ shall also recognize any assets obtained or liabilities incurred in the sale, including, but not limited to, any of the following: **[FAS 140, paragraph 10, sequence 95.1.1]**~~do both of the following:~~

a. Cash**[FAS 140, paragraph 10, sequence 95.1.4.2.2.2]**~~Recognize all assets obtained and liabilities incurred in consideration as **proceeds** of the sale, including all of the following:~~
   ~~1. Cash~~
   ~~2. Put or call options held or written (for example, guarantee or **recourse** obligations)~~
   ~~3. Forward commitments (for example, commitments to deliver additional receivables during the revolving periods of some securitizations)~~
   ~~4. Swaps (for example, provisions that convert interest rates from fixed to variable)~~
   ~~5. Servicing assets and servicing liabilities, if applicable (see Subtopic 860-50).~~
b. Servicing assets**[FAS 140, paragraph 10, sequence 95.1.4.2.1]** ~~Recognize in earnings any gain or loss on the sale.~~
c. Servicing liabilities**[FAS 140, paragraph 10, sequence 95.1.4.2.2.1]**
d. In a sale of an entire financial asset or a group of entire financial assets, any of the following: **[FAS 140, paragraph 11, sequence 96]**
   1. The transferor's beneficial interest in the transferred financial assets**[FAS 140, paragraph 11, sequence 100]**

2. Put or call options held or written (for example, guarantee or recourse obligations) **[FAS 140, paragraph 11, sequence 99.2.2.1**
3. Forward commitments (for example, commitments to deliver additional receivables during the revolving periods of some **{GLOSSARY LINK to the term Securitization}** securitizations**{GLOSSARY LINK}**)**[FAS 140, paragraph 11, sequence 99.2.2.2.1]**
4. Swaps (for example, provisions that convert interest rates from fixed to variable).**[FAS 140, paragraph 11, sequence 99.2.2.2.2.1]**

See Examples ~~1–5~~1, 2, and 5 (paragraphs 860-20-55-43 through 55-59) for illustration of this guidance.

93. Amend paragraphs 860-20-25-3 through 25-4, with a link to transition paragraph 860-10-65-3, as follows:

860-20-25-3 The **transferee** shall recognize all assets obtained (including any **participating interest(s)** obtained) and any liabilities incurred.

> Assets Obtained and Liabilities Incurred as Proceeds

860-20-25-4 The proceeds from a sale of financial assets consist of the cash and any other assets obtained, including beneficial interests and separately recognized servicing assets, in the transfer less any liabilities incurred, including separately recognized servicing liabilities. Any asset obtained ~~that is not an interest in the transferred asset~~ is part of the proceeds from the sale. Any liability incurred, even if it is related to the transferred financial assets, is a reduction of the proceeds. Any **derivative financial instrument** entered into concurrently with a transfer of financial assets is either an asset obtained or a liability incurred and part of the proceeds received in the transfer. All proceeds and reductions of proceeds from a sale shall be initially measured at fair ~~value,~~value. ~~if practicable (see paragraph 860-10-35-7).~~

94. Supersede paragraph 860-20-25-5 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~> Distinguishing New Interests from Interests that Continue to Be Held~~

860-20-25-5 Paragraph superseded by Accounting Standards Update 2009-16.~~If a transferor cannot determine whether an asset is an interest that continues to be held by a transferor or proceeds from the sale, the asset shall be treated as proceeds from the sale and accounted for in accordance with the preceding paragraph. At the margin, it may be difficult to distinguish between a retained interest in the asset transferred and a newly created asset. A careful examination of cash flows, risks, and other provisions should provide a basis for resolving most questions. If an entity cannot determine how to classify an instrument, the instrument shall be considered to be a new asset and thus part of the proceeds of the sale initially measured at fair value.~~

95. Amend paragraph 860-20-25-6, with a link to transition paragraph 860-10-65-3, as follows:

> Distinguishing New Interests Obtained from Part of a Beneficial Interest Obtained

860-20-25-6 In determining whether ~~retained~~ credit risk is a separate liability or part of a beneficial interest that ~~continues to be held~~has been obtained by the transferor, the transferor should focus on the source of cash flows in the event of a claim by the transferee. If the transferee can only look to cash flows from the underlying financial assets, the transferor has ~~retained~~obtained a portion of the credit risk only through the interest ~~it continues to hold~~obtained and a separate obligation shall not be recognized. Credit losses from the underlying assets would affect the measurement of the interest that the transferor ~~continues to hold.~~obtained. In contrast, if the transferor could be obligated for more than the cash flows provided by the interest it ~~continues to hold~~obtained and, therefore, could be required to write a check to reimburse the transferee for credit-related losses on the underlying assets, the transferor shall record a separate ~~liability~~liability. ~~rather than an asset valuation allowance on the date of the transfer.~~ It is not appropriate for the transferor to defer any portion of a resulting gain or loss (or to eliminate gain on sale accounting, as it is sometimes described in practice).

96. Supersede paragraph 860-20-25-7, with a link to transition paragraph 860-10-65-3, as follows:

860-20-25-7 Paragraph superseded by Accounting Standards Update 2009-16.~~See paragraphs 860-20-55-4 through 55-6 for implementation guidance on determining whether proceeds received in a cash reserve account are considered a new interest or an interest that continues to be held by a transferor. See paragraphs 860-20-55-7 through 55-9 for implementation guidance on whether a beneficial interest in transferred financial assets in a **securitization** structure that commingles assets is considered a new interest or an interest that continues to be held by a transferor.~~

97. Amend paragraphs 860-20-25-8 through 25-12 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

> Regaining Control ~~Over~~of Financial Assets ~~Previously~~ Sold

860-20-25-8 Paragraph 860-10-40-41 explains that a change in ~~law,~~law ~~status of the transferee as a qualifying special-purpose entity,~~ or other circumstance may result in a transferred portion of an entire financial asset no longer meeting the conditions of a participating interest (see paragraph 860-10-40-6A) or the transferor's regaining control of transferred financial assets after a transfer that was previously accounted for ~~appropriately~~ as ~~having been sold,~~a sale, because one or more of the conditions in paragraph 860-10-40-5 are no longer met.

860-20-25-9 Such ~~a change,~~changes ~~unless it arises solely from a change in market prices (for example, an increase in price that moves into the money a~~ ~~**freestanding call option**~~ ~~that was originally sufficiently out of the money that it was judged not to constrain the transferee),~~ shall be accounted for in the same manner as a purchase of the transferred financial assets from the former transferee(s) in exchange for liabilities assumed unless they arise solely from either: **[FAS 140, paragraph 55, sequence 269.2.1]**

a. Consolidation of an entity involved in the transfer at a subsequent date (see paragraph 860-20-25-10) **[FAS 140, paragraph 55, sequence 269.2.1]**
b. A change in market prices (for example, an increase in price that moves into the money a freestanding call option on a non-readily-obtainable, transferred financial asset that was originally sufficiently out of the money that it was judged not to constrain the transferee). **[FAS 140, paragraph 55, sequence 269.2.1]**

~~(see paragraphs 860-20-25-1 through 25-3).~~See the related guidance beginning in paragraph 860-20-25-1.**[FAS 140, paragraph 55, sequence 269.2.1]**

860-20-25-10 After that change, the transferor shall do all of the following:

a. Recognize in its financial statements those transferred financial assets together with liabilities to the former transferee(s) or beneficial interest holders ~~in those assets~~of the former transferee(s). ~~(see paragraph 860-40-25-1).~~
b. Not change the accounting for the servicing asset related to the previously sold financial assets. That is, even though the transferor has regained control over the previously sold assets, the cash flows from those assets will contractually be paid to the special-purpose entity, which will then distribute the proceeds to satisfy its contractual obligations (including obligations to the beneficial interest holders). Because the transferor, as servicer, is still contractually required to collect the asset's cash flows for the benefit of the special-purpose entity and otherwise service the assets, it shall continue to recognize

the servicing asset and assess the asset for impairment if subsequently measured using the amortization method, as required by paragraph 860-50-35-9. Once a servicing asset is recognized it shall not be added back to the underlying asset. Even when the transferor has regained control over the underlying assets through an event that triggers a transferor to rerecognize previously transferred assets that were accounted for as having been sold, the related servicing asset shall continue to be separately recognized.

c. Continue to account for the transferor's interests ~~that continue to be held by the transferor in~~ those underlying financial assets apart from any rerecognized financial assets. That is, the transferor's interests ~~that continue to be held by the transferor~~ shall not be combined with and accounted for with the rerecognized financial assets. Example 10 (see paragraph 860-20-55-83) illustrates this guidance. However, a subsequent event that results in the transferor reclaiming those financial assets from the transferee, for example, the exercise of a removal-of-accounts provision or the consolidation by the transferor of the ~~special-purpose~~securitization entity in accordance with applicable GAAP, including the Variable Interest Entities Subsections of Subtopic 810-10, would result in a recombination of the transferor's interests ~~that continue to be held by the transferor~~ with the underlying financial assets.

For guidance on consolidation, which is relevant to determining whether a transferor must consolidate an entity involved in a transfer that was accounted for as a sale, see Topic 810.**[FAS 140, paragraph 55A, sequence 269.2.2.2.2.1]**

860-20-25-11 Whether the removal-of-accounts provision is exercised or not, the transferor shall recognize any financial assets subject to the removal-of-accounts provision if all of the following conditions are met:**[FAS 140, paragraph 88, sequence 353.2.1.2]**

a. ~~When a~~A third party's action (such as default or cancellation) or decision not to act (expiration) ~~occurs~~occurs. **[FAS 140, paragraph 88, sequence 353.2.1.1]**
b. The occurence ~~that~~ allows removal of assets to be initiated solely by the ~~transferor,~~transferor.**[FAS 140, paragraph 88, sequence 353.2.1.1]**
c. The provision provides a more-than-trivial benefit to the transferor. **[FAS 140, paragraph 88, sequence 353.2.1.1.1]** ~~the transferor must recognize any assets subject to the removal-of-accounts provision whether the removal-of-accounts provision is exercised or not.~~

For example, once a contingency is met (such as when a given loan goes into default), the call option on that asset (loan) is no longer contingent. ~~Example 7 (see paragraph 860-20-55-62) illustrates this guidance.~~

860-20-25-12 Upon application of paragraph 860-20-25-10, no gain or loss shall be recognized in earnings with respect to any of the transferor's **beneficial**

~~**interests**~~**interests.** ~~that continue to be held by the transferor.~~ A gain or loss may be recognized upon the exercise of a removal-of-accounts provision or similar contingent right with respect to the repurchased ~~portion of the~~ transferred financial assets that were sold if the removal-of-accounts provision or similar contingent right held by the transferor is not accounted for as a derivative instrument under Subtopic 815-10 and is not at the money, resulting in the fair value of those repurchased financial assets being greater or less than the related obligation to the transferee.

98. Amend paragraphs 860-20-30-1 through 30-2, with a link to transition paragraph 860-10-65-3, as follows:

Initial Measurement

860-20-30-1 ~~Upon completion of a **transfer** of financial assets that satisfies the conditions to be accounted for as a sale under paragraph 860-10-40-5, the **transferor** shall apply the related derecognition guidance in this Subtopic and shall also apply the recognition guidance in paragraph 860-20-25-1(b) related to assets obtained and liabilities incurred in consideration as **proceeds** of the sale. The transferor shall initially measure at fair value assets obtained and liabilities incurred in a sale or, if it is not practicable to estimate the fair value of an asset or a liability, apply the alternative measures specified in paragraph 860-10-35-7.~~The **transferor** shall initially measure at fair value any asset obtained (or liability incurred) and recognized under paragraph 860-20-25-1. **[FAS 140, paragraph 11, sequence 96]**

860-20-30-2 ~~In addition, the~~The **transferee** shall initially ~~measure~~measure, at fair value, ~~all assets obtained~~any asset ~~and any liabilities incurred~~ or liability recognized under paragraph 860-20-25-3. ~~at fair value (in aggregate, presumptively the price paid).~~ **[FAS 140, paragraph 11, sequence 102]**

99. Amend paragraph 860-20-30-3 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> Regaining Control ~~Over~~of Financial Assets ~~Previously~~ Sold

860-20-30-3 The transferor shall initially measure **transferred financial assets** and liabilities that are rerecognized under paragraph 860-20-25-10(a) as a result of regaining control ~~over~~of the financial assets ~~previously~~ sold at fair value on the date of the change as if the transferor purchased the transferred financial assets and assumed the liabilities on that date.

100. Supersede paragraph 860-20-30-4, with a link to transition paragraph 860-10-65-3, as follows:

860-20-30-4 Paragraph superseded by Accounting Standards Update 2009-16.~~When a special-purpose entity that was formerly considered qualifying becomes nonqualifying, the fair value of the rerecognized assets will equal the fair value of the liability assumed by the transferor because the transferor is~~

~~contractually required to pass on 100 percent of the cash flows from the rerecognized assets to the special-purpose entity for distribution in accordance with the contractual documents governing the special-purpose entity. The process of determining the fair value of both the rerecognized assets and the assumed liability may require a careful analysis of all of the expected cash flows of the~~ ~~**securitization**~~ ~~vehicle, including cash flows of assets within the vehicle that are not subject to paragraphs 860-20-25-8 through 25-10 (for example, proceeds that are temporarily reinvested by the special-purpose entity). In performing that analysis, the transferor would need to consider both the timing and the amounts of the expected cash flows and also which party has rights to such expected cash flows at the time of the paragraph 860-20-25-8 event.~~

101. Amend paragraphs 860-20-35-1 through 35-2, with a link to transition paragraph 860-10-65-3, as follows:

Subsequent Measurement

860-20-35-1 This Section is organized as follows:

a. **Financial assets** subject to prepayment
b. Subparagraph superseded by Accounting Standards Update 2009-16.~~Debt securities, equity securities, and~~ ~~**derivative financial instruments**~~
c. Credit enhancements
d. **Beneficial interests**
e. Transaction costs.

> Financial Assets Subject to Prepayment

860-20-35-2 ~~**Interest-only strips**, other interests that continue to be held by a~~ ~~**transferor**~~ ~~in~~ ~~**securitizations**, loans, other receivables, or other financial assets~~Financial assets, except for instruments that are within the scope of Subtopic 815-10, that can contractually be prepaid or otherwise settled in such a way that the holder would not recover substantially all of its recorded ~~investment, except for instruments that are within the scope of Subtopic 815-10,~~investment shall be subsequently measured like investments in debt securities classified as available for sale or trading under Topic 320. Examples of such financial assets include, but are not limited to, interest-only strips, other beneficial interests, loans, or other receivables.[**FAS 140, paragraph 14, sequence 104.4**] Interest-only strips and similar interests ~~that continue to be held by a transferor~~ that meet the definition of **{GLOSSARY LINK}securities{GLOSSARY LINK}** are included in the scope of that Topic. Therefore, all relevant provisions of that Topic (including the disclosure requirements) shall be applied. See related implementation guidance beginning in paragraph 860-20-55-33.

102. Amend paragraph 860-20-35-3, with no link to a transition paragraph, as follows:

860-20-35-3 Interest-only strips and similar interests ~~that continue to be held by a transferor~~ that are not in the form of **{REMOVE GLOSSARY LINK}**securities**{REMOVE GLOSSARY LINK}** are not within the scope of Topic 320 but shall be measured like investments in debt securities classified as available for sale or trading. In that circumstance, all of the measurement provisions of that Topic, including those addressing recognition and measurement of impairment, shall be followed. However, other provisions of that Topic, such as those addressing disclosures, are not required to be applied. Paragraph 320-10-15-9 explains that, for debt securities within its scope, Subtopic 325-40 provides incremental guidance on accounting for and reporting discount and impairment.

860-20-35-4 The requirement in paragraph 860-20-35-2 does not apply to situations in which events that are not the result of contractual provisions, for example, borrower default or changes in the value of an instrument's denominated currency relative to the entity's functional currency, cause the holder not to recover substantially all of its recorded investment.

103. Amend paragraph 860-20-35-5, with no link to a transition paragraph, as follows:

860-20-35-5 A financial asset that can be contractually prepaid or otherwise settled in such a way that the holder would not recover substantially all of its recorded investment shall not be classified as held-to-maturity even if the investor concludes that prepayment or other forms of settlement are remote. The probability of prepayment or other ~~form~~<u>forms</u> of settlement that would result in the holder's not recovering substantially all of its recorded investment is not relevant in deciding whether the provisions of paragraph 860-20-35-2 apply to those <u>financial</u> assets.

104. Amend paragraph 860-20-35-6, with a link to transition paragraph 860-10-65-3, as follows:

860-20-35-6 The guidance in this Subtopic does not specifically address the subsequent measurement of <u>a transferor's</u> beneficial interests ~~that continue to be held by a transferor~~ that cannot be contractually prepaid or settled in such a way that the owner would not recover substantially all of its recorded investment. ~~However, paragraphs 860-10-35-10 through 35-12 and 860-20-35-7 through 35-9 provide references to guidance that may be relevant.~~

105. Supersede paragraph 860-20-35-7 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~**> Debt Securities, Equity Securities, and Derivative Financial Instruments**~~

860-20-35-7 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~Other assets and liabilities recognized upon completion of a **transfer** should be subsequently measured according to other Topics. For example:~~

a. ~~Debt securities shall be subsequently measured in accordance with applicable guidance in Topic 320 and Subtopics 310-40, 815-10, and 948-310.~~
b. ~~Equity securities that have readily determinable fair values shall be subsequently measured in accordance with Topic 320.~~
c. ~~Derivative financial instruments shall be subsequently measured in accordance with Subtopic 815-10. That Subtopic applies to both the transferor **(seller)** and the **transferee** (purchaser).~~

106. Amend paragraph 860-20-35-8, with no link to a transition paragraph, as follows:

> Credit Enhancements

860-20-35-8 While this Subtopic does not specifically address the subsequent measurement of credit enhancements, there are some factors to consider. Factors such as how much cash the transferor will receive from, for example, a cash reserve account, and when it will receive cash inflows depend on the performance of the transferred financial assets. Entities shall regularly review those assets for impairment because of their nature. Entities shall look to other guidance for subsequent measurement including guidance for impairment based on the nature of the credit enhancement. ~~Determining the appropriate literature for evaluating impairment is a matter of facts and circumstances. Other Topics that might provide guidance include Topics 310, 320, 450, and 815.~~

107. Supersede paragraph 860-20-40-1, with a link to transition paragraph 860-10-65-3, as follows:

Derecognition

860-20-40-1 Paragraph superseded by Accounting Standards Update 2009-16.~~Upon completion of a **transfer** of financial assets that satisfies the conditions to be accounted for as a sale in accordance with the guidance in paragraph 860-10-40-5 the **transferor (seller)** shall **derecognize** all assets sold and apply the guidance in the related recognition and initial measurement sections of this Subtopic.~~

108. Add paragraphs 860-20-40-1A through 40-1B and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

> Sale of a Participating Interest

860-20-40-1A Upon completion of a **transfer** of a **participating interest** that satisfies the conditions in paragraph 860-10-40-5 to be accounted for as a sale, the **{GLOSSARY LINK}transferor{GLOSSARY LINK} {GLOSSARY LINK}(seller){GLOSSARY LINK}** shall:**[FAS 140, paragraph 10, sequence 95.1.1]**

a. Allocate the previous carrying amount of the entire **financial asset** between both of the following on the basis of their relative fair values at the date of the transfer: **[FAS 140, paragraph 10, sequence 95.1.2]**
   1. The participating interests sold**[FAS 140, paragraph 10, sequence 95.1.2.1]**
   2. The participating interest that continues to be held by the transferor. **[FAS 140, paragraph 10, sequence 95.1.2.2]**

b. **Derecognize** the participating interest(s) sold**[FAS 140, paragraph 10, sequence 95.1.3]**

c. Apply the guidance in paragraphs 860-20-25-1 and 860-20-30-1 on recognition and measurement of assets obtained and liabilities incurred in the sale**[FAS 140, paragraph 10, sequence 95.1.4.2.2.1]**

d. Recognize in earnings any gain or loss on the sale**[FAS 140, paragraph 10, sequence 95.1.5]**

e. Report any participating interest(s) that continue to be held by the transferor as the difference between the following amounts**[FAS 140, paragraph 10, sequence 95.1.6.1]** measured at the date of the transfer:**[FAS 140, paragraph 58, sequence 257.2.1]**
   1. The previous carrying amount of the entire financial asset.**[FAS 140, paragraph 10, sequence 95.1.6.2.1]**
   2. The amount derecognized.**[FAS 140, paragraph 10, sequence 95.1.6.2.2]**

> Sale of an Entire Financial Asset or Group of Entire Financial Assets

860-20-40-1B Upon completion of a transfer of an entire financial asset or a group of entire financial assets that satisfies the conditions in paragraph 860-10-40-5 to be accounted for as a sale, the transferor (seller) shall:**[FAS 140, paragraph 11, sequence 96]**

a. Derecognize the **transferred financial assets[FAS 140, paragraph 11, sequence 98]**

b. Apply the guidance in paragraphs 860-20-25-1 and 860-20-30-1 on recognition and measurement of assets obtained and liabilities incurred in the sale**[FAS 140, paragraph 11, sequence 100]**

c. Recognize in earnings any gain or loss on the sale**[FAS 140, paragraph 11, sequence 101]**

If the transferred financial asset was accounted for under Topic 320 as available for sale before the transfer, **[QA140, paragraph 62, sequence 278.2]** item (a) requires that the amount in other comprehensive income be recognized in earnings at the date of transfer.**[QA140, paragraph 62, sequence 278.2.1]**

109. Supersede paragraph 860-20-40-2, with a link to transition paragraph 860-10-65-3, as follows:

860-20-40-2 Paragraph superseded by Accounting Standards Update 2009-16.~~Paragraph 860-30-25-2 requires that, if a transfer of financial assets in~~

~~exchange for cash or other consideration (other than **beneficial interests** in the transferred assets) does not meet the criteria for a sale in paragraph 860-10-40-5, the transferor and **transferee** account for the transfer as a secured borrowing with pledge of collateral. See paragraph 860-30-25-2 for related guidance.~~

110. Amend paragraph 860-20-40-3 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> Transferor and Transferee Accounting ~~Upon a Change in~~ Circumstances upon Regaining Control

860-20-40-3 The guidance beginning in ~~Paragraphs~~paragraph 860-20-25-8 ~~through 25-13 discuss~~discusses the transferor's accounting upon regaining control of financial assets sold.~~when a change in law, status of the transferee as a qualifying special-purpose entity, or other circumstance results in the transferor's regaining control of assets previously accounted for appropriately as having been sold.~~ In such circumstances, the former transferee would derecognize the transferred financial assets on that date, as if it had sold the transferred financial assets in exchange for a receivable from the transferor.

111. Amend paragraph 860-20-50-1 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

Disclosure

> ~~Nonpublic Entities~~ All Entities within Scope of Subtopic

860-20-50-1 ~~Disclosures a **nonpublic entity** shall make related to transfers of financial assets are~~This Section is organized as follows:

a. ~~Financial assets securitized~~Disclosures for each income statement presented
b. ~~Interests that continue to be held.~~Disclosures for each statement of financial position presented
c. ~~[Subparagraph not used]~~Sales of loans and trade receivables.

For overall guidance on Topic 860's disclosures, see Section 860-10-50.

112. Add paragraph 860-20-50-2, with a link to transition paragraph 860-10-65-3, as follows:

860-20-50-2 ~~[Paragraph not used]~~Paragraphs 860-20-50-3 through 860-20-50-4 address disclosures for **securitizations**, asset-backed financing arrangements, and similar **transfers** that have both of the following characteristics: **[FAS 140, paragraph 17, sequence 130.1]**

a. The transfer is accounted for as a sale**[FAS 140, paragraph 17, sequence 130.2]**
b. The transferor has continuing involvement with the **transferred financial assets**.**[FAS 140, paragraph 17, sequence 130.3]**

113. Amend paragraphs 860-20-50-3 through 50-4 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

> > ~~Financial Assets Securitized~~Disclosures for Each Income Statement Presented

860-20-50-3 ~~If an entity has securitized financial assets during any period presented and accounts for that **transfer** as a sale, for each major asset type (for example, mortgage loans, credit card receivables, and automobile loans),~~For each income statement presented, the entity shall disclose all of the following:

a. Subparagraph superseded by Accounting Standards Update 2009-16. ~~Its accounting policies for initially measuring the interests that continue to be held by the **transferor**, if any, and servicing assets and servicing liabilities, if any, including the methodology (whether quoted market price, prices based on sales of similar assets and liabilities, or prices based on valuation techniques) used in determining their fair value. (Example 11 [see paragraph 860-20-55-93] illustrates application of this guidance.)~~
b. The characteristics of ~~securitizations~~the **transfer** ~~(a~~including all of the following:
   1. A description of the transferor's **continuing involvement** with the transferred financial assets~~assets, including, but not limited to, servicing, **recourse**, and restrictions on interests that continue to be held by the transferor)~~
   2. The nature and initial fair value of both of the following: **[FAS 140, paragraph 17, sequence 132]**
      i. The asset obtained as proceeds**[FAS 140, paragraph 17, sequence 132]**
      ii. The liabilities incurred in the transfer.**[FAS 140, paragraph 17, sequence 132]**
   3. ~~and the~~The gain or loss from sale of transferred financial ~~assets~~assets. ~~in securitizations. (Example 12 [see paragraph 860-20-55-95] illustrates application of this guidance.)~~

bb. For the initial fair value measurements in item (b)(2), **[FAS 140, paragraph 17, sequence 132.1]** the level within the fair value hierarchy in Topic 820 in which the fair value measurements fall, segregating fair value measurements using each of the following:**[FAS 140, paragraph 17, sequence 132.1.1]**
   1. Quoted prices in active markets for identical asets or liabilities (Level 1) **[FAS 140, paragraph 17, sequence 132.1.2]**
   2. Significant other observable inputs (Level 2)**[FAS 140, paragraph 17, sequence 132.1.3]**
   3. Signficant unobservable inputs (Level 3).**[FAS 140, paragraph 17, sequence 132.1.4]**

c. For the initial fair value measurements in item (b)(2), ~~The~~the key inputs and assumptions used in measuring the fair value of ~~interests that~~

~~continue to be held by the transferor and servicing assets or servicing liabilities, if any, at the time of~~ ~~**securitization**~~assets obtained and liabilities incurred as a result of the sale that relate to the transferor's continuing involvement, including ~~including, at a minimum,~~ quantitative information about all of the following: **[FAS 140, paragraph 17, sequence 133.1]**

1. Discount rates.
2. Expected prepayments including the expected weighted-average life of prepayable financial assets. The weighted-average life of prepayable assets in periods (for example, months or years) can be calculated by multiplying the principal collections expected in each future period by the number of periods until that future period, summing those products, and dividing the sum by the initial principal balance.
3. Anticipated credit losses, ~~if applicable.~~including expected static pool losses.

If an entity has ~~made~~aggregated ~~multiple securitizations of the same major asset type~~transfers during a ~~period,~~period in accordance with the guidance beginning in paragraph 860-10-50-5, it may disclose the range of assumptions.~~ Example 13 (see paragraph 860-20-55-96) illustrates application of this guidance.~~

cc. For the initial fair value measurements in item (b)(2), the valuation technique(s) used to measure fair value.

d. Cash flows between ~~the securitization special-purpose entity and the transferor, unless reported separately elsewhere in the financial statements or notes,~~a transferor and transferee, including all of the following:
   1. **Proceeds** from new ~~securitizations~~transfers
   2. Proceeds from collections reinvested in **{REMOVE GLOSSARY LINK}**revolving-period ~~**securitizations**~~**{REMOVE GLOSSARY LINK}**transfers
   3. Purchases of ~~delinquent or foreclosed loans~~previously transferred financial assets
   4 Servicing fees
   5. Cash flows received ~~on interests that continue to be held by the transferor.~~from a transferor's interests.

~~(Example 16 [see paragraph 860-20-55-99] illustrates application of this guidance.)~~

> > ~~Interests That Continue to Be Held~~Disclosures for Each Statement of Financial Position Presented

860-20-50-4 ~~If an entity has interests that continue to be held by the transferor in financial assets that it has securitized or servicing assets or servicing liabilities relating to assets that it has securitized, at the date of the latest statement of financial position presented, for each major asset type (for example, mortgage~~

~~loans, credit card receivables, and automobile loans),~~For each statement of financial position presented, regardless of when the transfer occurred, ~~the~~an entity shall disclose all of the following:

a. Qualitative and quantitative information about the transferor's continuing involvement with transferred financial assets that provides financial statement users with sufficient information to assess the reasons for the continuing involvement and the risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the extent that the transferor's risk profile has changed as a result of the transfer (including, but not limited to, credit risk, interest rate risk, and other risks), including all of the following:**[FAS 140, paragraph 17, sequence 137.1]**
   1. The total principal amount outstanding**[FAS 140, paragraph 17, sequence 137.2.1]**
   2. The amount that has been derecognized**[FAS 140, paragraph 17, sequence 137.2.2.1]**
   3. The amount that continues to be recognized in the statement of financial position**[FAS 140, paragraph 17, sequence 137.2.2.2]**
   4. The terms of any arrangements that could require the transferor to provide financial support (for example, liquidity arrangements and obligations to purchase assets) to the transferee or its beneficial interest holders, including both of the following:**[FAS 140, paragraph 17, sequence 137.3.1]**
      i. A description of any events or circumstances that could expose the transferor to loss**[FAS 140, paragraph 17, sequence 137.3.2.1]**
      ii. The amount of the maximum exposure to loss.**[FAS 140, paragraph 17, sequence 137.3.2.2]**
   5. Whether the transferor has provided financial or other support during the periods presented that it was not previously contractually required to provide to the transferee or its beneficial interest holders, including—when the transferor assisted the transferee or its beneficial interest holders in obtaining support—both of the following:**[FAS 140, paragraph 17, sequence 137.4]**
      i. The type and amount of support**[FAS 140, paragraph 17, sequence 137.5]**
      ii. The primary reasons for providing the support.**[FAS 140, paragraph 17, sequence 137.6]**

   An entity also is encouraged to disclose information about any liquidity arrangements, guarantees, or other commitments by third parties related to the transferred financial assets that may affect the fair value or risk of the related transferor's interest.**[FAS 140, paragraph 17, sequence 137.7]**

~~a.~~aa. ~~Its~~The entity's accounting policies for subsequently measuring ~~those interests, including the methodology (whether quoted market price,~~

~~prices based on sales of similar assets and liabilities, or prices based on valuation techniques) used in determining their fair value.~~assets or liabilities that relate to the continuing involvement with the transferred financial assets. ~~(Example 11 [see paragraph 860-20-55-93] illustrates the application of this guidance.)~~ **[FAS 140, paragraph 17, sequence 138]**

b. The key inputs and assumptions used in ~~subsequently~~ measuring the fair value of ~~those interests~~ assets or liabilities that relate to the transferor's continuing involvement including, at a minimum, but not limited to, quantitative information about all of the following:
   1. Discount rates
   2. Expected prepayments including the expected weighted-average life of prepayable financial assets (see paragraph 860-20-50-3(c)(2))**[FAS 140, paragraph 17, sequence 135]**
   3. Anticipated credit losses, including expected static pool losses, if applicable. Expected static pool losses can be calculated by summing the actual and projected future credit losses and dividing the sum by the original balance of the pool of assets. ~~(Example 15 [see paragraph 860-20-55-98] illustrates application of this guidance.)~~

   ~~The timing and amount of future cash flows for retained interests in securitizations are commonly uncertain, especially if those interests are subordinate to more senior **beneficial interests**. Thus, estimates of future cash flows used for a fair value measurement depend heavily on assumptions about default and prepayment of all the assets securitized, because of the implicit credit or prepayment risk enhancement arising from the subordination.~~If an entity has aggregated transfers during a period in accordance with the guidance beginning in paragraph 860-10-50-5, it may disclose the range of assumptions.**[FAS 140, paragraph 17, sequence 134]**

c. For the transferor's interest in the transferred financial assets, ~~A~~a sensitivity analysis or stress test showing the hypothetical effect on the fair value of those interests (including any servicing assets or servicing liabilities) of two or more unfavorable variations from the expected levels for each key assumption that is reported under item (b) of this paragraph independently from any change in another key assumption. ~~(Example 14 [see paragraph 860-20-55-97] illustrates application of the guidance in items (b) through (c) of this paragraph.)~~

d. A description of the objectives, methodology, and limitations of the sensitivity analysis or stress test.

e. ~~For the securitized assets and any other financial assets that it manages together with them (excluding securitized assets that an entity continues to service but with which it has no other continuing involvement), all of the following:~~Information about the asset quality of transferred financial assets and any other financial assets that it manages together with them. This information shall be separated between assets that have been derecognized and assets that continue to be recognized in the statement of financial position. This information is intended to provide financial statement users with an understanding of the risks inherent in the transferred financial assets as well as in other financial assets and liabilities that it manages together with transferred financial assets. For example, information for receivables shall include, but is not limited to both of the following: **[FAS 140, paragraph 17, sequence 143.1]**

1. Subparagraph superseded by Accounting Standards Update 2009-16.~~The total principal amount outstanding at the end of the period~~
2. Subparagraph superseded by Accounting Standards Update 2009-16.~~The portion that has been derecognized at the end of the period~~
3. Subparagraph superseded by Accounting Standards Update 2009-16.~~The portion that continues to be recognized in each category reported in the statement of financial position at the end of the period~~
4. Delinquencies at the end of the period
5. Credit losses, net of recoveries, during the period.

~~Disclosure of average balances during the period is encouraged, but not required. (Example 17 [see paragraph 860-20-55-106] illustrates application of this guidance.)~~

114. Supersede the first-level heading to paragraph 860-20-50-5, with a link to transition paragraph 860-10-65-3, as follows:

~~> **All Entities within the Scope of Subtopic**~~

\>> **Sales of Loans and Trade Receivables**

860-20-50-5 The aggregate amount of gains or losses on sales of loans or trade receivables (including adjustments to record loans held for sale at the lower of cost or fair value) shall be presented separately in the financial statements or disclosed in the notes to financial statements. See Topic 310 for a full discussion of disclosure requirements for loans and trade receivables.

115. Supersede paragraphs 860-20-50-6 through 50-9 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

~~**> Public Entities**~~

860-20-50-6 Paragraph superseded by Accounting Standards Update 2009-16.~~Public-entity disclosure requirements for securitization or asset-backed financing arrangements accounted for as sales if the transferor has continuing involvement are organized as follows:~~

~~a. Disclosures for each income statement presented~~
~~b. Disclosures for each statement of financial position presented.~~

~~For overall guidance on Topic 860's disclosures specific to **public entities**, see paragraph 860-10-50-2.~~

860-20-50-7 Paragraph superseded by Accounting Standards Update 2009-16.~~If specific disclosures are required elsewhere in the Codification for a particular form of the transferor's continuing involvement, a public entity as the transferor shall provide the information required in paragraphs 860-20-50-8(b) and 860-20-50-9(a) with a cross reference between the separate notes to the financial statements so a user of financial statements can understand the risks retained in the transfer. The entity need not provide each specific disclosure required in paragraphs 860-20-50-8(a), 860-20-50-8(c), 860-20-50-9(a)(1) through (4), and 860-20-50-9(b) through (e) if the disclosure is not required by other U.S. GAAP and if it is not meaningful to financial statement users.~~

~~**> > Disclosures for Each Income Statement Presented**~~

860-20-50-8 Paragraph superseded by Accounting Standards Update 2009-16.~~For each income statement presented, a public entity shall disclose all of the following for securitization or asset-backed financing arrangements accounted for as sales if the transferor has continuing involvement:~~

- ~~a. Its accounting policies for initially measuring the interests that continue to be held by the transferor, if any, and servicing assets or servicing liabilities, if any.~~
- ~~b. The characteristics of the transfer, including both of the following:~~
  - ~~1. A description of the transferor's continuing involvement with the transferred financial assets~~
  - ~~2. The gain or loss from sale of transferred financial assets.~~
- ~~c. Cash flows between a transferee and the transferor, including all of the following:~~
  - ~~1. Proceeds from new transfers~~
  - ~~2. Proceeds from collections reinvested in revolving-period transfers~~
  - ~~3. Purchases of previously transferred financial assets (or its underlying collateral)~~
  - ~~4. Servicing fees~~
  - ~~5. Cash flows received on the interests that continue to be held by the transferor.~~

~~> > Disclosures for Each Statement of Financial Position Presented~~

860-20-50-9 Paragraph superseded by Accounting Standards Update 2009-16.~~For each statement of financial position presented, a public entity shall disclose all of the following for securitization or asset-backed financing arrangements accounted for as sales if the transferor has continuing involvement:~~

a. ~~Qualitative and quantitative information about the transferor's continuing involvement with transferred financial assets that provides financial statement users with sufficient information to assess the reasons for the continuing involvement and the risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the extent that the transferor's risk profile has changed as a result of the transfer (including, but not limited to, credit risk, interest rate risk, and other risks), including all of the following:~~
    1. ~~The nature, purpose, size, and activities of special-purpose entities used to facilitate a transfer of financial assets, if applicable, including how the special-purpose entities are financed.~~
    2. ~~All of the following:~~
        i. ~~The total principal amount outstanding~~
        ii. ~~The amount that has been derecognized~~
        iii. ~~The amount that continues to be recognized in the statement of financial position.~~
    3. ~~The terms of any arrangements that could require the transferor to provide financial support (for example, liquidity arrangements and obligations to purchase assets) to the transferee or its beneficial interest holders, including a description of any events or circumstances that could expose the transferor to loss. All available evidence shall be considered, including, but not limited to all of the following:~~
        i. ~~Explicit written arrangements~~
        ii. ~~Communications between the transferor and the transferee or its beneficial interest holders~~
        iii. ~~Unwritten arrangements customary in similar transfers.~~
    4. ~~Whether the transferor has provided financial or other support during the periods presented that it was not previously contractually required to provide to the transferee or its beneficial interest holders, including—when the transferor assisted the transferee or its beneficial interest holders in obtaining support—both of the following:~~
        i. ~~The type and amount of support~~
        ii. ~~The primary reasons for providing the support.~~

    ~~A public entity also is encouraged to disclose information about any liquidity arrangements, guarantees, or other commitments by third~~

~~parties related to the transferred financial assets that may affect the fair value or risk of interest that continues to be held by the transferor.~~

~~b. The public entity's accounting policies for subsequently measuring assets or liabilities that relate to the continuing involvement with the transferred financial assets.~~

~~c. The key inputs and assumptions used in measuring the fair value of assets or liabilities that relate to the transferor's continuing involvement including, at a minimum, quantitative information about all of the following:~~

~~1. Discount rates~~

~~2. Expected prepayments, including the expected weighted-average life of prepayable financial assets~~

~~3. Anticipated credit losses, including expected static pool losses.~~

~~If an entity has aggregated multiple transfers during a period in accordance with the guidance beginning in paragraph 860-10-50-5, it may disclose the range of assumptions for each aggregated group provided it does not obscure important information. The weighted-average life of prepayable assets in periods (for example, months or years) can be calculated by multiplying the principal collections expected in each future period by the number of periods until that future period, summing those products, and dividing the sum by the initial principal balance. Expected static pool losses can be calculated by summing the actual and projected future credit losses and dividing the sum by the original balance of the pool of financial assets. The timing and amount of future cash flows for interests that continue to be held by the transferor in transferred financial assets are commonly uncertain, especially if those interests are subordinate to more senior beneficial interests. Thus, estimates of future cash flows used for a fair value measurement depend heavily on assumptions about default and prepayment of all the financial assets transferred, because of the implicit credit or prepayment risk enhancement arising from the subordination.~~

~~d. For interests that continue to be held by the transferor in financial assets, both of the following:~~

~~1. A sensitivity analysis or stress test showing the hypothetical effect on the fair value of those interests, including any servicing assets or servicing liabilities, of two or more unfavorable variations from the expected levels for each key assumption that is reported under item (c), independently from any change in another key assumption~~

~~2. A description of the objectives, methodology, and limitations of the sensitivity analysis or stress test.~~

~~e. Information about the asset quality of transferred financial assets and any other financial assets that it manages together with them. This information shall be separated between assets that have been derecognized and assets that continue to be recognized in the statement of financial position. This information is intended to provide~~

~~financial statement users with an understanding of the risks inherent in the transferred financial assets as well as in other financial assets and liabilities that it manages together with transferred financial assets. In determining the information that should be disclosed, an entity shall consider other disclosure requirements of the Codification applicable to the transferred financial asset. For example, information for receivables shall include, but is not limited to both of the following:~~
~~1. Delinquencies at the end of the period.~~
~~2. Credit losses, net of recoveries, during the period.~~
~~Paragraph 860-10-50-1 requires that, if it is not practicable to estimate the fair value of certain assets obtained or liabilities incurred in transfers of financial assets during the period, the entity (whether public or nonpublic) shall disclose a description of those items and the reasons why it is not practicable to estimate their fair value.~~

116. Amend paragraph 860-20-55-1, with a link to transition paragraph 860-10-65-3, as follows:

Implementation Guidance and Illustrations

> Implementation Guidance

860-20-55-1 The following is implementation guidance related to the guidance in this Subtopic, specifically:

a. Subparagraph superseded by Accounting Standards Update 2009-16.~~Distinguishing new interests from interests that continue to be held~~
b. Estimating the fair value of certain beneficial interests
c. Accrued interest receivable
d. Options embedded in transferred securities
e. Credit risk associated with transferred assets
f. **Transfer** of a bond purchased at a premium
g. Sales or **{GLOSSARY LINK}securitizations{GLOSSARY LINK}** of lease financing receivables
h. Subparagraph superseded by Accounting Standards Update 2009-16. ~~Partial sales~~
i. Forward contracts in **revolving-period securitizations**
j. Subsequent measurement of interests issued in securitization transactions
k. **Transferor** regains control of assets through a removal-of-accounts provision.

117. Supersede paragraphs 860-20-55-2 through 55-10 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

~~> > Distinguishing New Interests from Interests that Continue to Be Held~~

860-20-55-2 Paragraph superseded by Accounting Standards Update 2009-16.~~The following is implementation guidance related to distinguishing new~~

~~interests from interests that continue to be held by a transferor in the following circumstances:~~

~~a. Note receivable received in a transfer~~
~~b. Evaluating proceeds placed in a cash reserve account~~
~~c. Securitization structure that commingles assets.~~

~~**> > > Note Receivable Received in a Transfer**~~

860-20-55-3 Paragraph superseded by Accounting Standards Update 2009-16.~~In a transaction in which a transferor transfers assets to a trust and receives a note receivable (issued by a third-party investor) in exchange, assuming all of the conditions in paragraph 860-10-40-5 have been satisfied, whether that note receivable represents proceeds from a sale or a beneficial interest in the transferred assets as described in paragraph 860-20-25-4 depends on the nature of the note receivable. If the note receivable is a general obligation of the third-party investor, then it would represent proceeds from a sale. On the other hand, if the note receivable is solely collateralized by the assets in the trust without **recourse** to the third-party investor, then, in effect, the note represents a beneficial interest in the transferred assets that would preclude sale accounting pursuant to paragraph 860-10-40-5 to the extent of the beneficial interest retained.~~

~~**> > > Evaluating Proceeds Placed in a Cash Reserve Account**~~

860-20-55-4 Paragraph superseded by Accounting Standards Update 2009-16.~~The following addresses whether proceeds (in a transfer that is accounted for as a sale) that are placed in a cash reserve account (as a form of a credit enhancement) are a new interest or an interest that continues to be held by the transferor in transferred assets.~~

860-20-55-5 Paragraph superseded by Accounting Standards Update 2009-16. ~~A transferor transfers loans with a fair value of $100 to a qualifying special-purpose entity in exchange for cash of $100. However, to enhance the credit rating of the **beneficial interests** in the qualifying special-purpose entity, a cash reserve account is created in connection with the transfer. That cash reserve account is funded with $20 of the transferor's proceeds and $20 of additional cash contributed by the transferor. The cash will be returned to the transferor at some date in the future provided that a certain level of collections occurs but will be reduced to the extent that collections fall short of that level.~~

860-20-55-6 Paragraph superseded by Accounting Standards Update 2009-16.~~In this circumstance, the proceeds that are placed in a cash reserve account are an interest that continues to be held by the transferor. That guidance also would apply if the **seller** collects the proceeds and then deposits a portion of those proceeds in the cash reserve account.~~

~~> > > **Securitization Structure that Commingles Assets**~~

860-20-55-7 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u> ~~This guidance addresses the basis for determining whether a beneficial interest in transferred **financial assets** is a new interest or an interest that continues to be held by a transferor in a securitization structure that commingles assets. Paragraph 860-20-25-4 provides guidance on distinguishing between new interests and interests that continue to be held.~~

860-20-55-8 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u> ~~In certain securitization transactions, more than one transferor contributes assets to a single qualifying special-purpose entity. For example, Transferor A transfers a Treasury bond and Transferor B transfers a zero-coupon corporate bond to the same qualifying special-purpose entity. At the date of the transfers, the fair value of the Treasury bond and the zero-coupon corporate bond are equal. In exchange, each transferor receives a 40 percent beneficial interest in the qualifying special-purpose entity entitling each participant to a 40 percent interest in each cash flow (that is, each beneficial interest holder receives the same tranche of the trust certificates and is entitled to 40 cents of each dollar collected). Investor C (who is not an **affiliate** or **agent** of either transferor) invests cash in return for the last beneficial interest (which gives it the right to receive 20 cents of each dollar collected). The cash invested by Investor C is distributed pro rata to Transferors A and B at the transfer date.~~

860-20-55-9 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u> ~~A transferor should treat the beneficial interests as new assets to the extent that the sources of the cash flows to be received by the transferor are assets transferred by another entity. Any beneficial interests whose cash flows are derived from assets transferred by the transferor should be treated as interests that continue to be held by the transferor. Any derivatives, guarantees, or other contracts entered into by the qualifying special-purpose entity to transform the transferred assets are considered to be new assets, not commingled assets, because they were entered into by the qualifying special-purpose entity rather than transferred into the qualifying special-purpose entity by another entity. In this circumstance, Transferor A would treat 50 percent of its beneficial interests as interests that continue to be held by the transferor and 50 percent of its beneficial interests as new interests (proceeds from the transfer). Transferor A would also treat the cash received at the transfer date as proceeds.~~

~~> > **Estimating Fair Value**~~

860-20-55-10 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~The following is implementation guidance related to the estimation of fair value in the following circumstances:~~

~~a. Estimating the fair value of a credit enhancement~~
~~b. Estimating the fair value of certain beneficial interests.~~

118. Supersede paragraphs 860-20-55-11 through 55-16 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~**> > > Estimating the Fair Value of a Credit Enhancement**~~

860-20-55-11 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u> ~~Some credit enhancements (for example, cash reserve accounts and subordinated beneficial interests) should be measured at the date of the transfer by allocating the previous carrying amount between the interests that the transferor continues to hold in the transferred assets and the assets sold, based on their relative fair values. Other credit enhancements (for example, financial guarantees and credit derivatives) are liabilities that are initially measured at their fair values.~~

860-20-55-12 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u> ~~When estimating the fair value of a credit enhancement such as a cash reserve account or subordinated beneficial interest provided by the transferor in a transfer (for purposes of allocating the carrying amount based on relative fair value), the transferor's assumptions should include the period of time that its use of the asset is restricted, reinvestment income, and potential losses due to uncertainties.~~

860-20-55-13 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u> ~~One valuation technique that might be acceptable is the cash-out method. Under the cash-out method, cash flows are discounted from the date the credit enhancement asset becomes available to the transferor (that is, when the cash in the credit enhancement account is expected to be paid out to the transferor, hence the term, *cash out*). Therefore, using an expected present value technique with a risk-free rate or a best estimate technique with an appropriate discount rate, the cash-out method estimates the fair value in a manner that considers both the entire period of time that the transferor's use of the asset is restricted and the potential losses due to uncertainties are considered when estimating the fair value of the credit enhancement. See Example 6 (paragraph 860-20-55-60) for an illustration of the cash-out approach to measuring fair value of an interest that continues to be held by a transferor.~~

860-20-55-14 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u> ~~In contrast, under most cash-in methods, the assumed discount period generally ends when the qualifying special-purpose entity is expected to collect the specified amount of loans (that is, when the cash is expected to come into the qualifying special-purpose entity hence the term, *cash in*). In some cases, once the cash is in the qualifying special-purpose entity, credit uncertainties arising subsequent to that date that are associated with the transferred assets are not always considered in the estimate of the fair value of the credit enhancement. As a result, the amount calculated under the cash-in method usually is closer to par value or face value than fair value.~~

~~860~~**-20-55-15** Paragraph superseded by Accounting Standards Update 2009-16. ~~A method that does not appropriately discount the credit enhancement asset for the entire period it is restricted under the credit enhancement agreement or does not consider all of the credit uncertainties that the market would consider is not an appropriate method to estimate the fair value of credit enhancements such as cash reserve accounts and subordinated beneficial interests even though it might be possible for that estimated amount to approximate fair value in certain circumstances. Thus a cash-in method is not appropriate.~~

119. Amend paragraph 860-20-55-16 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~>~~ > > Estimating the Fair Value of Certain Beneficial Interests

~~860~~**-20-55-16** ~~Liquidation methods may allocate receipts of principal or interest between investors and transferors in different proportions than their stated percentage of ownership interests.~~ Trust liquidation methods that allocate receipts of principal or interest between beneficial interest holders and transferors in proportions different from their stated percentage of ownership interests do not affect whether the transferor should obtain sale accounting and **derecognize** those transferred ~~assets.~~assets, assuming the trust is not required to be consolidated by the transferor. ~~The right to the portion of receivables that will remain in the trust after investors have been completely paid off is part of the interests that continue to be held by the transferor at the outset and hence, was never sold to investors. However, those agreed-upon allocations should be taken into consideration in determining the relative fair values of the portion of trust assets beneficially owned by the investors and the seller, which is the basis for allocating the previous carrying amount between the portion of receivables sold to investors and the interests that continue to be held by the transferor. For example,~~However, both turbo and bullet provisions in securitization structures (as discussed in paragraph 860-10-05-3) should be taken into consideration in determining the ~~relative~~ fair values of assets obtained ~~the portion of transferred assets sold and portions retained~~ by the ~~transferor.~~transferor and transferee.

