Deloitte.

Solvas|TDR™
Can you stay ahead of the avalanche?

A software solution designed by accountants, for accountants, to identify and manage large volumes of loan modifications and account for Troubled Debt Restructurings (TDR) in accordance with ASC 310-40 guidance.

Business closures over the past several months caused cracks in borrowers' ability to pay their loans. The CARES Act[1] helped to patch some of the cracks with stimulus and accounting relief from TDR to temporary forestall business disruptions and reduce the impact on banks, credit unions, businesses, and the economy. Future loan modifications and concessions are not covered by the CARES Act and could potentially cause the cracks to turn into a crevasse when stimulus funding runs out and accounting relief expires.

Can your financial and regulatory compliance systems outrun the avalanche of loan modifications and TDRs?

Are your systems capable of accurately identifying TDRs, managing the monthly close process, and reporting once the CARES act relief expires?

Today, financial institutions' portfolios are heavily scrutinized by regulators and auditors to obtain an accurate picture of their accounting. Determining whether a loan renewal, extension, workout, or other modification constitutes a TDR is challenging, especially during times of economic stress. Impairment calculation methodology depends on the specific circumstances of each TDR loan, and regularly calculating impairment correctly within aggressive close timelines can be complicated.

Deloitte built Solvas|TDR to comply with the guidance issued by FASB ASC310-40. The software allows financial lending agencies to rehabilitate troubled loans by granting concessions while helping capture management judgments and decisions and perform TDR assessment, measure impairment, and generate reports to meet financial reporting, accounting, audit, and regulatory needs.

About Solvas|TDR

Solvas|TDR is a Deloitte-developed software solution that assists companies with the accounting process for loans under the TDR accounting standard (FASB ASC 310-40). The software is designed to help users efficiently track loans, identify modifications, assess modifications against user-definable TDR policy criteria, calculate allowances, and generate related reporting, such as TDR footnote disclosure details.

Benefits

Solvas|TDR can help reduce the workload required to identify, track, and report on TDRs, while also improving related controls, accuracy, transparency, and auditability.

Value

Solvas|TDR is a centralized, outcome-based solution to help organizations decrease time, complexity, risk, and costs (or at a minimum make them more predictable and controllable) associated with the TDR loan accounting.

[1]Coronavirus Aid, Relief, and Economic Security Act signed into law on March 27, 2020

The Deloitte difference

Designed by accountants, for accountants, Solvas|TDR is backed by Deloitte's accounting experience. We designed the software based on the hands-on experience we've gained helping organizations across the country meet their compliance demands outlined in regulations and standards. Built-in, automated controls and audit support functionality will help to ease end-to-end compliance with ASC 310-40 standard.
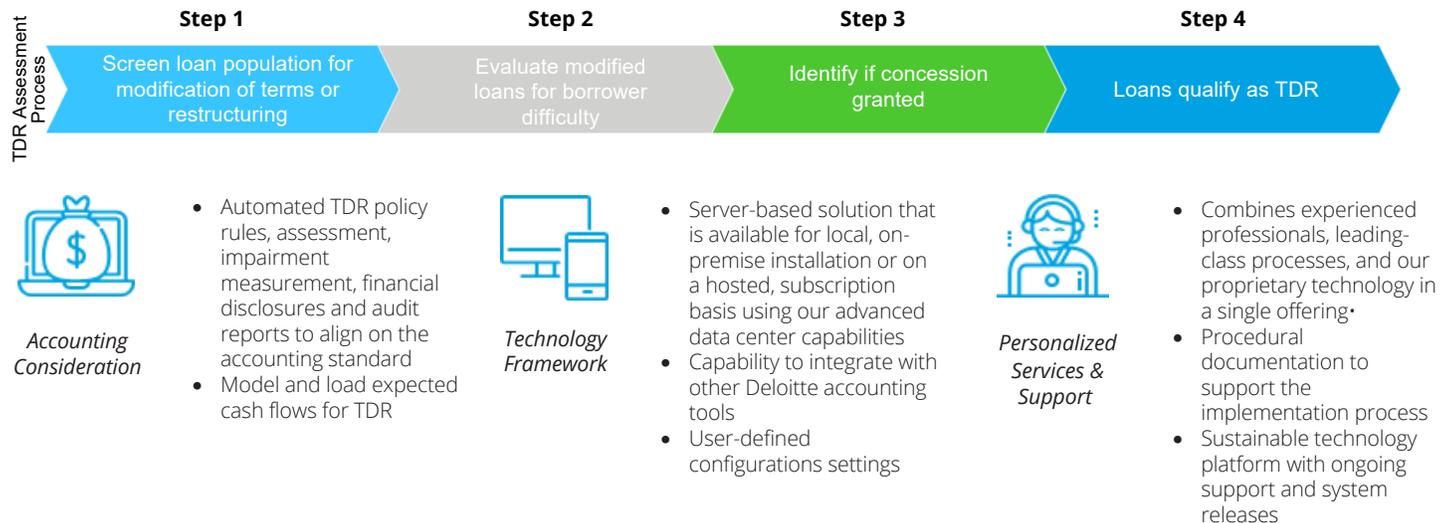
Solvas|TDR offers a single vendor TDR loan accounting managed service solution that addresses multiple loan types (Credit Card, Mortgage, Home Equity, Consumer, Student) at scale with flexible delivery options (both hosted and on premises) will manage data to comply with ASC 310-40 and FAS 114 accounting standards.

Functionalities include

- Configurable TDR policy elections
- Meaningful dashboards to display specific metrics about the TDR portfolio
- Rule-based TDR assessments
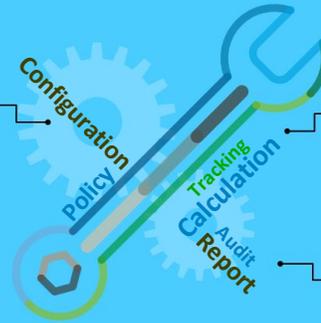
- TDR impairment measurement calculations and cash flows
- TDR tracking for the remaining term of the loan

- Broad library of reports to help satisfy financial, audit, and regulatory reporting needs
- Drill-down capability to illustrate details that support TDR assessment results

TDR Assessment Process

Step 1	**Step 2**	**Step 3**	**Step 4**
Screen loan population for modification of terms or restructuring	Evaluate modified loans for borrower difficulty	Identify if concession granted	Loans qualify as TDR

Accounting Consideration

- Automated TDR policy rules, assessment, impairment measurement, financial disclosures and audit reports to align on the accounting standard
- Model and load expected cash flows for TDR

Technology Framework

- Server-based solution that is available for local, on-premise installation or on a hosted, subscription basis using our advanced data center capabilities
- Capability to integrate with other Deloitte accounting tools
- User-defined configurations settings

Personalized Services & Support

- Combines experienced professionals, leading-class processes, and our proprietary technology in a single offering·
- Procedural documentation to support the implementation process
- Sustainable technology platform with ongoing support and system releases

Is your organization ready?

For more information about this product, or to arrange for a demonstration, please visit **www.deloitte.com/us/solvastdr**. To arrange for a demonstration, please contact:

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