Westmoreland Electric, Inc.

ELECTRICAL CONTRACTING COMMERCIAL INDUSTRIAL TELECOMMUNICATIONS

August 26, 2003

Sue Bielstein, Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116 Letter of Comment No: 7
File Reference: 1100-LEU
Date Received: 08-26-03

Re: FASB 150 Implementation for Nonpublic Entities and effect on the Construction Industry

Dear Sirs and Madams:

I am writing you concerning the issue about FASB Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, and applicability to nonpublic entities. I understand that FASB will meet on August 27th. 2003, to reconsider whether nonpublic entities should be exempt from applying, or given further time to apply, the provisions of this Statement requiring mandatory redeemable shares to be classified as liabilities.

In my opinion, and from my experienced position as President of Westmoreland Electric, FASB 150 should not be applicable to nonpublic construction entities. Under the Statement, current amounts classified as equity will now be required to be classified as liability for many construction entities that have even simple buy-sell agreements, such as my company, (whether or not these agreements are funded by life insurance policies or the equity "buy back" can be paid over time). The implementation of this Statement could be disastrous for the U.S. construction industry. Many construction entities, Westmoreland Electric included, are subject to current loan covenants, surety bonding issues, and Federal and various state or authority licensing and pre-qualifications that require financial covenants requiring certain ratios or loan or surety criteria based upon certain minimal equity requirements.

considered in default as many of these are based upon agreements that require (1) certain minimum equity requirements, or (2) certain maximum liability requirements, and so forth. This proposal will seriously restrict my ability to grow our company because of the restrictions the banks and surety companies will place on the company based on the less than attractive balance sheets this standard will generate. Our company has grown approximately 10% per year during the last decade because our surety company has allowed us to bid on more and more work solely due to the balance statement we produce each year. In the last two years the banks and surety market has really taken a beating and has tightened their restrictions on contractors to the point that many contractors have been forced to close their doors. This Statement No. 150 would be the

For example, either loan agreements or surety bonds can be now

If the nonpublic construction entity is considered in default of their loan(s) and/or surety bonds based upon such a new GAAP principle, the costs to the economy could be large or could put many nonpublic construction entitles out of business. Such costs are not limited to bonding issues, refinancing issues, default issues, the need to rewrite current loan or surety provisions, the need for entities to get waiver letters about the default, the lack of financing or bonding for small contractors, and so on.

final stake in many of my fellow contractor's hearts with the restrictions it

We sincerely implore FASB to realize the affect this pronouncement will have on construction companies and exempt nonpublic construction companies from the provisions of FASB 150. Thank you for your consideration of my thoughts on this matter!

Sincerely,

Kelth A. Impink President, Westmoreland Electric Inc.

will impose on a contractor's balance sheet.

CC: Halsey Bullen

Chuck Waddingham - Western Pa. ABC

100