> > Accrued Interest Receivable

860-20-55-17 The receivables for accrued fee and finance charge income on an investors' portion of the transferred credit card receivables, whether billed but uncollected or accrued but unbilled, are commonly referred to as accrued interest receivable. The following addresses how the accrued interest receivable related to securitized and sold receivables should be accounted for and reported under this Subtopic. This guidance applies to credit card securitizations as well as other kinds of securitizations.

120. Amend paragraphs 860-20-55-18 through 55-19, with a link to transition paragraph 860-10-65-3, as follows:

860-20-55-18 The right to receive the accrued interest receivable, if and when collected, is transferred to the securitization trust. Generally, if a securitization transaction meets the criteria for sale treatment and the accrued interest receivable is subordinated either because the asset has been isolated from the transferor (see paragraph 860-10-40-5) or because of the operation of the cash flow distribution (or waterfall) through the securitization trust, the total accrued interest receivable should be considered to be one of the components of the sale transaction. Therefore, under the circumstances described, the accrued interest receivable asset should be accounted for as a ~~beneficial interest that continues to be held by the transferor.~~transferor's interest. It is inappropriate to report the accrued interest receivable related to securitized and sold receivables as loans receivable or other terminology implying that it has not been subordinated to the senior interests in the securitization.

860-20-55-19 While, under the circumstances described, the accrued interest receivable is a ~~beneficial interest that continues to be held by a transferor in the transferred assets,~~transferor's interest, it is not required to be subsequently measured like an investment in debt securities classified as available for sale or trading under Topic 320 or the Transfers and Servicing Topic because the accrued interest receivable cannot be contractually prepaid or settled in such a way that the owner would not recover substantially all of its recorded investment. Entities should follow existing applicable accounting standards, including Topic 450, in subsequent accounting for the accrued interest receivable asset.

121. Amend paragraph 860-20-55-24, with a link to transition paragraph 860-10-65-3, as follows:

> > Credit Risk Associated with Transferred Assets

860-20-55-24 A transferor may ~~continue to~~ hold ~~all or~~ some portion of the credit risk associated with a transfer of an entire **financial asset** or group of entire~~transferred~~ financial assets. For example, a transferor may incur a liability to reimburse the **transferee**, up to a certain limit, for a failure of debtors to pay when due (a recourse liability). In that circumstance, a liability should be separately recognized and initially measured at fair value. That liability should be subsequently measured according to accounting pronouncements for measuring similar liabilities. In other circumstances, a transferor may provide credit enhancement ~~by continuing to hold~~through its ownership of a beneficial interest in the **{GLOSSARY LINK}transferred financial assets{GLOSSARY LINK}** if that beneficial interest~~that~~ is not paid ~~to the transferor after~~until the other investors in the transferred financial assets are paid, thereby resulting in the transferor absorbing much of the related credit risk. As a result, the beneficial~~If there is no liability beyond those subordinated interests, then~~ interests that are obtained~~continue to be held~~ by the transferor should be initially recognized according to paragraph 860-20-25-1E.~~860-10-35-3 and should be subsequently measured like other interests that continue to be held by the transferor in the same form. Therefore, no recourse liability would be needed.~~

122. Add paragraph 860-20-55-24A, with a link to transition paragraph 860-10-65-3, as follows:

860-20-55-24A If the transfer does not consist of an entire financial asset or group of entire financial assets, the transferred financial asset must meet the definition of a **participating interest**.**[QA 140, paragraph 67, sequence 290.1.1.1]** Paragraph 860-10-40-6A(c)(4) states that, to meet that definition, participating interest holders shall have no recourse to the transferor (or its **consolidated affiliates** included in the financial statements being presented or its agents) or to each other, other than any of the following: **[FAS 140, paragraph 364, sequence 775.1.5.2.2.2.1]**

a. Standard representations and warranties**[FAS 140, paragraph 364, sequence 775.1.5.2.2.2.2.1]**
b. Ongoing contractual obligations to service the entire financial asset and administer the transfer contract**[FAS 140, paragraph 364, sequence 775.1.5.2.2.2.2.2.1]**
c. Contractual obligations to share in any set-off benefits received by any participating interest holder.**[FAS 140, paragraph 364, sequence 775.1.5.2.2.2.2.2.2.1] {THIS IS MULTIMAPPING FROM 860-10-40-6A(c)(4)}]**

That recourse would result in the transfer being accounted for as a secured borrowing under Subtopic 860-30.**[QA 140, paragraph 67, sequence 290.1.1.2.2]**

123. Amend paragraphs 860-20-55-25 through 55-26, with a link to transition paragraph 860-10-65-3, as follows:

> > Transfer of a Bond Purchased at a Premium

860-20-55-25 Assume an entity transfers a bond to ~~a qualifying special-purpose entity~~an unconsolidated entity for cash and beneficial interests. When the transferor purchased the bond, it paid a premium for it (or bought it at a discount), and that premium (or discount) was not fully amortized (or accreted) at the date of the transfer. In other words, the carrying amount of the bond included a premium (or discount) at the date of the transfer. If the transfer of the bond is accounted for as a secured borrowing under Subtopic 860-30, the transferor would continue to amortize (or accrete) the premium (or discount) **[QA 140, paragraph 64, sequence 284.2.2.1]** because paragraph 860-30-25-2 requires that the transferor continue to report the transferred financial assets in its statement of financial position with no change in their measurement (that is, basis of accounting).**[FAS 140, paragraph 12, sequence 103]** If the transfer of the bond satisfies the conditions to be accounted for as a sale, any beneficial interests received as proceeds would be initially recognized at fair value. As a result, the previously existing premium (or discount) would not continue to be amortized (or accreted); rather, the unamortized (or nonaccreted) amount would be included in the calculation of the gain (or loss) as of the transfer date.**[QA**

140, paragraph 64, sequence 284.2.2.2]~~That previously existing premium (or discount) would continue to be amortized (or accreted) only to the extent a sale has not occurred because the transferor continues to hold beneficial interests in the bond. That allocation process may change the amount of the premium (or discount) that is amortized (or accreted) thereafter as an adjustment of yield pursuant to Subtopic 310-20. Subtopic 325-40 may also apply in certain circumstances.~~

> > Sales or Securitizations of Lease Financing Receivables

860-20-55-26 A transferor of lease financing receivables shall allocate the gross investment in receivables between minimum lease payments, residual values guaranteed at inception, and residual values not guaranteed at inception using the individual carrying amounts of those components at the date of transfer. Those transferors also shall record a servicing asset or liability in accordance with ~~paragraphs 860-10-35-3, 860-50-25-4, and 860-50-30-1,~~Subtopic 860-50, if appropriate.

124. Supersede paragraph 860-20-55-28 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~**> > Partial Sales**~~

860-20-55-28 Paragraph superseded by Accounting Standards Update 2009-16. ~~In a transfer of financial assets in which the transferor continues to hold beneficial interests in 80 percent of the transferred assets, the remaining 20 percent of transferred assets should be treated as sold, assuming that all the criteria in paragraph 860-10-40-5 have been met.~~

125. Amend paragraph 860-20-55-29, with a link to transition paragraph 860-10-65-3, as follows:

> > Forward Contracts in Revolving-Period Securitizations

860-20-55-29 The requirement that all financial assets obtained ~~or that continue to be held by a transferor~~ and liabilities incurred by the ~~originator~~transferor of a securitization that qualifies as a sale shall be recognized and measured as provided in ~~paragraphs 860-10-35-3 and 860-20-25-1~~this Subtopic includes the implicit forward contract to sell ~~new receivables~~additional financial assets during a revolving period. Such a forward contract may become valuable or onerous to the transferor as interest rates and other market conditions change.

860-20-55-30 The value of the forward contract implicit in a revolving-period securitization arises from the difference between the agreed-upon rate of return to investors on their beneficial interests in the trust and current market rates of return on similar investments. For example, if the agreed-upon annual rate of return to investors in a trust is 6 percent, and later market rates of return for those investments increased to 7 percent, the forward contract's value to the transferor (and burden to the investors) would approximate the present value of 1 percent of the amount of the investment for each year remaining in the revolving structure after the receivables already transferred have been collected. If a forward contract to sell receivables is entered into at the market rate, its value at inception may be zero. Changes in the fair value of the forward contract are likely to be greater if the investors receive a fixed rate than if the investors receive a rate that varies based on changes in market rates.

126. Amend paragraph 860-20-55-31, with a link to transition paragraph 860-10-65-3, as follows:

860-20-55-31 Gain or loss recognition for revolving-period receivables sold to a securitization trust is limited to receivables that exist and have been sold. ~~The fair value measurement of an interest that continues to be held by the transferor in a securitization that is classified as either available-for-sale or trading under Topic 320 does not include the estimated cash flows associated with those interests that are generated from receivables that do not yet exist but that will be originated and transferred during the revolving period (such as in securitizations with revolving features or prefunding provisions).~~

127. Amend the heading that precedes paragraph 860-20-55-33, with no link to a transition paragraph, as follows:

> > > Instruments ~~that~~<u>That</u> Can Be Prepaid or Otherwise Settled in Such a Way ~~that~~<u>That</u> the Holder Would Not Recover Substantially All of the Recorded Investment

860-20-55-33 The following discusses whether the following types of instruments are subject to the subsequent measurement guidance in paragraph 860-20-35-2:

a. A financial asset that is not a debt security denominated in a foreign currency
b. A note for which the repayment amount is indexed to the creditworthiness of a party other than the issuer.

128. Amend paragraph 860-20-55-38 and its related heading, with no link to a transition paragraph, as follows:

> > > Loan ~~that~~<u>That</u> Can Be Prepaid or Otherwise Settled in Such a Way ~~that~~<u>That</u> the Holder Would Not Recover Substantially All of the Recorded Investment at Initial Acquisition

860-20-55-38 A loan (that is not a debt security) that when initially ~~acquired or retained~~<u>obtained</u> could be contractually prepaid or otherwise settled in such a way that the holder would not recover substantially all of its recorded investment may be reclassified as held for investment later in its life (that is, at a date that is so close to the <u>financial</u> asset's maturity that the holder would recover substantially all of its recorded investment even if it was prepaid). That is, the loan would no longer be required to be measured in accordance with the guidance in paragraph 860-20-35-2 if both of the following conditions are met:

a. It would no longer be possible for the holder not to recover substantially all of its recorded investment upon contractual prepayment or settlement.
b. The conditions for amortized cost accounting are met (for example, paragraphs 310-10-35-47 and 948-310-25-1).

However, any unrealized holding gain or loss arising under the available-for-sale classification that exists at the date of the reclassification would continue to be reported in other comprehensive income but should be amortized over the remaining life of the loan as an adjustment of yield. (The loan would not be classified as held to maturity because under Topic 320 only debt securities may be classified as held to maturity.)

129. Amend paragraphs 860-20-55-39 through 55-41 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > > Classification of a Residual Tranche in a Securitization as Held to Maturity

860-20-55-39 Whether a residual tranche debt security in a securitization of financial assets (for example, receivables) using a ~~special-purpose~~securitization entity can be classified as held to maturity depends on the facts and circumstances. If the contractual provisions of the residual tranche debt security provide that the residual tranche can contractually be prepaid or otherwise settled in such a way that the holder would not recover substantially all of its recorded investment, paragraph 860-20-35-2 precludes the residual tranche debt security from being accounted for as held to maturity. In contrast, if the only way that the holder of the residual tranche would not recover substantially all of its recorded investment would be in response to a default by the borrower (debtor), then a held-to-maturity classification is acceptable if the conditions specified for a held-to-maturity classification in paragraphs 320-10-25-1(c) and 320-10-25-5(a) have been met. ~~In that circumstance, the borrower is the issuer of the receivables held by the special-purpose entity after the transfer has occurred.~~

> > ~~Transferor Regains~~Regaining Control ~~of Assets Previously Accounted for as Having Been Sold Through~~through a Removal-of-Accounts Provision

860-20-55-40 ~~When a third party's action (such as default or cancellation) or decision not to act (expiration) occurs that allows removal of assets to be initiated solely by the, the transferor must recognize any assets subject to a removal-of-accounts provision whether the removal-of-accounts provision is exercised or not. If the removal-of-accounts provision is exercised, the assets are recognized because the transferor has reclaimed the assets.~~ This guidance addresses implementation of paragraph 860-20-25-11. Under that paragraph's guidance, ~~If~~if the removal-of-accounts provision is not exercised, the financial assets are recognized because the transferor now can unilaterally cause the transferee~~qualifying special-purpose entity~~ to return those specific financial assets and, therefore, the transferor once again has effective control over those transferred financial assets (see paragraphs 860-20-25-8 through 25-10).

860-20-55-41 Similarly, when a contingency related to a transferor's contingent right has been met, the transferor generally must account for the repurchase of a specific subset of the financial assets transferred to and held by the ~~qualifying special-purpose~~ entity. At that point, the transfer fails the criterion in paragraph 860-10-40-5(c)(2) because the transferor has the unilateral right to purchase a specific transferred asset. The transferor must do so regardless of whether it intends to exercise its call option.

860-20-55-42 Although this guidance uses removal-of-accounts provisions as an example, the guidance is not limited to removal-of-accounts provisions. Contingent rights can arise in many other situations. See paragraphs 860-10-55-39 through 55-42 for more information.

130. Amend paragraphs 860-20-55-43 through 55-47 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

> Illustrations

> > Example 1: Recording Transfers with Proceeds of Cash, Derivative Instruments, and Other Liabilities

860-20-55-43 This Example illustrates the guidance in paragraphs ~~860-10-35-3 and~~ 860-20-25-1 and 860-20-30-1. Entity A ~~sells~~transfers entire loans with a carrying amount of $1,000 to an unconsolidated securitization entity and receives proceeds with a fair value of $1,030, and the transfer is accounted for as a sale.~~1,100 and a carrying amount of $1,000.~~ Entity A undertakes no obligation to service ~~but obtains an option to purchase from the transferee loans similar to the loans sold (which are readily obtainable in the marketplace)~~ and assumes a limited recourse obligation to repurchase delinquent loans. Entity A agrees to provide the transferee a return at a variable rate of interest even though the contractual terms of the loan are fixed rate in nature (that provision is effectively an interest rate swap).

860-20-55-44 This Example has the following assumptions.

Fair Values	
Cash proceeds	$ 1,050
Interest rate swap asset	40
~~Call option~~	~~70~~
Recourse obligation	60

Net Proceeds	
Cash received	$ 1,050
Plus: ~~Call option~~	~~70~~
Interest rate swap asset	40
Less: Recourse obligation	(60)
Net proceeds	$ 1,030~~$1,100~~

Gain on Sale	
Net proceeds	$ 1,030~~$1,100~~
Less: Carrying amount of loans sold	(1,000)
Gain on sale	$ 30~~$ 100~~

860-20-55-45 The following journal entry is made by Entity A.

Journal Entry		
Cash	1,050	
Interest rate swap asset	40	
~~Call option~~	~~70~~	
Loans		1,000
Recourse obligation		60
Gain on sale		~~100~~30
To record transfer		

> > Example 2: Recording Transfers of ~~Partial~~Participating Interests

860-20-55-46 This Example illustrates the guidance in paragraph ~~860-10-35-3 and 860-20-25-1.~~860-20-25-1. This Example assumes the conditions for a sale in paragraph 860-10-40-5 are met.**[FAS 140, paragraph 60, sequence 271.1]** Entity B ~~sells~~transfers a ~~pro rata~~ nine-tenths participating interest in ~~loans~~a loan with a fair value of $1,100 and a carrying amount of ~~$1,000.~~$1,000, and the transfer is accounted for as a sale. ~~There is no servicing asset or liability,~~The servicing contract has a fair value of zero because Entity B estimates that the benefits of servicing are just adequate to compensate it for its servicing responsibilities.

860-20-55-47 This Example has the following assumptions.

Fair Values	
Cash proceeds for nine-tenths participating interest sold ($1,100 × 9/10)	$990
One-tenth participating interest that continues to be held by ~~a~~ the transferor ~~[($990 ÷ 9/10) × 1/10]~~ ($1,100 × 1/10)	110

Allocated Carrying Amount Based on Relative Fair Values

	Fair Value	Percentage of Total Fair Value	Allocated Carrying Amount
Nine-tenths participating interest sold	$ 990	90	$ 900
One-tenth participating interest that continues to be held by ~~a~~ the transferor	110	10	100
Total	$ 1,100	100	$ 1,000

Gain on Sale	
Net proceeds	$ 990
Less: Carrying amount of loans sold	(900)
Gain on sale	$ 90

131. Supersede paragraphs 860-20-55-49 through 55-57 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

~~**> > Example 3: Recording Transfers of Partial Interests with Proceeds of Cash, Derivative Instruments, Other Liabilities, and Servicing**~~

860-20-55-49 Paragraph superseded by Accounting Standards Update 2009-16.~~This Example illustrates the guidance in paragraphs 860-10-35-3 and 860-20-25-1. Entity C originates $1,000 of prepayable loans that yield 10 percent interest income for their 9-year expected lives. Entity C sells nine-tenths of the principal plus interest of 8 percent to another entity. Entity C will continue to service the loans, and the contract stipulates that its compensation for performing the servicing is the 2 percent of the interest income not sold. Entity C obtains an option to purchase from the transferee loans similar to the loans sold (which are readily obtainable in the marketplace) and incurs a limited recourse obligation to repurchase delinquent loans. At the date of transfer, the fair value of the loans is $1,100.~~

860-20-55-50 Paragraph superseded by Accounting Standards Update 2009-16. ~~(This Example encompasses the recognition of a servicing asset. See paragraphs 860-50-25-1, 860-50-25-4, and 860-50-45-1 through 45-2 for guidance related to accounting for servicing assets and liabilities.)~~

860-20-55-51 Paragraph superseded by Accounting Standards Update 2009-16.~~This Example has the following assumptions.~~

~~**Fair Values**~~	
~~Cash proceeds~~	~~$ 900~~
~~Call option~~	~~70~~
~~Recourse obligation~~	~~(60)~~
~~Servicing asset~~	~~90~~
~~One-tenth interest that continues to be held by the transferor~~	~~100~~

~~**Net Proceeds**~~	
~~Cash received~~	~~$ 900~~
~~Plus: Servicing asset~~	~~90~~
~~Plus: Call option~~	~~70~~
~~Less: Recourse obligation~~	~~(60)~~
~~Net proceeds~~	~~$ 1,000~~

~~**Carrying Amount Based on Relative Fair Values**~~

	~~Fair Value~~	~~Percentage of Total Fair Value~~	~~Allocated Carrying Amount~~
~~Interest sold~~	~~$ 1,000~~	~~90.9~~	~~$ 909~~
~~One-tenth interest that continues to be held by the transferor~~	~~100~~	~~9.1~~	~~91~~
~~Total~~	~~$ 1,100~~	~~100.0~~	~~$ 1,000~~

~~**Gain on Sale**~~	
~~Net proceeds~~	~~$ 1,000~~
~~Less: Carrying amount of loans sold~~	~~(909)~~
~~Gain on sale~~	~~$ 91~~

~~**Loans Sold**~~	
~~Carrying amount of loans~~	~~$ 1,000~~
~~Less: Allocated carrying amount of interest that continues to be held by the transferor~~	~~(91)~~
~~Loans sold~~	~~$ 909~~

860-20-55-52 Paragraph superseded by Accounting Standards Update 2009-16.~~The following journal entry is made by Entity C.~~

~~**Journal Entries**~~		
~~Cash~~	~~900~~	
~~Call option~~	~~70~~	
~~Servicing asset~~	~~90~~	
~~Loans~~		~~909~~
~~Recourse obligation~~		~~60~~
~~Gain on sale~~		~~91~~
~~To record transfer and to recognize servicing asset, call option, and recourse obligation~~		

~~**> > Example 4: Recording Transfers if It Is Not Practicable to Estimate Fair Value**~~

860-20-55-53 Paragraph superseded by Accounting Standards Update 2009-16.~~This Example illustrates the guidance in paragraphs 860-10-35-3, 860-10-35-7, and 860-20-25-1. Entity D sells loans with a carrying amount of $1,000 to another entity for cash proceeds of $1050 plus a call option to purchase loans similar to the loans sold (which are readily obtainable in the marketplace) and incurs a limited recourse obligation to repurchase any delinquent loans.~~

860-20-55-54 Paragraph superseded by Accounting Standards Update 2009-16. ~~Entity D undertakes an obligation to service the transferred assets for the other entity.~~

860-20-55-55 Paragraph superseded by Accounting Standards Update 2009-16.~~The following Cases illustrate situations in which the transferor finds it impracticable to estimate the fair value of certain components of the transaction:~~

~~a. Entity D finds it impracticable to estimate the fair value of the servicing contract, although it is confident that servicing revenues will be more than adequate compensation for performing the servicing (Case A).~~
~~b. Entity D finds it impracticable to estimate the fair value of the recourse obligation (Case B).~~

860-20-55-56 Paragraph superseded by Accounting Standards Update 2009-16.~~This Example has the following assumptions.~~

~~Fair Values~~	~~Case 1~~	~~Case 2~~
~~Cash proceeds~~	~~$ 1,050~~	~~$ 1,050~~
~~Servicing asset~~	~~XX~~ ~~(a)~~	~~40~~
~~Call option~~	~~70~~	~~70~~
~~Recourse obligation~~	~~(60)~~	~~XX~~ ~~(a)~~
~~Fair value of loans transferred~~	~~1,100~~	~~1,100~~

~~* Not practicable to estimate fair value.~~

~~Net Proceeds~~	~~Case 1~~	~~Case 2~~
~~Cash received~~	~~$ 1,050~~	~~$ 1,050~~
~~Plus: Servicing asset~~	~~XX~~ ~~(a)~~	~~40~~
~~Plus: Call option~~	~~70~~	~~70~~
~~Less: Recourse obligation~~	~~(60)~~	~~XX~~ ~~(b)~~
~~Net proceeds~~	~~$ 1,060~~	~~$ 1,160~~

~~Gain on Sale~~	~~Case 1~~	~~Case 2~~
~~Net proceeds~~	~~$ 1,060~~	~~$ 1,160~~
~~Carrying amount of loans~~	~~1,000~~	~~1,000~~
~~Less: Recourse obligation~~	~~0~~	~~(160)~~ ~~(b)~~
~~Gain on sale~~	~~$ 60~~	~~$ 0~~

~~(a) Assets shall be recorded at zero if an estimate of the fair value of the assets is not practicable.~~

~~(b) The amount recorded as a liability in this Case equals the sum of the known assets less the fair value of the known liabilities, that is, the amount that results in no gain or loss.~~

860-20-55-57 Paragraph superseded by Accounting Standards Update 2009-16.~~The following journal entries are made by Entity D in Case A and Case B.~~

~~Journal Entries~~	~~Case A~~		~~Case B~~	
~~Cash~~	~~$1,050~~		~~$1,050~~	
~~Servicing asset~~	~~-~~ ~~(a)~~		~~40~~	
~~Call option~~	~~70~~		~~70~~	
~~Loans~~		~~$1,000~~		~~$1,000~~
~~Recourse obligation~~		~~60~~		~~160~~ ~~(b)~~
~~Gain on sale~~		~~60~~		~~-~~
~~To record transfer~~				

~~(a) Assets shall be recorded at zero if an estimate of the fair value of the assets is not practicable.~~

~~(b) The amount recorded as a liability in this Case equals the sum of the known assets less the fair value of the known liabilities, that is, the amount that results in no gain or loss.~~

132. Amend paragraph 860-20-55-58 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > Example 5: ~~Recording Transfers~~Transfer of Lease Financing Receivables with Residual Values

860-20-55-58 This Example illustrates the guidance in ~~paragraphs 860-10-35-3 and~~ paragraph 860-20-25-1. At the beginning of the second year in a 10-year sales-type lease, Entity E ~~sells~~transfers for $505 a nine-tenths participating interest in the minimum lease payments to an independent third party, and the transfer is accounted for as a sale. Entity E~~and~~ retains a one-tenth participating interest in the minimum lease payments and a 100 percent interest in the unguaranteed residual value of leased ~~equipment.~~equipment, which is not subject to the requirements of this Subtopic as discussed in paragraph 860-10-55-6 because it is not a financial asset and, therefore, is excluded from the analysis of whether the transfer of the nine-tenths participating interest in the minimum lease payments meets the definition of a participating interest. The servicing asset has a fair value of zero because Entity E ~~receives no explicit compensation for servicing, but it~~ estimates that the ~~other~~ benefits of servicing are just adequate to compensate it for its servicing ~~responsibilities~~responsibilities. ~~and so initially records no servicing asset or liability.~~ The carrying amounts and related gain computation are as follows.

Carrying Amounts		
Minimum lease payments		$ 540
Unearned income related to minimum lease payments		370
Gross investment in minimum lease payments		910
Unguaranteed residual value	$ 30	
Unearned income related to unguaranteed residual value	60	
Gross investment in unguaranteed residual value		90
Total gross investment in financing lease receivable		$ 1,000

Gain on Sale		
Cash received		$ 505
Nine-tenths of carrying amount of gross investment in minimum lease payments	$ 819	
Nine-tenths of carrying amount of unearned income related to minimum lease payments	333	
Net carrying amount of minimum lease payments sold		486
Gain on sale		$ 19

860-20-55-59 The following journal entry is made by Entity E.

Journal Entry		
Cash	$ 505	
Unearned income	333	
Lease receivable		$ 819
Gain on sale		19
To record sale of nine-tenths of the minimum lease payments at the beginning of Year 2		

133. Supersede paragraphs 860-20-55-60 through 55-82 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

~~**> > Example 6: Cash-Out Approach to Measuring Fair Value of an Interest that Continues to Be Held by a Transferor**~~

860-20-55-60 Paragraph superseded by Accounting Standards Update 2009-16.~~This Example illustrates the guidance in paragraphs 860-10-05-9 and 860-20-55-12 through 55-15. This Example illustrates one way in which expected present value techniques might be applied in measuring the fair value, using a cash-out method, of an interest that continues to be held by the transferor in a securitization that was subordinated to investors' interests through a credit enhancement account, which is a type of cash reserve account. Expected present value techniques are discussed and illustrated in general terms in FASB~~

~~Concepts Statement No. 7, Using Cash Flow Information and Present Value in Accounting Measurements. Those techniques consider the likelihood of possible outcomes directly, rather than indirectly through the use of a risk-adjusted discount rate.~~

860-20-55-61 Paragraph superseded by Accounting Standards Update 2009-16. ~~This Example shows the value of the interest that continues to be held by the transferor in securitization of $1,000.00 of 15-year prepayable mortgages, in the form of a credit enhancement account that protects senior beneficial interests, which is illustrated in the following tables.~~

~~**Present values of future inflows to transferor under indicated scenario**~~

~~Year~~	~~Very Bad~~	~~Unfavorable~~	~~Most Likely~~	~~Favorable~~	~~Total~~
~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	
~~2~~	~~0~~	~~0~~	~~2~~	~~16~~	
~~3~~	~~0~~	~~1~~	~~24~~	~~31~~	
~~4~~	~~0~~	~~13~~	~~20~~	~~25~~	
~~5~~	~~0~~	~~7~~	~~15~~	~~18~~	
~~6~~	~~0~~	~~9~~	~~14~~	~~15~~	
~~7~~	~~0~~	~~8~~	~~12~~	~~12~~	
~~8~~	~~0~~	~~7~~	~~10~~	~~9~~	
~~9~~	~~0~~	~~6~~	~~8~~	~~7~~	
~~10~~	~~0~~	~~5~~	~~7~~	~~6~~	
~~11~~	~~0~~	~~4~~	~~5~~	~~5~~	
~~12~~	~~1~~	~~3~~	~~4~~	~~4~~	
~~13~~	~~1~~	~~3~~	~~4~~	~~3~~	
~~14~~	~~1~~	~~2~~	~~3~~	~~2~~	
~~15~~	~~6~~	~~12~~	~~11~~	~~6~~	
~~Total~~	~~9~~	~~79~~	~~138~~	~~159~~	
~~Probability~~	~~10%~~	~~20%~~	~~50%~~	~~20%~~	~~100%~~
~~Probability-weighted totals~~	~~$ 0.9~~	~~$ 15.8~~	~~$ 69.2~~	~~$ 31.7~~	~~$117.7~~
	~~**Total expected present value:**~~				~~**$ 118**~~

~~**Notes:** Values derive from supporting scenario worksheets, one of which follows.~~

~~Expected Cash Flow Illustration—Very Bad Scenario~~

Year	Beginning Principal	Prepays	Interest	Total Cash In	Charge-offs	Investors' Share of: Interest	Investors' Share of: Prepays	Investors' Share of: Charge-offs
1	$ 1,000	$ -	$ 98	$ 98	$ 35	$ 71	$ -	$ 32
2	965	97	90	186	34	65	87	30
3	835	83	78	161	29	56	75	26
4	722	72	67	140	25	48	65	23
5	625	62	58	120	33	42	56	30
6	529	53	49	102	19	36	48	17
7	458	46	43	88	16	31	41	14
8	396	40	37	77	14	27	36	12
9	343	34	32	66	12	23	31	11
10	296	30	28	57	10	20	27	9
11	256	26	24	50	9	17	23	8
12	222	22	21	43	8	15	20	7
13	192	19	18	37	7	13	17	6
14	166	17	15	32	6	11	15	5
15	144	138	7	146	5	5	125	5
Totals		$ 747			$ 261			

~~Expected Cash Flow Illustration—Very Bad Scenario~~ (continued)

~~Due to Investors~~	~~CEA (Shortfall)~~	~~Cash Flow out to Investors~~	~~To (From) CEA~~	~~CEA Balance (Deficit)~~	~~CEA Target~~	~~Cash Flow out to T'or~~	~~Yield Curve~~	~~Present Value of Cash Flow to T'or~~
~~$ 102~~	~~$ (4)~~	~~$ 98~~	~~$ -~~	~~$ (4)~~	~~$ 48~~	~~$ -~~	~~6.0%~~	~~$ -~~
~~182~~	~~4~~	~~186~~	~~-~~	~~-~~	~~42~~	~~-~~	~~6.1%~~	~~-~~
~~157~~	~~-~~	~~157~~	~~4~~	~~4~~	~~36~~	~~-~~	~~6.2%~~	~~-~~
~~136~~	~~-~~	~~136~~	~~3~~	~~8~~	~~31~~	~~-~~	~~6.3%~~	~~-~~
~~127~~	~~-~~	~~127~~	~~(7)~~	~~1~~	~~26~~	~~-~~	~~6.4%~~	~~-~~
~~100~~	~~-~~	~~100~~	~~2~~	~~3~~	~~23~~	~~-~~	~~6.5%~~	~~-~~
~~86~~	~~-~~	~~86~~	~~2~~	~~5~~	~~20~~	~~-~~	~~6.6%~~	~~-~~
~~75~~	~~-~~	~~75~~	~~2~~	~~7~~	~~17~~	~~-~~	~~6.7%~~	~~-~~
~~65~~	~~-~~	~~65~~	~~2~~	~~8~~	~~15~~	~~-~~	~~6.8%~~	~~-~~
~~56~~	~~-~~	~~56~~	~~1~~	~~10~~	~~13~~	~~-~~	~~6.9%~~	~~-~~
~~48~~	~~-~~	~~48~~	~~1~~	~~11~~	~~11~~	~~-~~	~~7.0%~~	~~-~~
~~42~~	~~-~~	~~42~~	~~1~~	~~12~~	~~10~~	~~2~~	~~7.1%~~	~~1~~
~~36~~	~~-~~	~~36~~	~~1~~	~~10~~	~~8~~	~~2~~	~~7.2%~~	~~1~~
~~31~~	~~-~~	~~31~~	~~1~~	~~9~~	~~7~~	~~2~~	~~7.3%~~	~~1~~
~~134~~	~~-~~	~~134~~	~~11~~	~~19~~	~~-~~	~~19~~	~~7.4%~~	~~6~~
		~~$1,379~~						~~$ 9~~

~~CEA = Credit Enhancement Account~~

~~Contract terms and valuation assumptions:~~	**~~Very Bad Scenario~~**
~~Interest on loans~~	~~10%~~
~~Interest due investors~~	~~8%~~
~~Investors share~~	~~90%~~
~~Target credit enhancement account (% of ending principal)~~	~~5%~~
~~Est. chargeoffs (per year, except 50% higher in Year 5)~~	~~3.5%~~
~~Est. prepays (per year, after Year 1)~~	~~10%~~

~~Explanation:~~

~~In this securitization, credit enhancement is provided to investors in senior beneficial interests using a credit enhancement account, sometimes called a cash collateral account.~~

~~Investors are entitled to cash payment of interest, their share of prepayments, and reimbursement for charge-offs of uncollectable loans, to the extent that cash is available from either the cash inflows from borrowers or the balance of the credit enhancement account.~~

~~Shortfalls in the credit enhancement account reimbursement are made up from future available cash inflows.~~

~~Remaining cash inflows are deposited in the credit enhancement account, until its balance exceeds the agreed targeted percentage of the remaining outstanding principal balance. Amounts in excess of the targeted balance may be withdrawn by the transferor.~~

~~The amounts that will be withdrawn by the transferor are its cash inflows from its interest that it continues to hold in the transferred assets.~~

~~Simplifications for purposes of illustration:~~

~~Here, the charge-off and prepayment rates are assumed to be uniform over the life of the securitization, except for a larger charge-off in Year 5. Under realistic assumptions, they would vary.~~

~~The loans are nonamortizing, prepayable 15-year loans. Amortizing loans are more common in the United States.~~

~~While prepayments and charge-offs are assumed to occur evenly throughout the year, credit enhancement account calculations are made only at the end of the year.~~

~~Only four scenarios are modeled (one of which is illustrated here). Realistic valuations would include more scenarios.~~

~~> > Example 7: Rerecognition of Transferred Assets when a Contingent Removal-of-Accounts Provision Becomes Unconditional~~

860-20-55-62 Paragraph superseded by Accounting Standards Update 2009-16. ~~This Example illustrates the accounting by a transferor when a conditional removal-of-accounts provision becomes unconditional, resulting in the transferor regaining control over previously transferred assets that were accounted for as having been sold (as described in paragraphs 860-20-25-8 through 25-13). In this Example, the interest that continues to be held by the transferor is accounted for as an available-for sale security under Topic 320.~~

860-20-55-63 Paragraph superseded by Accounting Standards Update 2009-16. ~~On January 1, 20X1, Entity F (the transferor) transfers to a qualifying special-~~

~~purpose entity a loan that has a par value and an initial fair value of $100. Assume that Entity F receives cash of $82 from the qualifying special-purpose entity and a beneficial interest with an initial fair value of $18, and that no servicing asset or liability is created as a result of the transfer. A third party holds the senior beneficial interest, entitling it to the first $82 of loan principal collected plus interest (initial fair value of $82). The beneficial interest that continues to be held by Entity F representing the remaining cash flows from the loan (initial fair value of $18), is subordinate to the senior beneficial interest (that is, the subordinated interest that continues to be held by Entity F bears credit losses first before the senior beneficial interest is affected).~~

860-20-55-64 Paragraph superseded by Accounting Standards Update 2009-16.~~Although most transactions result in a servicing asset or liability, including one here would result in a gain or loss being recognized on this sale. This Example does not include entries relating to servicing. A separate illustration that includes a servicing asset is provided in Example 10 (see paragraph 860-20-55-83).~~

860-20-55-65 Paragraph superseded by Accounting Standards Update 2009-16. ~~Entity F initially classifies the interest that it continues to hold as available for sale and will subsequently account for it under the guidance in Topic 320. Entity F holds a default removal-of-accounts provision with a fixed strike price equal to the loan's par value that gives Entity F the right (but not the obligation) to reacquire the loan from the qualifying special-purpose entity if it is in default. The following journal entry would be made.~~

~~January 1, 20X1~~

~~Cash~~	~~$ 82~~	
~~Interest in qualifying special-purpose entity that continues to be held by Entity F~~	~~18~~	
~~Loan~~		~~$ 100~~

~~To record transfer accounted for as a sale.~~

860-20-55-66 Paragraph superseded by Accounting Standards Update 2009-16. ~~Six months after the transfer, Entity F anticipates that the qualifying special-purpose entity will collect only $85 plus interest on the transferred loan, a $15 loss. Entity F records the decrease in the fair value of the interest that it continues to hold from $18 to $3 under Section 820-10-35. The decline in the fair value of the senior beneficial interest that might result from the reduced credit enhancement has not been considered in this Example in determining the fair value of the residual interest. In addition, Entity F should periodically (including at the time paragraphs 860-20-25-8 through 25-13 are applied) evaluate beneficial~~

~~interests for other-than-temporary impairment. The following journal entry would be made.~~

~~January 1, 20X1–June 30, 20X1~~

~~Other comprehensive income~~	~~$ 15~~	
~~Interest in qualifying special-purpose entity that continues to be held by Entity F~~		~~$ 15~~

~~To record decrease in fair value of the interest that continues to be held by Entity F~~

860-20-55-67 Paragraph superseded by Accounting Standards Update 2009-16. ~~On December 1, 20X1, the loan goes into default. At that date, the loan has an estimated fair value of the following:~~

a. ~~Loan has an estimated fair value of $85 (Case A)~~
b. ~~Loan has an estimated fair value of $70 (Case B)~~
c. ~~Loan has an estimated fair value of $90 (Case C).~~

860-20-55-68 Paragraph superseded by Accounting Standards Update 2009-16. ~~Cases A, B, and C all assume that the loan going into default (which occurs on December 1, 20X1) indicates an other-than-temporary impairment of the interest that continues to be held by Entity F.~~

~~> > > Case A: Loan Has an Estimated Fair Value of $85~~

860-20-55-69 Paragraph superseded by Accounting Standards Update 2009-16. ~~In Case A, the value of the loan remains stable at $85, and the removal-of-accounts provision becomes exercisable. The following journal entry would be made.~~

~~December 1, 20X1~~

~~Loan~~	~~$ 82~~	
~~Due to qualifying special-purpose entity~~		~~$ 82~~

~~To record loan subject to the default removal-of-accounts provision and obligation to the qualifying special-purpose entity, both at fair value at the time the removal-of-accounts provision is no longer contingent, pursuant to paragraphs 860-20-25-8 through 25-13.~~ ~~[(a)]~~

~~(a) The fair value of the portion of the loan repurchased is equal to the fair value of the obligation to the qualifying special-purpose entity to deliver 100 percent of the cash flows associated with that portion of the loan repurchased.~~

~~Loss~~	~~$ 15~~	
~~Accumulated other comprehensive income~~		~~$ 15~~

~~To recognize in earnings an other-than-temporary impairment of the interest that continues to be held by Entity F because of the default on the underlying loan.~~

860-20-55-70 Paragraph superseded by Accounting Standards Update 2009-16.~~The removal-of-accounts provision is exercised by Entity F. The following journal entry would be made.~~

~~December 31, 20X1~~

~~Due to qualifying special-purpose entity~~	~~$ 82~~	
~~Beneficial interest in qualifying special-purpose entity~~	~~18~~	
~~Cash~~		~~$ 100~~

~~To record exercise of the default removal-of-accounts provision and the resulting beneficial interest in the qualifying special-purpose entity to the extent of the additional investment.~~~~[a]~~

~~(a) That additional investment would be subject to periodic evaluation for impairment under applicable guidance.~~

~~Loans~~	~~$ 3~~	
~~Interest in qualifying special-purpose entity that continues to be held by transferor~~		~~$ 3~~

~~To reclassify the interest that continues to be held by transferor in the loan—which has been entirely reclaimed by transferor through exercise of the removal-of-accounts provision—by combining that interest with the portion of the loan previously sold ($82), so that the entire loan is combined.~~

~~> > > Case B: Loan Has an Estimated Fair Value of $70~~

860-20-55-71 Paragraph superseded by Accounting Standards Update 2009-16. ~~In Case B, the value of the loan declines further (from $85 to $70), and the removal-of-accounts provision becomes exercisable on December 1, 20X1. The following journal entries would be made.~~

~~July 1, 20X1–November 30, 20X1~~

~~Other comprehensive income~~	~~$ 3~~	
~~Interest in qualifying special-purpose entity that continues to be held by Entity F~~		~~$ 3~~

~~To record decrease in fair value of the interest that continues to be held by Entity F to zero. (Additional decline in value of $12 is borne by the senior beneficial interest holders.)~~ ~~[(a)]~~

~~(a) Under this Case, because of the further decline in the fair value of the loan, an additional loss of $15 is anticipated. However, Entity F's loss is limited to the value of the interest that it continues to hold ($3). At that point, the value of that interest is adjusted to zero. If Entity F chooses to exercise that out-of-the-money removal-of-accounts provision, it incurs an additional loss ($12) to be recognized upon exercise.~~

~~December 1, 20X1~~

~~Loan~~	~~$ 70~~	
~~Due to qualifying special-purpose entity~~		~~$ 70~~

~~To record loan subject to the default removal-of-accounts provision and obligation to the qualifying special-purpose entity at fair value at the time the removal-of-accounts provision is no longer contingent.~~ ~~[(a)]~~

~~(a) The fair value of the portion of the loan repurchased is equal to the fair value of the obligation to the qualifying special-purpose entity to deliver 100 percent of the cash flows associated with the portion of the loan repurchased.~~

~~Loss~~	~~$ 18~~	
~~Accumulated other comprehensive income~~		~~$ 18~~

~~To recognize in earnings an other-than-temporary impairment of the interest that continues to be held by Entity F because of the default on the underlying loan.~~

860-20-55-72 Paragraph superseded by Accounting Standards Update 2009-16.~~The removal-of-accounts provision is exercised by Entity F. The following journal entry would be made.~~

~~December 31, 20X1~~

~~Due to qualifying special-purpose entity~~	~~$ 70~~	
~~Loss~~	~~12~~	
~~Beneficial interest in qualifying special-purpose entity~~	~~18~~	
~~Cash~~		~~$ 100~~

~~To record exercise of the default removal-of-accounts provision, the resulting loss on the reacquisition of the loan to which Entity F now bears all risk and rewards, and the resulting beneficial interest in the qualifying special-purpose entity to the extent of the additional investment.~~[a]

~~(a) That additional investment would be subject to periodic evaluation for impairment under applicable guidance.~~

~~> > > Case C: Loan Has an Estimated Fair Value of $90~~

860-20-55-73 Paragraph superseded by Accounting Standards Update 2009-16. ~~In Case C, the value of the loan recovers (from $85 to $90), and the removal-of-accounts provision becomes exercisable on December 1, 20X1. The following journal entries would be made.~~

~~July 1, 20X1–November 30, 20X1~~

~~Interest in qualifying special-purpose entity that continues to be held by Entity F~~	~~$ 5~~	
~~Other comprehensive income~~		~~$ 5~~

~~To record increase in fair value of the interest that continues to be held by Entity F to $8 ($18 – [100 – 90]).~~

~~December 1, 20X1~~

~~Loan~~	~~$ 82~~	
~~Due to qualifying special-purpose entity~~		~~$ 82~~

~~To record loan subject to the default removal-of-accounts provision and obligation to the qualifying special-purpose entity at fair value at the time the removal-of-accounts provision is no longer contingent.~~~~[a]~~

~~(a) The fair value of the portion of the loan repurchased is equal to the fair value of the obligation to the qualifying special-purpose entity to deliver 100 percent of the cash flows associated with that portion of the loan repurchased.~~

~~Loss~~	~~$ 10~~	
~~Accumulated other comprehensive income~~		~~$ 10~~

~~To recognize in earnings an other-than-temporary impairment of the interest that continues to be held by Entity F because of the default on the underlying loan.~~

860-20-55-74 Paragraph superseded by Accounting Standards Update 2009-16.~~The removal-of-accounts provision is exercised by Entity F. The following journal entry would be made.~~

~~December 31, 20X1~~

~~Due to qualifying special-purpose entity~~	~~$ 82~~	
~~Beneficial interest in qualifying special-purpose entity~~	~~18~~	
~~Cash~~		~~$100~~

~~To record exercise of the default removal-of-accounts provision and the resulting beneficial interest in the qualifying special-purpose entity to the extent of the additional investment.~~ ~~[a]~~

~~(a) That additional investment would be subject to periodic evaluation for impairment under applicable guidance.~~

~~Loan~~	~~$ 8~~	
~~Interest in qualifying special-purpose entity that continues to be held by Entity F~~		~~$ 8~~

~~To reclassify the interest that continues to be held by Entity F in the loan—which has been entirely reclaimed by Entity F through exercise of the removal-of-accounts provision—by combining that interest with the portion of the loan previously sold ($82) such that the entire loan is combined.~~

~~> > Example 8: Rerecognition of Transferred Assets when a Special-Purpose Entity Is Disqualified~~

860-20-55-75 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u> ~~This Example illustrates the guidance in paragraph 860-40-25-2 on the accounting by a transferor when a qualifying special-purpose entity becomes disqualified. Section 860-40-15 provides guidance on conditions necessary for an entity to be a qualifying special-purpose entity. Section 860-40-40 provides incremental guidance on the application of the criteria for derecognition in paragraph 860-10-40-5 to transfers of assets to qualifying special-purpose entities. The disqualification of the entity results in the transferor regaining control over previously transferred assets that were accounted for as having been sold (as described in paragraphs 860-20-25-8 through 25-13). In this Example, the interest that continues to be held by the transferor is accounted for as an available-for sale security under Topic 320 both pre- and post-transfer.~~

860-20-55-76 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u> ~~On January 1, 20X1, Entity G (the transferor) transfers to a qualifying special-purpose entity a debt security that has a fair value of $110 and an amortized cost basis of $100 (unrealized gains of $10 in accumulated other comprehensive~~

~~income at January 1, 20X1). Assume that Entity G receives cash of $55 from the qualifying special-purpose entity and a pari passu beneficial interest representing 50 percent of the debt security's cash flows with an initial fair value of $55. No servicing asset or liability is created as a result of the transfer. A third party also holds a pari passu beneficial interest representing 50 percent of the debt security's cash flows (initial fair value of $55). Before the transfer, Entity G accounted for the debt security as available for sale under the requirements of Topic 320.~~

860-20-55-77 Paragraph superseded by Accounting Standards Update 2009-16. ~~Entity G initially classifies the interest that it continues to hold as available for sale and will subsequently account for it under the guidance in Section 860-20-25. Entity G has no other contingent or other rights with respect to the transferred debt security. The following journal entry would be made.~~

~~January 1, 20X1~~

~~Cash~~	~~$ 55~~	
~~Interest in qualifying special-purpose entity that continues to be held by Entity G~~	~~55~~	
~~Accumulated other comprehensive income~~	~~5~~	
~~Available-for-sale security~~		~~$ 110~~
~~Realized gain~~		~~5~~

~~To record transfer accounted for as a sale.~~

860-20-55-78 Paragraph superseded by Accounting Standards Update 2009-16. ~~Six months after the transfer, the fair value of the transferred debt security has increased to $120. However, at that date an event occurs that results in the qualifying special-purpose entity being disqualified. The following journal entries would be made.~~

~~January 1, 20X1–June 30, 20X1~~

~~Interest in qualifying special-purpose entity that continues to be held by Entity G~~	~~$5~~	
~~Other comprehensive income~~		~~$ 5~~

~~To record increase in fair value of the interest that continues to be held by Entity G~~

~~July 1, 20X1~~

~~Available-for-sale security~~	~~$60~~	
~~Due to special-purpose entity~~		~~$60~~

~~To record repurchase of transferred financial asset and obligation to special-purpose entity at fair value.[(a)]~~

~~(a) The fair value of the portion of the available-for-sale security repurchased is equal to the fair value of the obligation to the special-purpose entity to deliver 100 percent of the cash flows associated with that portion of the available-for-sale security repurchased. The fair value of the available-for-sale security repurchased is equal to 50 percent of the total fair value of the available-for-sale security of $120.~~

~~> Example 9: Rerecognition of Transferred Assets when a Derivative Instrument Is Entered Into By a Qualifying Special-Purpose Entity~~

860-20-55-79 Paragraph superseded by Accounting Standards Update 2009-16. ~~This Example illustrates the guidance in paragraph 860-40-25-2 on the accounting by a transferor when a qualifying special-purpose entity enters into a derivative instrument and an event occurs that results in the qualifying special-purpose entity becoming disqualified. Section 860-40-15 provides guidance on conditions necessary for an entity to be a qualifying special-purpose entity. Section 860-40-40 provides incremental guidance on the application of the criteria for derecognition in paragraph 860-10-40-5 to transfers of assets to qualifying special-purpose entities. The disqualification of the entity results in the transferor regaining control over previously transferred assets that were accounted for as having been sold (see paragraphs 860-20-25-8 through 25-13).~~

860-20-55-80 Paragraph superseded by Accounting Standards Update 2009-16. ~~On January 1, 20X1, Entity H (the transferor) transfers to a qualifying special-purpose entity a fixed-rate debt security that has a fair value and an amortized cost basis of $100. Assume that Entity H receives cash of $50 from the qualifying special-purpose entity and a beneficial interest representing 50 percent of the debt security's cash flows with an initial fair value of $50. No servicing asset or liability is created as a result of the transfer. On January 1, 20X1, the qualifying special-purpose entity enters into a pay-fixed receive-London Interbank Offered Rate (LIBOR) interest rate swap with a third party that has a notional amount of $50. The interest rate on the fixed leg of the swap equals the fixed interest rate on the debt security. The qualifying special-purpose entity issues a beneficial interest to a third party representing 50 percent of the debt security's principal cash flows bearing interest that varies with LIBOR (sale proceeds and initial fair value of $50). Before the transfer, Entity H accounted for the debt security as available for sale under the requirements of Topic 320. The debt security is not prepayable.~~

860-20-55-81 Paragraph superseded by Accounting Standards Update 2009-16. ~~Entity H initially classifies the interest that it continues to hold as available for sale and will subsequently account for it under the guidance in Section 860-20-25. Entity H has no other contingent or other rights with respect to the transferred debt security. The following journal entry would be made.~~

~~January 1, 20X1~~

~~Cash~~	~~$ 50~~	
~~Interest in qualifying special-purpose entity that continues to be held by Entity H~~	~~50~~	
~~Available-for-sale security~~		~~$ 100~~

~~To record transfer accounted for as a sale.~~

860-20-55-82 Paragraph superseded by Accounting Standards Update 2009-16. ~~Six months after the transfer, the fair value of the transferred debt security has increased to $110. The fair value of the variable-rate third-party beneficial interest is $50. The fair value of the swap is a $5 liability of the qualifying special-purpose entity. At that date an event occurs that results in the qualifying special-purpose entity being disqualified. The following journal entries are applicable.~~

~~January 1, 20X1–June 30, 20X1~~

~~Interest in qualifying special-purpose entity that continues to be held by Entity H~~	~~$ 5~~	
~~Other comprehensive income~~		~~$ 5~~

~~To record increase in fair value of the interest that continues to be held by Entity H.~~

~~July 1, 20X1~~

~~Available-for-sale security~~	~~$ 55~~	
~~Due to special-purpose entity~~		~~$ 55~~

~~To record repurchase of transferred financial asset and obligation to special-purpose entity at fair value.[(a)]~~

~~(a) The fair value of the portion of the available-for-sale security repurchased and the obligation to the special-purpose entity are equal. In this Example, the fair value of the portion of the available-for-sale security repurchased is equal to 50 percent of the total fair value of that available-for-sale security of $110.~~

134. Amend paragraph 860-20-55-83 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > Example 10: Rerecognition of Transferred Assets and Subsequent Accounting for Transferor's Interest ~~that Continues to Be Held by the Transferor~~ and a Servicing Asset

860-20-55-83 This Example illustrates the accounting for a sale of loans in their entirety by a transferor to an unconsolidated entity and the subsequent accounting for the transferor's interest ~~that continues to be held by the transferor~~ and a servicing asset. In this Example, the transferor's interest ~~that continues to be held by the transferor~~ is an **interest-only strip** that is accounted for at fair value in the same manner as an ~~available for sale~~available-for-sale security under paragraph 860-20-35-2.

