

Sales Treatment for Assets – Consolidated Entities



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Consolidations/Sales Treatment

- SFAS 166/167 will become effective on 1/1/2010. Changes:
 - criteria for sales treatment
 - QSPE concept removed
 - measurement for re-booking at carrying amount
 - » “As if” it was on the balance sheet all along
 - » If cannot determine, transfer at fair value on adoption date

*Guidance formerly in FAS No. 140 now known as ASC 860, *Transfers and Servicing* (FAS No. 166 likely there too), and FAS No. 141(R) now known as ASC 805, *Business Combinations* (FAS No. 167 likely there too)

Consolidations/Sales Treatment (Cont'd)

- Changes: (cont'd)
 - consolidation of some securitizations/ABCPs
 - tightens the requirements for loan participations to be off books
 - » Proportion of ownership constant over time
 - » Purely proportional distribution of cash flows
 - » No subordination of rights among holders
 - » No one can pledge or sell entire loan unilaterally
 - Capital relief?