From: Brian Simpson [mailto:brian.simpson@casafiora.com]
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To: LLPComments
Subject: Clarification of accounting treatment for assets that are offered for sale under the LLP and subsequently retained by the offeror

During the March 26th Conference Call for Bankers, the FDIC's CAO made the following comment:

MR. STORCH: This is Bob Storch, once again. Assuming the loans have been in the held for sale account -- held for investment account prior to the consideration of selling them, the remainder of the loans in the held for investment account really wouldn't be affected by what the price is because they're carried at amortized cost less a loan loss allowances. Depending on how the volume of auctions works and the amount of transparency about prices and so forth, there may come a point in time where there's enough information out there that those data points could be used for valuing other assets that do have to be fair-valued, but the program is not going to change the existing accounting rules about what assets are accounted for at fair value versus an amortized cost basis.

It would appear from the comment that a Bank's decision to offer loans for sale under the LLP would trigger a transfer of the pool of offered assets from Held for Investment to Held for Sale. What is the appropriate accounting treatment for assets that are offered for sale under the LLP and subsequently retained by the offeror?