135. Amend paragraphs 860-20-55-85 through 55-88, with a link to transition paragraph 860-10-65-3, as follows:

860-20-55-85 On January 2, 20X1, Entity I (the transferor) originates $1,000 of loans, yielding 10.5 percent interest income for their estimated life of 9 years. Entity I later transfers the loans in their entirety to an unconsolidated entity and accounts for the transfer as a sale. Entity I receives as proceeds ~~sells, through a two-step transfer using a qualifying special-purpose entity, the~~ $1,000 cash plus a beneficial interest that entitles it~~principal plus the right~~ to receive ~~interest income of 8~~1 percent of the contractual interest (an interest-only strip receivable)~~to investors for $1,000~~. Entity I will continue to service the loans for a fee of 100 basis points. ~~Entity I retains a 100 basis point interest-only strip receivable.~~ The guarantor, a third party, receives 50 basis points as a guarantee fee.

860-20-55-86 At the date of transfer, the following facts are assumed.

a. The fair value of the servicing asset is $40.
b. The total fair value of the loans including servicing is $1,040 ~~(allocated cost is $945.50)~~.
c. The fair value of the interest-income strip receivable is $60 ~~(allocated cost is $54.50)~~.

860-20-55-87 On December 1, 20X1, an event occurs that results in the transfer not meeting the conditions for sale accounting~~qualifying special-purpose entity being disqualified~~. The fair value ~~of the portion~~ of the originally transferred financial assets ~~that were previously accounted for as sold~~ that remain outstanding in the ~~special-purpose~~ entity on that date is $929. The fair value of ~~the~~ Entity I's interest ~~that continues to be held by Entity I~~ (in the form of an interest-only strip) on that date is $58. The fair value of the servicing asset on that date is $38. The guarantee that was entered into by the ~~special-purpose~~ entity does not trade with the underlying financial assets. The fees on this guarantee will be paid as part of the cash waterfall.

860-20-55-88 All cash flows from the financial assets transferred to the trust are initially sent directly to the trust and then distributed in order of priority. The priority of payments in the cash waterfall is as follows: servicing fees, guarantees, amounts due to outside beneficial interest holders, and amounts due to Transferor's~~the~~ beneficial interest.~~interest that continues to be held by Entity I.~~

136. Supersede paragraph 860-20-55-89, with a link to transition paragraph 860-10-65-3, as follows:

860-20-55-89 Paragraph superseded by Accounting Standards Update 2009-16.~~The carrying amount based on relative fair values is as follows.~~

	~~Fair Value~~	~~Percentage of Total Fair Value~~	~~Allocated Carrying Amount~~
~~Loans~~	~~$ 1,040~~	~~94.55~~	~~$ 945.50~~
~~Interest that continues to be held by Entity I~~	~~60~~	~~5.45~~	~~54.50~~
~~Total~~	~~$ 1,100~~	~~100.00~~	~~$ 1,000.00~~

137. Amend paragraphs 860-20-55-90 through 55-92, with a link to transition paragraph 860-10-65-3, as follows:

860-20-55-90 The following journal entries would be made.

January 2, 20X1

Cash	$1000~~.00~~	
Transferor's interest ~~Interest that continues to be held by Entity I~~ (available for sale)	60~~54.50~~	
Servicing asset	40~~.00~~	
Loans		$1000~~.00~~
Gain on sale		100~~94.50~~

To record the sale of the assets and to recognize Entity I's interest ~~that continues to be held by Entity I~~ and a servicing asset at fair value.

December 1, 20X1

~~Interest that continues to be held by Entity I (available for sale)~~	~~$3.50~~	
~~Other comprehensive income~~		~~$3.50~~
Other comprehensive income	$2	
Entity I's interest (available for sale)		$2

To subsequently measure ~~the~~ Entity I's interest ~~that continues to be held by Entity I~~ in the same manner as an available-for-sale security.

860-20-55-91 The following illustrates the accounting entry to be made after the event occurs that results in the transfer not meeting the conditions for sale accounting~~causes the qualifying special-purpose entity to become disqualified~~.

December 1, 20X1

Loans	$929	
Due to ~~special-purpose entity~~ Securitization Entity		$929

To recognize the previously sold loans on Entity I's books along with the obligation to pass the cash flows associated with those loans to ~~special-purpose entity~~ Securitization Entity.

860-20-55-92 Entity I would account for the rerecognized financial assets and transferor's interests ~~that it continues to hold~~ as follows:

a. Entity I would continue to account for transferor's~~the~~ interests ~~that continue to be held by Entity I~~ (in accordance with paragraph 320-10-35-1) at fair value with changes in fair value recognized in other comprehensive income.
b. Entity I would account for the loans at cost plus accrued interest in accordance with Subtopic 310-20.

138. Supersede paragraphs 860-20-55-93 through 55-107 and the related headings, with a link to transition paragraph 860-10-65-3, as follows:

~~**> > Example 11: Disclosure of Accounting Policies for Interests that Continue to Be Held**~~

860-20-55-93 Paragraph superseded by Accounting Standards Update 2009-16.~~This Example illustrates the disclosure for a **nonpublic entity** of accounting policies for interests that continue to be held by the transferor. In particular, it describes the accounting policies for initial measurement (required by paragraph 860-20-50-3(a)) and subsequent measurement (required by paragraph 860-20-50-4(a)), including determination of fair value.~~

~~Note X—Summary of Significant Accounting Policies~~

~~Receivable Sales~~

~~When the Entity sells receivables in securitizations of automobile loans, credit card loans, and residential mortgage loans, it may hold interest-only strips, one or more subordinated tranches, and in some circumstances a cash reserve~~

~~account, all of which are interests that continue to be held by the transferor in the securitized receivables. It may also obtain servicing assets or assume servicing liabilities that are initially measured at fair value. Gain or loss on sale of the receivables depends in part on both the previous carrying amount of the financial assets involved in the transfer, allocated between the assets sold and the interests that continue to be held by the transferor based on their relative fair value at the date of transfer, and the proceeds received. To obtain fair values, quoted market prices are used if available. However, quotes are generally not available for interests that continue to be held by the transferor, so the Entity generally estimates fair value based on the present value of future expected cash flows estimated using management's best estimates of the key assumptions—credit losses, prepayment speeds, forward yield curves, and discount rates commensurate with the risks involved.~~

860-20-55-94 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~In addition to the disclosure of assumptions used in determining the values of interests that continue to be held by the transferor at the time of securitization that are presented in the preceding paragraph, this Subtopic also requires similar disclosures at the end of the latest period being presented.~~

~~> > Example 12: Disclosure About the Characteristics of Securitizations and Gain or Loss from Securitizations and Other Sales by Major Type of Asset~~

860-20-55-95 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u> ~~This Example illustrates disclosures for a nonpublic entity about the characteristics of securitizations and gain or loss from securitizations and other sales by major type of asset (required by paragraph 860-20-50-3(b)).~~

~~Note Y—Sales of Receivables~~

~~During 20X2 and 20X1, the Entity sold automobile loans, residential mortgage loans, and credit card loans in securitization transactions. In all those securitizations, the Entity obtained servicing responsibilities and subordinated interests. The Entity receives annual servicing fees approximating 0.5 percent (for mortgage loans), 2 percent (for credit card loans), and 1.5 percent (for automobile loans) of the outstanding balance and rights to future cash flows arising after the investors in the securitization trust have received the return for which they contracted. The investors and the securitization trusts have no recourse to the Entity's other assets for failure of debtors to pay when due. The interests that continue to be held by the Entity are subordinate to investor's interests. Their value is subject to credit, prepayment, and interest rate risks on the transferred financial assets.~~

~~In 20X2, the Entity recognized pretax gains of $22.3 million on the securitization of the automobile loans, $30.2 million on the securitization of credit card loans, and $25.6 million on the securitization of residential mortgage loans.~~

~~In 20X1, the Entity recognized pretax gains of $16.9, $21.4, and $15.0 million on the securitization of the automobile loans, credit card loans, and residential mortgage loans, respectively.~~

~~> > Example 13: Disclosure of Key Assumptions Used in Valuing Interests that Continue to Be Held~~

860-20-55-96 Paragraph superseded by Accounting Standards Update 2009-16. ~~This Example illustrates disclosure for a nonpublic entity of the quantitative information about key assumptions used in measuring interests that continue to be held by the transferor at the date of sale or securitization for each financial period presented (required by paragraph 860-20-50-3(c)).~~

~~Key economic assumptions used in measuring the interests that continue to be held by the transferor at the date of securitization resulting from securitizations completed during the year were as follows (rate per annum [weighted-average rates for securitizations entered into during the period for securitizations of loans with similar characteristics]).~~

	~~20X2~~				~~20X1~~			
			~~Residential Mortgage Loans~~				~~Residential Mortgage Loans~~	
	~~Automobile Loans~~	~~Card Loans~~	~~Fixed-Rate~~	~~Adjustable[(a)]~~	~~Automobile Loans~~	~~Card Loans~~	~~Fixed-Rate~~	~~Adjustable[(a)]~~
~~Prepayment speed~~	~~1.00%~~	~~15.00%~~	~~10.00%~~	~~8.00%~~	~~1.00%~~	~~12.85%~~	~~8.00%~~	~~6.00%~~
~~Weighted-average life (in years)[(b)]~~	~~1.8~~	~~0.4~~	~~7.2~~	~~6.5~~	~~1.8~~	~~0.4~~	~~8.5~~	~~7.2~~
~~Expected credit losses~~	~~3.40%~~	~~6.10%~~	~~1.25%~~	~~1.30%~~	~~3.50 – 3.80%~~	~~5.30%~~	~~1.25%~~	~~2.10%~~
~~Residual cash flows discounted at~~	~~12.0 – 13.0%~~	~~12.00%~~	~~10.00%~~	~~8.50%~~	~~13.00 – 13.50%~~	~~13.00%~~	~~11.75%~~	~~11.00%~~
~~Variable returns to transferees~~	~~Forward Eurodollar yield curve plus contractual spread over the London Interbank Offered Rate (LIBOR) ranging from 30 to 80 basis points~~		~~Not applicable~~		~~Forward Eurodollar yield curve plus contractual spread over LIBOR ranging from 28 to 70 basis points~~		~~Not applicable~~	

~~(a) Rates for these loans are adjusted based on an index (for most loans, the 1-year Treasury note rate plus 2.75 percent). Contract terms vary, but for most loans, the rate is adjusted every 12 months by no more than 2 percent.~~

~~(b) The weighted-average life in periods (for example, months or years) of prepayable assets is calculated by summing the product of the sum of the principal collections expected in each future period times the number of periods until collection, and then dividing that total by the initial principal balance.~~

~~> > Example 14: Combined Disclosure of Key Assumptions Used in Valuing Interests that Continue to Be Held and the Hypothetical Effect on Current Fair Value of Two or More Pessimistic Variations from the Expected Levels for Each of the Key Assumptions~~

860-20-55-97 Paragraph superseded by Accounting Standards Update 2009-16. ~~This Example combines disclosure for a nonpublic entity of the key assumptions used in valuing interests that continue to be held by the transferor at the end of the latest period (required by paragraph 860-20-50-4(b)) and the hypothetical effect on current fair value of two or more pessimistic variations from the expected levels for each of the key assumptions (required by paragraph 860-20-50-4(c)).~~

~~At December 31, 20X2, key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate 10 percent and 20 percent adverse changes in those assumptions are as follows ($ in millions).~~

	~~Automobile Loans~~	~~Credit Card Loans~~	~~Residential Mortgage Loans: Fixed Rate~~	~~Residential Mortgage Loans: Adjustable~~
~~Carrying amount or fair value of interests that continue to be held by the transferor~~	~~$ 15.6~~	~~$ 21.3~~	~~$ 12.0~~	~~$ 13.3~~
~~Weighted-average life (in years)~~ [(a)]	~~1.7~~	~~0.4~~	~~6.5~~	~~6.1~~
~~Prepayment speed assumption (annual rate)~~	~~1.3%~~	~~15.0%~~	~~11.5%~~	~~9.3%~~
~~Impact on fair value of 10% adverse change~~	~~$ 0.3~~	~~$ 1.6~~	~~$ 3.3~~	~~$ 2.6~~
~~Impact on fair value of 20% adverse change~~	~~$ 0.7~~	~~$ 3.0~~	~~$ 7.8~~	~~$ 6.0~~
~~Expected credit losses (annual rate)~~	~~3.0%~~	~~6.1%~~	~~0.9%~~	~~1.8%~~
~~Impact on fair value of 10% adverse change~~	~~$ 4.2~~	~~$ 3.2~~	~~$ 1.1~~	~~$ 1.2~~
~~Impact on fair value of 20% adverse change~~	~~$ 8.4~~	~~$ 6.5~~	~~$ 2.2~~	~~$ 3.0~~
~~Residual cash flows discount rate (annual)~~	~~14.0%~~	~~14.0%~~	~~12.0%~~	~~9.0%~~
~~Impact on fair value of 10% adverse change~~	~~$ 1.0~~	~~$ 0.1~~	~~$ 0.6~~	~~$ 0.5~~
~~Impact on fair value of 20% adverse change~~	~~$ 1.8~~	~~$ 0.1~~	~~$ 0.9~~	~~$ 0.9~~
~~Interest rates on variable and adjustable contracts~~	**~~Forward Eurodollar yield curve plus contracted spread~~**			
~~Impact on fair value of 10% adverse change~~	~~$ 1.5~~	~~$ 4.0~~	~~$ 0.4~~	~~$ 1.5~~
~~Impact on fair value of 20% adverse change~~	~~$ 2.5~~	~~$ 8.1~~	~~$ 0.7~~	~~$ 3.8~~

~~(a) Paragraph 860-20-50-3 describes how weighted-average life can be calculated.~~

~~These sensitivities are hypothetical and should be used with caution.~~

~~As the figures indicate, changes in fair value based on a 10 percent variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear.~~

~~Also, in this table, the effect of a variation in a particular assumption on the fair value of the interest that continues to be held by the transferor is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities.~~

~~> > Example 15: Disclosure of Expected Static Pool Credit Losses~~

860-20-55-98 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~This Example illustrates disclosure for a nonpublic entity of expected static pool credit losses (required by paragraph 860-20-50-4(b)), as follows.~~

	Automobile Loans Securitized in		
~~**Actual and Projected Credit Losses (%) as of:**~~	~~**20X0**~~	~~**20X1**~~	~~**20X2**~~
~~December 31, 20X2~~	~~5.0~~	~~5.9~~	~~5.1~~
~~December 31, 20X1~~	~~5.1~~	~~5.0~~	
~~December 31, 20X0~~	~~4.5~~		

~~**Note:** Static pool losses are calculated by summing the actual and projected future credit losses and dividing them by the original balance of each pool of assets. The amount shown here for each year is a weighted average for all securitizations during the period.~~

~~> > Example 16: Disclosure of Cash Flows Between the Securitization Special-Purpose Entity and the Transferor~~

860-20-55-99 Paragraph superseded by Accounting Standards Update 2009-16.~~This Example illustrates the disclosure for a nonpublic entity of cash flows between the securitization special-purpose entity and the transferor (required by paragraph 860-20-50-3(d)).~~

~~The table below summarizes certain cash flows received from and paid to securitization trusts ($ in millions).~~

	~~**Year Ended December 31**~~	
	~~**20X2**~~	~~**20X1**~~
~~Proceeds from new securitizations~~	~~$1,413~~	~~$ 971~~
~~Proceeds from collections reinvested in previous credit card securitizations~~	~~3,150~~	~~2,565~~
~~Servicing fees received~~	~~23~~	~~19~~
~~Other cash flows received on interests that continue to be held by the transferor[(a)]~~	~~81~~	~~52~~
~~Purchases of delinquent or foreclosed assets~~	~~(45)~~	~~(25)~~
~~Servicing advances~~	~~(102)~~	~~(73)~~
~~Repayments of servicing advances~~	~~90~~	~~63~~

~~**Note:**~~

~~(a) This amount represents total cash flows received from interests that continue to be held by the transferor. Other cash flows include, for example, all cash flows from interest-only strips and cash above the minimum required level in cash collateral accounts.~~

~~> > Example 17: Disclosure of Quantitative Information About Delinquencies, Net Credit Losses, and Components of Securitized Financial Assets and Other Assets Managed with Them~~

860-20-55-100 Paragraph superseded by Accounting Standards Update 2009-16.~~This Example illustrates the guidance in paragraph 860-20-50-4(e) for a~~

~~nonpublic entity. This Example presents quantitative information about delinquencies, net credit losses, and components of securitized financial assets and other assets managed together with them ($ in millions).~~

	Total Principal Amount of Loans		Principal Amount of Loans 60 Days or More Past Due[a]		Average Balances[b]		Net Credit Losses[c]	
	At December 31				During the Year			
Type of Loan	20X2	20X1	20X2	20X1	20X2	20X1	20X2	20X1
Automobile loans	$ 830	$ 488	$ 42.3	$ 26.8	$ 720	$ 370	$21.6	$ 12.6
Residential mortgage loans (fixed rate)	482	302	5.8	3.6	470	270	5.6	3.2
Residential mortgage loans (adjustable)	544	341	7.1	6.8	520	300	6.2	6.0
Credit card loans	300	250	15	12.5	350	300	16	15
Total loans managed or securitized [d]	2,156	1,381	$ 70.2	$ 49.7	2,060	1,240	$49.4	$ 36.8
Less:								
Loans securitized [e]	1,485	905			1,368	752		
Loans held for sale or securitization	19	11			17	9		
Loans held in portfolio [f]	$ 652	$ 465			$ 675	$ 479		

~~(a) Loans 60 days or more past due are based on end of period total loans.~~

~~(b) This disclosure is optional.~~

~~(c) Net credit losses are chargeoffs and are based on total loans outstanding.~~

~~(d) Owned and securitized loans are customer loans, credit card loans, mortgage loans, auto loans, and other loans, as applicable, in which the transferor retains a subordinated interest or retains any risk of loss (for example, 10 percent recourse)~~

~~(e) Represents the principal amount of the loan. Interest-only strips (or other interests that continue to be held by a transferor) and servicing assets and servicing liabilities held for securitized assets are excluded from this table because they are recognized separately.~~

~~(f) Loans held in portfolio are reported separately from loans held for securitization because they are measured differently.~~

~~> > Example 18: Accounting for Amounts in Accumulated Other Comprehensive Income when a Transferor Continues to Hold an Interest in Assets Accounted for as Available-for-Sale Securities Before the Transfer~~

860-20-55-101 Paragraph superseded by Accounting Standards Update 2009-16.~~In certain transfers, the transferor continues to hold an interest that should be subsequently accounted for under Section 320-10-35. This Example illustrates the transferor's accounting for amounts in other comprehensive income at the date of transfer if the transferred asset was accounted for as available for sale under Topic 320 before the transfer.~~

860-20-55-102 Paragraph superseded by Accounting Standards Update 2009-16. ~~The following Cases illustrate the accounting for the unrealized gain in other comprehensive income when appreciated available-for-sale securities are transferred to a qualifying special-purpose entity and the remaining interests are later sold:~~

~~a. Qualifying special-purpose entity sells the remaining assets at the fifth anniversary with proceeds distributed to beneficial interest holders (Case A).~~
~~b. Qualifying special-purpose entity sells the transferred debt securities at a predetermined date and reinvests the proceeds in instruments that mature when the qualifying special-purpose entity liquidates (Case B).~~

860-20-55-103 Paragraph superseded by Accounting Standards Update 2009-16.~~Cases A and B share the following assumptions:~~

~~a. Entity J transfers financial assets that are appreciated debt securities to a qualifying special-purpose entity in exchange for 80 percent of the~~

~~beneficial interests in the qualifying special-purpose entity and $30 in cash.~~

b. ~~The original cost basis for the debt securities is $100, and their fair value is $150 at the date of transfer to the qualifying special-purpose entity.~~
c. ~~Because those securities are accounted for as available-for-sale securities under Topic 320, the carrying amount at the date of transfer is $150 and the unrealized gain in other comprehensive income is $50.~~
d. ~~The qualifying special-purpose entity also issues, for $30, beneficial interests entitling the unrelated investor to a fixed rate of interest for 5 years.~~
e. ~~For purposes of applying Section 860-20-25 the initial investment in the beneficial interests that continue to be held is the allocated carrying amount, that is, $120.~~

~~> > > Case A: Qualifying Special-Purpose Entity Sells the Remaining Assets at the Fifth Anniversary with Proceeds Distributed to Beneficial Interest Holders~~

860-20-55-104 Paragraph superseded by Accounting Standards Update 2009-16.~~In this Case, on the fifth anniversary of the qualifying special-purpose entity, the assets remaining in it will be sold and the beneficial interest holders (the investor and the transferor) will receive the proceeds.~~

860-20-55-105 Paragraph superseded by Accounting Standards Update 2009-16. ~~In this Case, 20 percent or $10 of the unrealized gain of $50 would be recognized at the time of transfer. The remaining unrealized gain of $40 should remain in accumulated other comprehensive income until the qualifying special-purpose entity sells the assets remaining in the qualifying special-purpose entity. The amount of the unrealized gain in other comprehensive income ignores the effect of income taxes. The application of Section 320-10-35 should not result in recognition in earnings of an unrealized gain or loss that had been recognized in accumulated other comprehensive income before it is realized.~~

~~> > > Case B: Qualifying Special-Purpose Entity Sells the Transferred Debt Securities at a Predetermined Date and Reinvests the Proceeds in Instruments that Mature when the Qualifying Special-Purpose Entity Liquidates~~

860-20-55-106 Paragraph superseded by Accounting Standards Update 2009-16. ~~In this Case, the qualifying special-purpose entity is directed (at inception) to sell the transferred debt securities at a predetermined date and then to reinvest the proceeds in different debt instruments that mature at the same date that the qualifying special-purpose entity liquidates.~~

860-20-55-107 Paragraph superseded by Accounting Standards Update 2009-16. ~~In this Case, the $40 unrealized gain in accumulated other comprehensive income should be recognized in Entity J's net income when the qualifying special-purpose entity sells the transferred assets. Entity J should recognize a sale, and a gain or loss, when the transferred assets are sold by the qualifying special-purpose entity. At that point, Entity J's interest is no longer a beneficial interest in the transferred assets but rather a beneficial interest in the different debt instruments.~~

139. Supersede paragraph 860-30-10-1, with a link to transition paragraph 860-10-65-3, as follows:

Transfers and Servicing—Secured Borrowings and Collateral

Objective

860-30-10-1 Paragraph superseded by Accounting Standards Update 2009-16.~~Section 860-10-10 outlines the objectives of the financial components approach on which the guidance in this Subtopic is based.~~

140. Amend paragraph 860-30-25-2, with a link to transition paragraph 860-10-65-3, as follows:

Recognition

860-30-25-1 This Section provides guidance on the recognition of **transfers** of financial assets as secured borrowings with a pledge of collateral. It addresses the following areas:

a. Cash collateral
b. Noncash collateral
c. Cash or securities received as proceeds
d. Sales of collateral received.

860-30-25-2 The **transferor** and **transferee** shall account for a transfer as a secured borrowing with pledge of collateral in either of the following circumstances:

a. If a transfer of ~~financial assets~~an entire financial asset, a group of entire financial assets, or a **participating interest** in an entire financial asset ~~in exchange for cash or other consideration (other than beneficial interests in the transferred assets)~~ does not meet the ~~criteria~~conditions for a sale in paragraph ~~860-10-40-5,~~860-10-40-5
b. If a transfer of a portion of an entire financial asset does not meet the definition of a participating interest. ~~the transferor and transferee shall account for the transfer as a secured borrowing with pledge of collateral.~~

The transferor shall continue to report the transferred financial asset in its statement of financial position with no change in the asset's measurement (that is, basis of accounting). **[FAS 140, paragraph 12, sequence 103]**

141. Amend paragraph 860-30-25-7, with a link to transition paragraph 860-10-65-3, as follows:

860-30-25-7 Many securities lending transactions are accompanied by an agreement that both entitles and obligates the transferor to repurchase or redeem the transferred financial assets before their maturity. Paragraph 860-10-40-24 ~~requires that~~states that an agreement that both entitles and obligates the transferor to repurchase or redeem transferred financial assets from the transferee ~~maintain~~maintains the transferor's effective control over those assets ~~under~~as described in paragraph 860-10-40-5(c)(1), ~~and the transfer is therefore to be accounted for as a secured borrowing,~~ if ~~and only if~~ all of the conditions in paragraph 860-10-40-24 are met. Those transactions shall be accounted for as secured borrowings, in which either cash or securities that the holder is permitted by contract or custom to sell or repledge received as collateral are considered the amount borrowed, the securities loaned are considered pledged as collateral against the cash borrowed and reclassified as set forth in paragraph 860-30-25-5(a), and any rebate paid to the transferee of securities is interest on the cash the transferor is considered to have borrowed.

142. Supersede paragraph 860-30-50-1 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

Disclosure

~~> Nonpublic Entities~~

860-30-50-1 Paragraph superseded by Accounting Standards Update 2009-16.~~Disclosures a **nonpublic entity** shall make related to transfers of financial assets are organized as follows:~~

- ~~a. Collateral~~
- ~~b. Restricted assets.~~

143. Amend paragraph 860-30-50-1a and supersede its related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~> > Collateral~~

860-30-50-1A ~~The following disclosures by a nonpublic entity are required~~An entity shall disclose all of the following for **collateral**: **[FAS 140, paragraph 17, sequence 117]**

a. If the entity has entered into repurchase agreements or securities lending transactions, it shall disclose its policy for requiring collateral or other security.

b. ~~If the entity has pledged any of its assets as collateral that are not reclassified and separately reported in the statement of financial position pursuant to paragraph 860-30-25-5(a), it shall disclose the carrying amount and classification of those assets as~~As of the date of the latest statement of financial position ~~presented.~~presented, both of the following:
   1. The carrying amount and classifications of both of the following: **[FAS 140, paragraph 17, sequence 119]**
      i. Any assets pledged as collateral that are not reclassified and separately reported in the statement of financial position in accordance with paragraph 860-30-25-5(a) **[FAS 140, paragraph 17, sequence 119]**
      ii. Associated liabilities. **[FAS 140, paragraph 17, sequence 119]**
   2. Qualitative information about the relationship(s) between those assets and associated liabilities; for example, if assets are restricted solely to satisfy a specific obligation, a description of the nature of restrictions placed on those assets. **[FAS 140, paragraph 17, sequence 119]**
c. If the entity has accepted collateral that it is permitted by contract or custom to sell or repledge, it shall disclose all the following:
   1. The fair value as of the date of each statement of financial position presented of that collateral
   2. The fair value as of the date of each statement of financial position presented of the portion of that collateral that it has sold or repledged
   3. Information about the sources and uses of that collateral.

For overall guidance on Topic 860's disclosures, see Section 860-10-50.

144. Supersede paragraphs 860-30-50-2 through 50-5 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

~~**> > Restricted Assets**~~

860-30-50-2 Paragraph superseded by Accounting Standards Update 2009-16.~~If a nonpublic entity sets aside assets solely for the purpose of satisfying scheduled payments of a specific obligation, the entity shall disclose a description of the nature of restrictions placed on those assets.~~

~~**> Public Entities**~~

860-30-50-3 Paragraph superseded by Accounting Standards Update 2009-16. ~~Disclosures that a **public entity** shall make about secured borrowings and collateral are organized as follows:~~

~~a. Collateral~~
~~b. Secured borrowings.~~

~~For overall guidance on Topic 860's disclosures specific to public entities, see paragraph 860-10-50-2.~~

~~**> > Collateral**~~

860-30-50-4 Paragraph superseded by Accounting Standards Update 2009-16.~~For collateral, a public entity shall disclose all of the following:~~

- ~~a. If the entity has entered into repurchase agreements or securities lending transactions, its policy for requiring collateral or other security.~~
- ~~b. If the entity has pledged any of its assets as collateral, the carrying amount and classification of those assets and associated liabilities as of the date of the latest statement of financial position presented, including qualitative information about the relationship(s) between those assets and associated liabilities. For example, if assets are restricted solely to satisfy a specific obligation, the carrying amount of those assets and associated liabilities, including a description of the nature of restrictions placed on the assets, shall be disclosed.~~
- ~~c. If the entity has accepted collateral that it is permitted by contract or custom to sell or repledge, it shall disclose all of the following:~~
  - ~~1. The fair value, as of the date of each statement of financial position presented of that collateral~~
  - ~~2. The fair value, as of the date of each statement of financial position presented of the portion of that collateral that it has sold or repledged~~
  - ~~3. Information about the sources and uses of that collateral.~~

~~**> > Secured Borrowings**~~

860-30-50-5 Paragraph superseded by Accounting Standards Update 2009-16. ~~For a transfer of financial assets accounted for as a secured borrowing, a public entity shall disclose the carrying amount and classification of assets and associated liabilities recognized in the transferor's statement of financial position at the end of each period presented, including qualitative information about the relationship(s) between those assets and associated liabilities. For example, if assets are restricted solely to satisfy a specific obligation, the carrying amount of those assets and associated liabilities, including a description of the nature of restrictions placed on the assets.~~

145. Supersede paragraphs 860-40-05-1 through 05-4, with a link to transition paragraph 860-10-65-3, as follows:

Transfers and Servicing—Transfers to Special-Purpose Entities

Overview and Background

860-40-05-1 Paragraph superseded by Accounting Standards Update 2009-16.~~Subtopic 860-10 sets forth criteria that must be met for a transfer of financial~~

~~assets to be accounted for as a sale. This Subtopic provides incremental guidance on applying those criteria when the transfer is to a **qualifying special-purpose entity**.~~

860-40-05-2 Paragraph superseded by Accounting Standards Update 2009-16.~~Many transfers of financial assets are to qualifying special-purpose entities of the type described in paragraph 860-40-15-3. After those transfers, the qualifying special-purpose entity holds legal title to the transferred assets but does not have the right to pledge or exchange the transferred assets free of constraints. Rather, the activities of the qualifying special-purpose entity are limited to carrying out the provisions of the legal documents that established it. One significant purpose of those limitations on activities often is to make remote the possibility that a qualifying special-purpose entity could enter bankruptcy or other receivership, even if the **transferor** were to enter receivership.~~

860-40-05-3 Paragraph superseded by Accounting Standards Update 2009-16.~~The primary purpose of a qualifying special-purpose entity is limited to passively holding financial assets on behalf of beneficial interest holders in those assets. The notion of a qualifying special-purpose entity is that some powers and activities are appropriate or even necessary to support that primary purpose, while other powers and activities are unnecessary or even inappropriate for that purpose. Therefore, a qualifying special-purpose entity's powers are restricted as described in paragraph 860-40-15-3.~~

860-40-05-4 Paragraph superseded by Accounting Standards Update 2009-16.~~The effect of establishing a qualifying special-purpose entity is to merge the contractual rights in the transferred assets and to allocate undivided interests in them—the **beneficial interests**. Once beneficial interests are issued to beneficial interest holders other than the transferor or its **affiliates** in exchange for consideration, the economic benefits of all the assets held in a qualifying special-purpose entity are divided among and controlled by the beneficial interest holders, not by the transferor whose assets they once were and not by the qualifying special-purpose entity or the trustee that may be the legal owner of the qualifying special-purpose entity. Once the assets are legally isolated and beneficial interests in those assets are issued, the qualifying special-purpose entity is in the position of a custodian holding the underlying assets for the beneficial interest holders. Assets held in a qualifying special-purpose entity are therefore effectively the assets of its beneficial interest holders.~~

860-40-05-5 [Paragraph not used]

146. Supersede paragraph 860-40-05-6, with a link to transition paragraph 860-10-65-3, as follows:

860-40-05-6 Paragraph superseded by Accounting Standards Update 2009-16.~~Qualifying special-purpose entities issue beneficial interests of various kinds—variously characterized as debt, participations, residual interests, and otherwise—as required by the provisions of those agreements. For example, a~~

~~fixed-maturity debt instrument, a commercial paper obligation, or an equity interest can be considered a beneficial interest in a qualifying special-purpose entity.~~

147. Supersede paragraph 860-40-10-1, with a link to transition paragraph 860-10-65-3, as follows:

Objective

860-40-10-1 Paragraph superseded by Accounting Standards Update 2009-16.~~Section 860-10-10 outlines the objectives of the financial components approach on which the guidance in this Subtopic is based.~~

148. Supersede paragraphs 860-40-15-1 through 15-29 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

Scope and Scope Exceptions

~~**> Overall Guidance**~~

860-40-15-1 Paragraph superseded by Accounting Standards Update 2009-16.~~This Scope Section establishes guidance for identifying whether an entity is a **qualifying special-purpose entity** and therefore subject to the scope of this Subtopic.~~

~~**> Conditions for a Qualifying Special-Purpose Entity**~~

860-40-15-2 Paragraph superseded by Accounting Standards Update 2009-16.~~This Section describes four conditions necessary for an entity to be a qualifying special-purpose entity under this Subtopic. Those conditions must be present for it to be appropriate to look through the qualifying special-purpose entity to the beneficial interest holders and their ability to pledge or exchange their interests to determine sale accounting under paragraph 860-10-40-5(b).~~

860-40-15-3 Paragraph superseded by Accounting Standards Update 2009-16.~~A qualifying special-purpose entity is a trust or other legal vehicle that meets all of the following criteria:~~

- ~~a. Need to be demonstrably distinct from the **transferor**. It is demonstrably distinct from the transferor. A qualifying special-purpose entity is demonstrably distinct from the transferor only if it cannot be unilaterally dissolved by any transferor, its **affiliates**, or its agents, and either of the following conditions is met:~~
  - ~~1. At least 10 percent of the fair value of its **beneficial interests** is held by parties other than any transferor, its affiliates, or its agents.~~
  - ~~2. The transfer is a **guaranteed mortgage securitization**.~~
- ~~b. Limits on permitted activities. Its permitted activities have all of the following characteristics:~~
  - ~~1. Are significantly limited~~

2. ~~Were entirely specified in the legal documents that established the special-purpose entity or created the beneficial interests in the transferred assets that it holds~~
3. ~~May be significantly changed only with the approval of the holders of at least a majority of the beneficial interests held by entities other than any transferor, its affiliates, and its agents.~~

c. ~~Limits on the assets it can hold. It may hold only the following:~~
1. ~~Financial assets transferred to it that are passive in nature (see paragraphs 860-40-15-14 through 15-15)~~
2. ~~Passive derivative financial instruments that pertain to beneficial interests issued or sold to parties other than the transferor, its affiliates, or its agents (see paragraphs 860-40-15-14 through 15-16)~~
3. ~~Financial assets (for example, guarantees or rights to collateral) that would reimburse it if others were to fail to adequately service financial assets transferred to it or to timely pay obligations due to it and that it entered into when it was established, when assets were transferred to it, or when beneficial interests (other than derivative financial instruments) were issued by the special-purpose entity~~
4. ~~Servicing rights related to financial assets that it holds~~
5. ~~Temporarily, nonfinancial assets obtained in connection with the collection of financial assets that it holds (see paragraphs 860-40-15-23 through 15-24)~~
6. ~~Cash collected from assets that it holds and investments purchased with that cash pending distribution to holders of beneficial interests that are appropriate for that purpose (that is, money-market or other relatively risk-free instruments without options and with maturities no later than the expected distribution date).~~

d. ~~Limits on sales or other dispositions of assets. If it can sell or otherwise dispose of noncash financial assets, it can do so only in automatic response to any one of the following conditions:~~
1. ~~Occurrence of an event or circumstance that has all of the following characteristics:~~
   i. ~~Is specified in the legal documents that established the special-purpose entity or created the beneficial interests in the transferred assets that it holds~~
   ii. ~~Is outside the control of the transferor, its affiliates, or its agents~~
   iii. ~~Causes, or is expected at the date of transfer to cause, the fair value of those financial assets to decline by a specified degree below the fair value of those assets when the special-purpose entity obtained them (see paragraphs 860-40-15-27 through 15-28).~~
2. ~~Exercise by a beneficial interest holder (other than the transferor, its affiliates, or its agents) of a right to put that holder's beneficial~~

~~interest back to the special-purpose entity in exchange for any of the following:~~

~~i. A full or partial distribution of those assets~~

~~ii. Cash (which may require that the special-purpose entity dispose of those assets or issue beneficial interests to generate cash to fund settlement of the put)~~

~~iii. New beneficial interests in those assets.~~

~~3. Exercise by the transferor of a call or removal-of-accounts provision specified in the legal documents that established the special-purpose entity, transferred assets to the special-purpose entity, or created the beneficial interests in the transferred assets that it holds (see paragraphs 860-10-40-33 through 40-39 and 860-40-40-9 through 40-11).~~

~~4. Termination of the special-purpose entity or maturity of the beneficial interests in those financial assets on a fixed or determinable date that is specified at inception (see paragraph 860-40-55-17).~~

860-40-15-4 Paragraph superseded by Accounting Standards Update 2009-16.~~The description of a qualifying special-purpose entity is restrictive. The accounting for qualifying special-purpose entities and transfers of financial assets to them shall not be extended to any entity that does not currently satisfy all of the conditions articulated in this Section.~~

860-40-15-5 Paragraph superseded by Accounting Standards Update 2009-16.~~The following guidance elaborates on these conditions.~~

~~**> > Need to Be Demonstrably Distinct from the Transferor**~~

860-40-15-6 Paragraph superseded by Accounting Standards Update 2009-16.~~The following provides guidance on the condition in paragraph 860-40-15-3(a) that a qualifying special-purpose entity must be demonstrably distinct from the transferor.~~

860-40-15-7 Paragraph superseded by Accounting Standards Update 2009-16.~~An ability to unilaterally dissolve a special-purpose entity can take many forms, including but not limited to holding sufficient beneficial interests to demand that the trustee dissolve the special-purpose entity, the right to call all the assets transferred to the special-purpose entity, and a right to call or a prepayment privilege on the beneficial interests held by other parties.~~

860-40-15-8 Paragraph superseded by Accounting Standards Update 2009-16.~~A required minimum outside beneficial interest is consistent with the idea that an ownership interest has been transferred and gave substance to the qualifying special-purpose entity's limitations in that another party is relying on those limitations. If at least 10 percent of the interests in the transferred assets (or 10 percent of the interests in a series in the master trust) are currently held by third parties and if the transferor cannot unilaterally dissolve the special-purpose~~

~~entity, that is sufficient evidence to demonstrate that the special-purpose entity is demonstrably distinct from the transferor, its affiliates, or its agents. (See paragraph 860-10-05-10 for background on the use of a master trust in securitizations.)~~

860-40-15-9 Paragraph superseded by Accounting Standards Update 2009-16.~~However, there is an exception to the 10 percent minimum for a guaranteed mortgage securitization. That exception shall not be extended directly or by analogy to other kinds of securitizations, for example, securitizations using nonqualifying special-purpose entities or securitizations of assets that do not arise from mortgage banking activities.~~

~~> > Limits on Permitted Activities~~

860-40-15-10 Paragraph superseded by Accounting Standards Update 2009-16.~~The powers of a special-purpose entity must be limited to those activities allowed by paragraph 860-40-15-3(b) for it to be a qualifying special-purpose entity. Many kinds of entities are not so limited. For example, any bank, insurance entity, pension plan, or investment company has powers that cannot be sufficiently limited for it to be a qualifying special-purpose entity.~~

860-40-15-11 Paragraph superseded by Accounting Standards Update 2009-16.~~The significant limitations on the activities of a qualifying special-purpose entity apply whether those activities are carried out by the qualifying special-purpose entity itself or by its **agent** or anyone else acting on its behalf. It is not permissible for another entity to perform activities on behalf of a qualifying special-purpose entity or to direct the qualifying special-purpose entity to perform activities that otherwise would not be permitted activities of the qualifying special-purpose entity.~~

~~> > Limits on the Assets It Can Hold~~

860-40-15-12 Paragraph superseded by Accounting Standards Update 2009-16.~~The following provides further guidance on certain types of financial assets or instruments that may be held by a qualifying special-purpose entity under the guidance in paragraph 860-40-15-3(c), specifically:~~

- ~~a. Passive instruments held~~
- ~~b. Derivative financial instruments held~~
- ~~c. Servicing rights held~~
- ~~d. Nonfinancial assets held~~
- ~~e. Cash collections held.~~

860-40-15-13 Paragraph superseded by Accounting Standards Update 2009-16.~~A qualifying special-purpose entity may hold the types of assets in paragraph 860-40-15-3(c) because they are inherent in financial assets, are necessary in connection with fiduciary responsibilities to benefit interest holders, or are held only temporarily as a result of collecting or attempting to collect some of the financial assets the qualifying special-purpose entity previously held. Only those~~

~~types of assets can be held because holding other types of assets is inconsistent with the qualifying special-purpose entity's principal purpose of passively conveying indirect ownership of transferred financial assets to benefit interest holders.~~

~~**> > > Passive Instruments Held**~~

860-40-15-14 Paragraph superseded by Accounting Standards Update 2009-16.~~A **financial asset** or **derivative financial instrument** is passive only if holding the asset or instrument does not involve its holder in making decisions other than the decisions inherent in servicing (see paragraphs 860-50-05-2 through 05-3). Investments are not passive if through them, either in themselves or in combination with other investments or rights, the special-purpose entity or any related entity, such as the transferor, its affiliates, or its agents, is able to exercise control or significant influence (as defined in generally accepted accounting principles [GAAP] for consolidation policy and for the equity method, respectively) over the investee. An equity instrument is not passive if the qualifying special-purpose entity can exercise the voting rights and is permitted to choose how to vote.~~

~~**> > > Derivative Financial Instruments Held**~~

860-40-15-15 Paragraph superseded by Accounting Standards Update 2009-16.~~A derivative financial instrument is not passive if, for example, it includes an option allowing the special-purpose entity to choose to call or put other financial instruments. Other derivative financial instruments can be passive, for example, interest rate caps and swaps and forward contracts. To illustrate, a qualifying special-purpose entity is precluded from entering into written options that provide the holder with an opportunity to trigger a condition that enables the special-purpose entity to sell transferred assets under circumstances inconsistent with the requirements of paragraph 860-40-15-3(d)(2). Derivative financial instruments that result in liabilities, like other liabilities of a qualifying special-purpose entity, are a kind of beneficial interest in the qualifying special-purpose entity's assets.~~

860-40-15-16 Paragraph superseded by Accounting Standards Update 2009-16.~~A derivative financial instrument pertains to beneficial interests issued only if it meets all of the following criteria:~~

- ~~a. It is entered into in either of the following circumstances:~~
  - ~~1. When the beneficial interests are issued by the qualifying special-purpose entity to parties other than the transferor, its affiliates, or its agents or sold to such other parties after being issued by the qualifying special-purpose entity to the transferor, its affiliates, or its agents~~
  - ~~2. When a passive derivative financial instrument needs to be replaced upon occurrence of an event or circumstance (specified in the legal documents that established the special-purpose entity or~~

~~created the beneficial interests in the transferred assets that it holds) outside the control of the transferor, its affiliates, or its agents, for example, when the counterparty to the derivative financial instrument defaults or is downgraded below a specified threshold.~~

~~b. It has a notional amount that does not initially exceed the amount of those beneficial interests and is not expected to exceed them subsequently.~~

~~c. It has characteristics that relate to, and partly or fully but not excessively counteract, some risk associated with those beneficial interests or the related transferred assets.~~

860-40-15-17 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~The requirements of paragraph 860-40-15-16(b) through (c) shall be met when beneficial interests are initially issued by the qualifying special-purpose entity or when a passive derivative financial instrument needs to be replaced upon the occurrence of a specified event outside the control of the transferor, its affiliates, or its agents. Assessing whether the requirements of those paragraphs are met shall be based on an analysis of the expected assets of the qualifying special-purpose entity and the expected amount of beneficial interests held by outside parties over the expected life of the qualifying special-purpose entity. However, unexpected subsequent events outside the control of the transferor, its affiliates, or its agents (for example, prepayments of assets of the qualifying special-purpose entity) that were not contemplated by an analysis of the expected assets of the qualifying special-purpose entity and the expected amount of beneficial interests held by outside parties when the beneficial interests of the qualifying special-purpose entity were issued would not impair the qualified status of the qualifying special-purpose entity.~~

860-40-15-18 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~See paragraphs 860-40-55-5 through 55-11 for implementation guidance related to the application of paragraph 860-40-15-16(b) through (c).~~

~~**> > > Servicing Rights Held**~~

860-40-15-19 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~When a loan becomes delinquent or defaults, the servicer typically attempts to restructure or work out the loan in lieu of foreclosing on the collateral. The discretion permitted a servicer to work out a loan is consistent with the limited powers permitted a qualifying special-purpose entity as long as that discretion is significantly limited and the parameters of that discretion are fully described in the legal documents that established the qualifying special-purpose entity or that created the beneficial interests in the transferred assets.~~

860-40-15-20 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~However, the servicer shall not initiate new lending to the borrower through the qualifying special-purpose entity as a result of the workout. Examples of activities that are not new lending are the following:~~

~~a. Payments made by a servicer after a debtor fails to pay them (for example, to pay delinquent property taxes, to ensure required property and casualty insurance coverage is maintained, and so forth) that are contemplated in the lending agreement before its transfer to the qualifying special-purpose entity~~
~~b. Advances of funds by servicers (whether required or discretionary) to facilitate timely payments to the beneficial interest holders, after which the servicer has a priority right to recoup its advances from future cash inflows (that activity does not represent new lending activity to the borrower because it does not increase the indebtedness of the borrower)~~
~~c. Extension of further credit by a transferor in a credit card **securitization** or revolving-period securitization and the subsequent transfer of the resulting loan by the transferor to qualifying special-purpose entity, pursuant to agreements in the legal documents that established the qualifying special-purpose entity (that is not a new lending activity by a qualifying special-purpose entity because the loan is originated by the transferor, not through the qualifying special-purpose entity).~~

860-40-15-21 Paragraph superseded by Accounting Standards Update 2009-16.~~The decision to initiate foreclosure activities is a servicing activity. Foreclosure is a means by which the servicer attempts to collect principal and interest due on a loan. It is not a loan disposal. A servicer may have discretion in determining when to initiate foreclosure proceedings as long as that discretion is significantly limited and the parameters of that discretion are fully described in the legal documents that established the qualifying special-purpose entity or that created the beneficial interests in the transferred assets.~~

860-40-15-22 Paragraph superseded by Accounting Standards Update 2009-16.~~A servicer of assets held by a qualifying special-purpose entity may have some discretion in managing and disposing of foreclosed assets. A servicer may have discretion to dispose of foreclosed assets that it temporarily holds (as long as that discretion is significantly limited and the parameters of that discretion are fully described in the legal documents that established the qualifying special-purpose entity or that created the beneficial interests in the transferred assets). However, certain activities that could be undertaken by a servicer managing foreclosed assets are inconsistent with the discretion permitted a qualifying special-purpose entity because they are inconsistent with the restrictions on a qualifying special-purpose entity. Judgment needs to be applied to determine whether a specific activity is inconsistent with those provisions. For implementation guidance on servicer discretion in disposing of defaulted loans, see paragraph 860-40-55-18. For implementation guidance on servicer discretion in disposing of loans when concentrations of credit risk exist, see paragraph 860-50-55-20.~~

