

Leases Implementation Guidance Updates: Amendments to Technical Release 20

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

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| Accounting Firm | <input type="checkbox"/> | |
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Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

This proposal would amend Federal Financial Accounting Technical Release (TR) 20, *Implementation Guidance for Leases*, by:

- incorporating minor conforming amendments related to Statement of Federal Financial Accounting Standards (SFFAS) 61, *Omnibus Amendments 2023*,
- inserting additional leases implementation guidance questions and answers within the related topic areas, and
- providing clarifying amendments / technical corrections on certain existing questions and answers under TR 20.

QFR 1 Do you generally support the proposed conforming amendment in paragraph 5? Please explain the reasons for your position. Please also explain any alternatives or additional candidates that you propose and the authoritative basis for such alternatives.

The HUD OCFO Office of Accounting supports the proposed conforming amendment in paragraph 5.

- Lease contract conveys the right to a building for 30 years and the attached parking garage for 15 years, as such the parking garage should be viewed as “Embedded” lease; therefore, the underlying assets should be accounted for as separate lease components. When the interest rate is not stated, the lessee’s estimated incremental borrowing rate – Dept. of Treasury borrowing Rate -should be used.

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QFR 2 Do you generally support the proposed updates (that is, new questions and answers) in paragraphs 6-10? Please explain the reasons for your positions, the paragraph number(s), and/or topic areas of the proposals that are related to your positions. Please also explain any alternatives you propose and the authoritative basis for such alternatives.

The HUD OCFO Office of Accounting supports the proposed updates in paragraph 6-10, except for paragraph 9 -52A (lessee recognition, measurement, and disclosures for leases other than short-term leases).

Paragraph 43 of SFFAS 54 does not fully explain or clarify why the reporting entity should recognize interest expense during each of the first three years of the lease when the lessee reporting agency paid the first three years at the commencement.

QFR 3 Do you generally support the clarifying amendments / technical corrections in paragraph 11-13? Please explain the reasons for your positions, the paragraph number(s), and/or topic areas of the proposals that are related to your positions. Please explain any alternatives or additional clarifying amendments / technical correction candidates that you propose and the authoritative basis for such alternatives and/or candidates.

HUD offices generally supports the clarifying amendments/technical corrections in paragraph 11-13 and has no additional comments or feedback.