

**CAQ Alert #2008-02 – January 9, 2008**

## **DEAR CENTER MEMBERS**

### **SEC Staff Issues Views Regarding Applicability of FAS 140 Pursuant to the American Securitization Forum's Framework**

On January 8, 2008, the SEC's Chief Accountant, Conrad Hewitt, issued a letter to Sam Ranzilla, Chairman of the Professional Practice Executive Committee of the Center for Audit Quality and Arnold Hanish, Chairman of the Committee on Corporate Reporting of Financial Executives International regarding application of Statement of Financial Accounting Standard No. 140, [\*Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities\*](#), (FAS 140) pursuant to the [\*American Securitization Forum's Framework\*](#).

The letter which addresses the three areas noted below can be found at the following link: [SEC Staff Letter dated January 8, 2008](#):

- Application of FAS 140 to Modifications of Mortgages Held by Qualifying Special-Purpose-Entities (QSPE) When Default is "Reasonably Foreseeable"
- Application of FAS 140 to Modifications of Subprime ARM Loans Pursuant to Segment 2 of the ASF Framework
- Reconsideration of FAS 140 on QSPEs

Questions regarding these matters should be directed to the following people at the SEC's Office of the Chief Accountant:

James Kroeker, Deputy Chief Accountant (202-551-5360);  
Paul Beswick, Senior Advisor to the Chief Accountant (202-551-5364); or  
Ashley Carpenter, Professional Accounting Fellow (202-551-5307)

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As a member of the Center, your firm will receive periodic updates on important developments related to the PCAOB and the SEC, as well as the activities of the Center, particularly with respect to the

submission of comment letters on PCAOB and SEC proposals. To stay abreast of these and other relevant events in public company audit practice, please visit the Center Web site at [theCAQ.aicpa.org](http://theCAQ.aicpa.org). Also, we welcome any suggestions or questions - please send them by email at [center@theCAQ.org](mailto:center@theCAQ.org).

Sincerely,

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