~~> > > Nonfinancial Assets Held~~

860-40-15-23 Paragraph superseded by Accounting Standards Update 2009-16.~~Under paragraph 860-40-15-3, a special-purpose entity that holds title to nonfinancial assets temporarily as a result of executing foreclosure on financial assets in connection with servicing can be considered qualifying. For example, a qualifying special-purpose entity could be permitted to temporarily hold foreclosed nonfinancial collateral. In contrast, an entity cannot be a qualifying special-purpose entity if, for example, it receives from a transferor significant secured financial assets likely to default with the expectation that it will foreclose on and profitably manage the securing nonfinancial assets.~~

860-40-15-24 Paragraph superseded by Accounting Standards Update 2009-16. ~~A qualifying special-purpose entity also may hold the residual value of a sales-type or a direct financing lease only to the extent that it is guaranteed at the inception of the lease either by the lessee or by a third party financially capable of discharging the obligations that may arise from the guarantee.~~

~~> > > Cash Collections Held~~

860-40-15-25 Paragraph superseded by Accounting Standards Update 2009-16.~~The cash collections by a qualifying special-purpose entity may result from either of the following activities:~~

~~a. Holding the transferred assets, for example, from collecting contractually required payments of interest or principal~~
~~b. Selling transferred assets within the limits specified by this Subtopic.~~

860-40-15-26 Paragraph superseded by Accounting Standards Update 2009-16.~~Accordingly, a special-purpose entity that can hold and temporarily invest cash reserves for liquidity and contingency purposes shall be considered qualifying. A special-purpose entity that can sell those assets in which it has invested cash reserves for purposes of realizing a gain or otherwise maximizing the return to some portion of the beneficial interest holders shall not be considered qualifying. Nor shall a special-purpose entity that is empowered to actively manage its temporarily invested cash reserves by selling and reinvesting to be considered qualifying. Those activities require regular investment decisions and are more indicative of ongoing business activities than the restricted activities of a qualifying special-purpose entity.~~

~~> > Limits on Sales or Other Dispositions of Assets~~

860-40-15-27 Paragraph superseded by Accounting Standards Update 2009-16.~~Examples of requirements to sell, exchange, put, or distribute (referred to collectively as dispose of) noncash financial assets that are permitted activities of a qualifying special-purpose entity because they respond automatically to the occurrence of an event or circumstance described in paragraph 860-40-15-~~

~~3(d)(1) include requirements to dispose of transferred assets in response to any of the following:~~

a. ~~A failure to properly service transferred assets that could result in the loss of a substantial third-party credit guarantee~~
b. ~~A default by the obligor~~
c. ~~A downgrade by a major rating agency of the transferred assets or of the underlying obligor to a rating below a specified minimum rating~~
d. ~~The involuntary insolvency of the transferor~~
e. ~~A decline in the fair value of the transferred assets to a specified value less than their fair value at the time they were transferred to the special-purpose entity.~~

860-40-15-28 Paragraph superseded by Accounting Standards Update 2009-16.~~The following are examples of powers or requirements to dispose of noncash financial assets that are not permitted activities of a qualifying special-purpose entity, because they do not respond automatically to the occurrence of a specified event or circumstance outside the control of the transferor, its affiliates, or its agents that causes, or is expected to cause, the fair value of those transferred assets to decline by a specified degree below the fair value of those assets when the special-purpose entity obtained them (as described in paragraph 860-40-15-3(d)(1)):~~

a. ~~A power that allows a special-purpose entity to choose to either dispose of transferred assets or hold them in response to a default, a downgrade, a decline in fair value, or a servicing failure~~
b. ~~A requirement to dispose of marketable equity securities upon a specified decline from their highest fair value if that power could result in disposing of the asset in exchange for an amount that is more than the fair value of those assets at the time they were transferred to the special-purpose entity~~
c. ~~A requirement to dispose of transferred assets in response to the violation of a nonsubstantive contractual provision (that is, a provision for which there is not a sufficiently large disincentive to ensure performance)~~
d. ~~Discretion by a transferor or servicer to select which loans to remove to reposition a portfolio.~~

~~> > Formerly Qualifying Special-Purpose Entities~~

860-40-15-29 Paragraph superseded by Accounting Standards Update 2009-16.~~A formerly qualifying special-purpose entity that fails to meet one or more conditions for being a qualifying special-purpose entity under this Subtopic shall continue to be considered a qualifying special-purpose entity if it maintains its qualifying status under previous accounting standards, does not issue new beneficial interests after March 31, 2001, and does not receive assets it was not committed to receive (through a commitment to beneficial interest holders unrelated to the transferor) before March 31, 2001. Otherwise, the formerly~~

~~qualifying special-purpose entity and assets transferred to it shall be subject to other consolidation policy standards and guidance and to all the provisions of Subtopics 860-10 and 860-20.~~

149. Supersede paragraphs 860-40-25-1 through 25-3 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

Recognition

860-40-25-1 Paragraph superseded by Accounting Standards Update 2009-16. ~~If the powers of a previously **qualifying special-purpose entity** are changed so that the special-purpose entity is no longer qualifying, that change would bring the transferred assets held in the special-purpose entity back under the control of the transferor, unless the conditions in paragraph 860-10-40-5(b) are then met by the special-purpose entity itself and the conditions in paragraph 860-10-40-5(a) and 860-10-40-5(c) continue to be met. See paragraphs 860-20-25-8 through 25-10 for guidance on the accounting by a transferor when rerecognition of previously transferred assets is required.~~

860-40-25-2 Paragraph superseded by Accounting Standards Update 2009-16.~~In the event the entire special-purpose entity becomes nonqualifying upon application of paragraphs 860-20-25-8 through 25-10, no gain or loss shall be recognized with respect to the repurchase by the transferor of the financial assets originally sold that remain outstanding in the special-purpose entity (or the portion thereof if the transferor continues to hold an interest in those assets). Examples 8 through 9 (see paragraphs 860-20-55-75 through 55-82) illustrate this guidance.~~

860-40-25-3 Paragraph superseded by Accounting Standards Update 2009-16.~~See paragraphs 860-20-25-11 through 25-12 for guidance related to nonqualifying special-purpose entities in circumstances where the transferor holds a contingent right, for example, a removal of accounts provision, and the contingency has been met.~~

150. Supersede paragraphs 860-40-40-1 through 40-11 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

Derecognition

860-40-40-1 Paragraph superseded by Accounting Standards Update 2009-16.~~The same criteria for derecognition of transferred assets discussed in paragraph 860-10-40-5 apply to transfers to qualifying special-purpose entities. However, application of those criteria may differ due to the specialized nature of qualifying special-purpose entities.~~

860-40-40-2 Paragraph superseded by Accounting Standards Update 2009-16.~~This Section provides incremental guidance on the application of the criteria for derecognition in paragraph 860-10-40-5 to transfers of assets to qualifying special-purpose entities, specifically:~~

a. ~~Isolation of transferred assets in a transfer to a qualifying special-purpose entity~~
b. ~~Transferee's rights to pledge or exchange in a transfer to a qualifying special-purpose entity~~
c. ~~Effective control in a transfer to a qualifying special-purpose entity.~~

~~> Isolation of Transferred Assets in a Transfer to a Qualifying Special-Purpose Entity~~

860-40-40-3 Paragraph superseded by Accounting Standards Update 2009-16.~~The requirement in paragraph 860-10-40-5(a) for isolation of transferred assets applies to qualifying special-purpose entities.~~

~~> Transferee's Rights to Pledge or Exchange in a Transfer to a Qualifying Special-Purpose Entity~~

860-40-40-4 Paragraph superseded by Accounting Standards Update 2009-16.~~The following guidance discusses application of the ability to pledge or exchange criterion in paragraph 860-10-40-5(b) to transfers to qualifying special-purpose entities.~~

860-40-40-5 Paragraph superseded by Accounting Standards Update 2009-16.~~If the **transferee** is a qualifying special-purpose entity, the ultimate holders of the assets are the beneficial interest holders, and the important rights concern their ability to exchange or pledge their interests. Therefore, the right of holders to pledge or exchange those **beneficial interests** is the counterpart of the right of a transferee to pledge or exchange the transferred assets themselves.~~

860-40-40-6 Paragraph superseded by Accounting Standards Update 2009-16.~~The considerations in paragraphs 860-10-40-15 through 40-19 about conditions that may or may not constrain a transferee that is not a qualifying special-purpose entity from pledging or exchanging the transferred assets also extend to conditions that may or may not constrain a beneficial interest holder from pledging or exchanging its beneficial interests in assets transferred to a qualifying special-purpose entity.~~

860-40-40-7 Paragraph superseded by Accounting Standards Update 2009-16.~~For example, if beneficial interest holders agree to sell their beneficial interests in a qualifying special-purpose entity back to the **transferor** upon request at the price paid plus a stated return, that arrangement clearly conveys more than a trivial benefit to the transferor. Sale accounting for the transfer to the qualifying special-purpose entity would be precluded if that agreement constrained a beneficial interest holder from exchanging or pledging its beneficial interest.~~

~~> Effective Control in a Transfer to a Qualifying Special-Purpose Entity~~

860-40-40-8 Paragraph superseded by Accounting Standards Update 2009-16.~~The requirement in paragraph 860-10-40-5(c) related to the transferor's~~

~~effective control over transferred assets applies to transfers to qualifying special-purpose entities. The following guidance discusses application of this criterion to transfers to qualifying special-purpose entities.~~

860-40-40-9 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~Paragraph 860-10-40-29 discusses the unilateral right to reclaim specific transferred assets. Any unilateral right to reclaim specific assets transferred to a qualifying special-purpose entity maintains the transferor's effective control over those assets if the right conveys more than a trivial benefit to the transferor. For example, a call option on specific assets transferred to a qualifying special-purpose entity at a price fixed at their principal amount maintains the transferor's effective control over the assets subject to that call option. Sale accounting is precluded if the transferor has any ability to unilaterally reclaim specific transferred assets from a qualifying special-purpose entity on terms that are potentially advantageous to the transferor whether through a removal-of-accounts provision, the ability to cause the liquidation of the entity, a call option, forward purchase contract, or other means because, in those circumstances, the transferor would effectively control the transferred assets. The transferor maintains effective control by being able to initiate action to reclaim specific assets with the knowledge that the qualifying special-purpose entity cannot sell or distribute the assets because of restrictions placed on it.~~

860-40-40-10 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~Paragraphs 860-10-40-31 through 40-35 discuss the effect of a call option held by the transferor. If the transferee is a qualifying special-purpose entity, it has met the conditions in paragraph 860-40-15-3(d) and therefore must be constrained from choosing to exchange or pledge the transferred assets. In that circumstance, any call option held by the transferor is effectively attached to the assets and could—depending on the price and other terms of the call option—maintain the transferor's effective control over transferred assets through the ability to unilaterally cause the transferee to return specific assets. For example, a transferor's **unilateral ability** to cause a qualifying special-purpose entity to return to the transferor or otherwise dispose of specific transferred assets at will or, for example, in response to its decision to exit a market or a particular activity, could provide the transferor with effective control over the transferred assets. Effective control over transferred assets can be present even if the right to reclaim is indirect. For example, if an **embedded call option** allows a transferor to buy back the beneficial interests of a qualifying special-purpose entity at a fixed price, then the transferor remains in effective control of the assets underlying those beneficial interests.~~

860-40-40-11 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~Paragraphs 860-10-40-36 through 40-39, 860-20-25-11, and 860-20-55-40 address whether a removal-of-accounts provision results in a transferor maintaining effective control over transferred assets. A transferor that has a right to reacquire transferred assets from a qualifying special-purpose entity does not maintain effective control if the reclaimed assets would be randomly selected and~~

~~the amount of the assets reacquired is sufficiently limited because that would not be a right to reacquire specific assets. For example, a removal-of-accounts provision that does not allow the transferor to unilaterally reclaim specific assets from the qualifying special-purpose entity, as described in paragraph 860-40-15-3(d)(3), does not preclude sale accounting. Further, a transferor does not maintain effective control through an obligation to reacquire transferred assets from a qualifying special-purpose entity if the transfer could occur only after a specified failure of the servicer to properly service the transferred assets that could result in the loss of a third-party guarantee or only after a beneficial interest holder other than the transferor, its **affiliate**, or its **agent** requires a qualifying special-purpose entity to repurchase that beneficial interest because the transferor could not cause that reacquisition unilaterally.~~

151. Supersede paragraphs 860-40-45-1 through 45-4, with a link to transition paragraph 860-10-65-3, as follows:

Other Presentation Matters

860-40-45-1 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~A **qualifying special-purpose entity** shall not be consolidated in the financial statements of a **transferor** or its **affiliates**, unless the transferor holds more than 90 percent of the fair value of the **beneficial interests** or the **transfer** is a **guaranteed mortgage securitization**.~~

860-40-45-2 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~That provision related to the consolidation of a qualifying special-purpose entity does not make a distinction based on the proportion of the qualifying special-purpose entity's beneficial interests that are retained by the transferor. For example, the transferor shall not consolidate the qualifying special-purpose entity even if it retains more than 50 percent of the fair value of the beneficial interests issued by the qualifying special-purpose entity. However, paragraph 860-40-15-3 provides that if the transferor holds more than 90 percent of the fair value of the beneficial interests, that would preclude the special-purpose entity from being a qualifying special-purpose entity unless the transfer is a guaranteed mortgage securitization. An effect of that provision, in conjunction with paragraph 860-40-45-1 is that mortgage-backed securities that continue to be held by a transferor in a guaranteed mortgage securitization in which the special-purpose entity meets all conditions for being a qualifying special-purpose entity are classified in the financial statements of the transferor as securities that are subsequently measured under Topic 320.~~

860-40-45-3 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~This special guidance for consolidation of qualifying special-purpose entities focuses only on the consolidated financial statements of the transferor and its affiliates. Unless it is an affiliate of the transferor, a servicer, sponsor, **agent**, or other beneficial interest holder of a qualifying special-purpose entity did not transfer the assets and record a sale. An entity that is not a transferor of assets~~

~~to a qualifying special-purpose entity, or an affiliate of the transferor, needs to consider other generally accepted accounting principles (GAAP) on consolidation policy to determine whether it is required to consolidate a qualifying special-purpose entity in the financial statements being presented.~~

860-40-45-4 Paragraph superseded by Accounting Standards Update 2009-16.~~Beneficial interest holders, sponsors, servicers, and others involved with a qualifying special-purpose entity that are not affiliated with the transferor shall apply paragraph 810-10-15-12(c) to determine whether they should consolidate a qualifying special-purpose entity.~~

152. Supersede paragraphs 860-40-55-1 through 55-29 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

Implementation Guidance and Illustrations

~~**> Implementation Guidance**~~

860-40-55-1 Paragraph superseded by Accounting Standards Update 2009-16.~~This Section provides the following implementation guidance incremental to transfers involving qualifying special-purpose entities:~~

- ~~a. Qualifying conditions~~
- ~~b. Effective control criterion~~
- ~~c. Consolidation principles.~~

~~**> > Qualifying Conditions**~~

860-40-55-2 Paragraph superseded by Accounting Standards Update 2009-16.~~The following implementation guidance relates to certain conditions required for an entity to be considered a **qualifying special-purpose entity**, specifically:~~

- ~~a. Limits on permitted activities~~
- ~~b. Assets that may be held by a qualifying special-purpose entity~~
- ~~c. Ability of a qualifying special-purpose entity to dispose of noncash financial assets.~~

~~**> > > Limits on Permitted Activities**~~

~~**> > > > Ability of a Qualifying Special-Purpose Entity to Assume Debt of Another Entity**~~

860-40-55-3 Paragraph superseded by Accounting Standards Update 2009-16. ~~While assuming the debt of another entity is not specifically among the permitted activities of a qualifying special-purpose entity as described in paragraph 860-40-15-3, a special-purpose entity can issue **beneficial interests**, including those in the form of debt securities or equity securities, and be considered qualifying. A qualifying special-purpose entity may assume the obligations of a **transferor** or the obligations of another entity if a lender legally releases the transferor from being the primary obligor under a liability assumed by a special-purpose entity.~~

~~The lender is, in fact, accepting a beneficial interest in the assets held by that special-purpose entity, in exchange for the loan the lender previously held. Therefore, a qualifying special-purpose entity can issue beneficial interests in the transferred financial assets that it holds to a lender and, in effect, assume or incur a debt obligation.~~

~~> > > Assets that May Be Held by a Qualifying Special-Purpose Entity~~

860-40-55-4 Paragraph superseded by Accounting Standards Update 2009-16.~~This following is implementation guidance on the requirement that a special-purpose entity must be limited in the types of assets it can hold to be considered qualifying, specifically:~~

- ~~a. Derivative financial instruments~~
- ~~b. Investments accounted for under the equity method.~~

~~> > > > Derivative Financial Instruments~~

860-40-55-5 Paragraph superseded by Accounting Standards Update 2009-16.~~The following guidance discusses the application of paragraph 860-40-15-16(b) through (c) to situations in which a qualifying special-purpose entity holds derivative financial instruments.~~

860-40-55-6 Paragraph superseded by Accounting Standards Update 2009-16.~~At the inception of a qualifying special-purpose entity a transferor typically obtains a notional amount of derivative financial instruments to mitigate risks for the term of the underlying financial assets based on an analysis of the future payment scenarios at inception (including an estimate of the timing and amounts of prepayments) and a projection of the amount of beneficial interests that the transferor expects to be outstanding to outside parties over time.~~

860-40-55-7 Paragraph superseded by Accounting Standards Update 2009-16.~~A special-purpose entity could fail to meet the conditions of a qualifying special-purpose entity under the requirements of this Subtopic if either of the following causes the notional amount of passive derivative financial instruments held by the special-purpose entity to exceed the amount of beneficial interests held by outside parties:~~

- ~~a. Unexpected events outside the control of the transferor~~
- ~~b. A circumstance in which a transferor obtains temporary holdings of beneficial interests previously issued by a qualifying special-purpose entity and sold to outside parties.~~

860-40-55-8 Paragraph superseded by Accounting Standards Update 2009-16.~~In some cases, a prepayment that was not contemplated in the analysis (an unexpected prepayment) causes the notional amount of the derivatives held by the qualifying special-purpose entity to exceed the amount of the beneficial interests held by parties other than the transferor, its~~ **~~affiliates~~**~~, and agents. Unexpected prepayment of the qualifying special-purpose entity's assets may~~

~~cause the derivative financial instrument's notional amount to exceed the beneficial interests held by outside parties as the proceeds from the prepayment of the assets are used to pay down beneficial interests at a faster rate than the amortization, if any, of the **derivative financial instrument**. Paragraph 860-40-15-17 explains that unexpected subsequent events outside the control of the transferor, its affiliates, or its agents (for example, prepayments of assets of the qualifying special-purpose entity) that were not contemplated by an analysis of the expected assets of the qualifying special-purpose entity and the expected amount of beneficial interests held by outside parties when the beneficial interests of the qualifying special-purpose entity were issued would not impair the qualified status of the qualifying special-purpose entity.~~

860-40-55-9 Paragraph superseded by Accounting Standards Update 2009-16.~~In some circumstances, a large financial institution may be expected to make a market in the beneficial interests issued by qualifying special-purpose entities that it sponsors. This may result in the transferor, its affiliates, or its agents owning, for a short period of time, some of the beneficial interests issued to outside parties. Alternatively, a large financial institution may have multiple trading desks throughout the world entering into transactions or positions for short periods of time. Because trading-desk employees are not prohibited from purchasing beneficial interests issued by qualifying special-purpose entities sponsored by these institutions, the transferor, its affiliates, or its agents may own such interests for a short period of time. Purchases of previously issued beneficial interests by a transferor, its affiliates, or its agents from outside parties that are held temporarily and are classified as trading securities shall not be considered when determining whether the requirements of paragraph 860-40-15-16(b) through (c) are met. (See Topic 320 for accounting guidance on trading securities.)~~

860-40-55-10 Paragraph superseded by Accounting Standards Update 2009-16.~~Any remedial action taken by a qualifying special-purpose entity to rebalance the derivative financial instrument amount with the amount of beneficial interests held by parties other than the transferor, its affiliates, or its agents must be taken in accordance with the terms and activities specified in the governing documents of the qualifying special-purpose entity at the time it was originally established. That is, all activities must continue to meet the permitted activities limitations of paragraph 860-40-15-3(b). Such activities include, but are not limited to, the selection of a derivative financial instrument counterparty, the determination of the notional amount, and the timing of the amortization of the notional amount, and must be considered with the activities specified in the legal documents that established the special-purpose entity.~~

860-40-55-11 Paragraph superseded by Accounting Standards Update 2009-16.~~A special-purpose entity cannot be qualifying if it can enter into certain types of derivative financial instrument transactions after the time that beneficial interests are issued. However, a derivative financial instrument entered into by the qualifying special-purpose entity at the time beneficial interests were issued~~

~~may only be replaced upon occurrence of a pre-specified event or circumstance outside the control of the transferor, its affiliates, or its agents (for example, a default by the derivative financial instrument counterparty) as specified in the legal documents that established the qualifying special-purpose entity.~~

~~> > > > Investments Accounted for by the Equity Method~~

860-40-55-12 Paragraph superseded by Accounting Standards Update 2009-16.~~A special-purpose entity that holds an investment accounted for by the equity method generally cannot be qualifying. For criteria that require an entity to account for an investment in accordance with the equity method, see Topic 323. Qualifying special-purpose entities are limited to holding passive investments in financial assets. However, that limitation does not apply to certain investments that are accounted for by the equity method, even though the investor does not have the ability to exercise significant influence.~~

~~> > > Ability of a Qualifying Special-Purpose Entity to Dispose of Noncash Financial Assets~~

860-40-55-13 Paragraph superseded by Accounting Standards Update 2009-16.~~The following is implementation guidance on the requirement that a special-purpose entity must be limited in its ability to dispose of noncash financial assets in order to be considered qualifying, specifically:~~

- ~~a. Derivative financial instruments that result in sales of assets to realize or maximize a gain~~
- ~~b Call options on defaulted loans~~
- ~~c. Dispositions of loans~~
- ~~d. Servicer discretion in disposing of defaulted loans~~
- ~~e. Servicer discretion in disposing of loans when concentrations of credit risk exist.~~

~~> > > > Derivative Financial Instruments that Result in Sales of Assets to Realize or Maximize a Gain~~

860-40-55-14 Paragraph superseded by Accounting Standards Update 2009-16.~~A special-purpose entity may not be considered qualifying if it has the power to enter into a derivative financial instrument contract that, in effect, would result in that special-purpose entity's selling assets with the primary objective of realizing a gain or maximizing return. Paragraph 860-40-15-3(d)(1)(iii) limits a qualifying special-purpose entity's ability to sell (or otherwise dispose of) noncash financial assets held by it to situations where there is, or is expected to be, a decline by a specified degree below the fair value of those assets when the special-purpose entity obtained them. Derivative instruments designed to effectively realize gains would be inconsistent with this provision.~~

~~> > > > Call Options on Defaulted Loans~~

860-40-55-15 Paragraph superseded by Accounting Standards Update 2009-16.~~Sometimes, a servicer or other beneficial interest holder in a qualifying special-purpose entity retains the right (an option) to purchase defaulted loans through physical settlement (in some circumstances for a fixed amount and in other circumstances at fair value). If the party holding the default call option is the transferor (or its affiliates or its agents), the call option is a default removal-of-accounts provision or other physically settled contingent call option that is specifically permitted by paragraph 860-40-15-3(d)(3). Therefore, such options are consistent with the conditions for a qualifying special-purpose entity.~~

860-40-55-16 Paragraph superseded by Accounting Standards Update 2009-16.~~The determination of how that kind of call option affects the accounting by the transferor is complex, and it is necessary to consider the overall effect of related rights and obligations in making that assessment. If a party other than the transferor, its affiliates, or its agents holds the default call option, that right is a beneficial interest. A qualifying special-purpose entity is permitted to dispose of assets in response to a beneficial interest holder (other than the transferor, its affiliates, or its agents) exercising its right to put its beneficial interest back to the qualifying special-purpose entity in exchange for a full or partial distribution of the assets held by the qualifying special-purpose entity. The fact that the holder of the call option must also pay cash (equal to the option's exercise price, which may be the fair value of the underlying financial instrument) in the exchange should not result in a different conclusion.~~

~~> > > > Dispositions of Loans~~

860-40-55-17 Paragraph superseded by Accounting Standards Update 2009-16.~~A qualifying special-purpose entity may have the power to dispose of assets to a party other than the transferor, its affiliate, or its **agent** on termination of the special-purpose entity or maturity of the beneficial interests, but only automatically on fixed or determinable dates that are specified at inception. For example, if a special-purpose entity is required to dispose of long-term mortgage loans and terminate itself at the earlier of the specified maturity of beneficial interests in those mortgage loans or the date of prepayment of a specified amount of the transferred mortgage loans, the termination date is a fixed or determinable date that was specified at inception, as discussed in paragraph 860-40-55-17. In contrast, if the special-purpose entity has the power to dispose of transferred assets on two specified dates and the special-purpose entity can decide which transferred assets to sell on each date, the termination date is not a fixed or determinable date that was specified at inception.~~

~~> > > > Servicer Discretion in Disposing of Defaulted Loans~~

860-40-55-18 Paragraph superseded by Accounting Standards Update 2009-16.~~The condition for a qualifying special-purpose entity in paragraph 860-40-15-~~

~~3(d)(1), as illustrated in paragraph 860-40-15-28(a), specifically prohibits a qualifying special-purpose entity from being qualifying if it has discretion in disposing of defaulted loans (or other financial assets). However, if the servicing agreement in effect at the time the special-purpose entity was established describes specific conditions in which a servicer of a defaulted loan is required to dispose of the loan and the servicer has no choice but to dispose of the defaulted loan when the described conditions occur, then such a loan disposal is a permitted activity of a qualifying special-purpose entity.~~

860-40-55-19 Paragraph superseded by Accounting Standards Update 2009-16. ~~Depending on the nature of the inputs and the sophistication of the judgment required to obtain or filter those inputs, a specific decision rule may not be automatic and therefore not meet the requirements of paragraph 860-40-15-3(d). Indicators that such inputs are not automatic for the purposes of that paragraph include the need for the involvement of highly experienced personnel and the existence of provisions that permit other beneficial interest holders to review and challenge those inputs. Some servicing agreements require the servicer to either dispose of or hold (work out or foreclose) defaulted nonrecourse loans secured by commercial real estate based on the result of a net present value computation that is designed to maximize the return on the defaulted loan. Such a decision rule is not consistent with the condition for a qualifying special-purpose entity in paragraph 860-40-15-3(d)(1). To analyze such a compound rule, all possible outcomes should be analyzed and each possible outcome must comply with that paragraph. It is also necessary to consider the overall process involved when determining whether a rule is an automatic response. In many of the decision rules that could be formulated (including the example in this paragraph), the value or other inputs must be estimated. For example, the specific fact pattern referred to above, in which significant judgment is required to estimate the inputs to the computation, leads to the conclusion that the decision rule is not automatic. In that circumstance, significant judgments are required in estimating future vacancy and rental rates, the projected timing and sale price of foreclosed property, and the terms of a workout arrangement still to be negotiated, all of which are input into the net present value model.~~

~~> > > > Servicer Discretion in Disposing of Loans when Concentrations of Credit Risk Exist~~

860-40-55-20 Paragraph superseded by Accounting Standards Update 2009-16.~~In circumstances where the risk inherent in a commercial loan portfolio securitized through a qualifying special-purpose entity increases because of adverse changes in an industry for which a concentration of loans exists, the servicer, which may be the transferor, may not use discretion to select which loans to sell back to itself (or to a third party) at fair value in response to that increased risk or concentration. Sale accounting would also be precluded under the provisions of paragraph 860-10-40-5(c)(2) because such a power gives the transferor the unilateral right to reclaim specific assets from the qualifying special-purpose entity.~~

~~**> > Effective Control Criterion**~~

860-40-55-21 Paragraph superseded by Accounting Standards Update 2009-16.~~The following is implementation guidance on the application of the criterion for a sale related to effective control in transfers of assets to a qualifying special-purpose entity:~~

~~a. Fair value call options~~
~~b. Cleanup call options~~
~~c. Application of effective control criterion to a qualifying special-purpose entity.~~

~~**> > > Fair Value Call Options**~~

860-40-55-22 Paragraph superseded by Accounting Standards Update 2009-16.~~This guidance illustrates the concept in paragraph 860-10-40-35 that a transferor maintains effective control if it has a right to reclaim specific transferred assets by paying fair value and also holds the residual interest in the transferred assets. If a transferor can reclaim specific transferred assets at termination of the qualifying special-purpose entity by purchasing them in an auction, and thus at what might appear to be fair value, then sale accounting for the assets it can reclaim would be precluded. Such circumstances provide the transferor with a more than trivial benefit and effective control over the assets, because it can pay any price it chooses in the auction and recover any excess paid over fair value through its residual interest.~~

~~**> > > Cleanup Call Options**~~

860-40-55-23 Paragraph superseded by Accounting Standards Update 2009-16.~~Sale accounting is not appropriate if a cleanup call on a pool of assets in a qualifying special-purpose entity is held by a party other than the servicer. A transferor's call option on the assets in the qualifying special-purpose entity is not a cleanup call for accounting purposes because it is not the servicer or an affiliate of the servicer, even in circumstances where the fair value of beneficial interests retained by a transferor of financial assets that is not the servicer or an affiliate of the servicer is adversely affected by the amount of transferred financial assets declining to a low level. In that circumstance, the call option only partially precludes sale accounting because the call option can only be exercised when the assets amortize to a prespecified level. As a result, assuming the **transfer** met the other provisions of paragraph 860-10-40-5, the transferor would record the transfer as a partial sale.~~

860-40-55-24 Paragraph superseded by Accounting Standards Update 2009-16.~~In a **securitization** transaction involving not-readily-obtainable assets, a transferor that is also the servicer may hold a cleanup call if it enters into a subservicing arrangement with a third party without precluding sale accounting. Under a subservicing arrangement, the transferor remains the servicer from the perspective of the qualifying special-purpose entity because the qualifying~~

~~special-purpose entity does not have an agreement with the subservicer (that is, the transferor remains liable if the subservicer fails to perform under the subservicing arrangement). However, if the transferor sells the servicing rights to a third party (that is, the agreement for servicing is between the qualifying special-purpose entity and the third party after the sale of the servicing rights), then the transferor could not hold a cleanup call.~~

~~> > > Application of Effective Control Criterion to a Qualifying Special-Purpose Entity~~

860-40-55-25 Paragraph superseded by Accounting Standards Update 2009-16.~~The following table summarizes provisions for different types of rights of a transferor to reacquire (call) transferred assets. See paragraph 860-10-55-40 for a version of this table that is specifically applicable to transfers to nonqualifying special-purpose entities.~~

~~**Effective control over Transferred Asset(s) through an Option or Repurchase Agreement**~~

~~*Transferor holds…*~~	~~**Qualifying Special-Purpose Entity**~~	~~**Paragraph Reference**~~
~~**Unconditional Attached Call (fixed price)**[a]~~		
~~–on all transferred assets~~	~~No Sale.~~	~~860-10-40-5(c)(2)~~
~~–on a portion of the assets and:~~		
~~–can choose assets~~	~~No sale on covered assets.~~	~~860-10-40-5(c)(2), 860-10-40-37(a), 860-10-40-33 through 40-34, and 860-40-40-9 through 40-10~~
~~–cannot choose assets[b]~~	~~Sale of part of the asset(s).~~	~~860-10-40-5(c)(2), 860-10-40-38(a), 860-10-40-33 through 40-34, and 860-40-40-9 through 40-10~~
~~**Unconditional Embedded Call (fixed price)**[a]~~		
~~–in assets (embedded by the issuer)~~	~~Does not preclude sale.~~	~~860-10-40-32~~
~~–in qualifying special-purpose entity beneficial interests (embedded by qualifying special-purpose entity)~~	~~Effectively an attached call. Analyze under those provisions.~~	~~860-40-40-10~~
~~**Unconditional Freestanding Call (fixed price)**[a]~~		
~~–on assets readily obtainable~~	~~Effectively an attached call. Analyze under those provisions.~~	~~860-40-40-10~~
~~–on assets not readily obtainable~~	~~Effectively an attached call. Analyze under those provisions.~~	~~860-40-40-10~~
~~**Removal-of-Accounts Provisions**[a]~~		
~~-unconditional~~	~~Analyze as if it were either an attached or freestanding unconditional call.~~	-
~~-conditional[c]~~	~~Reanalyze as an unconditional call when the condition is resolved.~~	-
~~**Exceptions**~~		
~~Cleanup call~~	~~Does not preclude sale.~~	~~860-10-40-34~~
~~Fair value call (no residual interest)~~	~~Does not preclude sale unless it constrains the transferee.~~	~~860-10-40-5(c)(2) and 860-10-40-35~~
~~Conditional call~~	~~Does not preclude sale. Reanalyze provision when condition is resolved.~~	-
~~**Other Rights to Reclaim Assets**~~		
~~Forward purchase agreement:~~		
~~–with collateral maintenance, and so forth~~	~~No sale.~~	~~860-10-40-5(c)(1) and 860-10-40-24~~
~~–without collateral maintenance~~	~~Analyze as either an attached or freestanding call.~~	~~860-10-40-5(c)(2)~~
~~Auction where transferor holds residual~~	~~Analyze as either an attached or freestanding call.~~	~~860-10-40-5(c)(2), 860-10-40-35, and 860-40-55-22~~
~~Right of first refusal[d]~~	~~Reanalyze as an unconditional call when the condition is resolved.~~	~~860-10-40-18(a)~~

~~(a) Unless the call option is so far out of the money or for other reasons it is probable when the call option is written that the transferor will not exercise it.~~
~~(b) Some attached call options become exercisable at either of the following times:~~
~~a. When the balance of the transferred pool or asset remaining reaches a specified level~~
~~b. At a specified date.~~
~~Possible credit losses or prepayments may make uncertain either of the following:~~
~~a. The time until the option is exercisable~~
~~b. The proportion of the pool or asset that will then remain.~~
~~If such a call option maintains the transferor's effective control over a portion of the transferred assets, the portion of the transferred assets to be derecognized and retained shall be based on the relative fair values of the following:~~
~~a. Cash flows expected to be distributed to third-party beneficial interest holders before the call option becomes exercisable~~
~~b. The balance of future cash flows expected to remain when the call option becomes exercisable.~~
~~(c) Conditional removal of accounts provisions are discussed in paragraph 860-10-40-37(b).~~
~~(d) Unless the transferor can trigger activation of the right (see paragraph 860-10-40-28). In that circumstance, the right should be analyzed as an in-substance call option.~~

~~> > Consolidation Principles~~

860-40-55-26 Paragraph superseded by Accounting Standards Update 2009-16.~~The following addresses the application of consolidation principles for qualifying special-purpose entities to certain structures and transactions, specifically:~~

~~a. Condominium structures~~
~~b. Transfers accounted for as secured borrowings~~
~~c. Investments that provide significant influence over an investee.~~

~~> > > **Condominium Structures**~~

860-40-55-27 Paragraph superseded by Accounting Standards Update 2009-16.~~A qualifying special-purpose entity may simultaneously be a conduit for separate (that is, no **commingling** or cross-collateralization) securitizations from more than one transferor. A qualifying special-purpose entity is not prohibited from acting as a conduit for more than one securitization transaction, even if the individual condominiums (which are sometimes referred to as silos) hold dissimilar financial assets. A **condominium structure** can be a qualifying special-purpose entity if the restrictive criteria for a special-purpose entity to be qualifying are met. If a qualifying special-purpose entity serves as a conduit for different transferors, each condominium is effectively a qualifying special-purpose entity. Therefore, each transferor applies the consolidation guidance in paragraph 860-40-45-1 to its condominium.~~

~~> > > **Transfers Accounted for as Secured Borrowings**~~

860-40-55-28 Paragraph superseded by Accounting Standards Update 2009-16.~~A transferor shall apply the consolidation provisions in paragraph 860-40-45-1 when determining whether to consolidate a qualifying special-purpose entity even if some or all of the transfers of financial assets to that special-purpose entity are accounted for as secured borrowings. The result of applying the guidance in that paragraph if financial assets are transferred to a qualifying special-purpose entity in transactions that were accounted for by the transferor as secured borrowings is that the qualifying special-purpose entity would not be consolidated by the transferor and the assets transferred to the qualifying special-purpose entity would continue to be recognized by the transferor because the conditions for sale accounting have not been met. The conditions for sale accounting in paragraph 860-10-40-5 are irrelevant to determining whether a **transferee** is a qualifying special-purpose entity and whether it should be consolidated.~~

~~> > > **Investments that Provide Significant Influence Over an Investee**~~

860-40-55-29 Paragraph superseded by Accounting Standards Update 2009-16.~~Under this Subtopic, an entity cannot be a qualifying special-purpose entity if it holds investments that allow it or others to exercise control or significant influence over the investee. For example, Entity A holds a 30 percent ownership interest in Entity B, but sells 5 percent of that interest in Entity B to a special-purpose entity, thereby reducing its interest to 25 percent. Before and after the transfer, Entity A accounts for its ownership interest in Entity B under the equity method. Use of the equity method under Topic 323 presumes that Entity A has significant influence over Entity B. Therefore, Entity A would be precluded from applying the consolidation guidance in paragraph 860-40-45-1 to that special-purpose entity because the special-purpose entity is not a qualifying special-purpose entity. Perhaps the result would be different if Entity A's ownership interest in Entity B is reduced to a level such that the investment is no longer accounted for under the equity method after the transfer. If as a result of the~~

~~transfer, the transferor, the special-purpose entity, and any other related entities in combination cannot exercise significant influence or control over the investee, and the special-purpose entity meets the other requirements to be a qualifying special-purpose entity, the transferor would apply the consolidation provision of that paragraph.~~

153. Amend paragraph 860-50-05-3, with a link to transition paragraph 860-10-65-3, as follows:

Transfers and Servicing—Servicing Assets and Liabilities

Overview and Background

860-50-05-3 Servicing of mortgage loans, credit card receivables, or other financial assets commonly includes, but is not limited to, the following activities:

a. Collecting principal, interest, and escrow payments from borrowers
b. Paying taxes and insurance from escrowed funds
c. Monitoring delinquencies
d. Executing foreclosure if necessary
e. Temporarily investing funds pending distribution
f. Remitting fees to guarantors, trustees, and others providing services
g. Accounting for and remitting principal and interest payments to the holders of **beneficial interests** or **participating interests** in the financial assets.

154. Amend paragraph 860-50-05-4, with no link to a transition paragraph, as follows:

860-50-05-4 A servicer of financial assets commonly receives the following **benefits of servicing**:

a. Revenues from **contractually specified servicing fees**
b. A portion of the interest from the financial assets
c. Late charges
d. Other ancillary sources, including float.

A servicer is entitled to receive all of those benefits of servicing only if it performs the servicing and incurs the costs of servicing the financial assets.

155. Amend paragraph 860-50-25-1, with a link to transition paragraph 860-10-65-3, as follows:

Recognition

860-50-25-1 An entity shall recognize a **servicing asset** or **servicing liability** each time it undertakes an obligation to service a **financial asset** by entering into a servicing contract in any of the following situations:

a. A servicer's **transfer [FAS 140, paragraph 13, sequence 104.2.1.1]**of ~~the servicer's financial assets~~any of the following, if that transfer meets the requirements for sale ~~accounting~~accounting:
   1. An entire financial asset**[FAS 140, paragraph 13, sequence 104.2.1.2.1]**
   2. A group of entire financial assets**[FAS 140, paragraph 13, sequence 104.2.1.2.2.1]**
   3. A participating interest in an entire financial asset,**[FAS 140, paragraph 13, sequence 104.2.1.2.2.2.1]**in which circumstance the transferor shall recognize a servicing asset or a servicing liability only related to the participating interest sold.**[FAS 140, paragraph 61, sequence 282.2.1]**

b. Subparagraph superseded by Accounting Standards Update 2009-16.~~A transfer of the servicer's financial assets to a qualifying special-purpose entity in a **guaranteed mortgage securitization** in which the **transferor** retains all of the resulting securities and classifies them as either available-for-sale securities or trading securities in accordance with Topic 320~~

c. An acquisition or assumption of a servicing obligation that does not relate to financial assets of the servicer or its **consolidated** ~~affiliates.~~**affiliates** included in the financial statements being presented.

~~Paragraph 860-50-30-8 provides guidance if it is not practicable to initially measure a servicing asset or servicing liability at fair value.~~ Example 1 (see paragraph 860-50-55-20) illustrates accounting for a sale of ~~financial assets~~receivables with servicing ~~continuing to be held~~obtained by the transferor.

156. Amend paragraph 860-50-25-2, with no link to a transition paragraph, as follows:

860-50-25-2 A servicer that transfers or securitizes financial assets in a transaction that does not meet the requirements for sale accounting and is accounted for as a secured borrowing with the underlying financial assets remaining on the transferor's balance sheet shall not recognize a servicing asset or a servicing liability.

860-50-25-3 A servicer that recognizes a servicing asset or servicing liability shall account for the contract to service financial assets separately from those financial assets.

157. Amend paragraph 860-50-25-4, with a link to transition paragraph 860-10-65-3, as follows:

860-50-25-4 An entity that transfers its financial assets to ~~a qualifying special-purpose entity in a guaranteed mortgage securitization~~an unconsolidated entity in a transfer that qualifies as a sale in which the transferor ~~retains all of~~obtains the resulting securities and classifies them as debt securities held to maturity in accordance with Topic 320 may either separately recognize its servicing assets or servicing liabilities or report those servicing assets or servicing liabilities together with the asset being serviced.

860-50-25-5 The guidance in this Section is organized as follows:

a. Distinguishing servicing from an **interest-only strip**
b. **Revolving-period securitizations**
c. Regaining control of previously transferred assets.

> Distinguishing Servicing from an Interest-Only Strip

860-50-25-6 A servicer shall account separately for rights to future interest income from the serviced assets that exceed contractually specified servicing fees. Those rights are not servicing assets; they are financial assets, effectively interest-only strips to be accounted for in accordance with paragraph 860-20-35-2.

158. Amend paragraph 860-50-25-7, with a link to transition paragraph 860-10-65-3, as follows:

860-50-25-7 Whether a right to future interest income from serviced assets should be accounted for as an interest-only strip, a servicing asset, or a combination thereof, depends on whether a servicer would continue to receive that amount (that is, the value of the right to future interest income) if a substitute servicer began servicing the assets. Therefore, any portion of the right to future interest income from the serviced assets that would continue to be received even if the servicing were shifted to another servicer would be reported separately as a financial asset in accordance with paragraph 860-20-35-2. For guidance on why an interest-only strip precludes a portion of a financial asset from meeting the definition of a participating interest, see paragraph 860-10-55-17K.**[FAS 140, paragraph 63, sequence 287.2.1]**

860-50-25-8 The value of the right to receive future cash flows from ancillary sources such as late fees shall be included in the measurement of the servicing asset, not the interest-only strip, if retention of the right to receive the cash flows from those fees depends on servicing being performed satisfactorily, as is generally the case.

159. Amend paragraph 860-50-25-9, with a link to transition paragraph 860-10-65-3, as follows:

> Revolving-Period Securitizations

860-50-25-9 Recognition of servicing assets or servicing liabilities for revolving-period receivables shall be limited to the servicing for the receivables that exist and have been ~~transferred.~~sold. As new receivables are sold, rights to service them may become assets or liabilities ~~and shall be~~that are recognized. Therefore, additional transfers under revolving-period securitizations (for example, home equity loans or credit card receivables) may result in the recognition of additional servicing assets or servicing liabilities.

160. Amend paragraph 860-50-25-10 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> Regaining Control of ~~Previously Transferred~~Financial Assets Sold

860-50-25-10 Paragraph 860-20-25-10(b) explains that, ~~when~~after a paragraph 860-10-40-41 ~~event occurs,~~change, the transferor shall not change the accounting for the servicing asset related to the previously sold financial assets and provides related guidance.~~does not change as a result of the application of that paragraph. Therefore, paragraph 860-20-25-10(b) requires that even when the transferor has regained control over the underlying assets by such an event, the related servicing asset continue to be separately recognized. That paragraph explains that once a servicing asset is recognized it shall not be added back to the underlying asset.~~

161. Amend paragraph 860-50-30-1 and supersede its related heading, with a link to transition paragraph 860-10-65-3, as follows:

Initial Measurement

~~> Measurement of a Servicing Asset or Servicing Liability~~

860-50-30-1 An entity shall initially measure at fair ~~value,~~value ~~if practicable,~~ a **servicing asset** or **servicing liability** that qualifies for separate recognition regardless of whether explicit consideration was exchanged.

860-50-30-2 Typically, the **benefits of servicing** are expected to be more than **adequate compensation** to a servicer for performing the servicing, and the contract results in a servicing asset. However, if the benefits of servicing are not expected to adequately compensate a servicer for performing the servicing, the contract results in a servicing liability. Paragraph 860-50-35-1A states that [a servicing asset may become a servicing liability, or vice versa, if circumstances change. The initial measure for servicing may be zero if the benefits of servicing are just adequate to compensate the servicer for its servicing responsibilities. A servicing contract that entitles the servicer to receive benefits of servicing just equal to adequate compensation, regardless of the servicer's own servicing costs, does not result in recognizing a servicing asset or a servicing liability. A purchaser would neither pay nor receive payment to obtain the right to service for a rate just equal to adequate compensation.

860-50-30-3 The determination of whether the servicer is adequately compensated for servicing specified assets is based on the amount demanded by the marketplace, not the contractual amount to be paid to a replacement servicer. However, that contractual provision would be relevant for determining the amount of contractually specified servicing fees. Therefore, the amount that would be paid to a replacement servicer under the terms of the servicing contract can be more or less than adequate compensation.

860-50-30-4 Whether a servicing asset or servicing liability is recorded is a function of the marketplace, not the servicer's cost of servicing. For example, a loss shall not be recognized if a servicing fee that is equal to or greater than adequate compensation is to be received but the servicer's anticipated cost of servicing would exceed the fee.

162. Supersede paragraph 860-50-30-5, with a link to transition paragraph 860-10-65-3, as follows:

860-50-30-5 Paragraph superseded by Accounting Standards Update 2009-16.~~The goal when estimating the value of servicing is to determine fair value (that is, what the market would pay or charge to assume servicing). Therefore, when estimating the benefits of servicing, the benefits that should be included in the estimation model are those benefits that the market would consider, to the extent that the market would consider them. Similarly, when estimating adequate compensation, the estimated costs of servicing should be representative of those costs in the marketplace and should include a profit assumption equal to the profit demanded in the marketplace.~~

163. Amend paragraph 860-50-30-6, with a link to transition paragraph 860-10-65-3, as follows:

860-50-30-6 ~~The extent to which late charges and other ancillary revenue should be considered when determining the fair value of servicing should be consistent with the emphasis that the marketplace would place on such benefits when acquiring the obligation to service the underlying assets.~~When valuing the right to receive future cash flows from ancillary sources such as late fees,**[QA 140, paragraph 104, sequence 407.2.1]** ~~An~~an entity shall estimate the value of the right to benefit from the cash flows of potential future transactions, not the value of the expected cash flows to be derived from future transactions.~~[QA 140, paragraph 86, sequence 356]~~**[QA 140, paragraph 104, sequence 407.2.1.1]** ~~A potential servicer might be willing to pay more for servicing if the benefits of that servicing included the right to collect late charges than it would pay if the benefits of servicing did not include those rights.~~

164. Amend paragraph 860-50-30-7 with no link to transition guidance

860-50-30-7 Entities shall consider the nature of the assets being serviced as a factor in determining the fair value of a servicing asset or servicing liability. The types of assets being serviced affect the amount required to adequately compensate the servicer. Several variables, including the nature of the underlying assets, shall be considered in determining whether a servicer is adequately compensated. For example, the amount of effort required to service a home equity loan likely would be different from the amount of effort required to service a credit card receivable or a small business administration loan.

165. Supersede paragraphs 860-50-30-8 through 50-9 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~**> Practicability of Fair Value Measurement**~~

860-50-30-8 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~Paragraph 860-10-35-7 provides guidance on the practicability of estimating fair value. If it is not practicable to initially measure a servicing asset or servicing liability at fair value, an entity shall initially recognize the servicing asset or servicing liability in accordance with that paragraph and shall include it in a class subsequently measured using the amortization method. If it is not practicable to determine adequate compensation and a quoted market price is not available, then it is not practicable to determine fair value. Adequate compensation is one of two amounts that must be determined to measure the fair value of servicing. (The other amount is the estimate of the benefits of servicing.) Therefore, it is not practicable to estimate the fair value of servicing if an entity cannot estimate adequate compensation. If it is not practicable to determine adequate compensation, it is not acceptable to use the servicer's cost plus a profit margin to estimate the fair value of a servicing asset or servicing liability for which a quoted market price is not available.~~

860-50-30-9 <u>Paragraph superseded by Accounting Standards Update 2009-16.</u>~~When applying paragraph 860-10-35-7, the **transferor** shall evaluate whether a liability has been incurred as a result of its obligations under the servicing agreement and shall not automatically assume that an asset exists.~~

166. Amend paragraph 860-50-35-8, with a link to transition paragraph 860-10-65-3, as follows:

Subsequent Measurement

860-50-35-8 The remainder of this Section discusses the following matters:

a. Amortization method—measurement of impairment or increased obligation
b. <u>Subparagraph superseded by Accounting Standards Update 2009-16.</u>~~Obligation for which initial fair value measurement is not practicable~~
c. Obligation to service refinanced financial assets.

