



FannieMae

Letter of Comment No: 73
File Reference: 1082-300
Date Received: 12/01/03

December 1, 2003

Mr. Lawrence Smith
Director of Technical Application and Implementation Activities
File Reference 1082-300
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Mr. Smith;

Re: File Reference 1082-300 – Invitation to Comment
Consolidation of Variable Interest Entities, a modification of FASB Interpretation No. 46

Fannie Mae believes that the clarifications in the document provide useful guidance regarding the implementation of FASB Interpretation No. 46 (FIN 46). We appreciate the effort spent to clarify the de facto agency relationship paragraphs. However, the effective date of the modified interpretation does not allow sufficient time to analyze and implement all of the modification to FIN 46. Furthermore, the risk of misinterpretation due to the short implementation time is considerably high, especially if the draft is modified to any major extent when it is finalized.

De Facto Agency Relationships

We support the clarifications to the de facto agency relationship provisions in paragraphs 16 and 17. The party with activities that are most closely associated with the entity should consolidate. The party with activities most closely associated with the entity will generally have the most control over the operations of the entity as well as the risks and rewards.

Effective Date

We believe the implementation timeline is unrealistic and the implementation date should be changed to interim and annual periods beginning after December 31, 2003. Comments are due by December 1, 2003 and a final interpretation will be issued during December for implementation by December 31, 2003. This timeline does not allow sufficient time to analyze any changes and properly evaluate the accuracy of the results.

Thank you for the opportunity to provide our views on this proposed interpretation. We would be pleased to provide any further assistance regarding our positions in this letter.

Sincerely,

Jonathan Boyles