

April 28, 2014

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. EITF-13F

Dear Ms. Cosper:

McGladrey LLP is pleased to comment on the Proposed Accounting Standards Update, "*Classification of Certain Government-Guaranteed Residential Mortgage Loans upon Foreclosure*," a consensus of the FASB Emerging Issues Task Force (the "proposed ASU"). We are supportive of the decisions reached by the Task Force, as elaborated on in our responses to the specific questions raised in the proposed ASU that follow.

Question 1: *Do you agree with limiting the scope of the guidance in the proposed Update to government-guaranteed residential mortgage loans for which the government guarantee is not separable from the loan and the creditor has the intent and ability to recover the full unpaid principal balance of the loan upon foreclosure? If not, please explain why and discuss the types of guaranteed mortgage loans that also should be addressed.*

We agree with limiting the scope of the guidance as proposed in the ASU and requiring the creditor to have the intent to make a claim on the guarantee and the ability to recover through the guarantee before recognizing a receivable from the government agency.

Question 2: *Do you agree that a guaranteed residential mortgage loan within the scope of this proposed Update should be reclassified from loans to other receivables upon foreclosure (foreclosure as determined by paragraph 310-40-40-6)? If not, please explain why.*

Yes, we agree with reclassifying such loans to a receivable upon foreclosure, given that recovery would occur through the guarantee by the federal agency.

Question 3: *The proposed amendments require a single unit of account to be recognized as other receivables upon foreclosure of loans within the scope of the proposed Update. The Task Force decided not to require disclosure of the amount expected to be recovered under the guarantee and the fair value less cost to sell of the real estate for such foreclosed loans. Would it be decision-useful for an entity to provide recurring disclosure of both the amount expected to be received under the government guarantee and the fair value less cost to sell of the foreclosed residential real estate? If yes, please explain why.*

We do not believe that disclosure of fair value information on the real estate would be decision-useful in that the amount to be received by the creditor will not be impacted by the fair value of the real estate if the creditor has the intent and ability to recover the full unpaid balance through the government guarantee.

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Question 4: *Do you agree that the proposed amendments should be applied using the same method of transition applied for Update 2014-04, that is, either under the modified retrospective transition method (requiring a cumulative-effect adjustment as of the beginning of the annual reporting period in which the guidance is effective) or under the prospective transition method? If not, please explain why.*

Yes, we agree that the method for transition should be the same given the overlap with this proposed ASU and Update 2014-04.

Question 5: *Do you agree that the proposed amendments should apply to both public entities and nonpublic entities? If not, please explain why.*

We agree that the proposed amendments should be applicable to both public and nonpublic entities.

Question 6: *Do you agree that an entity should be permitted to early adopt the proposed amendments?*

Yes, we agree with permitting early adoption.

Question 7: *The Private Company Decision-Making Framework states that, generally, amendments should be effective one year after the first annual period for which public companies are required to adopt them and for interim periods thereafter. Should nonpublic entities have one additional year for implementation? Please explain why or why not.*

We do not believe that an additional year beyond the general framework is necessary for nonpublic entities, as this proposed ASU should not be burdensome to implement.

We appreciate this opportunity to provide feedback on the proposed guidance and would be pleased to respond to any questions the Board or its staff may have concerning our comments. Please direct any questions to Rick Day (563.888.4017) or Mike Lundberg (612.455.9488).

Sincerely,



McGladrey LLP