167. Supersede paragraphs 860-50-35-15 through 35-16 and their related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~> Situations in Which Initial Fair Value Measurement Is Not Practicable~~

860-50-35-15 Paragraph superseded by Accounting Standards Update 2009-16.~~Paragraph 860-50-30-8 requires that, if it is not practicable to initially measure a servicing asset or servicing liability at fair value, an entity initially recognize the servicing asset or servicing liability in accordance with paragraph 860-10-35-7 and include it in a class subsequently measured using the amortization method.~~

860-50-35-16 Paragraph superseded by Accounting Standards Update 2009-16.~~If it becomes practicable for the transferor to estimate the fair value of the affected asset at a later date, the transferor shall not remeasure the asset or the resulting gain or loss under this Subtopic. If it becomes practicable for the transferor to estimate the fair value of an affected liability at a later date, the transferor would remeasure that liability under this Subtopic only if it is a servicing liability.~~

168. Amend paragraph 860-50-50-1 through 50-4 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

Disclosure

~~> Nonpublic Entities~~> All Entities within the Scope of Subtopic

860-50-50-1 ~~Disclosures a **nonpublic entity** shall make related to servicing are~~This Section is organized as follows:

a. All **servicing assets** and **servicing liabilities**
b. Servicing assets and servicing liabilities subsequently measured at fair value
c. Servicing assets and servicing liabilities subsequently ~~amortized.~~amortized
d. ~~[Subparagraph not used]~~Servicing assets and servicing liabilities for which subsequent measurement at fair value is elected as of the beginning of the fiscal year.

For overall guidance on Topic 860's disclosures, see Section 860-10-50.

> > All Servicing Assets and Servicing Liabilities

860-50-50-2 For all servicing assets and servicing liabilities, all of the following shall be disclosed:

a. Management's basis for determining its classes of servicing assets and servicing liabilities.
b. A description of the risks inherent in servicing assets and servicing liabilities and, if applicable, the instruments used to mitigate the income statement effect of changes in fair value of the servicing assets and servicing liabilities.~~ (Disclosure of quantitative information about the instruments used to manage the risks inherent in servicing assets and~~

~~servicing liabilities, including the fair value of those instruments at the beginning and end of the period, is encouraged but not required.)~~

c. The amount of **contractually specified servicing fees**, late fees, and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income.
d. Quantitative and qualitative information about the assumptions used to estimate fair value (for example, discount rates, anticipated credit losses, and prepayment speeds). **[FAS 140, paragraph 17, sequence 128.1]**

Disclosure of quantitative information about the instruments used to manage the risks inherent in servicing assets and servicing liabilities, including the fair value of those instruments at the beginning and end of the period, is encouraged but not required.**[FAS 140, paragraph 17, sequence 127.2]** An entity that provides such quantitative information is also encouraged, but not required, to disclose quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.**[FAS 140, paragraph 17, sequence 128.2]** Section 235-10-50 provides guidance on disclosures of accounting policies.

> > Servicing Assets and Servicing Liabilities Subsequently Measured at Fair Value

860-50-50-3 For servicing assets and servicing liabilities subsequently measured at fair value, both of the following shall be disclosed:

a. For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in fair value are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:
   1. The beginning and ending balances
   2. Additions ~~(through~~through any of the following:
      i. ~~purchases~~Purchases of servicing ~~assets,~~assets
      ii. ~~assumptions~~Assumptions of servicing ~~obligations,~~obligations ~~and~~
      iii. Recognition of servicing obligations that result from transfers of financial ~~assets)~~assets.
   3. Disposals
   4. Changes in fair value during the period resulting from either of the following:
      i. Changes in valuation inputs or assumptions used in the valuation model
      ii. Other changes in fair value and a description of those changes.

5. Other changes that affect the balance and a description of those changes.

See Example 2 (paragraph 860-50-55-27) for an illustration of the disclosure requirement in paragraph 860-50-50-3(a).

b. Subparagraph superseded by Accounting Standards Update 2009-16.~~A description of the valuation techniques or other methods used to estimate the fair value of servicing assets and servicing liabilities. If a valuation model is used, the description shall include the methodology and model validation procedures, as well as quantitative and qualitative information about the assumptions used in the valuation model (for example, discount rates and prepayment speeds). (An entity that provides quantitative information about the instruments used to manage the risks inherent in the servicing assets and servicing liabilities, as encouraged by (b) in the preceding paragraph, is also encouraged, but not required, to disclose a description of the valuation techniques, as well as quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.)~~

> > Servicing Assets and Servicing Liabilities Subsequently Amortized

860-50-50-4 For servicing assets and servicing liabilities measured subsequently under the amortization method in paragraph 860-50-35-1(a), all of the following shall be disclosed:

a. For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in the carrying amount are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:
   1. The beginning and ending balances
   2. Additions ~~(through~~through any of the following:
      i. ~~purchases~~Purchases of servicing ~~assets,~~assets
      ii. ~~assumptions~~Assumptions of servicing ~~obligations,~~obligations ~~and~~
      iii. Recognition of servicing obligations that result from transfers of financial ~~assets)~~assets.
   3. Disposals
   4. Amortization
   5. Application of valuation allowance to adjust carrying value of servicing assets
   6. Other-than-temporary impairments
   7. Other changes that affect the balance and a description of those changes.

   See Example 2 (paragraph 860-50-55-27) for an illustration of the disclosure requirement in paragraph 860-50-50-4(a).

b. For each class of servicing assets and servicing liabilities, the fair value of recognized servicing assets and servicing liabilities at the beginning and end of the ~~period~~period. ~~if it is practicable to estimate the value.~~

c. Subparagraph superseded by Accounting Standards Update 2009-16.~~A description of the valuation techniques or other methods used to estimate fair value of the servicing assets and servicing liabilities. If a valuation model is used, the description shall include the methodology and model validation procedures, as well as quantitative and qualitative information about the assumptions used in the valuation model (for example, discount rates and prepayment speeds). (An entity that provides quantitative information about the instruments used to manage the risks inherent in the servicing assets and servicing liabilities, as encouraged by paragraph 860-50-50-2(b), is also encouraged, but not required, to disclose a description of the valuation techniques, as well as quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.)~~

d. The risk characteristics of the underlying financial assets used to stratify recognized servicing assets for purposes of measuring impairment in accordance with paragraph~~s~~ 860-50-35-9. If the predominant risk characteristics and resulting stratums are changed, that fact and the reasons for those changes shall be included in the disclosures about the risk characteristics of the underlying financial assets used to stratify the recognized servicing assets in accordance with this paragraph.

e. For each period for which results of operations are presented, the activity by class in any valuation allowance for impairment of recognized servicing assets, including all of the following:
   1. Beginning and ending balances
   2. Aggregate additions charged and recoveries credited to operations
   3. Aggregate write-downs charged against the allowance.

169. Supersede first-level heading that precedes paragraph 860-50-50-5, with a link to transition paragraph 860-10-65-3, as follows:

~~> All Entities within the Scope of Subtopic~~

> > Servicing Assets and Servicing Liabilities for Which Subsequent Measurement at Fair Value Is Elected as of the Beginning of the Fiscal Year

860-50-50-5 If an entity (whether public or nonpublic) elects under paragraph 860-50-35-3(d) to subsequently measure a class of servicing assets and servicing liabilities at fair value at the beginning of the fiscal year, the amount of the cumulative-effect adjustment to retained earnings shall be separately disclosed.

170. Supersede paragraphs 860-50-50-6 through 50-9 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

~~> **Public Entities**~~

860-50-50-6 Paragraph superseded by Accounting Standards Update 2009-16.~~Disclosures that a public entity shall make about servicing are organized as follows:~~

~~a. All servicing assets and servicing liabilities~~
~~b. Servicing assets and servicing liabilities subsequently measured at fair value~~
~~c. Servicing assets and servicing liabilities subsequently amortized~~
~~d. Servicing assets and servicing liabilities for which subsequent measurement at fair value is elected as of the beginning of the fiscal year.~~

~~For overall guidance on Topic 860's disclosures specific to public entities, see paragraph 860-10-50-2.~~

~~> > **All Servicing Assets and Servicing Liabilities**~~

860-50-50-7 Paragraph superseded by Accounting Standards Update 2009-16.~~For all servicing assets and servicing liabilities, a public entity shall disclose all of the following:~~

~~a. Management's basis for determining its classes of servicing assets and servicing liabilities (see paragraph 860-50-35-5)~~
~~b. A description of the risks inherent in servicing assets and servicing liabilities~~
~~c. If applicable, a description of the instruments used to mitigate the income statement effect of changes in fair value of the servicing assets and servicing liabilities~~
~~d. The amount of contractually specified servicing fees, late fees, and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income~~
~~e. Quantitative and qualitative information about the assumptions used to estimate the fair value (for example, discount rates, anticipated credit losses, and prepayment speeds).~~

~~Disclosure of quantitative information about the instruments used to manage the risks inherent in servicing assets and servicing liabilities, including the fair value of those instruments at the beginning and end of the period, is encouraged but not required. An entity that provides such quantitative information is also encouraged, but not required, to disclose quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.~~

~~> > Servicing Assets and Servicing Liabilities Subsequently Measured at Fair Value~~

860-50-50-8 Paragraph superseded by Accounting Standards Update 2009-16.~~For servicing assets and servicing liabilities subsequently measured at fair value (see paragraph 860-50-35-1(b)), a public entity shall disclose all of the following:~~

- ~~a. For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in fair value are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, all of the following:~~
  - ~~1. The beginning and ending balances~~
  - ~~2. Additions (through purchases of servicing assets, assumptions of servicing obligations, and servicing obligations that result from transfers of financial assets)~~
  - ~~3. Disposals~~
  - ~~4. Changes in fair value during the period resulting from:~~
    - ~~i. Changes in valuation inputs or assumptions used in the valuation model~~
    - ~~ii. Other changes in fair value and a description of those changes~~
  - ~~5. Other changes that affect the balance and a description of those changes.~~

~~> > Servicing Assets and Servicing Liabilities Subsequently Amortized~~

860-50-50-9 Paragraph superseded by Accounting Standards Update 2009-16.~~For servicing assets and servicing liabilities subsequently amortized in proportion to and over the period of estimated net servicing income or loss and assessed for impairment or increased obligation (see paragraph 860-50-35-1(a)), a public entity shall disclose all of the following:~~

- ~~a. For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in the carrying amount are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, all of the following:~~
  - ~~1. The beginning and ending balances~~
  - ~~2. Additions (through purchases of servicing assets, assumption of servicing obligations, and servicing obligations that result from transfers of financial assets)~~
  - ~~3. Disposals~~
  - ~~4. Amortization~~

   5. ~~Application of valuation allowance to adjust carrying value of servicing assets~~
   6. ~~Other-than-temporary impairments~~
   7. ~~Other changes that affect the balance and a description of those changes.~~

b. ~~For each class of servicing assets and servicing liabilities, the fair value of recognized servicing assets and servicing liabilities at the beginning and end of the period if it is practicable to estimate the value.~~
c. ~~The risk characteristics of the underlying financial assets used to stratify recognized servicing assets for purposes of measuring impairment in accordance with the guidance beginning in paragraph 860-50-35-9.~~
d. ~~For each period for which results of operations are presented, the activity by class in any valuation allowance for impairment of recognized servicing assets, including all of the following:~~
   1. ~~Beginning and ending balances~~
   2. ~~Aggregate additions charged and recoveries credited to operations~~
   3. ~~Aggregate write-downs charged against the allowance.~~

171. Supersede paragraph 860-50-55-1 and add preceding heading, with no link to a transition paragraph, as follows:

Implementation Guidance and Illustrations

> Implementation Guidance

860-50-55-1 Paragraph superseded by Accounting Standards Update 2009-16.~~This Section provides implementation guidance and illustrations related to **servicing assets** and **servicing liabilities**.~~

172. Supersede paragraph 860-50-55-2, with a link to transition paragraph 860-10-65-3, and supersede its related heading, with no link to a transition paragraph, as follows:

~~**> Implementation Guidance**~~

860-50-55-2 Paragraph superseded by Accounting Standards Update 2009-16.~~The following provides implementation guidance related to servicing assets and liabilities, specifically:~~

a. ~~Recognition of servicing assets and servicing liabilities.~~
b. ~~Determining fair value of servicing assets and servicing liabilities.~~

173. Amend paragraph 860-50-55-3, with a link to transition paragraph 860-10-65-3, as follows:

> > Recognition of Servicing Assets and Servicing Liabilities

860-50-55-3 The following guidance addresses the accounting for servicing assets and servicing liabilities in certain transactions, specifically:

a. Recognition of ~~a~~ servicing ~~asset or servicing liability when a portion of a loan is sold~~upon sale of a participating interest
b. Servicer not entitled to receive a contractually specified servicing fee
c. Servicing assets assumed without cash payment
d. Subservicing contracts.

174. Amend paragraphs 860-50-55-4 through 55-5 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > > Recognition of ~~a~~ Servicing ~~Asset or Servicing Liability when a Portion of a Loan Is Sold~~upon Sale of a Participating Interest

860-50-55-4 If the entity that transfers a portion of a loan under a participation ~~contract~~agreement that meets the definition of a participating interest and qualifies for sale accounting under Subtopic 860-10 obtains the right to receive **benefits of servicing** that more than adequately compensate it for servicing the loan, and the entity would continue to service the loan regardless of the **transfer** because it retains part of the participated loan, the entity shall record a servicing asset for the portion of the ~~loans~~loan it sold. The assumption that the entity would service the loan because it retains part of the participated loan does not affect the requirement to recognize a servicing asset. Conversely, an entity could not avoid recording a servicing liability if the benefits of servicing are not expected to adequately compensate the servicer for performing the servicing. However, if the benefits of servicing are significantly above an amount that would fairly compensate a substitute service provider, should one be required, the transferred portion does not meet the definition of a participating interest, and, therefore, the transfer does not qualify for sale accounting (see paragraph 860-10-40-6A(b)).**[QA 140, paragraph 96, sequence 385.2.2.3]**

> > > Servicer Is Not Entitled to Receive a Contractually Specified Servicing Fee

860-50-55-5 The following guidance addresses whether an entity should recognize a servicing liability if it transfers all or some of a **financial asset** ~~(for example, a **loan participation**)~~that meets the definition of a participating interest that is accounted for as a sale and undertakes an obligation to service the asset but is not entitled to receive a contractually specified servicing fee. ~~This includes circumstances in which it is not customary for the entity that transfers the asset and undertakes an obligation to service the asset to receive a contractually specified servicing fee.~~ In the circumstances described, the ~~entity~~transferor-servicer would be required to recognize a servicing liability at fair value if the benefits of servicing are less than **adequate compensation**. ~~Those~~The requirements in paragraph 860-50-25-1 apply even if it is not customary to charge a contractually specified servicing fee. Example 1, Case C (paragraph 860-50-55-25) illustrates a transaction in which a transferor agrees to service loans without explicit compensation.

175. Amend the heading that precedes paragraph 860-50-55-6, with no link to a transition paragraph, as follows:

> > > Servicing Assets Assumed ~~Without~~without Cash Payment

860-50-55-6 The following guidance addresses transactions in which servicing assets are assumed without cash payment, and the appropriate offsetting entry by the **transferee**.

176. Amend paragraph 860-50-55-7, with a link to transition paragraph 860-10-65-3, as follows:

860-50-55-7 The offsetting entry depends on whether an exchange or capital transaction has occurred. If an exchange has occurred, then the transaction should be recorded based on the facts and circumstances. For example, the servicing asset may represent consideration for goods or services provided by the transferee to the **transferor** of the servicing. In that case, the offsetting entry by the transferee would be the same as if cash was received in exchange for the goods and services (that is, revenue or a liability as appropriate).~~ To the extent the apparent value of the servicing asset exceeds the value of the cash that would have been received had the transaction been consummated as a cash transaction, it is likely that the fair value of the servicing has been overstated.~~

860-50-55-8 The servicing assets also might be received in full or partial satisfaction of a receivable from the transferor of the servicing. In those cases, the offsetting entry by the transferee would be to derecognize all or part of the receivable satisfied in the exchange. Another possibility is that an investor is in substance making a capital contribution to the investee (the party receiving the servicing asset, that is, the transferee) in exchange for an increased ownership interest. In that case, the investee should recognize an increase in equity from a contribution by owner.

177. Supersede paragraph 860-50-55-9, with a link to transition paragraph 860-10-65-3, as follows:

860-50-55-9 Paragraph superseded by Accounting Standards Update 2009-16.~~It is difficult to envision scenarios in which a servicing asset would be assumed without cash payment or other consideration in an exchange or a capital transaction. In those scenarios, it is possible that the value of the servicing has been overstated by the transferee. Therefore, those scenarios should be carefully scrutinized for changes in terms, restrictions on sale, and so forth, that may indicate that the value of the servicing has been overstated.~~

178. Amend paragraphs 860-50-55-10 through 55-11, with a link to transition paragraph 860-10-65-3, as follows:

> > > Subservicing Contracts

860-50-55-10 A transferor may transfer mortgage loans in their entirety to a third party in a transfer that is accounted for as a sale and undertake an obligation to service the loans. After the transfer, the transferor enters into a subservicing arrangement with a third party.

860-50-55-11 If the transferor's benefits of servicing exceed its obligation under the subservicing contract, that differential shall not be accounted for as an interest-only strip.**[QA 140, paragraph 107, sequence 414.2.2]** Rather, ~~The~~the ~~entity~~transferor should account for the two transactions separately. First, the ~~entity~~transferor should account for the transfer of mortgage loans in accordance with Subtopic 860-20. The obligation to service the loans should be initially recognized and measured at fair value~~, if practicable,~~ according to ~~paragraphs 860-10-35-3 and~~paragraph 860-50-30-1 as proceeds obtained from the ~~transfer~~ sale of the mortgage loans. Second, the ~~entity~~transferor should account for the subcontract with ~~another servicer.~~the subservicer.~~ If the transferor's benefits of servicing exceed its obligation under the subservicing contract, that differential shall not be accounted for as an **interest-only strip**.~~

179. Supersede paragraphs 860-50-55-12 through 55-19 and the related headings, with a link to transition paragraph 860-10-65-3, as follows:

~~**> > Determining Fair Value of Servicing Assets and Servicing Liabilities**~~

860-50-55-12 Paragraph superseded by Accounting Standards Update 2009-16. ~~The following guidance addresses the determination of the fair value of servicing assets and servicing liabilities, specifically:~~

~~a. Transferor's estimate of fair value differs from quoted market price.~~
~~b. Transferor's estimate of fair value differs from broker's estimate.~~
~~c. Unsolicited bids.~~

~~**> > > Transferor's Estimate of Fair Value Differs from Quoted Market Price**~~

860-50-55-13 Paragraph superseded by Accounting Standards Update 2009-16.~~If an entity (transferor) estimates the fair value of a servicing asset or liability by estimating the benefits of servicing and adequate compensation and comparing those amounts, as described in paragraph 860-50-30-2, and, based on that estimate, the entity believes the value of the servicing is X but obtains a quoted market price of Y, the entity shall use the quoted market price as its fair value for the servicing asset (or liability).~~

860-50-55-14 Paragraph superseded by Accounting Standards Update 2009-16.~~If the quoted market price for servicing is lower than a transferor's estimate of fair value at the date of, and after, a transfer of assets in which the transferor retains those servicing rights, the transferor shall not use the quoted market price to determine fair value when measuring the initial recognition amount and use its estimate of fair value when subsequently measuring impairment, if any.~~

180. Supersede paragraph 860-50-55-15 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~> > > Transferor's Estimate of Fair Value Differs from Broker's Estimate~~

860-50-55-15 Paragraph superseded by Accounting Standards Update 2009-16.~~Assume that a transferor undertakes an obligation to service loans that it originated and subsequently sold. In connection with that transaction, the transferor believes that the benefits of servicing exactly equal adequate compensation and, therefore, no servicing asset or liability should be recorded. To substantiate its assertion and because the market is shallow, the transferor contacts a broker and asks it to provide an estimate of the value of the transferor's servicing. The broker estimates that the transferor's servicing has substantial value (that is, the servicing should be recorded as a significant asset) but does not make or transmit a bid. This guidance addresses how transferor should determine the fair value ofservicing.~~

860-50-55-16 Paragraph superseded by Accounting Standards Update 2009-16. ~~Quoted market price in active markets is the best evidence of fair value. If a quoted market price is not available, the estimate of fair value shall be based on the best information available in the circumstances. The potential exists for significantly different estimates of fair value of servicing if a quoted market price in an active market is not available. The difference between the two estimates suggests a need to perform more analysis to determine the best estimate of fair value. However, an estimate of fair value (that is not a bid) from a single third party in an inactive or shallow market does not constitute a quoted market price even though it raises questions about the reasonableness of the transferor's estimated fair value of zero. The transferor shall analyze all available facts and circumstances, including the information provided by the broker about its estimate of the value of the transferor's servicing asset, in determining its best estimate of the fair value of the servicing contract. Some factors to consider include the following:~~

- ~~a. The legitimacy of the offer~~
- ~~b. The third party's specific knowledge about factors relevant to the fair value estimate~~
- ~~c. The experience of the broker in purchases of similar servicing contracts~~
- ~~d. Whether other parties have demonstrated interest in purchasing the servicing contract at a similar price.~~

860-50-55-17 Paragraph superseded by Accounting Standards Update 2009-16.~~A valuation technique that includes discounting should be used to estimate fair value. Using a valuation technique that does not consider the time value of money (discounting) would be inconsistent with the notion of fair value.~~

~~> > > Unsolicited Bids~~

860-50-55-18 Paragraph superseded by Accounting Standards Update 2009-16.~~Assume that a transferor undertakes an obligation to service mortgage loans that it originated and subsequently sold. The transferor believes that the benefits~~

~~of that servicing slightly exceed adequate compensation and, therefore, that a small servicing asset should be recorded. However, on the date of the sale, the servicer receives an unsolicited bid from a third-party servicer that is a major market participant to purchase the right to service for a much larger sum. After due diligence, the transferor determines that the bid is legitimate. The transferor's earlier estimate of fair value shall not be the basis for the initial measurement of the servicing asset. Instead, the transferor should use the unsolicited bid from the third party as the basis for determining the fair value of servicing as it represents a quoted market price for its asset. The fact that the estimate of fair value is not the same as the quoted market price suggests that the model used to make the estimate may be flawed or the assumptions may be inappropriate. That fact should be taken into account in subsequent estimates of fair value if quoted market prices are not available.~~

> Illustrations

860-50-55-19 Paragraph superseded by Accounting Standards Update 2009-16.~~The following provides illustrations of the accounting for servicing assets and servicing liabilities. See Examples 3 and 4 (paragraphs 860-20-55-49 through 57) for additional illustrations of transfers of assets with an obligation to service the assets.~~

181. Amend paragraphs 860-50-55-20 through 55-22 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > Example 1: Sale of Receivables with Servicing ~~Continuing to Be Held~~Obtained by the Transferor

860-50-55-20 The following Cases illustrate the guidance in ~~paragraphs 860-10-35-3, 860-20-25-1, and~~paragraph 860-50-25-1:

a. Transferor continues to service the loans (Case A).
b Subparagraph superseded by Accounting Standards Update 2009-16.~~Assets are transferred to a qualifying special-purpose entity (Case B).~~
c. Future benefits of servicing do not provide adequate compensation (Case C).

860-50-55-21 Entity A originates $1,000 of loans that yield 10 percent interest income for their estimated lives of 9 years. Entity A ~~sells the $1,000 principal plus the right to receive interest income of 8 percent to another entity for $1,000.~~transfers the entire loans to an unconsolidated entity and the transfer is accounted for as a sale.

> > > Case A: Transferor Continues to Service the Loans

860-50-55-22 Entity A receives as proceeds $1,000 cash, a beneficial interest to receive 1 percent of the contractual interest on the loans (an interest-only strip receivable), and an additional 1 percent of the contractual interest as compensation for servicing the loans.**[FAS 140, paragraph 65, sequence 298.2.1.1]**~~Entity A will continue to service the loans, and the contract stipulates that its compensation for performing the servicing is the right to receive half of the interest income not sold. The remaining half of the interest income not sold is considered an interest-only strip receivable that Entity A classifies as an available-for-sale security. At the date of the transfer, the fair value of the loans is $1,100.~~ The fair values of the servicing asset and the interest-only strip receivable are $40 and $60, respectively. This Case illustrates Entity A's (the transferor's) accounting for a sale with the servicing ~~continuing to be held~~obtained by Entity A (the transferor), as follows.

Fair Values	
Cash proceeds	$ 1,000
Servicing asset	40
Interest-only strip receivable	60

Net Proceeds	
Cash proceeds	$ 1,000
Servicing asset	40
Interest-only strip receivable	60
Net proceeds	$ 1,100~~$ 1,040~~

~~**Carrying Amount Based on Relative Fair Values**~~

	~~Fair Value~~	~~Percentage of Total Fair Value~~	~~Allocated Carrying Amount~~
~~Loans sold~~	~~$ 1,040~~	~~94.55~~	~~$ 945.50~~
~~Interest-only strip receivable~~	~~60~~	~~5.45~~	~~54.50~~
~~Total~~	~~$ 1,100~~	~~100.00~~	~~$ 1,000.00~~

Gain on Sale	
Net proceeds	$ 1,100~~$ 1,040.00~~
Less: Carrying amount of loans sold	(1,000)~~945.50~~
Gain on sale	$ 100~~$ 94.50~~

Journal Entries		
Cash	1,000~~.00~~	
Interest-only strip receivable	60~~54.50~~	
Servicing asset	40~~.00~~	
Loans		1,000~~.00~~
Gain on sale		100~~94.50~~
To record transfer and to recognize interest-only strip receivable and servicing asset		
~~Interest-only strip receivable~~	~~5.50~~	
~~Other comprehensive income~~		~~5.50~~
~~To begin to subsequently measure interest-only strip receivable like an available-for-sale security (paragraph 14)~~		

182. Supersede paragraphs 860-50-55-23 through 55-24 and the related heading, with a link to transition paragraph 860-10-65-3, as follows:

860-50-55-23 Paragraph superseded by Accounting Standards Update 2009-16.~~Securitizations often combine the elements shown in paragraphs 860-20-55-43 through 55-48 and 860-50-55-21 through 55-22.~~

~~> > > Case B: Assets Are Transferred to a Qualifying Special-Purpose Entity~~

860-50-55-24 Paragraph superseded by Accounting Standards Update 2009-16.~~While the illustration in paragraphs 860-50-55-21 through 55-22 demonstrates how a transferor would account for a simple sale in which servicing is obtained, Entity A might instead transfer the financial assets to a corporation or a trust that is a qualifying special-purpose entity. The qualifying special-purpose entity then securitizes the loans by selling beneficial interests to the public. The qualifying special-purpose entity pays the cash proceeds to the original transferor (Entity A), which accounts for the transfer as a sale and derecognizes the financial assets assuming that the criteria in paragraph 860-10-40-5 are met.~~

> > > Case C: Future Benefits of Servicing Do Not Provide Adequate Compensation

860-50-55-25 Transferors sometimes agree to take on servicing responsibilities when the future benefits of servicing are not expected to adequately compensate them for performing that servicing. In that circumstance, the result is a servicing liability rather than a servicing asset.

183. Amend paragraph 860-50-55-26, with a link to transition paragraph 860-10-65-3, as follows:

860-50-55-26 For example, if in the transaction illustrated in paragraphs 860-20-55-43 through 55-45, the transferor (Entity A) had agreed to service the loans without explicit compensation and it estimated the fair value of that servicing obligation at $50, net proceeds would be reduced to ~~$1,050,~~$980, gain on sale would ~~be reduced to $50,~~become a loss on sale of $20, and the transferor would report a servicing liability of $50.

184. Supersede paragraph 860-50-55-27 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~> > Example 2: Disclosures Related to the Activity in the Balance of Servicing Assets and Servicing Liabilities by Class~~

860-50-55-27 Paragraph superseded by Accounting Standards Update 2009-16.~~This Example illustrates disclosures for a **nonpublic entity** related to the activity in the balance of servicing assets and servicing liabilities by class (required by paragraphs 860-50-50-3(a) and 860-50-50-4), as follows.~~

~~Tabular Disclosure of Changes in Servicing Assets and Servicing Liabilities Subsequently Measured Using the Fair Value Measurement Method~~

	~~Class 1~~		~~Class 2~~		
~~Balance Sheet Disclosures~~	**~~Servicing Asset~~**	**~~Servicing Liability~~**	**~~Servicing Asset~~**	**~~Servicing Liability~~**	**~~Reference (within 860-50)~~**
~~Fair value as of the beginning of the period~~	~~XX~~	~~XX~~	~~XX~~	~~XX~~	~~50-3(a)(1)~~
~~Additions:~~					~~50-3(a)(2)~~
~~Purchases of servicing assets~~	~~XX~~	~~N/A~~	~~XX~~	~~N/A~~	
~~Assumption of servicing obligations~~	~~XX~~	~~XX~~	~~XX~~	~~XX~~	
~~Servicing obligations that result from transfers of financial assets~~	~~XX~~	~~XX~~	~~XX~~	~~XX~~	
~~Subtractions:~~					
~~Disposals~~	~~(XX)~~	~~(XX)~~	~~(XX)~~	~~(XX)~~	~~50-3(a)(3)~~
~~Changes in fair value:~~					~~50-3(a)(4)~~
~~Due to change in valuation inputs or assumptions used in the valuation model~~	~~XX/(XX)~~	~~XX/(XX)~~	~~XX/(XX)~~	~~XX/(XX)~~	
~~Other changes in fair value~~	~~XX/(XX)~~	~~XX/(XX)~~	~~XX/(XX)~~	~~XX/(XX)~~	
~~Other changes that affect the balance~~	~~XX/(XX)~~	~~XX/(XX)~~	~~XX/(XX)~~	~~XX/(XX)~~	~~50-3(a)(5)~~
~~Fair value as of the end of the period~~	~~XX~~	~~XX~~	~~XX~~	~~XX~~	~~50-3(a)(1)~~

~~**Tabular Disclosure of Changes in Servicing Assets and Servicing Liabilities Subsequently Measured Using the Amortization Method**~~

	~~Class 3~~		~~Class 4~~		
~~**Balance Sheet Disclosures**~~	~~**Servicing Asset**~~	~~**Servicing Liability**~~	~~**Servicing Asset**~~	~~**Servicing Liability**~~	~~**Reference (within 860-50)**~~
~~Carrying amount as of the beginning of the period~~	~~XX~~	~~XX~~	~~XX~~	~~XX~~	~~50-4(a)(1)~~
~~Additions:~~					~~50-4(a)(2)~~
~~Purchases of servicing assets~~	~~XX~~	~~N/A~~	~~XX~~	~~N/A~~	
~~Assumption of servicing obligations~~	~~XX~~	~~XX~~	~~XX~~	~~XX~~	
~~Servicing obligations that result from transfers of financial assets~~	~~XX~~	~~XX~~	~~XX~~	~~XX~~	
~~Subtractions:~~					
~~Disposals~~	~~(XX)~~	~~(XX)~~	~~(XX)~~	~~(XX)~~	~~50-4(a)(3)~~
~~Amortization~~	~~(XX)~~	~~(XX)~~	~~(XX)~~	~~(XX)~~	~~50-4(a)(4)~~
~~Application of valuation allowance to adjust carrying values of servicing assets~~	~~XX/(XX)~~	~~N/A~~	~~XX/(XX)~~	~~N/A~~	~~50-4(a)(5)~~
~~Other-than-temporary impairments~~	~~(XX)~~	~~(XX)~~	~~(XX)~~	~~(XX)~~	~~50-4(a)(6)~~
~~Other changes that affect the balance~~	~~XX/(XX)~~	~~XX/(XX)~~	~~XX/(XX)~~	~~XX/(XX)~~	~~50-4(a)(7)~~
~~Carrying amount before valuation allowance~~	~~XX~~	~~XX~~	~~XX~~	~~XX~~	
~~Valuation allowance for servicing assets:~~					~~50-4(e)~~
~~Beginning balance~~	~~XX~~	~~N/A~~	~~XX~~	~~N/A~~	
~~Provisions/recoveries~~	~~XX/(XX)~~	~~N/A~~	~~XX/(XX)~~	~~N/A~~	
~~Other-than-temporary impairments~~	~~(XX)~~	~~N/A~~	~~(XX)~~	~~N/A~~	~~50-4(a)(6)~~
~~Sales and disposals~~	~~(XX)~~	~~N/A~~	~~(XX)~~	~~N/A~~	
~~Ending balance~~	~~XX/(XX)~~	~~N/A~~	~~XX/(XX)~~	~~N/A~~	
~~Carrying amount as of the end of the period~~	~~XX~~	~~XX~~	~~XX~~	~~XX~~	~~50-4(a)(1)~~
~~**Fair Value Disclosures**~~					
~~Fair value as of the beginning of the period~~	~~XX~~	~~XX~~	~~XX~~	~~XX~~	~~50-4(b)~~
~~Fair value as of the end of the period~~	~~XX~~	~~XX~~	~~XX~~	~~XX~~	~~50-4(b)~~

185. Amend paragraph 310-10-35-45, with a link to transition paragraph 860-10-65-3, as follows:

> > Financial Assets Subject to Prepayment

310-10-35-45 Paragraph 860-20-35-2 requires that ~~interest-only strips, other interests that continue to be held by a transferor in securitizations, loans, other receivables, or other financial assets~~<u>financial assets, except for instruments that are within the scope of Subtopic 815-10,</u> that can contractually be prepaid or otherwise settled in such a way that the holder would not recover substantially all of its recorded ~~investment, except for instruments that are within the scope of Topic 815,~~<u>investment</u> be subsequently measured like investments in debt securities classified as available for sale or trading under Topic 320.~~ See Subtopic 860-20 for further guidance on the accounting for transfers involving such assets.~~

186. Amend paragraph 310-10-50-5, with a link to transition paragraph 860-10-65-3, as follows:

> Assets Serving as Collateral

310-10-50-5 For required disclosures of the carrying amount of loans, trade receivables, securities and financial instruments that serve as collateral for borrowings, see paragraph ~~860-30-50-1(b)~~860-30-50-1A. ~~(for a nonpublic entity) and paragraph 860-30-50-4(b) (for a public entity).~~

187. Amend paragraph 310-30-15-2, with a link to transition paragraph 860-10-65-3, as follows:

30-15-2 The guidance in this Subtopic applies to all loans with evidence of deterioration of credit quality since origination acquired by **completion of a transfer** for which it is **probable**, at acquisition, that the investor will be unable to collect all **contractually required payments receivable**, except for any of the following:

a. Loans that are measured at fair value if all changes in **fair value** are included in earnings or, for an NFP, loans that are measured at fair value if all changes in fair value are included in the statement of activities and included in the performance indicator if a performance indicator is presented. Examples include those loans classified as trading securities under Topic 320 and Subtopic 948-310.
b Mortgage loans classified as held for sale under paragraph 948-310-35-1.
c. Leases as defined in Topic 840. Only contracts that are classified by the purchaser as leases under that Topic meet this exclusion. The distinction between purchasing a lease and purchasing a stream of cash flows must be drawn to determine applicability of this Section.
d. Loans acquired in a business combination accounted for at historical cost, including business combinations of two or more NFPs, the acquisition of a for-profit business entity by an NFP, and combinations of two or more mutual entities.
e. Loans held by liquidating banks (financial reporting by liquidating banks is discussed in Topic 942.
f. Revolving credit agreements, such as credit cards and home equity loans, if at the acquisition date the borrower has **revolving privileges**.
g. Loans that are ~~residual interests in securitized financial assets that continue to be held by a transferor.~~a transferor's interests (see Subtopic 325-40). ~~For a discussion of accounting for loans that are interests that continue to be held by a transferor, see Subtopic 325-40.~~

188. Amend paragraph 310-30-15-9, with a link to transition paragraph 860-10-65-3, as follows:

310-30-15-9 Certain loans that do not meet the definition of a debt security may be accounted for as trading securities. Paragraph 860-20-35-2, states that ~~interest-only strips, retained interests in securitizations, loans, other receivables, or other financial assets~~financial assets, except for instruments that are within the scope of Subtopic 815-10, that can contractually be prepaid or otherwise settled in such a way that the holder would not recover substantially all of its **{REMOVE GLOSSARY LINK}**recorded investment**{REMOVE GLOSSARY LINK}**, ~~except for instruments that are within the scope of Topic 815,~~ shall be subsequently measured like investments in debt securities classified as available-for-sale or trading under Topic 320.

189. Amend paragraph 310-30-60-1, with no link to a transition paragraph, as follows:

310-30-60-1 For guidance on accounting for ~~beneficial interests~~ ~~that continue to be held by a transferor~~a transferor's interests in securitized transactions accounted for as sales (see Topic 860) and purchased beneficial interests, see Subtopic 325-40.

190. Amend paragraphs 310-40-55-9 through 55-10, with a link to transition paragraph 860-10-65-3, as follows:

310-40-55-9 However, if the creditor has the right to sell or pledge the collateral:

a. Paragraph 860-30-45-1 requires that the debtor reclassify the collateral and report it in its statement of financial position separately from other assets not so encumbered.
b. ~~Paragraphs 860-30-50-1 through 50-2 (for a nonpublic entity) and paragraph 860-30-50-4 (for a public entity) require~~Paragraph 860-30-50-1A requires, in part, that the creditor ~~to~~ disclose the fair value of that collateral and of the portion that it has sold or repledged.

310-40-55-10 If the creditor does not have the right to sell or pledge the collateral, ~~paragraphs 860-30-50-1 through 50-2 (for a nonpublic entity) and paragraphs 860-30-50-4 through 50-5 (for a public entity) require~~paragraph 860-30-50-1A requires that the debtor disclose ~~the carrying amount and classification of the~~information about that collateral.

191. Amend paragraph 325-40-05-1, with a link to transition paragraph 860-10-65-3, as follows:

325-40-05-1 This Subtopic addresses accounting for ~~**beneficial interests** that continue to be held by a transferor~~a transferor's interests in securitized transactions accounted for as sales (see Topic 860) and purchased **{GLOSSARY LINK}beneficial interests**.**{GLOSSARY LINK}** Collectively, these interests are referred to in this Subtopic as beneficial interests.

192. Amend paragraph 325-40-15-2, with a link to transition paragraph 860-10-65-3, as follows:

325-40-15-2 The guidance in this Subtopic applies to ~~**beneficial interests** that continue to be held by a transferor~~a transferor's interests in securitization transactions that are accounted for as sales under Topic 860 and purchased **beneficial interests** in securitized financial assets.

193. Amend paragraph 325-40-30-4, with a link to transition paragraph 860-10-65-3, as follows:

325-40-30-4 See paragraph 325-40-55-1 for implementation ~~guidance~~guidance. ~~and Example 1 (paragraph 325-40-55-2) for an illustration.~~

194. Amend paragraph 325-40-35-10, with a link to transition paragraph 860-10-65-3, as follows:

325-40-35-10 See paragraph 325-40-55-1 for implementation ~~guidance~~guidance. ~~and Example 1 (paragraph 325-40-55-2) for an illustration.~~

195. Supersede paragraphs 325-40-35-11 through 35-12, with a link to transition paragraph 860-10-65-3, as follows:

325-40-35-11 Paragraph superseded by Accounting Standards Update 2009-16.~~An entity shall retain the available-for-sale classification of the interest that continues to be held by a transferor and shall not recognize, as interest income over the life of that interest that continues to be held by a transferor, the unrealized gain or loss that was recorded in other comprehensive income before the transfer unless a portion of the unrealized gain or loss recorded in other comprehensive income must be included in income as a component of the recognition of an other-than-temporary impairment.~~

325-40-35-12 Paragraph superseded by Accounting Standards Update 2009-16.~~This guidance would only apply to the extent of the interest that continues to be held by a transferor, not the interest considered sold under Topic 860.~~

196. Amend paragraph 325-40-35-14, with a link to transition paragraph 860-10-65-3, as follows:

325-40-35-14 ~~For an illustration of accounting for amounts in accumulated other comprehensive income when a transferor continues to hold an interest in assets accounted for as available-for-sale securities before the transfer, see Example 18 (paragraph 860-20-55-101).~~ For guidance on accounting for a transfer of a financial asset classified under Topic 320 as available for sale before the transfer, see paragraph 860-20-40-1B.**[QA140, paragraph 62, sequence 278.2]**

197. Supersede paragraph 325-40-35-15 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~> Beneficial Interests Measured Initially at Zero~~

325-40-35-15 Paragraph superseded by Accounting Standards Update 2009-16.~~For a beneficial interest a transferor measured initially at zero under paragraphs 860-20-55-53 through 55-57 because it was not practicable for the transferor to estimate the fair value of the beneficial interest at the initial transfer date, interest income shall not be recognized using the interest method. For these beneficial interests, the transferor shall use the cash basis for recognizing interest income because the beneficial interest will have an allocated carrying amount of zero.~~

198. Supersede paragraphs 325-40-55-2 through 55-25 and their related headings, with a link to transition paragraph 860-10-65-3, as follows:

~~**> Illustrations**~~

~~**> > Example 1: Quantitative Application of Subtopic Guidance**~~

325-40-55-2 Paragraph superseded by Accounting Standards Update 2009-16.~~The following Cases illustrate the application of the guidance in this Subtopic by a transferor:~~

- ~~a. No subsequent changes in cash flows or discount rate (Case A).~~
- ~~b. Cash flows decrease and discount rate increases (Case B).~~
- ~~c. Cash flows decrease and discount rate decreases (Case C).~~
- ~~d. Cash flows increase and discount rate increases (Case D).~~
- ~~e. Cash flows increase and discount rate decreases (Case E).~~

325-40-55-3 Paragraph superseded by Accounting Standards Update 2009-16.~~Cases A, B, C, D, and E share all of the following assumptions:~~

- ~~a. A securitization of loans by the transferor occurs on December 31, 20X0, in a transaction that qualifies to be accounted for as a partial sale by the transferor under Topic 860.~~
- ~~b. The capitalization of the transferor before securitization is assumed to be 100 percent equity.~~
- ~~c. The loans are the transferor's only asset before securitization.~~
- ~~d. The securitization is accomplished by the transfer of the loans from the transferor to a qualified special-purpose entity (as defined in Topic 860), in exchange for both of the following:~~
  - ~~1. The net-cash proceeds from the sale of the qualified special purpose entity's senior **beneficial interest** to unrelated parties~~
  - ~~2. The qualified special purpose entity's subordinate beneficial interest.~~
- ~~e. The transferor does not consolidate the qualified special purpose entity's financial statements. The qualified special purpose entity's subordinate beneficial interest is assumed to be a debt security, as defined in Subtopic 320-10.~~
- ~~f. The securitization uses a sequential pay structure. Under this structure, all loan principal collections must be used to retire the qualified special purpose entity's senior beneficial interest and can only be used for principal payments on the qualified special purpose entity's subordinated beneficial interest after the qualified special purpose entity's senior beneficial interest is retired.~~
- ~~g. The transferor classifies its investment in the qualified special purpose entity's subordinate beneficial interest (which is an interest that continues to be held by a transferor) as an available-for-sale security in accordance with Subtopic 320-10.~~

325-40-55-4 Paragraph superseded by Accounting Standards Update 2009-16.~~Case A illustrates the transferor's accounting at the time of securitization (December 31, 20X0), and over the life of the transaction, assuming there are no changes in estimated loan cash flows or market discount rates after securitization. Cases B, C, D, and E assume that the following economic changes take place at December 31, 20X1, and that no changes take place thereafter.~~

~~Changes at December 31, 20X1~~

~~Case~~	~~Estimated Cash Flows~~	~~Subordinate Interest Market Discount Rate~~
~~B~~	~~Decrease~~	~~Increase~~
~~C~~	~~Decrease~~	~~Decrease~~
~~D~~	~~Increase~~	~~Increase~~
~~E~~	~~Increase~~	~~Decrease~~

~~All Cases ignore income taxes.~~

325-40-55-5 Paragraph superseded by Accounting Standards Update 2009-16.~~Cases B, C, D, and E share all of the following further quantitative assumptions.~~

~~Securitized Loans~~

~~Aggregate principal balance~~	~~$ 500.00~~	
~~Scheduled aggregate principal payments and balances:~~		
	~~Principal Payments~~	**~~Scheduled Balance~~**
~~20X0~~	~~$ —~~	~~$ 500~~
~~20X1~~	~~100.00~~	~~$ 400~~
~~20X2~~	~~100.00~~	~~$ 300~~
~~20X3~~	~~100.00~~	~~$ 200~~
~~20X4~~	~~100.00~~	~~$ 100~~
~~20X5~~	~~100.00~~	~~$ —~~
	~~$ 500.00~~	
~~Weighted average coupon~~	~~12%~~	

~~Transferor's Aggregate Pre-Transaction Loan Basis~~

~~Principal balance~~	~~$ 500.00~~
~~Net deferred loan costs~~	~~10.00~~
~~Allowance for loan losses~~ [(a)]	~~(5.00)~~
~~Net basis~~	~~$ 505.00~~

~~Securitized Beneficial Interest~~

	~~Principal~~	**~~Coupon~~**	**~~Market Yield~~**
~~Senior interest (sold at par)~~	~~$ 300~~	~~6%~~	~~6%~~
~~Subordinate interest (retained)~~	~~200~~	~~N/A~~	~~See below~~
	~~$ 500~~		

~~Annual Servicing Fee~~ [(b),(c)]	~~1.00%~~
~~One-Time Transaction Expenses~~ [(b)]	~~0.50%~~

~~Annual Loan Loss and Prepayment Rates~~ [(b)]

		~~At 12/31/20X1~~ [(a)]			
	~~12/31/20X0~~	**~~Case 1~~**	**~~Case 2~~**	**~~Case 3~~**	**~~Case 4~~**
~~Losses~~ [(d)]	~~1.00%~~	~~2.00%~~	~~2.00%~~	~~0.50%~~	~~0.50%~~
~~Prepayments (constant prepayment rate)~~ [(e)]	~~5.00%~~	~~7.00%~~	~~7.00%~~	~~3.00%~~	~~3.00%~~

~~Market Discount Rates for Subordinate Interest~~

	~~At 12/31/20X1~~ [(a)]			
~~12/31/20X0~~	**~~Case 1~~**	**~~Case 2~~**	**~~Case 3~~**	**~~Case 4~~**
~~10.00%~~	~~12.00%~~	~~8.00%~~	~~12.00%~~	~~8.00%~~

~~(a) Allowance at time of securitization is assumed to be in accordance with Topic 310 or Topic 450, as applicable. Assumes that all 12/31/20X1 losses meet those conditions at 12/31/20X0.~~

~~(b) Percentage of loan principal.~~

~~(c) Assumed to result in $0 fair value.~~

~~(d) To determine each period's losses, the indicated rate is multiplied by the loan principal balance at the beginning of the period.~~

~~(e) Each period's prepayment amount is the product of:~~

~~a. The indicated prepayment rate~~

~~b. The actual loan principal balance at the beginning of the period~~

~~c. The ratio of the scheduled loan principal balance at the end of the period to the scheduled loan principal balance at the beginning of the period.~~

~~> > Case A: No Subsequent Changes in Cash Flows or Discount Rate~~

325-40-55-6 Paragraph superseded by Accounting Standards Update 2009-16.~~The anticipated cash flows and fair values at 12/31/20X1, as computed under Case A, follow.~~

~~Upon Securitization~~

~~Loan Cash Flow~~

Year Ending December 31,	Beginning Balance	Cash Credit Losses	Interest at 12%	Scheduled Principal	Prepayments	Ending Balance	Total Cash
	(A)	(B)	(C)	(D)	(E)	(A)-(B)-(D)-(E)	(C)+(D)+(E)
20X1	$ 500.00	$ 5.00	$ 59.40	$ 99.00	$ 20.00	$ 376.00	$ 178.40
20X2	376.00	3.76	44.67	93.06	14.10	265.08	151.83
20X3	265.08	2.65	31.49	87.48	8.84	166.12	127.80
20X4	166.12	1.66	19.73	82.23	4.15	78.07	106.12
20X5	78.07	0.78	9.28	77.29	-	-	86.57
		$ 13.85	$ 164.57	$ 439.06	$ 47.09		$ 650.72

~~Cash to Senior Interest~~

Year Ending December 31,	Beginning Balance	Principal	Interest at 6%	Ending Balance	Total Cash
	(A)	(B)	(C)	(A)-(B)	(B)+(C)
20X1	$ 300.00	$ 124.00	$ 18.00	$ 176.00	$ 142.00
20X2	176.00	110.92	10.56	65.08	121.48
20X3	65.08	65.08	3.90	-	68.98
20X4	-	-	-	-	-
20X5	-	-	-	-	-
		$ 300.00	$ 32.46		$ 332.46

~~Subordinate Interest~~

Year Ending December 31,	Loan Cash Flow	Servicing	Cash to Senior Interest	Cash to Subordinate Interest	Fair Value of Subordinate Interest at 10.00%
	(A)	(B)	(C)	(A)-(B)-(C)	
20X0					$ 217.33
20X1	$ 178.40	$ 5.00	$ 142.00	$ 31.40	207.66
20X2	151.83	3.76	121.48	26.59	201.84
20X3	127.80	2.65	68.98	56.17	165.86
20X4	106.12	1.66	-	104.45	77.99
20X5	86.57	0.78	-	85.79	-
				$ 304.40	

~~Fair Values at Time of Securitization~~

~~Sold senior interest~~	~~$ 300.00~~
~~Retained interests:~~	
~~Subordinate interest~~ ~~[(a)]~~	~~217.33~~
~~Servicing~~	~~-~~
	~~217.33~~
	~~$ 517.33~~

~~Transaction Expenses~~ ~~$ 2.50~~

~~(a) Present value of cash flows, after prepayments and losses, at market discount rate.~~

325-40-55-7 Paragraph superseded by Accounting Standards Update 2009-16.~~An analysis of the pretax accounting under Case A follows.~~

~~**Basis Allocation**~~

	~~Market Value~~	~~% Market Value~~	~~Allocated Basis~~
~~Sold senior interest~~	~~$ 300.00~~	~~57.99%~~	~~$ 292.85~~
~~Retained interests:~~			
~~Subordinate interest~~	~~217.33~~	~~42.01%~~	~~212.15~~
~~Servicing~~		~~0.00%~~	~~-~~
	~~217.33~~	~~42.01%~~	~~212.15~~
	~~$ 517.33~~	~~100.00%~~	~~$ 505.00~~

~~**Pre-Tax Gain (Loss)**~~

~~Sales proceeds~~	~~$ 300.00~~
~~Basis allocated to senior interest~~	~~(292.85)~~
~~Transaction expenses~~	~~(2.50)~~
~~Pre-tax income~~	~~$ 4.65~~

~~**Accretable Yield on Subordinate Interest**~~

~~Estimated cash flows (undiscounted)~~	~~$ 304.40~~
~~Allocated basis~~	~~212.15~~
~~Accretable yield~~	~~$ 92.25~~

~~**Subordinate Interest Amortization**~~

~~Year Ending December 31,~~	~~Beginning Basis~~	~~Accretion at 10.77% (a)~~	~~Cash Receipts~~	~~Ending Basis~~
	~~(A)~~	~~(B)~~	~~(C)~~	~~(A)+(B)-(C)~~
~~20X1~~	~~$ 212.15~~	~~$ 22.85~~	~~$ 31.40~~	~~$ 203.60~~
~~20X2~~	~~203.60~~	~~21.93~~	~~26.59~~	~~198.95~~
~~20X3~~	~~198.95~~	~~21.43~~	~~56.17~~	~~164.21~~
~~20X4~~	~~164.21~~	~~17.69~~	~~104.45~~	~~77.45~~
~~20X5~~	~~77.45~~	~~8.34~~	~~85.79~~	~~-~~
		~~$ 92.25~~		

~~(a) Yield that results in present value of subordinate cash flow equal to allocated basis.~~

325-40-55-8 Paragraph superseded by Accounting Standards Update 2009-16.~~The journal entries under Case A follow.~~

Journal entries

20X0		
Cash [(a)]	$ 297.50	
Retained interest	217.33	
Loans		$ 505.00
Gain from securitization		4.65
Unrealized gain		5.18
20X1		
Cash	31.40	
Unrealized gain	1.12	
Retained interest		9.67
Interest income		22.85
20X2		
Cash	26.59	
Unrealized gain	1.17	
Retained interest		5.82
Interest income		21.93
20X3		
Cash	56.17	
Unrealized gain	1.25	
Retained interest		35.98
Interest income		21.43
20X4		
Cash	104.45	
Unrealized gain	1.10	
Retained interest		87.87
Interest income		17.69
20X5		
Cash	85.79	
Unrealized gain	0.54	
Retained interest		77.99
Interest income		8.34

(a) Proceeds from investors less transaction expenses.

