

August 20, 2007



LETTER OF COMMENT NO.

Russell G. Golden, Director Technical Application & Implementation Activities FASB 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

File Reference:

Proposed FSP FAS 140-d

Dear Mr. Golden:

The North Carolina State Board of CPA Examiners (the Board) has reviewed the proposed FASB Staff Position (FSP) No. FAS 140-d entitled, Accounting for Transfers of Financial Assets and Repurchase Financing Transactions. The Board believes that the proposed FSP, as written, will serve to clarify the accounting and financial reporting requirements for repurchase agreements and repurchase financing agreements therefore reducing inconsistencies in the accounting and financial reporting of these type transactions.

The Board offers the following comments:

1) The Board believes that the criteria in paragraph 7 of this proposed FSP are operational and appropriately identify the circumstances under which transactions involving the transfer of a financial asset and repurchase financing should be accounted for separately. Specifically, the Board agrees with the conclusion that a written contract would be evidence that the two transactions are dependent on one another and the transactions should be linked for accounting purposes. The Board believes that the other criteria proposed to be used to determine the proper accounting and reporting treatment for these type transactions such as exposure to risk, marketability, rights to collateral, and timing and terms are also appropriate.

- 2) The Board believes that the cost to implement this proposed FSP would be minimal because most entities executing this type of transaction would be financial institutions or other entities with sophisticated investment programs and accounting systems.
- 3) The Board believes that it is reasonable to expect procedures, controls, and systems to be in place by the proposed effective date of this proposed FSP.
- 4) The Board knows of no other implementation issues the FASB should consider related to the proposed FSP.
- 5) The Board believes that the effective date and the transition period proposed in the FSP is appropriate for the same reasons cited in (2) above.

The Board commends the FASB for its continued efforts of the FASB to establish consistent accounting and financial reporting standards that benefit financial statement preparers, auditors, and users.

Sincerely,

Arthur M. Winstead, Jr., CPA

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President