



**RESCINDED**

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August 28, 2009

**MEMORANDUM FOR:** CHIEF EXECUTIVE OFFICERS *Thomas A. Barnes*

**FROM:** Thomas A. Barnes, Assistant Deputy Director  
 Examinations, Supervision, and Consumer Protection

**SUBJECT:** Regulatory and Accounting Issues Related to Modifications and  
 Troubled Debt Restructurings of 1-4 Residential Mortgage Loans

The Office of Thrift Supervision (**OTS**) has issued the attached Thrift Bulletin *Regulatory and Accounting Issues Related to Modifications and Troubled Debt Restructurings of 1-4 Residential Mortgage Loans*. This bulletin updates Examination Handbook Section 240, Troubled Debt Restructurings (**TDR**) and discusses the accounting and regulatory reporting, including asset classification and regulatory capital treatment, for TDRs.

OTS has a longstanding policy of encouraging thrifts to work constructively with delinquent borrowers who demonstrate a willingness and ability to repay their mortgage loans and stressing that prudent workout arrangements that are consistent with safe and sound lending practices are generally in the long-term, best interests of both thrifts and borrowers.

This bulletin does not represent a change in accounting and regulatory reporting for TDRs. The bulletin includes an appendix with frequently asked questions and OTS's staff answers based on our understanding of the current accounting for troubled debt restructurings based on OTS research, experiences, and discussions with accounting professionals. Accounting practice continues to evolve and guidance interpreting generally accepted accounting principles (**GAAP**) may be issued subsequent to the release of this bulletin. Therefore, users of this guidance should closely monitor developments in this area as thrifts must follow GAAP for regulatory and financial reporting.

Attachment: [Link to TB 85](#)