325-40-55-9 Paragraph superseded by Accounting Standards Update 2009-16.~~The balance sheet amounts under Case A follow.~~

~~Cash~~	~~$ 328.90~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~207.66~~	~~Unrealized gain~~	~~4.06~~
	~~$ 536.56~~	~~Retained earnings~~	~~27.50~~
			~~$ 536.56~~
~~20X2~~			
~~Cash~~	~~$ 355.49~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~201.84~~	~~Unrealized gain~~	~~2.89~~
	~~$ 557.33~~	~~Retained earnings~~	~~49.44~~
			~~$ 557.33~~
~~20X3~~			
~~Cash~~	~~$ 411.66~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~165.86~~	~~Unrealized gain~~	~~1.65~~
	~~$ 577.52~~	~~Retained earnings~~	~~70.87~~
			~~$ 577.52~~
~~20X4~~			
~~Cash~~	~~$ 516.11~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~77.99~~	~~Unrealized gain~~	~~0.54~~
	~~$ 594.10~~	~~Retained earnings~~	~~88.56~~
			~~$ 594.10~~
~~20X5~~			
~~Cash~~	~~$ 601.90~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	-	~~Unrealized gain~~	-
	~~$ 601.90~~	~~Retained earnings~~	~~96.90~~
			~~$ 601.90~~

~~> > Case B: Cash Flows Decrease and Discount Rate Increases~~

325-40-55-10 Paragraph superseded by Accounting Standards Update 2009-16.~~The anticipated cash flows and fair values at 12/31/20X1, as computed under Case B, follow.~~

~~Loan Cash Flow~~

Year Ending December 31,	Beginning Balance	Cash Credit Losses	Interest at 12%	Scheduled Principal	Prepayments	Ending Balance	Total Cash
	(A)	(B)	(C)	(D)	(E)	(A)-(B)-(D)-(E)	(C)+(D)+(E)
20X2	$ 376.00	$ 7.52	$ 44.22	$ 92.12	$ 19.74	$ 256.62	$ 156.08
20X3	256.62	5.13	30.18	83.83	11.98	155.68	125.98
20X4	155.68	3.11	18.31	76.28	5.45	70.84	100.04
20X5	70.84	1.42	8.33	69.42	-	-	77.75
		$ 17.18	$ 101.03	$ 321.65	$ 37.16		$ 459.85

~~Cash to Senior Interest~~

Year Ending December 31,	Beginning Balance	Principal	Interest at 6%	Ending Balance	Total Cash
	(A)	(B)	(C)	(A)-(B)	(B)+(C)
20X2	$ 176.00	$ 119.38	$ 10.56	$ 56.62	$ 129.94
20X3	56.62	56.62	3.40	-	60.02
20X4	-	-	-	-	-
20X5	-	-	-	-	-
		$ 176.00	$ 13.96		$ 189.96

~~Cash to Subordinate Interest~~

Year Ending December 31,	Loan Cash Flow	Servicing	Cash to Senior Interest	Cash to Subordinate Interest	Fair Value of Subordinate Interest at 12.00% (a)
	(A)	(B)	(C)	(A)-(B)-(C)	
20X1					$ 189.58
20X2	$ 156.08	$ 3.76	$ 129.94	$ 22.38	189.95
20X3	125.98	2.57	60.02	63.40	149.35
20X4	100.04	1.56	-	98.48	68.79
20X5	77.75	0.71	-	77.04	-
				$ 261.30	

~~(a) Yield that results in present value of subordinate cash flow equal to carrying basis.~~

325-40-55-11 Paragraph superseded by Accounting Standards Update 2009-16.~~An analysis of the pretax accounting under Case B follows.~~

~~**Impairment of Subordinate Interest**~~				
~~Reduction in estimated cash flow?~~		~~Yes~~		
~~Fair value below amortized cost?~~		~~Yes~~		
~~Impairment:~~				
~~Basis before impairment~~		~~$ 203.60~~		
~~Fair value [(a)]~~		~~(189.58)~~		
~~Impairment~~		~~$ 14.02~~		
~~**Accretable Yield on Subordinate Interest**~~				
~~Revised estimated cash flows (undiscounted)~~		~~$ 261.30~~		
~~Fair value~~		~~189.58~~		
~~New accretable yield~~		~~$ 71.72~~		

~~**Subordinate Interest Amortization**~~

~~**Year Ending December 31,**~~	~~**Beginning Basis**~~	~~**Accretion at 12.00% [(b)]**~~	~~**Cash Receipts**~~	~~**Ending Basis**~~
	~~(A)~~	~~(B)~~	~~(C)~~	~~(A)+(B)-(C)~~
~~20X2~~	~~$ 189.58~~	~~$ 22.75~~	~~$ 22.38~~	~~$189.95~~
~~20X3~~	~~189.95~~	~~22.79~~	~~63.40~~	~~149.35~~
~~20X4~~	~~149.35~~	~~17.92~~	~~98.48~~	~~68.79~~
~~20X5~~	~~68.79~~	~~8.25~~	~~77.04~~	~~-~~
		~~$ 71.72~~		

~~(a) Present value of cash flows, after prepayments and losses, at market discount rate.~~
~~(b) Yield that results in present value of subordinate cash flow equal to carrying basis.~~

325-40-55-12 Paragraph superseded by Accounting Standards Update 2009-16.~~The journal entries under Case B follow.~~

~~Journal entries~~

~~20X0~~

~~Cash~~	~~$297.50~~	
~~Retained interest~~	~~217.33~~	
~~Loans~~		~~$505.00~~
~~Gain from securitization~~		~~4.65~~
~~Unrealized gain~~		~~5.18~~

~~20X1~~

~~Cash~~	~~31.40~~	
~~Unrealized gain~~	~~5.18~~	
~~Net impairment~~	~~14.02~~	
~~Retained interest~~		~~27.75~~
~~Interest income~~		~~22.85~~

~~20X2~~

~~Cash~~	~~22.38~~	
~~Retained interest~~	~~0.37~~	
~~Unrealized gain~~		~~-~~
~~Interest income~~		~~22.75~~

~~20X3~~

~~Cash~~	~~63.40~~	
~~Unrealized gain~~		~~-~~
~~Retained interest~~		~~40.61~~
~~Interest income~~		~~22.79~~

~~20X4~~

~~Cash~~	~~98.48~~	
~~Unrealized gain~~	~~-~~	
~~Retained interest~~		~~80.56~~
~~Interest income~~		~~17.92~~

~~20X5~~

~~Cash~~	~~77.04~~	
~~Unrealized gain~~	~~-~~	
~~Retained Interest~~		~~68.79~~
~~Interest income~~		~~8.25~~

325-40-55-13 Paragraph superseded by Accounting Standards Update 2009-16.~~The balance sheet amounts under Case B follow.~~

~~**Balance Sheet**~~

~~**Assets**~~		~~**Liabilities and Equity**~~	
~~**20X0**~~			
~~Cash~~	~~$ 297.50~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~217.33~~	~~Unrealized gain~~	~~5.18~~
	~~$ 514.83~~	~~Retained earnings~~	~~4.65~~
			~~$ 514.83~~
~~**20X1**~~			
~~Cash~~	~~$ 328.90~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~189.58~~	~~Unrealized gain~~	~~-~~
	~~$ 518.48~~	~~Retained earnings~~	~~13.48~~
			~~$ 518.48~~
~~**20X2**~~			
~~Cash~~	~~$ 351.28~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~189.95~~	~~Unrealized gain~~	~~-~~
	~~$ 541.23~~	~~Retained earnings~~	~~36.23~~
			~~$ 541.23~~
~~**20X3**~~			
~~Cash~~	~~$ 414.68~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~149.35~~	~~Unrealized gain~~	~~-~~
	~~$ 564.03~~	~~Retained earnings~~	~~59.03~~
			~~$ 564.03~~
~~**20X4**~~			
~~Cash~~	~~$ 513.16~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~68.79~~	~~Unrealized gain~~	~~0.54~~
	~~$ 581.95~~	~~Retained earnings~~	~~76.95~~
			~~$ 581.95~~
~~**20X5**~~			
~~Cash~~	~~$ 590.20~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~-~~	~~Unrealized gain~~	~~-~~
	~~$ 590.20~~	~~Retained earnings~~	~~85.20~~
			~~$ 590.20~~

~~> > Case C: Cash Flows Decrease and Discount Rate Decreases~~

325-40-55-14 Paragraph superseded by Accounting Standards Update 2009-16.~~The anticipated cash flows and fair values at 12/31/20X1, as computed under Case C, follow.~~

~~**Loan Cash Flow**~~

Year Ending December 31,	Beginning Balance	Cash Credit Losses	Interest at 12%	Scheduled Principal	Prepayments	Ending Balance	Total Cash
	(A)	(B)	(C)	(D)	(E)	(A)-(B)-(D)-(E)	(C)+(D)+(E)
20X2	$ 376.00	$ 7.52	$ 44.22	$ 92.12	$ 19.74	$ 256.62	$ 156.08
20X3	256.62	5.13	30.18	83.83	11.98	155.68	125.98
20X4	155.68	3.11	18.31	76.28	5.45	70.84	100.04
20X5	70.84	1.42	8.33	69.42	-	-	77.75
		$ 17.18	$ 101.03	$ 321.65	$ 37.16		$ 459.85

~~**Cash to Senior Interest**~~

Year Ending December 31,	Beginning Balance	Principal	Interest at 6%	Ending Balance	Total Cash
	(A)	(B)	(C)	(A)-(B)	(B)+(C)
20X2	$ 176.00	$ 119.38	$ 10.56	$ 56.62	$ 129.94
20X3	56.62	56.62	3.40		60.02
20X4	-	-	-	-	-
20X5	-	-	-	-	-
		$ 176.00	$ 13.96		$ 189.96

~~**Cash to Subordinate Interest**~~

Year Ending December 31,	Loan Cash Flow	Servicing	Cash to Senior Interest	Cash to Subordinate Interest	Fair Value of Subordinate Interest at 8.00%
	(A)	(B)	(C)	(A)-(B)-(C)	
20X1					$ 209.88
20X2	$ 156.08	$ 3.76	$ 129.94	$ 22.38	204.30
20X3	125.98	2.57	60.02	63.40	157.24
20X4	100.04	1.56		98.48	71.33
20X5	77.75	0.71		77.04	
				$ 261.30	

325-40-55-15 Paragraph superseded by Accounting Standards Update 2009-16.~~An analysis of the pretax accounting under Case C follows.~~

~~**Impairment of Subordinate Interest**~~	
~~Reduction in estimated cash flow?~~	~~Yes~~
~~Fair value below amortized cost?~~	~~No~~
~~Amount of impairment~~	~~Not applicable~~
~~**Accretable Yield on Subordinate Interest**~~	
~~Revised estimated cash flows (undiscounted)~~	~~$ 261.30~~
~~Carrying basis (previous year's ending balance)~~	~~203.60~~
~~New accretable yield~~	~~$ 57.70~~

~~**Subordinate Interest Amortization**~~

~~**Year Ending December 31,**~~	~~**Beginning Basis**~~	~~**Accretion at 9.17%** [(a)]~~	~~**Cash Receipts**~~	~~**Ending Basis**~~
	~~(A)~~	~~(B)~~	~~(C)~~	~~(A)+(B)-(C)~~
~~20X2~~	~~$ 203.60~~	~~$ 18.68~~	~~$ 22.38~~	~~$ 199.91~~
~~20X3~~	~~199.91~~	~~18.34~~	~~63.40~~	~~154.85~~
~~20X4~~	~~154.85~~	~~14.21~~	~~98.48~~	~~70.57~~
~~20X5~~	~~70.57~~	~~6.47~~	~~77.04~~	~~-~~
		~~$ 57.70~~		

~~(a) Yield that results in present value of subordinate cash flow equal to carrying basis.~~

325-40-55-16 Paragraph superseded by Accounting Standards Update 2009-16.~~The journal entries under Case C follow.~~

~~**D. Journal Entries and Balance Sheet**~~

~~**Journal entries**~~

~~**20X0**~~		
~~Cash~~	~~$297.50~~	
~~Retained interest~~	~~217.33~~	
~~Loans~~		~~$505.00~~
~~Gain from securitization~~		~~4.65~~
~~Unrealized gain~~		~~5.18~~
~~**20X1**~~		
~~Cash~~	~~31.40~~	
~~Unrealized gain~~		~~1.10~~
~~Retained interest~~		~~7.45~~
~~Interest income~~		~~22.85~~
~~**20X2**~~		
~~Cash~~	~~22.38~~	
~~Unrealized gain~~	~~1.89~~	
~~Retained interest~~		~~5.59~~
~~Interest income~~		~~18.68~~
~~**20X3**~~		
~~Cash~~	~~63.40~~	
~~Unrealized gain~~	~~2.00~~	
~~Retained interest~~		~~47.06~~
~~Interest income~~		~~18.34~~
~~**20X4**~~		
~~Cash~~	~~98.48~~	
~~Unrealized gain~~	~~1.63~~	
~~Retained interest~~		~~85.91~~
~~Interest income~~		~~14.21~~
~~**20X5**~~		
~~Cash~~	~~77.04~~	
~~Unrealized gain~~	~~0.77~~	
~~Retained interest~~		~~71.33~~

325-40-55-17 Paragraph superseded by Accounting Standards Update 2009-16.~~The balance sheet amounts under Case C follow.~~

~~**Balance Sheet**~~

~~Assets~~		~~Liabilities and Equity~~	
~~**20X0**~~			
~~Cash~~	~~$ 297.50~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~217.33~~	~~Unrealized gain~~	~~5.18~~
	~~$ 514.83~~	~~Retained earnings~~	~~4.65~~
			~~$ 514.83~~
~~**20X1**~~			
~~Cash~~	~~$ 328.90~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~209.88~~	~~Unrealized gain~~	~~6.28~~
	~~$ 538.78~~	~~Retained earnings~~	~~27.50~~
			~~$ 538.78~~
~~**20X2**~~			
~~Cash~~	~~$ 351.28~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~204.30~~	~~Unrealized gain~~	~~4.39~~
	~~$ 555.57~~	~~Retained earnings~~	~~46.18~~
			~~$ 555.57~~
~~**20X3**~~			
~~Cash~~	~~$ 414.68~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~157.24~~	~~Unrealized gain~~	~~2.39~~
	~~$ 571.92~~	~~Retained earnings~~	~~64.52~~
			~~$ 571.92~~
~~**20X4**~~			
~~Cash~~	~~$ 513.16~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~71.33~~	~~Unrealized gain~~	~~0.77~~
	~~$ 584.50~~	~~Retained earnings~~	~~78.73~~
			~~$ 584.50~~
~~**20X5**~~			
~~Cash~~	~~$ 590.20~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~-~~	~~Unrealized gain~~	~~-~~
	~~$ 590.20~~	~~Retained earnings~~	~~85.20~~
			~~$ 590.20~~

~~> > Case D: Cash Flows Increase and Discount Rate Increases~~

325-40-55-18 Paragraph superseded by Accounting Standards Update 2009-16.~~The anticipated cash flows and fair values at 12/31/20X1, as computed under Case D, follow.~~

~~Loan Cash Flow~~

Year Ending December 31,	Beginning Balance (A)	Cash Credit Losses (B)	Interest at 12% (C)	Scheduled Principal (D)	Prepayments (E)	Ending Balance (A)-(B)-(D)-(E)	Total Cash (C)+(D)+(E)
20X2	$ 376.00	$ 1.88	$ 44.89	$ 93.53	$ 8.46	$ 272.13	$ 146.88
20X3	272.13	1.36	32.49	90.26	5.44	175.07	128.19
20X4	175.07	0.88	20.90	87.10	2.63	84.47	110.63
20X5	84.47	0.42	10.09	84.05	-	-	94.13
		$ 4.54	$108.38	$ 354.93	$ 16.53		$ 479.84

~~Cash to Senior Interest~~

Year Ending December 31,	Beginning Balance (A)	Principal (B)	Interest at 6% (C)	Ending Balance (A)-(B)	Total Cash (B)+(C)
20X2	$ 176.00	$ 103.87	$ 10.56	$ 72.13	$ 114.43
20X3	72.13	72.13	4.33	-	76.46
20X4					
20X5					
		$ 176.00	$ 14.89		$ 190.89

~~Cash to Subordinate Interest~~

Year Ending December 31,	Loan Cash Flow (A)	Servicing (B)	Cash to Senior Interest (C)	Cash to Subordinate Interest (A)-(B)-(C)	Fair Value of Subordinate Interest at 12.00%
20X1					$ 201.48
20X2	$ 146.88	$ 3.76	$114.43	$ 28.69	196.96
20X3	128.19	2.72	76.46	49.01	171.58
20X4	110.63	1.75		108.88	83.29
20X5	94.13	0.84		93.29	
				$ 279.87	

325-40-55-19 Paragraph superseded by Accounting Standards Update 2009-16.~~An analysis of the pretax accounting under Case D follows.~~

Impairment of Subordinate Interest	
Reduction in estimated cash flow?	No
Fair value below amortized cost?	Yes
Amount of impairment	Not applicable
Accretable Yield on Subordinate Interest	
Revised estimated cash flows (undiscounted)	$ 279.87
Carrying basis (previous year's ending balance)	203.60
New accretable yield	$ 76.27

Subordinate Interest Amortization

Year Ending December 31,	Beginning Basis	Accretion at 11.59% [(a)]	Cash Receipts	Ending Basis
	(A)	(B)	(C)	(A)+(B)-(C)
20X2	$ 203.60	$ 23.59	$ 28.69	$ 198.50
20X3	198.50	23.00	49.01	172.49
20X4	172.49	19.99	108.88	83.60
20X5	83.60	9.69	93.29	-
		$ 76.27		

~~(a) Yield that results in present value of subordinate cash flow equal to carrying basis.~~

325-40-55-20 Paragraph superseded by Accounting Standards Update 2009-16.~~The journal entries under Case D follow.~~

~~**Journal entries**~~

~~**20X0**~~		
~~Cash~~	~~$ 297.50~~	
~~Retained interest~~	~~217.33~~	
~~Loans~~		~~$ 505.00~~
~~Gain from securitization~~		~~4.65~~
~~Unrealized gain~~		~~5.18~~
~~**20X1**~~		
~~Cash~~	~~31.40~~	
~~Unrealized loss~~	~~7.31~~	
~~Retained interest~~		~~15.86~~
~~Interest income~~		~~22.85~~
~~**20X2**~~		
~~Cash~~	~~28.69~~	
~~Unrealized loss~~		~~0.58~~
~~Retained interest~~		~~4.52~~
~~Interest income~~		~~23.59~~
~~**20X3**~~		
~~Cash~~	~~49.01~~	
~~Unrealized loss~~		~~0.63~~
~~Retained interest~~		~~25.38~~
~~Interest income~~		~~23.00~~
~~**20X4**~~		
~~Cash~~	~~108.88~~	
~~Unrealized loss~~		~~0.60~~
~~Retained interest~~		~~88.29~~
~~Interest income~~		~~19.99~~
~~**20X5**~~		
~~Cash~~	~~93.29~~	
~~Unrealized loss~~		~~0.31~~
~~Retained interest~~		~~83.29~~
~~Interest income~~		~~9.69~~

325-40-55-21 Paragraph superseded by Accounting Standards Update 2009-16.~~The balance sheet amounts under Case D follow.~~

~~**Balance Sheet**~~

~~**Assets**~~		~~**Liabilities and Equity**~~	
~~**20X0**~~			
~~Cash~~	~~$ 297.50~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~217.33~~	~~Unrealized gain~~	~~5.18~~
	~~$ 514.83~~	~~Retained earnings~~	~~4.65~~
			~~$ 514.83~~
~~**20X1**~~			
~~Cash~~	~~$ 328.90~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~201.47~~	~~Unrealized loss~~	~~(2.13)~~
	~~$ 530.37~~	~~Retained earnings~~	~~27.50~~
			~~$ 530.37~~
~~**20X2**~~			
~~Cash~~	~~$ 357.59~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~196.96~~	~~Unrealized loss~~	~~(1.54)~~
	~~$ 554.55~~	~~Retained earnings~~	~~51.09~~
			~~$ 554.55~~
~~**20X3**~~			
~~Cash~~	~~$ 406.61~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~171.58~~	~~Unrealized loss~~	~~(0.91)~~
	~~$ 578.19~~	~~Retained earnings~~	~~74.10~~
			~~$ 578.19~~
~~**20X4**~~			
~~Cash~~	~~$ 515.48~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~83.29~~	~~Unrealized loss~~	~~(0.31)~~
	~~$ 598.78~~	~~Retained earnings~~	~~94.09~~
			~~$ 598.78~~
~~**20X5**~~			
~~Cash~~	~~$ 608.77~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~-~~	~~Unrealized loss~~	~~-~~
	~~$ 608.77~~	~~Retained earnings~~	~~103.77~~
			~~$ 608.77~~

~~> > Case E: Cash Flows Increase and Discount Rate Decreases~~

325-40-55-22 Paragraph superseded by Accounting Standards Update 2009-16.~~The anticipated cash flows and fair values at 12/31/20X1, as computed under Case E, follow.~~

~~Loan Cash Flow~~

Year Ending December 31,	Beginning Balance (A)	Cash Credit Losses (B)	Inetrest at 12% (C)	Scheduled Principal (D)	Prepayments (E)	Ending Balance (A)-(B)-(D)-(E)	Total Cash (C)+(D)+(E)
20X2	$ 376.00	$ 1.88	$ 44.89	$ 93.53	$ 8.46	$ 272.13	$ 146.88
20X3	272.13	1.36	32.49	90.26	5.44	175.07	128.19
20X4	175.07	0.88	20.90	87.10	2.63	84.47	110.63
20X5	84.47	0.42	10.09	84.05	-	-	94.13
		$ 4.54	$ 108.38	$ 354.93	$ 16.53		$ 479.84

~~Cash to Senior Interest~~

Year Ending December 31,	Beginning Balance (A)	Principal (B)	Interest at 6% (C)	Ending Balance (A)-(B)	Total Cash (B)+(C)
20X2	$ 176.00	$ 103.87	$ 10.56	$ 72.13	$ 114.43
20X3	72.13	72.13	4.33	-	76.46
20X4	-	-	-	-	-
20X5					
		$ 176.00	$ 14.89		$ 190.89

~~Cash to Subordinate Interest~~

Year Ending December 31,	Loan Cash Flow (A)	Servicing (B)	Cash to Senior Interest (C)	Cash to Subordinate Interest (A)-(B)-(C)	Fair Value of Subordinate Interest at 8.00%
20X1					$ 223.59
20X2	$ 146.88	$ 3.76	$ 114.43	$ 28.69	212.78
20X3	128.19	2.72	76.46	49.01	180.79
20X4	110.63	1.75	-	108.88	86.38
20X5	94.13	0.84	-	93.29	-
				$ 279.87	

325-40-55-23 Paragraph superseded by Accounting Standards Update 2009-16.~~An analysis of the pretax accounting under Case E follows.~~

~~**Impairment of Subordinate Interest**~~	
~~Reduction in estimated cash flow?~~	~~No~~
~~Fair value below amortized cost?~~	~~No~~
~~Amount of impairment~~	~~Not applicable~~
~~**Accretable Yield on Subordinate Interest**~~	
~~Revised estimated cash flows (undiscounted)~~	~~$ 279.87~~
~~Carrying basis (previous year's ending balance)~~	~~203.60~~
~~New accretable yield~~	~~$ 76.27~~

~~**Subordinate Interest Amortization**~~

~~Year Ending December 31,~~	~~Beginning Basis~~	~~Accretion at 11.59% (a)~~	~~Cash Receipts~~	~~Ending Basis~~
	~~(A)~~	~~(B)~~	~~(C)~~	~~(A)+(B)-(C)~~
~~20X2~~	~~$ 203.60~~	~~$ 23.59~~	~~$ 28.69~~	~~$ 198.50~~
~~20X3~~	~~198.50~~	~~23.00~~	~~49.01~~	~~172.49~~
~~20X4~~	~~172.49~~	~~19.99~~	~~108.88~~	~~83.60~~
~~20X5~~	~~83.60~~	~~9.69~~	~~93.29~~	~~-~~
		~~$ 76.27~~		

~~(a) Yield that results in present value of subordinate cash flow equal to carrying basis.~~

325-40-55-24 Paragraph superseded by Accounting Standards Update 2009-16.~~The journal entries under Case E follow.~~

~~**Journal entries**~~

~~**20X0**~~		
~~Cash~~	~~$297.50~~	
~~Retained interest~~	~~217.33~~	
~~Loans~~		~~$505.00~~
~~Gain from securitization~~		~~4.65~~
~~Unrealized gain~~		~~5.18~~
~~**20X1**~~		
~~Cash~~	~~31.40~~	
~~Retained interest~~	~~6.26~~	
~~Unrealized gain~~		~~14.80~~
~~Interest income~~		~~22.85~~
~~**20X2**~~		
~~Cash~~	~~28.69~~	
~~Unrealized gain~~	~~5.71~~	
~~Retained interest~~		~~10.81~~
~~Interest income~~		~~23.59~~
~~**20X3**~~		
~~Cash~~	~~49.01~~	
~~Unrealized gain~~	~~5.98~~	
~~Retained interest~~		~~31.99~~
~~Interest income~~		~~23.00~~
~~**20X4**~~		
~~Cash~~	~~108.88~~	
~~Unrealized gain~~	~~5.52~~	
~~Retained interest~~		~~94.41~~
~~Interest income~~		~~19.99~~
~~**20X5**~~		
~~Cash~~	~~93.29~~	
~~Unrealized gain~~	~~2.78~~	
~~Retained interest~~		~~86.38~~
~~Interest income~~		~~9.69~~

325-40-55-25 Paragraph superseded by Accounting Standards Update 2009-16.~~The balance sheet amounts under Case E follow.~~

~~**Balance Sheet**~~

~~**Assets**~~		~~**Liabilities and Equity**~~	
~~**20X0**~~			
~~Cash~~	~~$ 297.50~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~217.33~~	~~Unrealized gain~~	~~5.18~~
	~~$ 514.83~~	~~Retained earnings~~	~~4.65~~
			~~$ 514.83~~
~~**20X1**~~			
~~Cash~~	~~$ 328.90~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~223.59~~	~~Unrealized gain~~	~~19.99~~
	~~$ 552.49~~	~~Retained earnings~~	~~22.85~~
			~~$ 552.49~~
~~**20X2**~~			
~~Cash~~	~~$ 357.59~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~212.78~~	~~Unrealized gain~~	~~14.28~~
	~~$ 570.38~~	~~Retained earnings~~	~~51.10~~
			~~$ 570.38~~
~~**20X3**~~			
~~Cash~~	~~$ 406.61~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~180.79~~	~~Unrealized gain~~	~~8.30~~
	~~$ 587.40~~	~~Retained earnings~~	~~74.10~~
			~~$ 587.40~~
~~**20X4**~~			
~~Cash~~	~~$ 515.48~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~86.38~~	~~Unrealized gain~~	~~2.78~~
	~~$ 601.86~~	~~Retained earnings~~	~~94.09~~
			~~$ 601.86~~
~~**20X5**~~			
~~Cash~~	~~$ 608.77~~	~~Initial equity~~	~~$ 505.00~~
~~Retained interest~~	~~-~~	~~Unrealized gain~~	~~-~~
	~~$ 608.77~~	~~Retained earnings~~	~~103.77~~
			~~$ 608.77~~

199. Supersede paragraph 405-20-10-1, with a link to transition paragraph 860-10-65-3:

405-20-10-1 Paragraph superseded by Accounting Standards Update 2009-16.~~The standards for extinguishment of liabilities are based on application of a~~

~~financial-components approach discussed in Section 860-10-10. Under that approach, an entity derecognizes liabilities when extinguished.~~

200. Amend paragraph 405-20-50-1, with a link to transition paragraph 860-10-65-3, as follows:

405-20-50-1 See paragraph 470-50-50-1 for a disclosure requirement for debt considered to be extinguished by in-substance defeasance. In addition, see paragraph 860-30-50-2 ~~(for a nonpublic entity) and paragraph 860-30-50-5 (for a public entity)~~ for disclosure requirements for assets that are set aside solely for the purpose of satisfying scheduled payments of a specific obligation.

201. Supersede paragraph 405-20-55-6, with a link to transition paragraph 860-10-65-3, as follows:

405-20-55-6 Paragraph superseded by Accounting Standards Update 2009-16.~~A debtor may derecognize a liability (without having to recognize another, similar liability) if it transfers noncash financial assets to a qualifying special-purpose entity that assumes the liability only if both of the following conditions are met:~~

- ~~a. The liability is considered extinguished under paragraph 405-20-40-1.~~
- ~~b. The transfer of the noncash financial assets is accounted for as a sale under paragraph 860-10-40-5.~~

202. Supersede paragraph 405-20-55-7, with a link to transition paragraph 860-10-65-3, as follows:

405-20-55-7 Paragraph superseded by Accounting Standards Update 2009-16.~~This paragraph further discusses the application of the condition (a) in the preceding paragraph.The transfer of assets to a qualifying special-purpose entity would not, in most cases, constitute a payment to the creditor and, therefore, would not meet the condition in paragraph 405-20-40-1(a). However, the debtor may extinguish its liability if, as a result of transferring the assets to the qualifying special-purpose entity, the debtor is legally released from being the primary obligor under the liability according to paragraph 405-20-40-1(b). If the creditor's legal release is not obtained, the debtor should continue to recognize the obligation. A debtor that is legally released from being the primary obligor by the transfer of noncash financial assets may, nevertheless, be required to recognize another, similar liability if it continues to recognize those noncash financial assets that were transferred to the qualifying special-purpose entity.~~

203. Supersede paragraph 405-20-55-8, with a link to transition paragraph 860-10-65-3, as follows:

405-20-55-8 Paragraph superseded by Accounting Standards Update 2009-16.~~This paragraph further discusses the application of the condition in paragraph 405-20-55-6(b). If all of the conditions of paragraph 860-10-40-5 are not met for the transfer of noncash financial assets to the special-purpose entity (for example, because the special-purpose entity is not qualifying and the provisions~~

~~of paragraph 860-10-40-5(b) are not met), the entity will continue to recognize those assets. That also will result in the entity's recording an obligation to pass through the cash flows from those transferred assets to the qualifying special-purpose entity.~~

204. Amend paragraph 460-10-55-16 and its related heading, with a link to transition paragraph 860-10-65-3, as follows:

> > Scope Guidance—Guarantees Outside the Scope of ~~this~~<u>This</u> Topic Entirely

> > > Not of the Types Described

460-10-55-16 The following are examples of contracts that are outside the scope of this Topic because they are not of any of the types described in paragraph 460-10-15-4:

a. **Commercial letters of credit** and other loan commitments, which are commonly thought of as guarantees of funding, are not included in the scope of this Topic because those instruments do not guarantee payment of a money obligation and do not provide for payment in the event of default by the account party.
b. A noncontingent forward contract for which net settlement could involve a net settlement payment from either party is not included in the scope of this Topic. However, as discussed in paragraph 460-10-55-9, a contingent forward contract may meet one of the characteristics in paragraph 460-10-15-4 and be included in the scope of this Topic.
c. A guarantee provision in a financial instrument that is commonly thought of as a market value guarantee of the other terms of that same financial instrument is not within the scope of this Topic unless that guarantee provision is accounted for separately as a derivative under Topic 815 (see paragraph 460-10-25-1(a)). For example, a put option that is embedded in a puttable bond (but is not accounted for separately as a derivative) could be viewed by the investor (the guaranteed party) as a guarantee against the market value of the remaining instrument (a bond absent the put option) declining below the put price. The embedded put option does not meet the characteristic in paragraph 460-10-15-4(a) because the guaranteed party's asset is an investment in the entire contract, a puttable bond, and not an investment in a nonputtable bond. However, as noted in paragraph 460-10-55-6, if the investor purchased a freestanding put option on a nonputtable bond and accounted for them separately, that guarantee would be within the scope of this Topic.
d. An arrangement, such as a securitization, that involves the subordination of the rights of some investors (or creditors) to the rights of others is commonly thought of as a guarantee issued by the subordinated investors. For example, the investors in one

(subordinated) class or tranche of an entity's securities might not receive any cash flows until the investors in another (priority) class or tranche are fully paid. Although that type of subordination provides credit protection by the subordinated investors, it does not meet any of the characteristics in paragraph 460-10-15-4 and, thus, is not included in the scope of this Topic.~~ (Subordination agreements are further discussed in paragraph 860-10-35-6.)~~

e. A written option that does not directly guarantee another entity's performance or the value of the guaranteed party's assets (such as a **weather derivative**) is not included in the scope of this Topic unless that written option is used as an indirect guarantee of the indebtedness of others.

f. A take-or-pay contract is not included in the scope of this Topic because the minimum payments under a take-or-pay contract are not contingent. A take-or-pay contract requires certain minimum payments irrespective of whether the buyer accepts delivery. Even if a take-or-pay contract were analyzed as though it were a guarantee by the buyer to pay for the portion of the minimum quantity of product or output of the guaranteed party for which the buyer refuses to order or accept delivery, a take-or-pay contract would not be included in the scope of this Topic because it would be a guarantee related to the buyer's future performance under the contract. (Take-or-pay contracts are further discussed in the Unconditional Purchase Obligations Subsections of Subtopic 440-10.)

g. A weather derivative is not included in the scope of this Topic because the climatic or geological variable is not an asset or liability of the guaranteed party. The characteristic in paragraph 460-10-15-4(a) requires payments to be based on changes in an underlying that is related only to an asset or liability of the guaranteed party.

205. Amend paragraph 460-10-60-36, with a link to transition paragraph 860-10-65-3, as follows:

460-10-60-36 For transactions that involve the sale of a marketable security to a third-party buyer, with the buyer's having an option to put the security back to the seller at a specified future date or dates for a fixed price, **[EITF 84-05, paragraph ISSUE, sequence 13.1]**see the guidance beginning in paragraph 860-20-55-20.~~For a guaranteed return on investment (for example, a transfer of a security to a unrelated third-party transferee in which the transferor writes a put option that enables the transferee to put the security back to the transferor at a specified future date), see paragraphs 860-10-40-17 through 40-21 and 860-20-55-20 through 55-23.~~

206. Amend paragraph 470-50-50-1, with a link to transition paragraph 860-10-65-3, as follows:

470-50-50-1 If debt was considered to be extinguished by **in-substance defeasance** under the provisions of FASB Statement No. 76, ~~Extinguishment of~~

~~Debt,~~*Extinguishment of Debt,* before the effective date of FASB Statement No. 125, ~~Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,~~*Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,* a general description of the transaction and the amount of debt that is considered extinguished at the end of ~~the~~each period ~~so long as~~ that debt remains outstanding shall be disclosed.

207. Amend paragraph 810-10-15-12, with a link to transition paragraph 860-10-65-3, as follows:

810-10-15-12 The guidance in this Topic does not apply in any of the following circumstances:

a. An employer shall not consolidate an employee benefit plan subject to the provisions of Topic 712 or 715.

b Subparagraph superseded by Accounting Standards Update 2009-16.~~Neither a transferor of financial assets nor its affiliates shall consolidate a **qualifying special-purpose entity** as described in paragraphs 860-40-15-3 through 15-4, or a formerly qualifying special-purpose entity (see paragraph 860-40-15-29). A transferor reports its rights and obligations related to the qualifying special-purpose entity according to the requirements of Topic 860.~~

c. Subparagraph superseded by Accounting Standards Update 2009-16.~~A reporting entity that holds **variable interests** in a qualifying special-purpose entity or a formerly qualifying special-purpose entity shall not consolidate that special-purpose entity unless that reporting entity has the unilateral ability to cause the special-purpose entity to liquidate or to change the special-purpose entity so that it no longer meets the conditions in paragraphs 860-40-15-3 through 15-4. If the special-purpose entity is not consolidated, the reporting entity reports its rights and obligations related to the special-purpose entity. However, a public entity that is a nontransferor sponsor or nontransferor servicer of a qualifying special-purpose entity as discussed in paragraph 810-10-50-17 is subject to the disclosure requirements beginning in that paragraph.~~

d. Investments accounted for at fair value in accordance with the specialized accounting guidance in Topic 946 are not subject to consolidation according to the requirements of this Topic.

e. A reporting entity shall not consolidate a governmental organization and shall not consolidate a financing entity established by a governmental organization unless the financing entity meets both of the following conditions:
   1. Is not a governmental organization
   2. Is used by the business entity in a manner similar to a (VIE) in an effort to circumvent the provisions of the Variable Interest Entities Subsections.

208. Amend paragraph 810-10-55-41, with a link to transition paragraph 860-10-65-3, as follows:

810-10-55-41 ~~An interest that continues to be held by a transferor of~~A transferor's interests in financial assets ~~to~~in a VIE is a variable interest in the transferee entity but it is not a variable interest in a second VIE to which the transferee issues a beneficial interest. The following illustrates this point:

a. Entity A transfers financial assets to VIE B (a VIE that holds no other assets), retains a subordinated beneficial interest, and reports the transfer as a sale under the provisions of Topic 860.
b. VIE B issues all of its senior beneficial interests in the transferred assets to VIE C. VIE C issues various types of interests in return for cash and uses the cash to pay VIE B. VIE B uses the cash received from VIE C to pay Entity A.
c. Entity A's subordinated beneficial interest is a variable interest in VIE B, but neither VIE B nor Entity A has a variable interest in VIE C.

~~This analysis describes variable interests in all VIEs including qualifying special-purpose entities. However, a special requirement applies to qualifying special-purpose entities. See paragraph 810-10-15-12(b) through (c).~~

209. Supersede paragraphs 810-10-60-6 through 60-7 and their related heading, with a link to transition paragraph 860-10-65-3, as follows:

~~> Transfers and Servicing~~

810-10-60-6 Paragraph superseded by Accounting Standards Update 2009-16.~~For guidance on qualifying special-purpose entities, see paragraph 860-40-15-3.~~

810-10-60-7 Paragraph superseded by Accounting Standards Update 2009-16.~~For the determination by beneficial interest holders not affiliated with the transferor of whether they should consolidate the qualifying special-purpose entity, paragraph 860-40-45-4.~~

210. Amend paragraph 815-20-50-1, with a link to transition paragraph 860-10-65-3, as follows:

815-20-50-1 See Section 815-10-50 for overall guidance on disclosures about derivative instruments used in hedging activities. For guidance on disclosures about ~~**derivative instruments** and other~~ instruments used to mitigate the income statement effect of changes in **fair value** of servicing assets and servicing liabilities, see paragraph ~~860-50-50-2(b)~~860-50-50-2(b). ~~(for a nonpublic entity) and paragraph 860-50-50-7(b) (for a public entity).~~ For ~~disclosures~~guidance on encouraged disclosure of quantitative information about ~~derivative instruments and other~~ instruments used to manage the risks inherent in servicing assets and servicing liabilities, see ~~those paragraphs.~~paragraph 860-50-50-2.

211. Amend paragraph 820-10-15-3, with a link to transition paragraph 860-10-65-3, as follows:

> > Practicability Exceptions to this Topic

820-10-15-3 The guidance in the Fair Value Measurements and Disclosures Topic does not eliminate the practicability exceptions to fair value measurements in Subtopics within the scope of this Topic. Those practicability exceptions to fair value measurements in specified circumstances include, among others, those stated in the following:

a. The use of a transaction price (an **entry price**) to measure fair value (an **exit price**) at initial recognition, including both of the following:
   1. Guarantees under Topic 460
   2. Subparagraph superseded by Accounting Standards Update 2009-16. ~~Financial assets and liabilities under Topic 860.~~
b. An exemption to the requirement to measure fair value if it is not practicable to do so, including both of the following:
   1. Financial instruments under Subtopic 825-10
   2. Subparagraph superseded by Accounting Standards Update 2009-16. ~~**Financial assets** obtained and **financial liabilities** incurred in a sale under Topic 860.~~
c. An exemption to the requirement to measure fair value if fair value is not reasonably determinable, such as all of the following:
   1. Nonmonetary assets under Topic 845 and Sections 605-20-25 and 605-20-50
   2. Asset retirement obligations under Subtopic 410-20 and Sections 440-10-50 and 440-10-55
   3. Restructuring obligations under Topic 420
   4. Participation rights under Subtopics 715-30 and 715-60.
   d. An exemption to the requirement to measure fair value if fair value cannot be measured with sufficient reliability (such as contributions under Topic 958 and Subtopic 720-25).
   e. The use of certain of the measurement methods referred to in paragraph 805-20-30-10 that allow measurements other than fair value for certain assets acquired and liabilities assumed in a business combination.

212. Amend paragraph 835-10-60-7, with no link to a transition paragraph, as follows:

835-10-60-7 For guidance on accounting for ~~beneficial interests that continue to be held by a transferor~~ a transferor's interests in securitized transactions accounted for as sales (see Topic 860) and purchased beneficial interests, see Subtopic 325-40.

213. Amend paragraph 948-310-35-3A, with a link to transition paragraph 860-10-65-3, as follows:

> > Securitization of a Mortgage Loan Held for Sale

948-310-35-3A Paragraph 948-310-40-1 states that, after the securitization of a mortgage loan held for ~~sale,~~sale that meets paragraph 860-10-40-5's conditions for a sale, any ~~retained~~ mortgage-backed securities received by the transferor as proceeds shall be classified in accordance with the provisions of Topic 320. However, a mortgage banking entity shall classify as trading any retained mortgage-backed securities that it commits to sell before or during the securitization process. Paragraph 948-310-40-1 states that an entity is prohibited from reclassifying loans as investment securitites unless the transfer of those loans meets paragraph 860-10-40-5's conditions for sale accounting.**[FAS 065, paragraph 6, sequence 44.1]**

214. Amend paragraph 948-310-40-1, with a link to transition paragraph 860-10-65-3, as follows:

> Securitization of a Mortgage Loan Held for Sale

948-310-40-1 After the securitization of a mortgage loan held for ~~sale,~~sale that meets paragraph 860-10-40-5's conditions for a sale, any ~~retained~~ mortgage-backed securities received by the transferor as proceeds shall be classified in accordance with the provisions of Topic 320. However, paragraph 948-310-35-3A states that a mortgage banking entity must classify as trading any retained mortgage-backed securities received as proceeds that it commits to sell before or during the securitization process. An entity is prohibited from reclassifying loans as investment securitites unless the transfer of those loans meets paragraph 860-10-40-5's conditions for sale accounting.**[FAS 065, paragraph 6, sequence 44.1]**

215. Add glossary term *Bankruptcy-Remote Entity,* with a link to transition paragraph 860-10-65-3, and create glossary links to the first occurence of the term (singular or plural) in each section of subtopic 860-10.

Bankruptcy-Remote Entity

An entity that is designed to make **{XREF}**remote**{XREF}** the possibility that it would enter bankruptcy or other receivership.**[FAS 140, paragraph 9, sequence 90.1]**

216. Amend glossary term *Beneficial Interests,* with a link to transition paragraph 860-10-65-3, and remove from section 860-40-20, as follows:

Beneficial Interests

Rights to receive all or portions of specified cash inflows ~~to~~received by a trust or other entity, ~~including~~including, but not limited to, all of the following:

a. ~~senior~~Senior and subordinated shares of interest, principal, or other cash inflows to be passed-through or ~~paid-through,~~paid-through
b. ~~premiums~~Premiums due to ~~guarantors,~~guarantors
c. ~~commercial~~Commercial paper ~~obligations,~~obligations ~~and~~
d. ~~residual~~Residual interests, whether in the form of debt or equity.

217. Amend glossary term *Cleanup Call Option,* with a link to transition paragraph 860-10-65-3, as follows:

Cleanup Call Option

An option held by the servicer or its affiliate, which may be the transferor, to purchase the remaining transferred financial assets, or the remaining beneficial interests not held by the transferor, its affiliates, or its agents in ~~a qualifying special-purpose entity~~an entity (or in a series of beneficial interests in transferred financial assets within ~~a qualifying special-purpose entity)~~an entity) if the amount of outstanding financial assets or beneficial interests falls to a level at which the cost of servicing those assets or beneficial interests becomes burdensome in relation to the benefits of servicing.

218. Supersede the master glossary term *Commingling,* with a link to transition paragraph 860-10-65-3, as follows:

~~**Commingling**~~

In ~~certain securitization transactions, more than one transferor contributes assets to a single qualifying special-purpose entity. Those transactions are sometimes referred to as securitization transactions that commingle assets.~~

219. Supersede the master glossary term *Condominium Structure,* with a link to transition paragraph 860-10-65-3, as follows:

~~**Condominium Structure**~~

~~A qualifying special-purpose entity that simultaneously acts as a conduit for separate (that is, no commingling or cross-collateralization) securitizations from more than one transferor where the individual condominiums (which are sometimes referred to as silos) hold dissimilar financial assets.~~

220. Supersede the master glossary term *Consolidated Affiliate,* with a link to transition paragraph 860-10-65-3, as follows:

~~**Consolidated Affiliate**~~

~~Note: The following definition is pending content; see Transition Guidance in 860-10-65-1.~~

~~An entity whose assets and liabilities are included with those of the counterparty in the consolidated, combined, or other financial statements being presented.~~

221. Amend the master glossary term *Consolidated Affiliate of the Transferor,* with a link to transition paragraph 860-10-65-3, as follows:

Consolidated Affiliate~~ of the Transferor~~

An entity whose assets and liabilities are included ~~with those of the transferor i~~n the consolidated, combined, or other financial statements being presented.

222. Amend master glossary term *Continuing Involvement,* as used in sections 860-10-20 and 860-20-20, with a link to transition paragraph 860-10-65-3, as follows:

Continuing Involvement

Note: The following definition is Pending Content; see Transition Guidance in ~~860-10-65-2~~860-10-65-3.

Any involvement with the transferred **financial assets** that permits the **transferor** to receive cash flows or other benefits that arise from the transferred financial assets or that obligates the transferor to provide additional cash flows or other assets to any party related to the transfer.~~[FSP FAS140–4/FIN46(R)-8, paragraph B1, FN4, sequence 16.1.1.1]~~**[FAS 140, paragraph 364, sequence 755.2.1]** For related implementation guidance, see paragraph 860-10-55-80.

223. Amend master glossary term *Contractually Specified Servicing Fees,* with no link to a transition paragraph, as follows:

Contractually Specified Servicing Fees

All amounts that, per contract, are due to the servicer in exchange for servicing the financial asset and would no longer be received by a servicer if the beneficial owners of the serviced assets (or their trustees or agents) were to exercise their actual or potential authority under the contract to shift the servicing to another servicer. Depending on the servicing contract, those fees may include some or all of the difference between the interest rate collectible on the financial asset being serviced and the rate to be paid to the beneficial owners of those financial assets.

224. Supersede the master glossary term *Guaranteed Mortgage Securitization,* with a link to transition paragraph 860-10-65-3, as follows:

~~**Guaranteed Mortgage Securitization**~~

~~A securitization of mortgage loans that is within the scope of Topic 948 and includes a substantive guarantee by a third party. [FAS 140, paragraph 364, sequence 773]~~

225. Add the term *Participating Interest* to the master glossary, with a link to transition paragraph 860-10-65-3, and create glossary links to first occurrence of the term (singular or plural) in each subsection of subtopics 860-10 and 860-20.

Participating Interest

Paragraph 860-10-40-6A defines the term participating interest.

226. Amend master glossary term *Proceeds* and add related cross references, with a link to transition paragraph 860-10-65-3, as follows:

Proceeds

{XREF}Cash{XREF}, **{XREF}beneficial interests{XREF}**, **{XREF}servicing assets{XREF}**, **{XREF}derivative instruments{XREF}**, or other assets that are obtained in a transfer of financial assets, less any liabilities incurred.

