

## Heads Up

### In This Issue:

- Introduction
- Summary

The proposal would defer the effective date in ASU 2010-20 for disclosures about troubled debt restructurings (TDRs) by creditors until the Board finalizes its project on determining what constitutes a TDR for a creditor.

## ‘Tis the Season for Deferral . . .

# FASB Proposes to Delay Effective Date of Disclosures About TDRs by Creditors

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### Introduction

Yesterday, the FASB issued a [proposed Accounting Standards Update, \*Deferral of the Effective Date of Disclosures About Troubled Debt Restructurings in Update No. 2010-20\*](#). The proposal would defer the effective date in ASU 2010-20<sup>1</sup> for disclosures about troubled debt restructurings (TDRs) by creditors until the Board finalizes its project on determining what constitutes a TDR for a creditor.<sup>2</sup>

Comments on the proposal are due December 24, 2010, and the Board intends to issue a final ASU in January 2011.

**Editor’s Note:** The Board proposed the deferral so that entities would not have to make the disclosures about TDRs required by ASU 2010-20 in one reporting period and then shortly thereafter change how they determine what constitutes a TDR. The Board indicated that such a practice would potentially be cost-ineffective for entities and could result in less decision-useful information for investors because it could result in inconsistency in financial statements (e.g., because of different definitions being applied from one reporting period to the next).

### Summary

The disclosures the Board proposes to defer were slated to be effective in the first quarter of 2011 for public companies with calendar year-ends.

**Editor’s Note:** ASU 2010-20 requires that entities disclose quantitative and qualitative information about TDRs, including how financing receivables were modified and the financial effects of the modifications. It also requires disclosures about financing receivables modified as TDRs within the previous 12 months for which there has been a payment default during the current period.

<sup>1</sup> FASB Accounting Standards Update No. 2010-20, *Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses*.

<sup>2</sup> See Proposed FASB Accounting Standards Update, *Clarifications to Accounting for Troubled Debt Restructurings by Creditors*. Comments on this proposed ASU are due December 13, 2010. For additional information on the FASB’s proposal to clarify what constitutes a troubled debt restructuring, see Deloitte’s October 15, 2010, *Heads Up*.

If redeliberations of both the proposed ASU and the Board's TDR clarifications project go as the Board expects, the deferral of ASU 2010-20 TDR disclosures will only last a single quarter for public entities with calendar year-ends. This is because the deferred disclosures will be reinstated as part of the TDR clarifications project, which is expected to be effective for interim and annual periods ending after June 15, 2011, for public entities.

The proposed deferral would not affect nonpublic (private) entities. ASU 2010-20 requires such entities to apply its guidance for periods ending on or after December 15, 2011.

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