

Heads Up

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Snow Day for TDRs

FASB Finalizes ASU Delaying Effective Date of Disclosures About TDRs by Creditors

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Introduction

Yesterday, the FASB issued [ASU 2011-01](#),¹ which temporarily defers the effective date in [ASU 2010-20](#)² for disclosures about troubled debt restructurings (TDRs) by creditors until the Board finalizes its project on determining what constitutes a TDR for a creditor.³

Editor's Note: The Board issued this ASU so that entities do 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 change would not be cost-effective and could result in financial statement users misinterpreting the disclosed data (e.g., because the definition of a TDR may be applied inconsistently (1) by different entities or (2) from period to period).

Summary

The deferred TDR disclosures 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.

If the Board's redeliberations in the TDR clarifications project go as expected, deferral of the disclosures is likely to be effective only for the first quarter, or the first and second quarters, of 2011. This is because the deferred disclosures would be reinstated as part of the TDR clarifications project, which the Board expects to complete in the first half of 2011.

The proposed deferral would not affect nonpublic (private) entities. The ASU requires such entities to apply the TDR disclosure requirements in ASU 2010-20 for periods ending on or after December 15, 2011. The Board indicated that this time frame should be adequate to allow such entities to understand and implement the new TDR disclosures required by ASU 2010-20.

¹ FASB Accounting Standards Update No. 2011-01, *Deferral of the Effective Date of Disclosures About Troubled Debt Restructurings in Update No. 2010-20*.

² FASB Accounting Standards Update No. 2010-20, *Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses*.

³ See proposed FASB Accounting Standards Update, *Clarifications to Accounting for Troubled Debt Restructurings by Creditors*. For additional information on the FASB's proposal to clarify what constitutes a TDR, see Deloitte's October 15, 2010, *Heads Up*.

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