227. Supersede master glossary term *QSPE,* with a link to transition paragraph 860-10-65-3, as follows:

~~**QSPE**~~

~~See **Qualifying Special-Purpose Entity.**~~

228. Supersede master glossary term *Qualifying Special-Purpose Entity,* with a link to transition paragraph 860-10-65-3, as follows:

~~**Qualifying Special-Purpose Entity**~~

~~A trust or other legal vehicle that meets all of the conditions specified in paragraph 860-40-15-3.~~

229. Add the term *Set-off Right* to the master glossary, with a link to transition paragraph 860-10-65-3, and create glossary links to first occurrence of the term (singular or plural) in each subsection of subtopic 860-10.

Set-off Right

A common law right of a party that is both a debtor and a creditor to the same counterparty to reduce its obligation to that counterparty if that counterparty fails to pay its obligation.**[FAS 166, paragraph A39, sequence 46.2]**

230. Add the term *Standard Representations and Warranties* to the master glossary, with a link to transition paragraph 860-10-65-3, and create glossary links to first occurrence of the term (singular or plural) in each subsection of subtopic 860-10.

Standard Representations and Warranties

Representations and warranties that assert the financial asset being transferred is what it is purported to be at the transfer date.**[FAS 140, paragraph 364, sequence 789.2.1]**

231. Amend glossary term *Transferee,* with a link to transition paragraph 860-10-65-3, and remove from section 860-40-20, as follows:

Transferee

An entity that receives a financial asset, ~~a portion of~~ an interest in a financial asset, or a group of financial assets from a transferor.

232. Amend glossary term *Transferor,* with a link to transition paragraph 860-10-65-3, and remove from section 860-40-20, as follows:

Transferor

An entity that transfers a financial asset, ~~a portion of~~an interest in a financial asset, or a group of financial assets that it controls to another entity.

233. Add the term *Transferred Financial Assets* to the master glossary, with a link to transition paragraph 860-10-65-3, and create glossary links to first occurrence of the term (singular or plural) in each subsection of subtopics 860-10 and 860-20.

Transferred Financial Assets

Any of the following:

a. An entire financial asset
b. A group of entire financial assets
c. A **{XREF>}participating interest{XREF}** in an entire financial asset.

234. Supersede master glossary term *Undivided Interest* (as used in subtopic 860-10), with a link to transition paragraph 860-10-65-3, as follows:

~~**Undivided Interest**~~

~~Partial legal or beneficial ownership of an asset as a tenant in common with others. The proportion owned may be pro rata, for example, the right to receive 50 percent of all cash flows from a security, or non-pro-rata, for example, the right to receive the interest from a security while another has the right to the principal.~~

Amendments to Status Sections

235. Amend paragraph 860-10-00-1 as follows:

860-10-00-1 ~~No updates have been made to this subtopic.~~<u>The following table identifies the changes made to this Subtopic.</u>

Paragraph Number	Action	Accounting Standards Update	Date
Bankruptcy-Remote Entity	Added	2009-16	12/23/2009
Beneficial Interests	Amended	2009-16	12/23/2009
Cleanup Call Option	Amended	2009-16	12/23/2009
Consolidated Affiliate	Superseded	2009-16	12/23/2009
Consolidated Affiliate of the Transferor	Amended	2009-16	12/23/2009
Continuing Involvement	Amended	2009-16	12/23/2009
Derivative Financial Instrument	Added	2009-16	12/23/2009
Loan Origination Fees	Added	2009-16	12/23/2009
Participating Interest	Added	2009-16	12/23/2009
Qualifying Special-Purpose Entity	Superseded	2009-16	12/23/2009
Remote	Added	2009-16	12/23/2009
Set-off Right	Added	2009-16	12/23/2009
Standard Representations and Warranties	Added	2009-16	12/23/2009
Transferee	Amended	2009-16	12/23/2009
Transferor	Amended	2009-16	12/23/2009
Transferred Financial Assets	Added	2009-16	12/23/2009
Undivided	Superseded	2009-16	12/23/2009

Paragraph Number	Action	Accounting Standards Update	Date
Interest			
860-10-05-2	Amended	2009-16	12/23/2009
860-10-05-4	Amended	2009-16	12/23/2009
860-10-05-5	Amended	2009-16	12/23/2009
860-10-05-7	Amended	2009-16	12/23/2009
860-10-05-8	Amended	2009-16	12/23/2009
860-10-05-9	Superseded	2009-16	12/23/2009
860-10-05-10	Superseded	2009-16	12/23/2009
860-10-05-14	Amended	2009-16	12/23/2009
860-10-05-15	Amended	2009-16	12/23/2009
860-10-05-21	Amended	2009-16	12/23/2009
860-10-10-1	Superseded	2009-16	12/23/2009
860-10-10-2	Superseded	2009-16	12/23/2009
860-10-30-1	Superseded	2009-16	12/23/2009
860-10-35-1 through 35-12	Superseded	2009-16	12/23/2009
860-10-40-1	Amended	2009-16	12/23/2009
860-10-40-2	Superseded	2009-16	12/23/2009
860-10-40-3	Superseded	2009-16	12/23/2009
860-10-40-4	Amended	2009-16	12/23/2009
860-10-40-4A	Added	2009-16	12/23/2009
860-10-40-4B	Added	2009-16	12/23/2009
860-10-40-5	Amended	2009-16	12/23/2009
860-10-40-6	Amended	2009-16	12/23/2009
860-10-40-6A	Added	2009-16	12/23/2009
860-10-40-7 through 40-16	Amended	2009-16	12/23/2009
860-10-40-16A	Added	2009-16	12/23/2009
860-10-40-17 through 40-19	Amended	2009-16	12/23/2009
860-10-40-20	Superseded	2009-16	12/23/2009
860-10-40-21	Amended	2009-16	12/23/2009
860-10-40-22	Amended	2009-16	12/23/2009
860-10-40-22A	Added	2009-16	12/23/2009
860-10-40-23 through 40-28	Amended	2009-16	12/23/2009
860-10-40-28A	Added	2009-16	12/23/2009
860-10-40-29	Superseded	2009-16	12/23/2009
860-10-40-30 through 40-32	Amended	2009-16	12/23/2009
860-10-40-33	Superseded	2009-16	12/23/2009

Paragraph Number	Action	Accounting Standards Update	Date
860-10-40-34 through 40-41	Amended	2009-16	12/23/2009
860-10-50-1	Superseded	2009-16	12/23/2009
860-10-50-2 through 50-4	Amended	2009-16	12/23/2009
860-10-50-4A	Added	2009-16	12/23/2009
860-10-50-5 through 50-7	Amended	2009-16	12/23/2009
860-10-55-1	Amended	2009-16	12/23/2009
860-10-55-3	Amended	2009-16	12/23/2009
860-10-55-6	Amended	2009-16	12/23/2009
860-10-55-13	Amended	2009-16	12/23/2009
860-10-55-16	Amended	2009-16	12/23/2009
860-10-55-17D through 55-17N	Added	2009-16	12/23/2009
860-10-55-18	Amended	2009-16	12/23/2009
860-10-55-18A through 55-18C	Added	2009-16	12/23/2009
860-10-55-19 through 55-24	Amended	2009-16	12/23/2009
860-10-55-24B	Amended	2009-16	12/23/2009
860-10-55-25	Amended	2009-16	12/23/2009
860-10-55-25A	Amended	2009-16	12/23/2009
860-10-55-26 through 55-35	Amended	2009-16	12/23/2009
860-10-55-38	Amended	2009-16	12/23/2009
860-10-55-39	Amended	2009-16	12/23/2009
860-10-55-40	Superseded	2009-16	12/23/2009
860-10-55-41	Amended	2009-16	12/23/2009
860-10-55-42	Amended	2009-16	12/23/2009
860-10-55-42A through 55-42D	Added	2009-16	12/23/2009
860-10-55-43 through 55-46	Amended	2009-16	12/23/2009
860-10-55-48	Amended	2009-16	12/23/2009
860-10-55-50	Amended	2009-16	12/23/2009
860-10-55-51	Amended	2009-16	12/23/2009
860-10-55-54	Amended	2009-16	12/23/2009
860-10-55-55	Amended	2009-16	12/23/2009
860-10-55-57 through 55-59	Amended	2009-16	12/23/2009

Paragraph Number	Action	Accounting Standards Update	Date
860-10-55-61	Amended	2009-16	12/23/2009
860-10-55-62 through 55-64	Superseded	2009-16	12/23/2009
860-10-55-66	Superseded	2009-16	12/23/2009
860-10-55-67	Amended	2009-16	12/23/2009
860-10-55-68	Amended	2009-16	12/23/2009
860-10-55-68A	Added	2009-16	12/23/2009
860-10-55-69	Superseded	2009-16	12/23/2009
860-10-55-70	Amended	2009-16	12/23/2009
860-10-55-72	Amended	2009-16	12/23/2009
860-10-55-74	Superseded	2009-16	12/23/2009
860-10-55-75 through 55-79B	Amended	2009-16	12/23/2009
860-10-65-3	Added	2009-16	12/23/2009

236. Amend paragraph 860-20-00-1 as follows:

860-20-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Affiliate	Superseded	2009-16	12/23/2009
Beneficial Interests	Amended	2009-16	12/23/2009
Cash	Added	2009-16	12/23/2009
Continuing Involvement	Amended	2009-16	12/23/2009
Derivative Instrument	Added	2009-16	12/23/2009
Financial Asset	Added	2009-16	12/23/2009
Participating Interest	Added	2009-16	12/23/2009
Proceeds	Amended	2009-16	12/23/2009
Servicing Assets	Added	2009-16	12/23/2009
Transferee	Amended	2009-16	12/23/2009
Transferor	Amended	2009-16	12/23/2009
Transferred Financial Assets	Added	2009-16	12/23/2009

Paragraph Number	Action	Accounting Standards Update	Date
860-20-10-1	Superseded	2009-16	12/23/2009
860-20-25-1	Amended	2009-16	12/23/2009
860-20-25-3	Amended	2009-16	12/23/2009
860-20-25-4	Amended	2009-16	12/23/2009
860-20-25-5	Superseded	2009-16	12/23/2009
860-20-25-6	Amended	2009-16	12/23/2009
860-20-25-7	Superseded	2009-16	12/23/2009
860-20-25-8 through 25-12	Amended	2009-16	12/23/2009
860-20-30-1 through 30-3	Amended	2009-16	12/23/2009
860-20-30-4	Superseded	2009-16	12/23/2009
860-20-35-1 through 35-3	Amended	2009-16	12/23/2009
860-20-35-5	Amended	2009-16	12/23/2009
860-20-35-6	Amended	2009-16	12/23/2009
860-20-35-7	Superseded	2009-16	12/23/2009
860-20-35-8	Amended	2009-16	12/23/2009
860-20-40-1	Superseded	2009-16	12/23/2009
860-20-40-1A	Added	2009-16	12/23/2009
860-20-40-1B	Added	2009-16	12/23/2009
860-20-40-2	Superseded	2009-16	12/23/2009
860-20-40-3	Amended	2009-16	12/23/2009
860-20-50-1	Amended	2009-16	12/23/2009
860-20-50-2	Added	2009-16	12/23/2009
860-20-50-3 through 50-5	Amended	2009-16	12/23/2009
860-20-50-6 through 50-9	Superseded	2009-16	12/23/2009
860-20-55-1	Amended	2009-16	12/23/2009
860-20-55-2 through 55-15	Superseded	2009-16	12/23/2009
860-20-55-16	Amended	2009-16	12/23/2009
860-20-55-18	Amended	2009-16	12/23/2009
860-20-55-19	Amended	2009-16	12/23/2009
860-20-55-24	Amended	2009-16	12/23/2009
860-20-55-24A	Added	2009-16	12/23/2009
860-20-55-25	Amended	2009-16	12/23/2009
860-20-55-26	Amended	2009-16	12/23/2009
860-20-55-28	Superseded	2009-16	12/23/2009
860-20-55-29	Amended	2009-16	12/23/2009

Paragraph Number	Action	Accounting Standards Update	Date
860-20-55-31	Amended	2009-16	12/23/2009
860-20-55-33	Amended	2009-16	12/23/2009
860-20-55-38 through 55-41	Amended	2009-16	12/23/2009
860-20-55-43 through 55-47	Amended	2009-16	12/23/2009
860-20-55-49 through 55-57	Superseded	2009-16	12/23/2009
860-20-55-58	Amended	2009-16	12/23/2009
860-20-55-60 through 55-82	Superseded	2009-16	12/23/2009
860-20-55-83	Amended	2009-16	12/23/2009
860-20-55-85 through 55-88	Amended	2009-16	12/23/2009
860-20-55-89	Superseded	2009-16	12/23/2009
860-20-55-90	Amended	2009-16	12/23/2009
860-20-55-91	Amended	2009-16	12/23/2009
860-20-55-92	Amended	2009-16	12/23/2009
860-20-55-93 through 55-107	Superseded	2009-16	12/23/2009

237. Amend paragraph 860-30-00-1 as follows:

860-30-00-1 ~~No updates have been made to this subtopic.~~<u>The following table identifies the changes made to this Subtopic.</u>

Paragraph Number	Action	Accounting Standards Update	Date
Beneficial Interests	Amended	2009-16	12/23/2009
Transferee	Amended	2009-16	12/23/2009
Transferor	Amended	2009-16	12/23/2009
860-30-10-1	Superseded	2009-16	12/23/2009
860-30-25-2	Amended	2009-16	12/23/2009
860-30-25-7	Amended	2009-16	12/23/2009
860-30-50-1	Superseded	2009-16	12/23/2009
860-30-50-1A	Amended	2009-16	12/23/2009
860-30-50-2 through 50-5	Superseded	2009-16	12/23/2009

238. Amend paragraph 860-40-00-1 as follows:

860-40-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Affiliate	Superseded	2009-16	12/23/2009
Agent	Superseded	2009-16	12/23/2009
Commingling	Superseded	2009-16	12/23/2009
Condominium Structure	Superseded	2009-16	12/23/2009
Derivative Financial Instrument	Superseded	2009-16	12/23/2009
Embedded Call Option	Superseded	2009-16	12/23/2009
Financial Asset	Superseded	2009-16	12/23/2009
Financial Instrument	Superseded	2009-16	12/23/2009
Guaranteed Mortgage Securitization	Superseded	2009-16	12/23/2009
Qualifying Special-Purpose Entity	Superseded	2009-16	12/23/2009
Securitization	Superseded	2009-16	12/23/2009
Transfer	Superseded	2009-16	12/23/2009
Transferee	Superseded	2009-16	12/23/2009
Transferor	Superseded	2009-16	12/23/2009
Unilateral Ability	Superseded	2009-16	12/23/2009
860-40-05-1 through 05-6	Superseded	2009-16	12/23/2009
860-40-10-1	Superseded	2009-16	12/23/2009
860-40-15-1 through 15-29	Superseded	2009-16	12/23/2009
860-40-25-1 through 25-3	Superseded	2009-16	12/23/2009
860-40-40-1 through 40-11	Superseded	2009-16	12/23/2009
860-40-45-1 through 45-4	Superseded	2009-16	12/23/2009
860-40-55-1	Superseded	2009-16	12/23/2009

Paragraph Number	Action	Accounting Standards Update	Date
through 55-29			

239. Amend paragraph 860-50-00-1 as follows:

860-50-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Beneficial Interests	Amended	2009-16	12/23/2009
Consolidated Affiliate	Superseded	2009-16	12/23/2009
Consolidated Affiliate of the Transferor	Amended	2009-16	12/23/2009
Contractually Specified Servicing Fees	Amended	2009-16	12/23/2009
Financial Asset	Added	2009-16	12/23/2009
Guaranteed Mortgage Securitization	Superseded	2009-16	12/23/2009
Transferee	Amended	2009-16	12/23/2009
Transferor	Amended	2009-16	12/23/2009
860-50-05-3	Amended	2009-16	12/23/2009
860-50-05-4	Amended	2009-16	12/23/2009
860-50-25-1	Amended	2009-16	12/23/2009
860-50-25-2	Amended	2009-16	12/23/2009
860-50-25-4	Amended	2009-16	12/23/2009
860-50-25-7	Amended	2009-16	12/23/2009
860-50-25-9	Amended	2009-16	12/23/2009
860-50-25-10	Amended	2009-16	12/23/2009
860-50-30-1	Amended	2009-16	12/23/2009
860-50-30-5	Superseded	2009-16	12/23/2009
860-50-30-6	Amended	2009-16	12/23/2009
860-50-30-7	Amended	2009-16	12/23/2009
860-50-30-8	Superseded	2009-16	12/23/2009
860-50-30-9	Superseded	2009-16	12/23/2009
860-50-35-8	Amended	2009-16	12/23/2009

Paragraph Number	Action	Accounting Standards Update	Date
860-50-35-15	Superseded	2009-16	12/23/2009
860-50-35-16	Superseded	2009-16	12/23/2009
860-50-50-1 through 50-5	Amended	2009-16	12/23/2009
860-50-50-6 through 50-9	Superseded	2009-16	12/23/2009
860-50-55-1	Superseded	2009-16	12/23/2009
860-50-55-2	Superseded	2009-16	12/23/2009
860-50-55-3 through 55-7	Amended	2009-16	12/23/2009
860-50-55-9	Superseded	2009-16	12/23/2009
860-50-55-10	Amended	2009-16	12/23/2009
860-50-55-11	Amended	2009-16	12/23/2009
860-50-55-12 through 55-19	Superseded	2009-16	12/23/2009
860-50-55-20 through 55-22	Amended	2009-16	12/23/2009
860-50-55-23	Superseded	2009-16	12/23/2009
860-50-55-24	Superseded	2009-16	12/23/2009
860-50-55-26	Amended	2009-16	12/23/2009
860-50-55-27	Superseded	2009-16	12/23/2009

240. Amend paragraph 310-10-00-01 as follows:

310-10-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
310-10-35-45	Amended	2009-16	12/23/2009
310-10-50-5	Amended	2009-16	12/23/2009

241. Amend paragraph 310-30-00-01 as follows:

310-30-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
310-30-15-2	Amended	2009-16	12/23/2009
310-30-15-9	Amended	2009-16	12/23/2009
310-30-60-1	Amended	2009-16	12/23/2009

242. Amend paragraph 310-40-00-01 as follows:

310-40-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
310-40-55-9	Amended	2009-16	12/23/2009
310-40-55-10	Amended	2009-16	12/23/2009

243. Amend paragraph 325-40-00-01 as follows:

325-40-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
Beneficial Interests	Amended	2009-16	12/23/2009
325-40-05-1	Amended	2009-16	12/23/2009
325-40-15-2	Amended	2009-16	12/23/2009
325-40-30-4	Amended	2009-16	12/23/2009
325-40-35-10	Amended	2009-16	12/23/2009
325-40-35-11	Superseded	2009-16	12/23/2009
325-40-35-12	Superseded	2009-16	12/23/2009
325-40-35-14	Amended	2009-16	12/23/2009
325-40-35-15	Superseded	2009-16	12/23/2009
325-40-55-2 through 55-25	Superseded	2009-16	12/23/2009

244. Add paragraph 405-20-00-01 as follows:

405-20-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
405-20-10-1	Superseded	2009-16	12/23/2009
405-20-50-1	Amended	2009-16	12/23/2009
405-20-55-6 through 55-8	Superseded	2009-16	12/23/2009

245. Amend paragraph 460-10-00-01 as follows:

460-10-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
460-10-55-16	Amended	2009-16	12/23/2009
460-10-60-36	Amended	2009-16	12/23/2009

246. Amend paragraph 470-50-00-01 as follows:

470-50-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
470-50-50-1	Amended	2009-16	12/23/2009

247. Amend paragraph 810-10-00-01, by adding the following items to the table, as follows:

810-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
810-10-15-12	Amended	2009-16	12/23/2009
810-10-55-41	Amended	2009-16	12/23/2009
810-10-60-6	Superseded	2009-16	12/23/2009
810-10-60-7	Superseded	2009-16	12/23/2009

248. Amend paragraph 815-20-00-01 as follows:

815-20-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
815-20-50-1	Amended	2009-16	12/23/2009

249. Amend paragraph 820-10-00-01, by adding the following item to the table, as follows:

820-10-00-1 The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
820-10-15-3	Amended	2009-16	12/23/2009

250. Amend paragraph 835-10-00-01 as follows:

835-10-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
835-10-60-7	Amended	2009-16	12/23/2009

251. Amend paragraph 948-310-00-01 as follows:

948-310-00-1 ~~No updates have been made to this subtopic.~~The following table identifies the changes made to this Subtopic.

Paragraph Number	Action	Accounting Standards Update	Date
948-310-35-3A	Amended	2009-16	12/23/2009
948-310-40-1	Amended	2009-16	12/23/2009

Amendments to the XBRL Taxonomy

The following elements are proposed additions or modifications to the XBRL taxonomy as a result of the amendments in this Update. (Elements that currently exist in the 2009 taxonomy are marked with an asterisk* and have been **bolded**. If an existing element was modified, it has been marked to reflect any changes.)

Standard Label†	**Definition**	**Codification Reference**
Disclosures Pertaining to Servicing Assets and Servicing Liabilities [Abstract]*		~~860-50-50-2~~ ~~860-50-50-7~~ ~~860-50-35-5~~
Management of Risks Inherent in Servicing Assets and Servicing Liabilities [Text Block]*	This item represents the entire disclosure related to the risks inherent in servicing assets and servicing liabilities and, if applicable, the instruments used to mitigate the income statement effect of changes in fair value of the servicing assets and servicing liabilities.	860-50-50-2
Risks Inherent in Servicing Assets and Servicing Liabilities by Type of Risk [Axis]*	The manner and instruments used to manage risks of loss inherent in servicing obligations, by type of risk.	860-50-50-2 ~~860-50-50-7~~
Risks Inherent in Servicing Assets and Servicing Liabilities, Type [Domain]	The nature of risks inherent in servicing assets and servicing liabilities.	860-50-50-2 ~~860-50-50-7~~

†The Standard Label and the Element Name are the same (except that the Element Name does not include spaces). If they are different, the Element Name is shown in *italics* after the Standard Label.

Standard Label[†]	Definition	Codification Reference
Risks Inherent in Servicing Assets and Servicing Liabilities, Fair Value of Instruments Used to Manage Risks*	The estimate of the amount at which the instruments used to manage the risks inherent in servicing assets and servicing liabilities could be bought or sold or settled in a current transaction between willing parties.	860-50-50-2 ~~860-50-50-7~~
Contractually Specified Servicing Fees, Amount*	All amounts that, per contract, are due to the servicer in exchange for servicing the financial asset and would no longer be received by a servicer if the beneficial owners of the serviced assets (or their trustees or agents) were to exercise their actual or potential authority under the contract to shift the servicing to another servicer. Depending on the servicing contract, those fees may include some or all of the difference between the interest rate collected on the asset being serviced and the rate to be paid to the beneficial owners of the asset.	860-50-50-2 ~~860-50-50-7,~~ ~~860-20-50-~~3
Late Fee Income Generated by Servicing Financial Assets, Amount*	All amounts that are due to the servicer of a financial asset as a result of the debt holder not meeting the monthly payment terms.	860-50-50-2 ~~860-50-50-7~~
Late Fee Income Generated by Servicing Financial Assets, Description of Where Reported on Statement of Income*	The line item within the income statement where these fees appear.	860-50-50-2 ~~860-50-50-7~~

Standard Label†	Definition	Codification Reference
Ancillary Fee Income Generated by Servicing Financial Assets, Description of Where Reported on Statement of Income*	The line item within the income statement where these fees appear.	860-50-50-2 ~~860-50-50-7~~
Contractually Specified Servicing Fees, Late Fees, and Ancillary Fees Earned in Exchange for Servicing Financial Assets	The total amount of contractually specified servicing fees, late fees, and ancillary fees earned for each period for which results of operations are presented.	860-50-50-2
Schedule of Servicing Assets at Fair Value [Text Block]*	This schedule lists the activity in the balance of servicing assets (including a description of where changes in fair value are reported in the statement of income for each period for which results of operations are presented), including but not limited to, the following: beginning and ending balances, additions (for instance, through purchases of servicing assets<u>, and recognition of servicing obligations that result from transfers of financial assets</u>), disposals, changes in fair value during the period resulting from changes in inputs or assumptions used in the valuation model, other changes in fair value along with a description of those changes, and other changes that affect the balance along with a description of those changes.	860-50-50-3 ~~860-50-50-8~~
Servicing Assets at Fair Value [Table]*	These elements list the activity in the balance of servicing assets (including a description of where changes in fair value are reported in the statement of income for each period for which results	860-50-50-3 ~~860-50-50-8~~ ~~860-50-50-9~~ ~~860-50-55-27~~

Standard Label[†]	Definition	Codification Reference
	of operations are presented), including but not limited to, the following: beginning and ending balances, additions (for instance, through purchases of servicing assets, and recognition of servicing obligations that result from transfers of financial assets), disposals, changes in fair value during the period resulting from changes in valuations inputs or assumptions used in the valuation model, other changes in fair value along with a description of those changes, and other changes that affect the balance along with a description of those changes.	
Servicing Assets at Fair Value by Type of Financial instrument [Axis]*	Pertinent information about servicing assets, at fair value, by class of loan being serviced.	860-50-50-3 ~~860-50-50-8~~
Servicing Asset at Fair Value, Changes in Valuation Assumptions	The net increase of decrease in fair value as a result of changes in assumptions or model used to calculate the fair value of servicing assets.	860-50-50-3
Servicing Asset at Fair Value, Changes in Valuation Inputs	The net increase or decrease in fair value as a result of changes in the inputs used to calculate the fair value of servicing assets.	860-50-50-3
Servicing Asset at Fair Value, Description of Other Changes in Fair Value*	A description of the other changes in fair value (other than additions, disposals, or changes resulting from changes in valuation inputs or changes in assumptions).	860-50-50-3 ~~860-50-50-8~~
Servicing Asset at Fair Value, Amount*	Fair value as of the balance sheet date of an asset representing net future revenues from contractually specified servicing fees, late charges, and other ancillary revenues, in excess of future costs related to servicing arrangements.	860-50-50-3 ~~860-50-50-8~~ 860-50-25-1 860-50-45-1 860-50-45-2

Standard Label†	Definition	Codification Reference
	~~The fair value of an asset is the amount at which that asset could be bought or sold (or settled) in a current transaction between willing parties, other than in a forced or liquidation sale.~~ Rights may be obtained via (1) acquisition or assumption of a servicing obligation that does not relate to financial assets of the servicer or its consolidated affiliates; or (2) by originating loans and then ~~(a) transferring the loans to a qualifying special purpose entity in a transaction that meets the necessary transfer and classification requirements, or (b)~~ transferring the loans in a transaction that meets the requirements for sale accounting.	
Servicing Asset at Fair Value, Additions*	The value of new servicing assets, subsequently measured at fair value, acquired or created during the current period through purchases or from transfers of financial assets.	860-50-50-3 ~~860-50-50-8~~
Servicing Asset at Fair Value, Changes in Fair Value, Location in Income Statement, Description	For each class of servicing assets subsequently measured at fair value, this element provides a description of the location in the statement of income where the periodic changes in fair value of those assets have been reported.	860-50-50-3
Servicing Asset at Fair Value, Disposals*	Decreases in the fair value of servicing assets resulting from conveyance of servicing rights to unrelated parties.	860-50-50-3 ~~860-50-50-8~~

Standard Label[†]	Definition	Codification Reference
Servicing Asset at Fair Value, Changes in Fair Value Resulting from Changes in Valuation Inputs or Changes in Assumptions, Total*	The net increase (decrease) in fair value as a result of changes in the inputs, assumptions, or model used to calculate the fair value of servicing assets.	860-50-50-3 ~~860-50-50-8~~
Servicing Asset at Fair Value, Changes in Fair Value Resulting From Changes in Valuation Inputs	The net increase or decrease in fair value as a result of changes in the inputs used to calculate the fair value of servicing assets.	860-50-50-3
Servicing Asset at Fair Value, Changes in Fair Value Resulting From Changes in Assumption	The net increase or decrease in fair value as a result of changes in the assumptions or model used to calculate the fair value of servicing assets.	860-50-50-3
Servicing Asset at Fair Value, Other Changes in Fair Value*	The net increase (decrease) in fair value as a result of other changes that are not additions, disposals, or a result of change in the inputs, assumptions, or model used to calculate the fair value of servicing assets.	860-50-50-3 ~~860-50-50-8~~
Servicing Asset at Fair Value, Other Changes that Affect Balance*	Other net Increase or Decrease in the balance in servicing assets subsequently measured at fair value. This element is for changes other than additions, disposals, changes in fair value resulting from changes in valuation inputs or changes in assumptions, or other changes in fair value.	860-50-50-3 ~~860-50-50-8~~

Standard Label†	Definition	Codification Reference
Schedule of Servicing Liabilities at Fair Value [Table]* *ServicingLiabilitiesAtFairValueTable*	These elements list the activity in the balance of servicing liabilities (including a description of where changes in fair value are reported in the statement of income for each period for which results of operations are presented), including but not limited to, the following: beginning and ending balances, additions (through assumptions of servicing obligations, and recognition of servicing obligations that result from transfers of financial assets), disposals, changes in fair value during the period resulting from changes in valuations inputs or assumptions used in the valuation model, other changes in fair value, a description of those changes, other changes that affect the balance, and a description of those changes.	860-50-50-3 ~~860-50-55-27~~
Servicing Liabilities at Fair Value by Type of Financial Instrument [Axis]*	Pertinent information about servicing liabilities, at fair value, by class of loan being serviced.	860-50-50-3 ~~860-50-50-8~~
~~**Servicing Liability at Fair Value, Description of Changes in Valuation Inputs or Changes in Assumptions**~~	~~A description of the changes to the valuation model, assumptions or inputs or other changes in fair value of the servicing liability.~~	~~860-50-50-3~~ ~~860-50-50-8~~
Servicing Liability at Fair Value, Description of Changes in Valuation Input	A description of the changes to the valuation model inputs that led to changes in fair value of the servicing liabilities.	860-50-50-3

Standard Label†	**Definition**	**Codification Reference**
Servicing Liability at Fair Value, Description of Changes in Valuation Assumptions	A description of the changes to the significant assumptions affecting the valuation model thereby causing changes in the reported fair value of servicing liabilities.	860-50-50-3
Servicing Liability at Fair Value, Description of Other Changes in Fair Value	A description of the other changes in fair value (other than additions, disposals, or changes resulting from changes in valuation inputs or changes in assumptions).	860-50-50-3 ~~860-50-50-8~~
Servicing Liability at Fair Value, Description of Other Changes that Affect Balance*	A description of the other changes in the balance of the balance in servicing liabilities subsequently measured at fair value. This element is for descriptions of changes other than additions, disposals, changes in fair value resulting from changes in valuation inputs or changes in assumptions, or other changes in fair value.	860-50-50-3 ~~860-50-50-8~~
Servicing Liability at Fair Value, Amount*	Fair value as of the balance sheet date of a liability representing future costs related to servicing arrangements in excess of net future revenues from contractually specified servicing fees, late charges, and other ancillary revenues.	860-50-50-3 ~~860-50-50-8~~ 860-50-45-1 860-50-45-2
Servicing Liability at Fair Value, Additions*	The value of servicing liability activity (increases) during the current period attributable to the assumption of servicing obligations and recognition of servicing obligations resulting from transfers of financial assets.	860-50-50-3 ~~860-50-50-8~~
Servicing Liability at Fair Value, Disposals*	Decreases in fair value of servicing liabilities resulting from conveyance of servicing rights to unrelated parties.	860-50-50-3 ~~860-50-50-8~~

Standard Label[†]	Definition	Codification Reference
~~**Servicing Liability at Fair Value, Changes in Fair Value Resulting from Changes in Valuation Inputs or Changes in Assumptions**~~	~~The net change in fair value as a result of changes in the inputs or assumptions used in the valuation model, or other changes made to calculate the fair value of the servicing liability.~~	~~860-50-50-3~~ ~~860-50-50-8~~
Servicing Liability at Fair Value, Changes in Fair Value Resulting from Changes in Valuation Inputs	The net change in fair value as a result of changes in the inputs used in the valuation model, or other changes made to calculate the fair value of the servicing liability.	860-50-50-3
Servicing Liability at Fair Value, Changes in Fair Value Resulting from Changes in Assumptions	The net change in fair value as a result of changes in assumptions used in the valuation model, or other changes made to calculate the fair value of the servicing liability.	860-50-50-3
Servicing Liability at Fair Value, Other Changes in Fair Value*	The net increase (decrease) in fair value as a result of other changes that are not additions, disposals, or a result of change in the inputs, assumptions, or model used to calculate the fair value of servicing assets.	860-50-50-3 ~~860-50-50-8~~
Servicing Liability at Fair Value, Other Changes that Affect Balance*	Other net increase (decrease) in the balance in servicing liabilities subsequently measured at fair value. This element is for changes other than additions, disposals, changes in fair value resulting from changes in valuation inputs or changes in assumptions, or other changes in fair value.	860-50-50-3 ~~860-50-50-8~~

Standard Label[†]	Definition	Codification Reference
Servicing Liability at Fair Value, Period Increase (Decrease)*	The net increase (decrease) in the fair value of this class of servicing liability.	860-50-50-3 ~~860-50-50-8~~
Servicing Assets and Servicing Liabilities at Fair Value, Assumptions Used to Estimate Fair Value, Discount Rate*	The discount rate used to estimate the fair value of servicing assets and servicing liabilities based on the present value of cash in-flows or out-flows associated therewith.	<u>860-50-50-2</u>
Servicing Assets and Servicing Liabilities at Fair Value, Assumptions Used to Estimate Fair Value, Expected Credit Losses*	The amount of contractual collections of principal associated with a financial asset expected not to be collected due to default by the borrower which may be one of the factors applied in estimating the fair value of servicing assets based on the present value of cash in-flows associated therewith.	<u>860-50-50-2</u>
Servicing Assets and Servicing Liabilities at Fair Value, Assumptions Used to Estimate Fair Value, Prepayment Speed*	The estimated speed of prepayments of principal on financial assets which may be one of the factors applied in estimating the fair value of servicing assets based on the present value of cash in-flows associated therewith.	<u>860-50-50-2</u>
Schedule of Servicing Assets at Amortized Value [Text Block]*	This schedule lists the activity in the balance of servicing assets subsequently measured at amortized value (including a description of where changes in carrying value are reported in the statement of income for each period for which results of operations are presented), including but not limited to, the following: beginning and ending balances, additions (through purchases of servicing assets and <u>recognition of</u>	860-50-50-4 ~~860-50-50-9~~

Standard Label[†]	Definition	Codification Reference
	servicing assets that result from transfers of financial assets), disposals, amortization, application of valuation allowances, other-than-temporary impairments, and other changes that affect the balance along with a description of those changes.	
Servicing Assets at Amortized Value by Types of Financial Instruments [Axis]*	Pertinent information about servicing assets, at amortized value, by class of loan being serviced.	860-50-50-4 ~~860-50-50-9~~
Servicing Asset at Amortized Value, Risk Characteristics Description*	Description of the predominant risk characteristics of the underlying financial assets for servicing assets that are subsequently measured using the amortization method.	860-50-50-4 ~~860-50-50-9~~
Servicing Asset at Amortized Value, Balance*	Amortized carrying amount (balance) as of the balance sheet date of an asset representing net future revenues from contractually specified servicing fees, late charges, and other ancillary revenues, in excess of future costs related to servicing arrangements. Rights may be obtained via (1) acquisition or assumption of a servicing obligation that does not relate to financial assets of the servicer or its consolidated affiliates; or (2) by originating loans and then ~~(a)~~ transferring the loans to ~~a qualifying special purpose entity~~ in a transaction that meets the ~~necessary transfer and classification requirements, or (b)~~ Variable Interest Entity (VIE) in a transaction that meets ~~the necessary transfer and classification requirements, or (b) transferring the loans in a transaction that meets~~ the requirements for sale accounting.	860-50-50-4 ~~860-50-50-9~~ 860-50-45-1 860-50-45-2 860-50-25-1

Standard Label[†]	Definition	Codification Reference
Servicing Asset at Amortized Value, Additions*	The value of new servicing assets subsequently measured at amortized value, acquired or created during the current period through purchases~~,~~ ~~assumptions of servicing obligations, and servicing obligations that result from~~ or from transfers of financial assets.	860-50-50-4 ~~860-50-50-9~~
Servicing Asset at Amortized Value, Disposals*	Decreases in servicing assets, measured at amortized value, resulting from conveyance of servicing rights to unrelated parties.	860-50-50-4 ~~860-50-50-9~~
Servicing Asset at Amortized Value, Valuation Allowance*	The amount of valuation allowance applied to adjust the carrying value of servicing assets.	860-50-50-4 ~~860-50-50-9~~
Valuation Allowance for Impairment of Recognized Servicing Assets Sales ~~and~~ (Disposals), Total*	Reduction in valuation allowance of servicing assets based on sales and disposals.	860-50-50-4 ~~860-50-50-9~~
Valuation Allowance for Impairment of Recognized Servicing Assets, Sales	Reduction in valuation allowance of servicing assets based on sale of the related asset.	860-50-50-4
Valuation Allowance for Impairment of Recognized Servicing Assets, Disposals	Reduction in valuation allowance of servicing assets based on disposal of the related asset.	860-50-50-4

Standard Label[†]	Definition	Codification Reference
~~**Valuation Allowance for Impairment of Recognized Servicing Assets, Provisions (Recoveries)**~~	~~This item represents the contra-account activity for provisions recognized for impairments of servicing assets which is offset against the value of servicing assets to arrive at a net carrying value as of the date of the statement of financial position.~~	~~860-50-50-4~~ ~~860-50-50-9~~
Valuation Allowance for Impairment of Recognized Servicing Assets, Provisions	This item represents the contra-account activity for provisions recognized for impairments of servicing assets which is offset against the value of servicing assets to arrive at a net carrying value as of the date of the statement of financial position.	860-50-50-4
Valuation Allowance for Impairment of Recognized Servicing Assets, Recoveries*	This item represents the contra-account activity for recoveries recognized for impairments of servicing assets which is offset against the value of servicing assets to arrive at a net carrying value as of the date of the statement of financial position.	860-50-50-4
Servicing Asset at Amortized Value, Fair Value*	Fair value of the servicing asset that has been amortized as of the balance sheet date.	815-20-50-1 860-50-50-4 ~~860-50-50-9~~
Servicing Asset at Amortized Value, Changes in Carrying Amount, Location on Income Statement, Description	For each class of servicing assets subsequently amortized in proportion to and over the period of estimated net servicing income and assessed for impairment, this element provides a description of the location in the statement of income where the periodic changes in the carrying value of those assets have been reported.	860-50-50-4

Standard Label†	Definition	Codification Reference
Servicing Asset at Amortized Value, Other Changes that Affect Balance, Amount	Other net increase or decrease in the balance of servicing assets subsequently amortized in proportion to and over the period of estimated net servicing income and assessed for impairment. This element is for changes other than additions, disposals, amortization, application of valuation allowance (if any), and other than temporary impairments.	860-50-50-4
Servicing Asset at Amortized Value, Other Changes that Affect Balance, Description	Description of an other net increase or decrease in the balance of servicing assets subsequently amortized in proportion to and over the period of estimated net servicing income and assessed for impairment. This element describes changes other than additions, disposals, amortization, application of valuation allowance (if any), and other than temporary impairments.	860-50-50-4
Valuation Allowance for Impairment of Recognized Servicing Assets, Balance*	Reflects the estimated amount of impairment as of the balance sheet date of recognized servicing assets that are being amortized in proportion to and over the period of estimated net servicing income or loss.	860-50-50-4 ~~860-50-50-9~~
Schedule of Servicing Liabilities at Amortized Value [Text Block]*	This schedule lists the activity in the balance of servicing liabilities subsequently measured using the amortization method (including a description of where changes in carrying value are reported in the statement of income for each period for which results of operations are presented), including but not limited to, the following: beginning and ending balances, additions (through assumptions of servicing obligations and recognition of servicing obligations that result from transfers of financial	860-50-50-4 ~~860-50-50-9~~

Standard Label[†]	Definition	Codification Reference
	assets), disposals, amortization, and other changes that affect the balance and a description of those changes.	
Schedule of Servicing Liability at Amortized Value [Table]* *ServicingLiabilityAtAmortizedValueTable*	These elements list the activity in the balance of servicing liabilities (including a description of where changes in carrying value are reported in the statement of income for each period for which results of operations are presented), including but not limited to, the following: beginning and ending balances, additions (for instance, through assumptions of servicing obligations and recognition of servicing obligations that result from transfers of financial assets), disposals, amortization, application of valuation allowances, other-than-temporary impairments, and other changes that affect the balance and a description of those changes.	860-50-50-4 ~~860-50-50-9~~
Servicing Liability at Amortized Value by Types of Financial Assets [Axis]*	Pertinent information about servicing liabilities, at amortized value, by class of loan being serviced.	860-50-50-4 ~~860-50-50-9~~
Servicing Liability at Amortized Value, Balance*	Amortized carrying amount (balance) as of the balance sheet date of a liability representing future costs related to servicing arrangements that are in excess of net future revenues from contractually specified servicing fees, late charges, and other ancillary revenues.	860-50-50-4 ~~860-50-50-9~~ 860-50-45-1 860-50-45-2

Standard Label[†]	Definition	Codification Reference
Servicing Liability at Amortized Value, Additions*	The value of new servicing liabilities assumed or created during the current period (and belonging to this class) arising from, for instance, assumptions of servicing obligations ~~and~~ or recognition of servicing obligations resulting from transferred [received] financial assets.	860-50-50-4 ~~860-50-50-9~~
Servicing Liability at Amortized Value, Disposals*	Decreases in servicing liabilities, subsequently measured at amortized value, resulting from conveyance of servicing rights to unrelated parties.	860-50-50-4 ~~860-50-50-9~~
Servicing Liability at Amortized Value, Amortization*	Decreases in the value of a servicing liability due to amortization, the periodic mark down in value in proportion to and over the period of estimated net servicing income.	860-50-50-4 ~~860-50-50-9~~
Servicing Liability at Amortized Value, Valuation Allowance*	The amount of valuation allowance applied to adjust the carrying value of a servicing liability.	860-50-50-4 ~~860-50-50-9~~
Servicing Liability at Amortized Value, Other-than-temporary impairments, Increase in Obligation*	Adjustment made to carrying value of a servicing liability related to a permanent decrease in future servicing income or an increase in servicing costs.	860-50-50-4 ~~860-50-50-9~~ 860-50-35-11
Servicing Liability at Amortized Value, Period Increase (Decrease)*	The net increase (decrease) in the carrying value of this class of servicing liability.	860-50-50-4 ~~860-50-50-9~~

Standard Label[†]	Definition	Codification Reference
Characteristics of Securitizations or Asset-backed Financing Arrangements that are Accounted for as Sale* *CharacteristicsOfSecuritizationsThatAreAccountedForAsSale*	The characteristics of transfers in securitizations or asset-backed financing arrangements <u>or similar transfers </u>recognized as sales, including a description of the transferor's continuing involvement with the transferred assets (including servicing, recourse, and restriction on interest) that continue to be held by the transferor<u>, the nature and fair value of the assets obtained as proceeds and the liabilities incurred in the transfer, and the gain or loss from sale of the transferred assets</u>.	860-20-50-3 ~~860-50-50-8~~
Transfers of Financial Assets Accounted for as Sales, Initial Fair Value of Assets Obtained as Proceeds	Represents the initial fair value recorded for assets received on transfer of financial assets in a securitization, asset-backed financing arrangement, or a similar transfer which transaction is recognized as a sale of the transferred financial assets.	860-20-50-3
Transfers of Financial Assets Accounted for as Sales, Initial Fair Value of Liabilities	Represents the initial fair value recorded for liabilities incurred on transfer of financial assets in a securitization, asset-backed financing arrangement, or a similar transfer which transaction is recognized as a sale of the transferred financial assets.	860-20-50-3
Servicing Assets and Servicing Liabilities at Fair Value, Valuation Techniques*	For initial fair value measurements of assets obtained and liabilities incurred in the transfer, the valuation technique(s) used to measure fair value.	~~860-50-50-3~~ ~~860-50-50-8~~

Standard Label†	Definition	Codification Reference
Gain or Loss from Sale of Financial Assets in Securitizations, ~~or~~ Asset-backed Financing Arrangements* *GainOrLossFromSaleOfFinancialAssetsInSecuritizations*	Difference between the sale price and the carrying value when a financial asset transferred in a securitizations, ~~or~~ asset-backing financing arrangement, or similar transfer is accounted for as a sale, including those transactions in which the seller or transferor has continuing involvement with the financial assets that have been transferred.	860-20-50-3 ~~860-20-50-8~~
Schedule of Gain (Loss) on Securitizations or Asset-backed Financing Arrangements, of Financial Assets Accounted for as Sales [Text Block]* *ScheduleOfGainLossOnSecuritizationsOfFinancialAssetsAccountedForAsSaleTextBlock*	Description of and amounts pertaining to the excess over or deficiency from the carrying amounts of financial assets which are recognized upon the sale of financial assets.	860-20-50-3 ~~860-20-50-8~~
Schedule of Securitizations, or Asset-backed Financing Arrangements, Financial Asset for which Transfer is Accounted for as Sales [Table]* *SecuritizationFinancialAssetForWhichTransferIsAccountedAsSaleTable*	The gains or losses by type of financial asset in a securitization, ~~or~~ asset-backed financing arrangement, or similar transfer recognized when a transfer is accounted for as a sale.	860-20-50-3 ~~860-20-50-8~~

Standard Label†	Definition	Codification Reference
Securitizations, or Asset-backed Financing Arrangements, Financial Asset for which Transfer is Accounted for as Sales [Axis]* *SecuritizationFinancialAssetForWhichTransferIsAccountedAsSaleAxis*	The gains or losses recognized when a transfer is accounted for as a sale by type of ~~securitized~~ financial asset in a securitization or asset-backed financing arrangement, or similar transfer.	860-20-50-3 ~~860-20-50-8~~
Schedule of Fair Value Assumption, Date of Securitization or Asset-backed Financing Arrangement, Transferor's Continuing Involvement, Servicing Assets or Liabilities [Text Block]* *ScheduleOfAssumptionsForFairValueOnSecuritizationDateOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrServicingLiabilitiesTextBlock*	This schedule lists all information related to the key inputs and assumptions used in measuring the fair value of assets obtained or liabilities incurred, as the result of a sale of financial assets, relating ~~that relate~~ to the transferor's continuing involvement ~~(including interests that continue to be held by the transferor and servicing assets or servicing liabilities)~~, if any, at the time of ~~securitization~~ securitization, asset-backed financing arrangement, or similar transfer (including, at a minimum, but not limited to, and if applicable, quantitative information about discount rates, expected prepayments including the expected weighted-average life of prepayable financial assets, and anticipated credit losses, including expected static pool losses).	860-20-50-3 ~~860-20-50-9~~

Standard Label†	Definition	Codification Reference
Schedule of Fair Value Assumption, Date of Securitization, Transferor's Continuing Involvement [Table]* *AssumptionForFairValueOnSecuritizationDateOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesTable*	Information related to the key inputs and assumptions used in measuring the fair value of assets obtained or liabilities incurred, as the result of a sale of financial assets, relating ~~that relate~~ to the transferor's continuing involvement ~~(including interests that continue to be held by the transferor and servicing assets or servicing liabilities)~~, if any, at the time of securitization, asset-backed financing arrangement, or similar transfer (including, at a minimum, but not limited to, and if applicable, quantitative information about discount rates, expected prepayments including the expected weighted-average life of prepayable financial assets, and anticipated credit losses, including expected static pool losses).	860-20-50-3 ~~860-20-50-9~~ ~~860-20-55-96~~
Fair Value, Servicing Assets and Servicing Liabilities, Fair Value Measurement [Axis]	This element contains the levels within the fair value hierarchy used to determine and categorize the fair value measurement of servicing assets and servicing liabilities and the assets obtained and liabilities incurred in transfers of financial assets and assumptions of servicing liabilities.	860-20-50-3
Fair Value Assumption, Date of Securitization or Asset-backed Financing Arrangement, Transferor's Continuing Involvement, Servicing Assets or Liabilities, by Type [Axis]* *AssumptionForFairV*	The various assumptions on which calculations of fair value on date of securitization, ~~or~~ asset-backed financing arrangement, or similar transfer are based for assets obtained and liabilities incurred in a transfer accounted for as a sale, ~~a transferor's continuing involvement (including servicing assets, servicing liabilities, or interests continued to be held following transfer of financial assets)~~, by type of financial instrument serviced or transferred.	860-20-50-3 ~~860-20-50-9~~

Standard Label[†]	Definition	Codification Reference
alueOnSecuritizationDateOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesAxis		
Fair Value Servicing Assets and Servicing Liabilities, Fair Value Measurement [Domain]	Contains the levels within the fair value hierarchy used to determine and categorize the fair value measurement of servicing assets and servicing liabilities and the assets obtained and liabilities incurred in transfers of financial assets and assumptions of servicing liabilities.	860-20-50-3
Fair Value Inputs, Level 1 [Member]*	This item represents the amount of assets or liabilities, including [financial] instruments that are classified in stockholders' equity, which are measured at fair value on either a recurring or nonrecurring basis and fall within Level 1 of the fair value measurements hierarchy. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.	860-20-50-3
Fair Value Inputs, Level 2 [Member]*	This item represents the amount of assets or liabilities, including [financial] instruments that are classified in stockholders' equity, which are measured at fair value on either a recurring or nonrecurring basis and fall within Level 2 of the fair value measurements hierarchy. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for	860-20-50-3

Standard Label[†]	Definition	Codification Reference
	identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market); (c) inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates); or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).	
Fair Value Inputs, Level 3 [Member]*	This item represents the amount of assets or liabilities, including [financial] instruments that are classified in stockholders' equity, which are measured at fair value on either a recurring or nonrecurring basis and fall within Level 3 of the fair value measurements hierarchy. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available; such as, when there is little, if any, market activity for the asset or liability at the measurement date.	860-20-50-3

Standard Label†	Definition	Codification Reference
Fair Value Assumption, Date of Securitization, or Asset-backed Financing Arrangement, Transferor's Continuing Involvement, Discount Rate* *AssumptionForFairValueOnSecuritizationDateOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesDiscountRate*	The discount rate which is used to value residual cash flows generated by financial assets of the securitization, ~~securitization or~~ asset-backed financing arrangement, or similar transfer. This is used as a key assumption in measuring the fair value of assets or liabilities that relate to a transferor's assets obtained or liabilities incurred ~~continuing involvement (including interests that continue to be held by the transferor and servicing assets or servicing liabilities)~~, if any, at the time of securitization, ~~or~~ asset-backed financing arrangement, or similar transfer.	860-20-50-3 ~~860-20-50-9~~
Fair Value Assumption, Date of Securitization, or Asset-backed Financing Arrangement, Transferor's Continuing Involvement, Prepayment Speed* *AssumptionForFairValueOnSecuritizationDateOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesPrepaymentSpeed*	Estimated speed of prepayments of principal on financial assets. This is used as a key assumption in measuring the fair value of assets obtained or liabilities incurred that relate to a transferor's continuing involvement, ~~involvement (including interests that continue to be held by the transferor and servicing assets or servicing liabilities),~~ if any, at the time of securitization, ~~securitization or~~ asset-backed financing arrangement, or similar transfer.	860-20-50-3 ~~860-20-50-9~~

Standard Label†	Definition	Codification Reference
Fair Value Assumption, Date of Securitization, or Asset-backed Financing Arrangement, Transferor's Continuing Involvement, Weighted Average Life* *AssumptionForFairValueOnSecuritizationDateOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesWeightedAverageLife*	The weighted average life of securitized assets. This is used as a key assumption in measuring the fair value of assets obtained or liabilities incurred that relate to a transferor's continuing involvement, ~~involvement (including interests that continue to be held by the transferor and servicing assets or servicing liabilities),~~ if any, at the time of securitization, ~~securitization or~~ asset-backed financing arrangement, or similar transfer.	860-20-50-3 ~~860-20-50-9~~
Fair Value Assumption, Date of Securitization, ~~or~~ Asset-backed Financing Arrangement, Transferor's Continuing Involvement, Expected Credit Losses* *AssumptionForFairValueOnSecuritizationDateOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesExpectedCreditLosses*	The rate at which principal will not be repaid on securitized financial ~~-~~assets, including expected static pool losses. This is used as a key assumption in measuring the fair value of assets obtained or liabilities incurred that relate to a transferor's continuing involvement, ~~involvement (including interests that continue to be held by the transferor and servicing assets or servicing liabilities),~~ if any, at the time of securitization, ~~securitization or~~ asset-backed financing arrangement, or similar transfer.	860-20-50-3 ~~860-20-50-9~~

Standard Label[†]	**Definition**	**Codification Reference**
Fair Value Assumption, Date of Securitization, or Asset-backed Financing Arrangement, Assets Obtained and Liabilities Incurred that Relate to the Transferor's Continuing Involvement, Other Key Assumption Value* *AssumptionForFairValueOnSecuritizationDateOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesOtherKeyAssumptionValue*	Assumptions used in measuring fair value on date of securitization, ~~or~~ asset-backed financing arrangement, or similar transfer of assets or liabilities that relate to a transferor's continuing involvement.	860-20-50-3 ~~860-20-50-9~~
~~**Cash Flows Between Securitization or Asset-backed Financing Arrangement Special Purpose Entity (SPE) and Transferor, Proceeds from Newly Securitized Assets***~~	~~The amount of proceeds from new securitizations or asset-backed financing arrangements during this reporting period for this class of securitization or asset-backed financing arrangement.~~	~~860-20-50-3 860-20-50-8~~

Standard Label[†]	Definition	Codification Reference
~~**Cash Flows Between Securitization or Asset-backed Financing Arrangement Special Purpose Entity (SPE) and Transferor, Proceeds from Collections Reinvested in Revolving Period Securitizations***~~	~~The amount of proceeds from collections reinvested in previous securitization or asset-backed financing arrangement.~~	~~860-20-50-3~~ ~~860-20-50-8~~
~~**Cash Flows Between Securitization or Asset-backed Financing Arrangement Special Purpose Entity (SPE) and Transferor, Purchases of Previously Transferred Financial Assets***~~	~~The amount of cash outflow used to purchase previously transferred financial assets (or its underlying collateral), including delinquent or foreclosed assets, from the securitization or asset-backed financing arrangement SPE.~~	~~860-20-50-3~~
~~**Cash Flows Between Securitization or Asset-backed Financing Arrangement Special Purpose Entity (SPE) and Transferor, Other Cash Flows Received on Retained Interests***~~	~~This amount represents total cash flows received from retained interests by the transferor other than servicing fees. Other cash flows include, for example, all cash flows from interest-only strips and cash above the minimum required level in cash collateral accounts.~~	~~860-20-50-3~~ ~~860-20-50-8~~

Standard Label†	Definition	Codification Reference
~~**Cash Flows Between Securitization or Asset-backed Financing Arrangement Special Purpose Entity (SPE) and Transferor, Repayments of Servicing Advances***~~	~~The amount of cash proceeds received from the securitization SPE to repay the servicing fees advanced by the transferor in advance of the securitization.~~	~~860-20-50-3~~ ~~860-20-50-8~~
~~**Cash Flows Between Securitization or Asset-backed Financing Arrangement Special Purpose Entity (SPE) and Transferor, Servicing Fees Received***~~	~~The amount of servicing fees from the securitization or asset-backed financing arrangement SPE.~~	~~860-20-50-3~~ ~~860-20-50-8~~
~~**Cash Flows Between Securitization or Asset-backed Financing Arrangement Special Purpose Entity (SPE) and Transferor, Servicing Advances***~~	~~The amount of cash outflow used for servicing in advance of the completion of the securitization or asset-backed financing arrangement.~~	~~860-20-50-3~~ ~~860-20-50-8~~

Standard Label†	Definition	Codification Reference
Cash Flows Between Transferor and Transferee, Proceeds from New Transfers*	Cash Flows between a transferor and a transferee ~~and a transferor~~ attributable to newly transferred assets related to either a securitization, ~~securitization or~~ asset-backed financing arrangement, or similar transfer in which the transferor has continuing involvement with the transferred financial assets underlying the transaction (including, but not limited to, servicing, recourse, and restrictions on transferor's interests in the transferred financial assets~~that continue to be held by the transferor~~).	860-20-50-3
Cash Flows Between Transferor and Transferee, Proceeds from Collections Reinvested in Revolving Period Transfer*s	Cash Flows between a transferor and a transferee ~~and a transferor~~ attributable to collections reinvested in revolving period transfers ~~newly transferred assets~~ related to either a securitization, ~~securitization or~~ asset-backed financing arrangement, or similar transfer in which the transferor has continuing involvement with the transferred financial assets underlying the transaction (including, but not limited to, servicing, recourse, and restrictions on transferor's interests in the transferred financial assets ~~that continue to be held by the transferor~~).	860-20-50-3
Cash Flows Between Transferor and Transferee, Purchases of Previously Transferred Financial Assets*	Cash Flows between a transferor and a transferee ~~and a transferor~~ attributable to purchases of previously transferred financial assets (or its underlying collateral) related to either a securitization, ~~securitization or~~ asset-backed financing arrangement, or similar transfer in which the transferor has continuing involvement with the transferred financial assets underlying the transaction (including, but not limited to, servicing, recourse, and	860-20-50-3

Standard Label[†]	Definition	Codification Reference
	restrictions on transferor's interests in the transferred financial assets ~~that continue to be held by the transferor~~).	
Cash Flows Between Transferor and Transferee, Receipts on Interests that Continue to be Held, Other*	Cash Flow from a transferor to a transferee in payment of service fees in advance, prior to or in contemplation of ~~either~~ a securitization, ~~or~~ asset-backed financing arrangement, or similar transfer in which the transferor will have continuing involvement with the transferred financial assets underlying the transaction (including, but not limited to, servicing, recourse, and restrictions on transferor's interests~~that continue to be held by the transferor~~ in the transferred financial assets).	860-20-50-3
Cash Flows Between Transferor and Transferee, Repayments of Servicing Fee Advances*	Cash Flow from a transferee to a transferor in repayment of service fee advances, in advance of ~~either~~ a securitization, ~~or~~ asset-backed financing arrangement, or similar transfer in which the transferor has continuing involvement with the transferred financial assets underlying the transaction (including, but not limited to, servicing, recourse, and restrictions on transferor's interests in the transferred financial assets ~~that continue to be held by the transferor~~).	860-50-50-3
Cash Flows Between Transferor and Transferee, Servicing Fees*	Cash Flows between a transferee and a transferor attributable to servicing fees related to ~~either~~ a securitization, ~~or~~ asset-backed financing arrangement, or similar transfers in which the transferor has continuing involvement with the assets underlying the transaction (including, but not limited to, servicing, recourse, and restrictions on transferor's interests in the transferred financial assets ~~that continue to be held~~	860-20-50-3

Standard Label†	Definition	Codification Reference
	~~by the transferor~~).	
Cash Flows Between Transferor and Transferee, Servicing Fee Advances*	Cash Flow from a transferor to a transferee in payment of service fees in advance, prior to or in contemplation of either a securitization, ~~or~~ asset-backed financing arrangement, or similar transfer in which the transferor will have continuing involvement with the assets underlying the transaction (including, but not limited to, servicing, recourse, and restrictions on transferor's interests in the transferred financial assets ~~that continue to be held by the transferor~~).	860-20-50-3
Cash Flows Between Transferor and Transferee, Beneficial Interest	Cash Flow from a transferee to a transferor in payment of the transferor's beneficial interest related to a securitization, asset-backed financing arrangement, or similar transfer in which the transferor has continuing involvement with the transferred financial assets underlying the transaction.	860-20-50-3
Schedule of Assumptions for Fair Value as of Balance Sheet Date of ~~Interests Continued to be Held by Transferor, Servicing Assets, or Servicing Liabilities~~ Assets or Liabilities Related to Transferor's Continuing Involvement [Text Block]* *ScheduleOfAssumptionsForFairValueAsO*	This schedule lists all information related to the key ~~economic~~ inputs and assumptions (including, at a minimum, but not limited to, and if applicable, quantitative information about discount rates, expected prepayments including the expected weighted-average life of prepayable financial assets, and anticipated credit losses~~, if applicable~~) used in measuring the fair value of assets or liabilities that relate to the transferor's continuing involvement with transferred financial assets, ~~interests that continue to be held by the transferor, or of servicing assets or servicing liabilities,~~ as of the balance sheet date.	860-20-50-4 ~~860-20-55-98~~

Standard Label[†]	Definition	Codification Reference
fBalanceSheetDateOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrServicingLiabilitiesTextBlock		
Schedule of Assumptions for Fair Value as of Balance Sheet Date of Assets or Liabilities that relate to Transferor's Continuing Involvement [Table]* *AssumptionForFairValueAsOfBalanceSheetDateOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesTable*	Detailed elements containing information related to the key ~~economic~~ inputs and assumptions (including, at a minimum, but not limited to, and if applicable, quantitative information about discount rates, expected prepayments including the expected weighted-average life of prepayable financial assets, and anticipated credit losses~~, if applicable~~) used in measuring the fair value of assets and liabilities that related to the continuing involvement with the transferred financial assets ~~interests in transferred financial assets that continue to be held by the transferor and servicing assets or servicing liabilities, if any,~~ as of the balance sheet date.	860-20-50-4 ~~860-20-55-98~~
Assumption for Fair Value as of Balance Sheet Date of Assets or Liabilities that relate to Transferor's Continuing Involvement by Type [Axis]* *AssumptionForFairValueAsOfBalanceSheetDateOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesAxis*	The various inputs and assumptions on which calculations of fair value are based for ~~servicing assets, servicing liabilities, or interests continued to be held following transfer of financial assets~~ the assets or liabilities that relate to the transferor's continuing involvement in transferred financial assets, by type of financial instrument serviced or transferred.	860-20-50-4 ~~860-20-50-9~~

Standard Label[†]	Definition	Codification Reference
Assumption for Fair Value of Assets or Liabilities that Relate to Transferor's Continuing Involvement, Discount Rate*	The discount rate which is used to value residual cash flows generated by financial assets of the securitization, ~~or~~ asset-backed financing arrangement, or similar transfer. This is used as a key input and assumption in measuring the fair value of assets or liabilities that relate to a transferor's continuing involvement ~~(including interests that continue to be held by the transferor and servicing assets or servicing liabilities)~~, if any, as of the date of the latest statement of financial position presented.	860-20-50-4 ~~860-20-50-9~~
Assumption for Fair Value of Interests Continued to be Held by Transferor, Servicing Assets or Liabilities, Prepayment Speed*	Estimated speed of prepayments of principal on financial assets. This is used as a key input and assumption in measuring the fair value of assets or liabilities that relate to a transferor's continuing involvement ~~(including interests that continue to be held by the transferor and servicing assets or servicing liabilities)~~, if any, as of the date of the latest statement of financial position presented.	860-20-50-4 ~~860-20-50-9~~
Assumption for Fair Value of Assets or Liabilities that relate to Transferor's Continuing Involvement, Weighted Average Life*	The weighted average life of securitized assets. This is used as a key input and assumption in measuring the fair value of assets or liabilities that relate to a transferor's continuing involvement ~~(including interests that continue to be held by the transferor and servicing assets or servicing liabilities)~~, if any, as of the date of the latest statement of financial position presented.	860-20-50-4 ~~860-20-50-9~~

Standard Label†	Definition	Codification Reference
Assumption for Fair Value of Assets or Liabilities that relate to Transferor's Continuing Involvement, Expected Credit Losses*	The rate at which principal will not be repaid on securitized financial assets. This is used as a key input and assumption in measuring the fair value of assets or liabilities that relate to a transferor's continuing involvement (~~including interests that continue to be held by the transferor and servicing assets or servicing liabilities~~), if any, as of the date of the latest statement of financial position presented.	860-20-50-4 ~~860-20-50-9~~
Assumption for Fair Value of Assets or Liabilities that relate to Transferor's Continuing Involvement, Static Pool Losses*	Expected static pool losses can be calculated by summing the actual and projected future credit losses and dividing the sum by the original balance of the pool of assets.	860-20-50-4 ~~860-20-50-9~~ ~~860-20-55-98~~
Assumption for Fair Value of Assets or Liabilities that relate to Transferor's Continuing Involvement, Other Key Assumption Rate or Value*	The values of other key assumptions in measuring the fair value of assets or liabilities that relate to a transferor's continuing involvement ~~(including interests that continue to be held by the transferor and servicing assets or servicing liabilities)~~, if any, as of the date of the latest statement of financial position presented.	860-20-50-4 ~~860-20-50-9~~

Standard Label†	Definition	Codification Reference
Schedule of Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets, or Servicing Liabilities~~ [Text Block]* *ScheduleOfSensitivityAnalysisOfFairValueOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrServicingLiabilitiesTextBlock*	A sensitivity analysis or stress test showing the hypothetical effect on the fair value of ~~those~~ the transferor's interests in transferred financial assets (including any servicing assets or servicing liabilities) of two or more unfavorable variations from the expected levels for each key assumption that is reported, independently determined from any change in another key assumption, and a description of the objectives, methodology, and limitations of the sensitivity analysis or stress test.	860-20-50-4 ~~860-20-55-97~~
Schedule of Sensitivity Analysis of Fair Value, ~~of~~ Transferor's Interests in Transferred Financial Assets ~~that Continue to be Held by Transferor, Servicing Assets or Liabilities~~ [Table]* *SensitivityAnalysisOfFairValueOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesTable*	Detailed elements containing information related to a sensitivity analysis or stress test showing the hypothetical effect on the fair value of those transferor's interests in transferred financial assets (including any servicing assets or servicing liabilities) of two or more unfavorable variations from the expected levels for each key assumption that is reported, independently determined from any change in another key assumption.	860-20-50-4 ~~860-20-55-97~~

Standard Label[†]	Definition	Codification Reference
Sensitivity Analysis of Fair Value, Transferor's Interests in Transferred Financial Assets~~that Continue to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of Adverse Change in Assumption by Type of Financial Instrument [Axis]* *SensitivityAnalysisOfFairValueOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesImpactOfAdverseChangeInAssumptionByTypeOfFinancialInstrumentAxis*	The hypothetical effect on the fair value of transferor's interests in transferred financial assets (including (~~continued to be held following transfer,~~ servicing assets or servicing liabilities) of two or more unfavorable variations from the expected levels for each key assumption that is reported, independently determined from any change in another key assumption.	860-20-50-4 ~~860-20-50-9~~
Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor~~, Fair Value* *InterestsContinuedToBeHeldByTransferorFairValue*	The carrying amount (fair value) as of the balance sheet date of the transferor's interests in transferred financial instruments (typically securitized receivables ~~that continue to be held (~~which are generally not involved in the collection of principal) following transfer of significant portions of such financial instruments to other parties. Such interests could be ancillary cash flows and interest-only strips.	~~860-20-50-9~~ ~~860-20-55-97~~ 860-20-50-4

Standard Label†	Definition	Codification Reference
Sensitivity Analysis of Fair Value, Transferor's Interests in Transferred Financial Assets ~~that Continue to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of 10 Percent Adverse Change in Prepayment Speed* *SensitivityAnalysisOfFairValueOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesImpactOf10PercentAdverseChangeInPrepaymentSpeed*	The hypothetical financial impact of a 10 percent adverse change of prepayment speed on the fair value of transferor's interests in transferred financial assets (including ~~that continue to be held by the transferor,~~ servicing assets, or servicing liabilities) as of the balance sheet date.	860-20-50-4 ~~860-20-50-9~~
Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets ~~that Continue to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of 20 Percent Adverse Change in Prepayment Speed* *SensitivityAnalysisOfFairValueOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesImpactOf20PercentAdverseChangeInPre*	The hypothetical financial impact of a 20 percent adverse change of prepayment speed on the fair value of transferor's interests in transferred financial assets including ~~that continue to be held by the transferor,~~ (servicing assets, or servicing liabilities) as of the balance sheet date.	860-20-50-4 ~~860-20-50-9~~

Standard Label[†]	**Definition**	**Codification Reference**
paymentSpeed		
Sensitivity Analysis of Fair Value ~~of Interests Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Transferor's Interests in Transferred Financial Assets, Impact of Other than 10 or 20 Percent Adverse Change in Prepayment Speed, Percent* *SensitivityAnalysisOfFairValueOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesImpactOfOtherThan10Or20PercentAdverseChangeInPrepaymentSpeedPercent*	A specified percentage variance in the prepayment speed assumption in the determination of fair value of transferor's interests in transferred financial assets~~continued to be held,~~ (including servicing assets or servicing liabilities).	~~860-20-50-9~~ 860-20-50-4

Standard Label†	Definition	Codification Reference
Sensitivity Analysis of Fair Value, Transferor's ~~of~~ Interests in Transferred Financial Assets~~,~~ ~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of Other than 10 or 20 Percent Adverse Change in Prepayment Speed* *SensitivityAnalysisOfFairValueOfInterestsContinuedToBeHeldByTransferorServicingAssetsOrLiabilitiesImpactOfOtherThan10Or20PercentAdverseChangeInPrepaymentSpeed*	The hypothetical financial impact of a specified adverse percentage change in prepayment speed on the fair value of transferor's interests in transferred financial assets (including ~~that continue to be held by the transferor,~~ servicing assets~~,~~ or servicing liabilities) as of the balance sheet date.	~~860-20-50-9~~ 860-20-50-4
Sensitivity Analysis of Fair Value, ~~of~~ Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of 10 Percent Adverse Change in Discount Rate*	The hypothetical financial impact of a 10 percent adverse change of the discount rate on the fair value of transferor's interests ~~that continue to be held by the transferor~~ in transferred financial assets (including any servicing assets or servicing liabilities) as of the balance sheet date.	860-20-50-4 ~~860-20-50-9~~

Standard Label†	Definition	Codification Reference
Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of 20 Percent Adverse Change in Discount Rate*	The hypothetical financial impact of a 20 percent adverse change of the discount rate on the fair value of transferor's interests ~~that continue to be held by the transferor,~~in transferred financial assets (including any servicing assets~~,~~ or servicing liabilities) as of the balance sheet date.	860-20-50-4 ~~860-20-50-9~~
Sensitivity Analysis of Fair Value of Transferor's Interests ~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of 10 or 20 Percent Adverse Change in Discount Rate, Percent*	A specified percentage variance in the discount rate assumption in the determination of fair value of transferor's interests ~~continued to be held,~~in transferred financial assets (including any servicing assets or servicing liabilities) as of the balance sheet date.	860-20-50-4 ~~860-20-50-9~~

Standard Label†	Definition	Codification Reference
Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of Other than 10 or 20 Percent Adverse Change in Discount Rate*	The hypothetical financial impact of a specified adverse percentage change in discount rate on the fair value of transferor's interests ~~that continue to be held by the transferor,~~ in transferred financial assets (including any servicing assets or servicing liabilities) as of the balance sheet date.	860-20-50-4 ~~860-20-50-9~~
Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of 10 Percent Adverse Change in Expected Credit Losses*	The hypothetical financial impact of a 10 percent adverse change of the expected credit losses, including expected static pool losses, on the fair value of transferor's interests in transferred financial assets (including ~~that continue to be held by the transferor,~~ servicing assets~~,~~ or servicing liabilities) as of the balance sheet date.	860-20-50-4 ~~860-20-50-9~~

Standard Label[†]	**Definition**	**Codification Reference**
Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of 20 Percent Adverse Change in Expected Credit Losses*	The hypothetical financial impact of a 20 percent adverse change of the expected credit losses, including expected static pool losses, on the fair value of transferor's interests in transferred financial assets (including ~~that continue to be held by the transferor,~~ servicing assets~~,~~ or servicing liabilities) as of the balance sheet date.	860-20-50-4 ~~860-20-50-9~~
Sensitivity Analysis of Fair Value of Transferor's Interests ~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of 10 or 20 Percent Adverse Change in Credit Loss, Percent*	A specified percentage variance in the expected credit losses assumption, including static pool losses, in the determination of fair value of transferor's interests ~~that continue to be held~~ in transferred financial assets (including any servicing assets or servicing liabilities).	860-20-50-4 ~~860-20-50-9~~

Standard Label[†]	Definition	Codification Reference
Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of Other than 10 or 20 Percent Adverse Change in Expected Credit Loss*	The hypothetical financial impact of a specified adverse percentage change in expected credit losses, including static pool losses, on the fair value of transferor's interests ~~that continue to be held~~ in transferred financial assets (including any servicing assets or servicing liabilities) as of the balance sheet date.	860-20-50-4 ~~860-20-50-9~~
Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of Adverse Change in Other Assumption, Description*	Description of an assumption not otherwise reflected in the taxonomy that is used in determining fair value of transferor's interests ~~that continue to be held by the transferor,~~ in transferred financial assets (including any servicing assets or servicing liabilities).	860-20-50-4 ~~860-20-50-9~~

Standard Label†	Definition	Codification Reference
Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of 10 Percent Adverse Change in Other Assumption*	The hypothetical financial impact of a 10 percent adverse change of the specified assumption on the fair value of transferor's interests ~~that continue to be held by the transferor,~~ in transferred financial assets (including any servicing assets or servicing liabilities) as of the balance sheet date.	860-20-50-4 ~~860-20-50-9~~
Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of 20 Percent Adverse Change in Other Assumption*	The hypothetical financial impact of a 20 percent adverse change of the specified assumption on the fair value of transferor's interests ~~that continue to be held by the transferor,~~ in transferred financial assets (including any servicing assets,) or servicing liabilities) as of the balance sheet date.	860-20-50-4 ~~860-20-50-9~~

Standard Label[†]	Definition	Codification Reference
Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of Other than 10 or 20 Percent Adverse Change in Other Assumption*	The hypothetical financial impact of a specified adverse percentage change in a specified other assumption on the fair value of transferor's interests ~~that continue to be held by the transferor,~~ in transferred financial assets (including any servicing assets~~,~~ or servicing liabilities) ~~as of the balance sheet date~~.	860-20-50-4 ~~860-20-50-9~~
Sensitivity Analysis of Fair Value of Transferor's Interests in Transferred Financial Assets~~Continued to be Held by Transferor, Servicing Assets or Liabilities~~, Impact of Other than 10 or 20 Percent Adverse Change in Other Assumption, Percent*	A specified percentage variance in a specified key assumption in the determination of fair value of transferor's interests ~~that continue to be held,~~ in transferred financial assets (including any servicing assets~~,~~ or servicing liabilities).	860-20-50-4 ~~860-20-50-9~~

Standard Label†	Definition	Codification Reference
Sensitivity Analysis of Fair Value, Transferor's Interests ~~Continued to be Held by Transferor, Servicing Assets or Liabilities,~~ in Transferred Financial Assets, Description of Objectives, Methodology, and Limitations	A description of the objectives, methodology, and limitations of the sensitivity analysis or stress test that shows the hypothetical effect on the fair value of ~~those~~transferor's interests in transferred financial assets (including any servicing assets or servicing liabilities) of two or more unfavorable variations from the expected levels for each key assumption that is reported, independently from any change in another key assumption.	860-20-50-4 ~~860-20-50-9~~
Qualitative and Quantitative Information, Transferors Continuing Involvement [Text Block]	Disclosure of the qualitative and quantitative information related to a transferor's continuing involvement with financial assets transferred to a transferee in a securitization, asset-backed financing arrangement, or similar transfer. Such disclosure would, at a minimum, contain information allowing for an assessment of the reasons for the transferor's continuing involvement, the risks related to the transferred financial assets to which the transferor continues to be exposed, and the extent of change to the transferor's risk profile due to the transfer (including, but not limited to, credit risk, interest rate risk, other).	860-20-50-4

Standard Label†	Definition	Codification Reference
Qualitative and Quantitative Information, Transferors Continuing Involvement [Table]	Detailed elements containing information related to the qualitative and quantitative information of a transferor's continuing involvement with financial assets transferred to a transferee in a securitization, asset-backed financing arrangement, or similar transfer. Such detailed elements would, at a minimum, contain information allowing for an assessment of the reasons for the transferor's continuing involvement, the risks related to the transferred financial assets to which the transferor continues to be exposed, and the extent of change to the transferor's risk profile due to the transfer (including, but not limited to, credit risk, interest rate risk, other).	860-20-50-4
Qualitative and Quantitative Information, Transferors Continuing Involvement in Transferred Financial Assets by Transfer or Transferee [Axis]	Information of the transferor's continuing involvement in transferred financial assets providing, at a minimum, information allowing for an assessment of the reasons for the transferor's continuing involvement, the risks related to the transferred financial assets to which the transferor continues to be exposed, and the extent of change to the transferor's risk profile due to the transfer (including, but not limited to, credit risk, interest rate risk, other). Such information may be provided by transfer (a description of the transaction uniquely identifying from other transfers of financial assets of the entity in which the entity maintains continuing involvement) or by transferee (for example, identification of a variable interest entity in which the entity has a variable interest and continues to have involvement with the financial assets transferred).	860-20-50-4

Standard Label[†]	Definition	Codification Reference
Qualitative and Quantitative Information, Transferors Continuing Involvement in Transferred Financial Assets by Transferor or Transferee [Domain]	This item contains a description of the individual transfer (for example, a description of the transaction) or transferee (for example, name of a variable interest entity), to which the entity (transferor) continues to have involvement with the financial assets transferred.	860-20-50-4
Variable Interest Entity, Primary Beneficiary [Member]*	Variable Interest Entities (VIE) in which the entity has a controlling financial interest (as defined) and of which it is therefore the primary beneficiary. A controlling financial interest is determined based on both: (a) the entity's power to direct activities of the VIE that most significantly impact the VIE's economic performance and (b) the entity's obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. VIEs of which the entity is the primary beneficiary are included in the consolidated financial statements of the entity. This item would also include transferees to which the entity (transferor) has transferred financial assets in which it continues to have involvement.	810-10-05-8A

Standard Label[†]	Definition	Codification Reference
Variable Interest Entity, Not Primary Beneficiary [Member]*	Variable Interest Entities (VIE) in which the entity does not have a controlling financial interest (as defined) and of which it is therefore not the primary beneficiary. VIEs of which the entity is not the primary beneficiary because it does not have the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and for which it does not have the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE are not included in the consolidated financial statements of the entity. <u>This item would also include transferees to which the entity (transferor) has transferred financial assets in which it continues to have involvement.</u>	810-10-05-8A
Transferors Continuing Involvement in Transferred Financial Assets, Transfer Description [Member]	Represents the entity's description of a securitization, asset-backed financing, or similar transaction to transfer financial assets in which the entity continues to have involvement.	860-20-50-3
Qualitative and Quantitative Information, Transferors Continuing Involvement, Reasons	Describes the transferor's reasons for transferring the financial assets and for continuing to have an on-going involvement with the financial assets transferred.	860-20-50-4

Standard Label†	Definition	Codification Reference
Qualitative and Quantitative Information, Transferors Continuing Involvement, Risks	Describes the risks related to the transferred financial assets to which the transferor continues to be exposed because of its continuing involvement. Such description may include, but not be limited to, the extent to which the transferor's risk profile has changed as a result of the transfer of the financial assets (including, but not limited to, credit risk, interest rate risk, other risks).	860-20-50-4
Qualitative and Quantitative Information, ~~Asset or Liability,~~ Transferor's Continuing Involvement, ~~Securitization or Asset-backed Financing,~~ Principal Amount Outstanding, Derecognized Amount* *QualitativeAndQuantitative InformationAssetOrLiability TransferorsContinuingInvolvement SecuritizationOrAssetbacked FinancingPrincipalAmount OutstandingDerecognizedAmount*	This includes only the derecognized portion of the total principal amount of financial assets which have been either securitized, ~~or are~~ used in an asset-backed financing arrangement, or similar transfers which are accounted for as sales and in which the transferor has continuing involvement with the assets underlying the transaction (including, but not limited to, servicing, recourse, and restrictions on transferor's interests in the transferred financial assets~~that continue to be held by the transferor~~).	860-20-50-4

Standard Label[†]	Definition	Codification Reference
Qualitative and Quantitative Information, Transferors Continuing Involvement Securitization or Asset-backed Financing, Principal Amount Outstanding, Continued Recognition Amount* *QualitativeAndQuantitativeInformationAssetOrLiabilityTransferorsContinuingInvolvementSecuritizationOrAssetbackedFinancingPrincipalAmountOutstandingContinuedRecognitionAmount*	This includes the recognized portion of the total principal amount of financial assets which have been either securitized, or are used in an asset-backed financing arrangement, or similar transfer which are accounted for as sales and in which the transferor has continuing involvement with the assets underlying the transaction (including, but not limited to, servicing, recourse, and restrictions on transferor's interests in the transferred financial assets~~that continue to be held by the transferor~~).	860-20-50-4 ~~860-20-50-9~~
Qualitative and Quantitative Information, ~~Asset or Liability,~~ Transferor's Continuing Involvement, ~~Securitization or Asset-backed Financing,~~ Principal Amount Outstanding	~~This includes both the securitized and unsecuritized portion of the total principal amount.~~ The total principal outstanding of financial assets transferred in securitizations, asset-backed financing arrangements, or similar transfers that have been accounted for as sales, including both the derecognized and recognized portion of such transferred assets, and in which financial assets the transferor continues to have involvement.	860-20-50-4 ~~860-20-50-9~~

Standard Label†	Definition	Codification Reference
Qualitative and Quantitative Information, ~~Asset or Liability,~~ Transferor's Continuing Involvement, ~~Securitization or Asset-backed Financing,~~ Nature, Purpose, and Activities of Transferee*	The nature, purpose, and activities of a transferee~~SPEs~~ utilized to facilitate a transfer of financial assets in which the transferor continues to have involvement, if applicable, including how such transferee~~the SPEs~~ is ~~are~~ financed.	~~860-20-50-9~~
Qualitative and Quantitative Information, ~~Asset or Liability,~~ Transferor's Continuing Involvement, ~~Securitization or Asset-backed Financing,~~ Size of Transferee* *QualitativeAndQuantitativeInformationAssetsOrLiabilitiesForTransferorsContinuingInvolvementInSecuritizationOrAssetbackedFinancingArrangementSize*	The size of a transferee~~SPEs~~ utilized to facilitate a transfer of financial assets in which the transferor continues to have involvement.	~~860-20-50-9~~

Standard Label†	Definition	Codification Reference
Qualitative and Quantitative Information, ~~Assets or Liabilities Liability for~~ Transferor's Continuing Involvement, ~~or Asset-backed Financing Arrangement,~~ Arrangements of Financial Support* *QualitativeAndQuantitativeInformationAssetsOrLiabilitiesForTransferorsContinuingInvolvementInSecuritizationOrAssetbackedFinancingArrangementArrangementsOfFinancialSupport*	The terms of any arrangements that could require the transferor to provide financial support (for example, liquidity arrangements and obligations to purchase assets) to the transferee or its beneficial interest holders, including a description of any events or circumstances that could expose the transferor to loss. ~~All available evidence would be expected to be considered, including, but not limited to, explicit written arrangements, communications between the transferor and the transferee or its beneficial interest holders, and unwritten arrangements customary in similar transfers.~~	~~860-20-50-9~~ 860-20-50-4
Qualitative and Quantitative Information, Transferor's Continuing Involvement, Arrangements of Financial Support, Amount	The transferor's maximum amount of exposure to loss as a result of its continuing involvement the transferee as a result of transferring financial assets.	860-20-50-4

Standard Label†	Definition	Codification Reference
Qualitative and Quantitative Information, ~~Asset or Liability~~ Transferors Continuing Involvement, ~~or Asset-backed Financing Arrangement~~, Not Previously Required Financial Support Provided* *QualitativeAndQuantitativeInformationAssetsOrLiabilitiesForTransferorsContinuingInvolvementInSecuritizationOrAssetbackedFinancingArrangementNotPreviouslyRequiredFinancialSupportProvided*	Whether the transferor has provided financial or other support during the periods presented that it was not previously contractually required to provide to the transferee or its beneficial interest holders, including when the transferor assisted the transferee or its beneficial interest holders in obtaining support.	860-20-50-4
Qualitative and Quantitative Information, Transferor's Continuing Involvement, Not Previously Required Financial Support Provided, Type and Primary Reason* *NotPreviouslyRequiredFinancialSupportProvidedTypeAndPrimaryReasons*	The type of "not previously contractually required to provide to the transferee or its beneficial interest holders" support and the reason that the support was provided.	860-20-50-4 ~~860-20-50-9~~

Standard Label†	Definition	Codification Reference
Qualitative and Quantitative Information, Transferor's Continuing Involvement, Not Previously Required Financial Support Provided, Amount* *NotPreviouslyRequiredFinancialSupportProvidedAmount*	The amount of the support which the transferor with a continuing involvement was "not previously contractually required to provide to the transferee or its beneficial interest holders."	860-20-50-a4~~860-20-50-9~~
Qualitative and Quantitative Information, ~~Assets or Liabilities Liability for~~ Transferor's Continuing Involvement, ~~in Securitization or Asset-backed Financing Arrangement~~, Third Party Commitments* *QualitativeAndQuantitativeInformationAssetsOrLiabilitiesForTransferorsContinuingInvolvementInSecuritizationOrAssetbackedFinancing*	Information about any liquidity arrangements, guarantees and/or other commitments by third parties related to the transferred financial assets that may affect the fair value or risk of interest that continues to be held by the transferor.	860-20-50-4 ~~860-20-50-9~~

Standard Label[†]	Definition	Codification Reference
Guarantee of Scheduled Contractual Cash Flows from Assets of <u>Transferee</u>~~Special Purpose Entity (SPE)~~ [Member]*	The guarantee of the collection of the scheduled contractual cash flows from individual financial assets held by a <u>transferee</u>~~special-purpose entity~~.	460-10-15-4 460-10-55-2
~~**Schedule of Assets or Liabilities from Transfers of Financial Assets Having No Reasonable Estimate of Fair Value [Text Block]***~~	~~This contains the descriptions of certain assets obtained or liabilities incurred in transfers of financial assets during the period for which it is impracticable to estimate fair value. This also contains the reasons why it is not practicable to estimate their fair value.~~	~~860-10-50-1~~
~~**Schedule of Assets or Liabilities from Transfers of Financial Assets Having No Reasonable Estimate of Fair Value [Table]***~~	~~This contains detailed elements of descriptions of certain assets obtained or liabilities incurred in transfers of financial assets during the period for which it is impractical to estimate the amount at which that asset or liability could be bought or incurred or sold or settled in a current transaction between willing parties. This also contains the reasons why it is not practicable to estimate their fair value.~~	~~860-10-50-1~~
~~**Assets or Liabilities from Transfers of Financial Assets Having No Reasonable Estimate of Fair Value by Name [Axis]***~~	~~Amount of assets or liabilities from transfers of financial assets having no reasonable estimate of fair value and reason why inestimable, by type of asset or liability.~~	~~860-10-50-1~~

Standard Label†	Definition	Codification Reference
~~Asset or Liability from Transfers of Financial Assets Having No Reasonable Estimate of Fair Value, Name [Domain]*~~	~~This contains the name of the certain asset obtained or liability incurred in transfers of financial assets during the period for which it is impracticable to estimate the amount at which that asset or liability could be bought or incurred or sold or settled in a current transaction between willing parties.~~	~~860-10-50-1~~
~~Asset or Liability from Transfers of Financial Assets Having No Reasonable Estimate of Fair Value, Reason why Not Estimated~~	~~This contains the reasons why it is not practicable to estimate the fair value of the listed asset obtained or liability incurred.~~	~~860-10-50-1~~
~~Asset or Liability from Transfers of Financial Assets Having No Reasonable Estimate of Fair Value, at Carrying Value*~~	~~The carrying amount of the listed assets obtained or liabilities incurred.~~	~~860-10-50-1~~
~~Asset or Liability from Transfers of Financial Assets Having No Reasonable Estimate of Fair Value, Description of Items*~~	~~This contains a description of those certain assets obtained or liabilities incurred in transfers of financial assets during the period for which it is not practicable to estimate the fair value.~~	~~860-10-50-1~~

Standard Label[†]	Definition	Codification Reference
Financial Instruments Owned and Pledged as Collateral, Not Separately Reported, Classification	Represents the classification of assets pledged as collateral by the entity that have not been reclassified and are not separately reported in the statement of financial position.	860-30-50-1A
Assets Held-in-trust*	The total amount of cash and securities held by third party trustees pursuant to terms of debt instruments or other agreements as of the date of each statement of financial position presented, which can be used by the trustee only to pay the noncurrent portion of specified obligations.	~~860-30-50-2~~ 235-10-S99-1
Assets Held-in-trust, Current*	The amount of cash, securities, or other assets held by a third-party trustee pursuant to the terms of an agreement which assets are available to be used by beneficiaries to that agreement only within the specific terms thereof and which agreement is expected to terminate within one year of the balance sheet date (or operating cycle, if longer) at which time the assets held-in-trust will be released or forfeited.	860-30-50-2 235-10-S99-1
Assets and Associated Liabilities Accounted for as Secured Borrowings by Type [Axis]*	The carrying amount and classification of assets and liabilities recognized in the transferor's statement of financial position at the end of each period presented.	~~860-30-50-5~~ 860-30-50-1

Standard Label[†]	Definition	Codification Reference
Collateral Held on Reverse Repurchase Agreements Segregated under Commodity Exchange Act Regulation*	Description of collateral held on behalf of reverse repurchase agreements which are deposited in a special reserve account for the exclusive benefit of customers pursuant to the Commodity Exchange Act.	860-30-50-1 ~~860-30-50-2~~
Extinguishment of Debt [Axis]*	Information pertaining to the debt extinguished including the amount of gain or loss, the income tax effect on the gain or loss, and the amount of gain or loss, net or the related income tax, by debt instrument.	~~860-30-50-2~~ 470-50-50-1
~~**Extinguishment of Debt, Nature of Restrictions on Assets Set Aside for Scheduled Payments***~~	~~Describes restrictions on any assets set aside solely for the purpose of satisfying scheduled payments of a specific obligation, thus freeing the obligor of the responsibility for making payments.~~	~~860-30-50-1~~
Extinguishment of Debt, Type [Domain]*	Type of debt extinguished.	470-50-50-1 ~~860-30-50-2~~
Financial Instruments Owned and Pledged as Collateral, Amount Not Eligible to be Repledged by Counterparty*	Fair value of financial instrument held by the entity for its own account (proprietary securities) for trading or investment purposes that are carried at fair value and pledged to counterparties as collateral for financing transactions where counterparty does not have the right to re-pledge such.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Financial Instruments Owned and Pledged as Collateral, Caption*	Identifies the line item of the balance sheet reflecting the financial instrument held by the entity for its own account (proprietary securities) for trading or investment purposes that are carried at fair value and pledged to counterparties as collateral for financing transactions.	860-30-45-1 860-30-50-1 860-30-50-1A ~~860-30-50-4~~

Standard Label[†]	Definition	Codification Reference
Pledged Assets, Not Separately Reported, Nonsecuritized Investments*	The carrying amount, as of the date of the latest financial statement presented, of investments which are not evidenced by ownership of securities, such as interests in partnerships or other forms of unincorporated entities, but transferred to serve as collateral for the payment of the related debt obligation, primarily a secured borrowing or repurchase agreement, and for which the transferee is not permitted to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Assets, Not Separately Reported, Other* *PledgedAssetsNotSeparatelyReportedOtherFinancialInstruments*	The carrying amount, as of the date of the latest financial statement presented, of other assets which are owned but transferred to serve as collateral for the payment of the related debt obligation, primarily a secured borrowing or repurchase agreement, and for which the transferee is not permitted to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Assets, Not Separately Reported, Real Estate*	The carrying amount, as of the date of the latest financial statement presented, of real estate owned but transferred to serve as collateral for the payment of the related debt obligation, primarily a secured borrowing or repurchase agreement, and for which the transferee is not permitted to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~

Standard Label†	Definition	Codification Reference
Pledged Assets, Other, Not Separately Reported on Statement of Financial Position*	The carrying amount, as of the date of the latest financial statement presented, of all assets that are pledged as collateral for the payment of the related debt obligation primarily arising from secured borrowings, repurchase agreements or other current or potential obligations, where the secured party does not have the right by contract or custom to sell or re-pledge the collateral and therefore are not reclassified and separately reported in the statement of financial position.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Financial Instruments, Not Separately Reported, Loans Receivable Pledged as Collateral*	The sum of the carrying amounts, as of the date of the latest financial statement presented, of loans receivable which are owned but transferred to serve as collateral for the payment of related debt obligations, primarily secured borrowings and repurchase agreements, and for which the transferees are not permitted to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Financial Instruments, Not Separately Reported, Loans Receivable, for Federal Home Loan Bank Debt*	The carrying amount as of the date of the latest financial statement presented of securities which are owned but transferred to serve as collateral for FHLB debt obligations, and for which the transferee does not have the right by contract or custom to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Financial Instruments, Not Separately Reported, Loans Receivable, for Other Arrangements*	The carrying amount, as of the date of the latest financial statement presented, of loans receivable which are owned but transferred to serve as collateral for the payment of other debt obligations, and for which the transferee is not permitted to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~

Standard Label†	Definition	Codification Reference
Pledged Financial Instruments, Not Separately Reported, Loans Receivable, for Repurchase Agreements*	The carrying amount, as of the date of the latest financial statement presented, of loans receivable which are owned but transferred to serve as collateral for the payment of repurchase obligations, and for which the transferee is not permitted to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Financial Instruments, Not Separately Reported, Mortgage-Related Securities Available-for-sale or Held-for-investment*	The carrying amount as of the date of the latest financial statement presented of mortgage-related securities classified as available for sale or held for investment which are owned but transferred to another party to serve as collateral to partially or fully secure a debt obligation, repurchase agreement or other current or potential obligation, and for which the transferee does not have the right by contract or custom to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Financial Instruments, Not Separately Reported, Mortgage-Related Securities Held-to-maturity	The carrying amount as of the date of the latest financial statement presented of mortgage-related securities classified as held to maturity which are owned but transferred to another party to serve as collateral to partially or fully secure a debt obligation, repurchase agreement or other current or potential obligation, and for which the transferee does not have the right by contract or custom to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~

Standard Label†	Definition	Codification Reference
Pledged Financial Instruments, Not Separately Reported, Other Debt Securities Available-for-sale or Held-for-investment*	The carrying amount as of the date of the latest financial statement presented of other securities classified as available for sale or held for investment which are owned but transferred to another party to serve as collateral to partially or fully secure a debt obligation, repurchase agreement or other current or potential obligation, and for which the transferee does not have the right by contract or custom to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Financial Instruments, Not Separately Reported, Other Debt Securities Held-to-maturity*	The carrying amount as of the date of the latest financial statement presented of other debt securities classified as held to maturity which are owned but transferred to another party to serve as collateral to partially or fully secure a debt obligation, repurchase agreement or other current or potential obligation, and for which the transferee does not have the right by contract or custom to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Financial Instruments, Not Separately Reported, Securities*	Sum of the carrying amounts as of the date of the latest financial statement presented of securities which are owned but transferred to another party to serve as collateral to partially or fully secure a debt obligation, repurchase agreement or other current or potential obligation, and for which the transferee is not permitted to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~

Standard Label[†]	**Definition**	**Codification Reference**
Pledged Financial Instruments, Not Separately Reported, Securities for Federal Home Loan Bank*	The carrying amount as of the date of the latest financial statement presented of securities which are owned but transferred to serve as collateral for FHLB debt obligations, and for which the transferee does not have the right by contract or custom to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Financial Instruments, Not Separately Reported, Securities for Letter of Credit Facilities*	The carrying amount as of the date of the latest financial statement presented of securities which are owned but transferred to serve as collateral for letter of credit arrangements, and for which the transferee does not have the right by contract or custom to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Financial Instruments, Not Separately Reported, Securities for Other Debt Facilities*	The carrying amount as of the date of the latest financial statement presented of securities which are owned but transferred to serve as collateral for debt facilities other than FHLB loans, repurchase agreements and letter of credit arrangements, and for which the transferee does not have the right by contract or custom to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Pledged Financial Instruments, Not Separately Reported, Securities for Repurchase Agreements*	The carrying amount as of the date of the latest financial statement presented of securities which are owned but transferred to serve as collateral for repurchase agreements, and for which the transferee does not have the right by contract or custom to sell or re-pledge them to an unrelated party.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~

Standard Label†	Definition	Codification Reference
Qualitative Information about Relationship of Between Assets and Associated Liabilities of Financial Assets Accounted for as Secured Borrowings*	Qualitative information about the relationship(s) between assets and associated liabilities recognized in the transferor's statement of financial position at the end of each period presented. For example, if assets are restricted solely to satisfy a specific obligation, a description of the nature of restrictions placed on the assets.	~~860-30-50-5~~ 860-30-50-1A
Schedule of Assets and Associated Liabilities Accounted for as Secured Borrowings [Table]*	This schedule lists information about the carrying amount and classification of assets and liabilities recognized in the transferor's statement of financial position at the end of each period presented.	~~860-30-50-5~~ 860-30-50-1A
Schedule of Assets and Associated Liabilities Accounted for as Secured Borrowings [Text Block]*	Information about the carrying amount and classification of assets and liabilities recognized in the transferor's statement of financial position at the end of each period presented.	~~860-30-50-5~~ 860-30-50-1A
Schedule of Extinguishment of Debt [Table]*	A table or schedule providing information pertaining to debt extinguished, including the amount of gain or loss on the debt extinguished, the income tax effect on the gain or loss, and the amount of gain or loss, net or the related income tax.	~~860-50-50-2~~ 470-50-50-1

Standard Label[†]	Definition	Codification Reference
Schedule of Extinguishment of Debt [Text Block]*	Description of debt extinguished, amount of gain or loss, the income tax effect and the per share amount of the aggregate gain or loss, net of the related income tax. For assets that are set aside solely for satisfying scheduled payments of a specific obligation, provides a description of the nature of the restrictions. For planned extinguishment of debt, discloses the likely effects of any planned early extinguishment of long-term debt. This element may be used to capture the complete disclosure schedule pertaining to debt extinguishment.	~~860-50-50-2~~ 470-50-50-1
Securities Received as Collateral, Amount Repledged and Sold*	The fair value of collateral received that has been sold or re-pledged and is owed to the debtor (transferor) upon settlement of the related contractual obligation under which it was received.	860-30-50-1 ~~860-30-50-4~~
Securities Received as Collateral, Sources and Uses*	Information about the sources, description of arrangements, including guarantee obligations, and uses made of collateral received from transferees that can be sold or re-pledged, and the amount of pledged assets held that were sold or re-pledged for which a debt obligation to the original transferee was incurred, and the amount that was taken through foreclosure due to default by the original transferee in lieu of collection of the secured receivable.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~
Security Owned and Pledged as Collateral, Fair Value*	Fair value of financial instrument held by the entity for its own account (proprietary securities) for trading or investment purposes that are carried at fair value and pledged to counterparties as collateral for financing transactions.	860-30-50-1 860-30-50-1A ~~860-30-50-4~~

Standard Label†	**Definition**	**Codification Reference**
Transfers Accounted for as Secured Borrowings, Assets, Carrying Amount*	Carrying amount of financial assets accounted for as secured borrowings recognized in the transferor's statement of financial position at the end of each period presented.	~~860-30-50-5~~ 860-30-50-1A
Transfers Accounted for as Secured Borrowings, Associated Liabilities, Carrying Amount*	Carrying amount of liabilities associated with financial assets accounted for as secured borrowings recognized in the transferor's statement of financial position at the end of each period presented.	~~860-30-50-5~~ 860-30-50-1A