

February 20, 2007

Mail Stop 4561

Mr. Robert C. White  
President, Chief Executive Officer, and Director  
Wake Forest Bancshares, Inc.  
302 South Brooks Street  
Wake Forest, North Carolina 27587

**Re: Wake Forest Bancshares, Inc.**  
**Form 10-KSB for Fiscal Year Ended September 30, 2006**  
**Filed December 21, 2006**  
**Form 10-QSB for Fiscal Quarter Ended December 31, 2006**  
**File Number: 000-25999**

Dear Mr. White:

We have reviewed your filings and have the following comment. We have limited our review to only your financial statements and related disclosures and do not intend to expand our review to other portions of your documents. Please be as detailed as necessary in your explanation. In our comment, we may ask you to provide us with supplemental information so we may better understand your disclosure. After reviewing this information, we may or may not raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comment or any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Form 10-KSB, filed December 21, 2006

Exhibit 13.1

Note 15. Mutual Holding Company Financial Data, page 34

1. We note that you present the condensed financial statements of Wake Forest Bancorp, M.H.C. in your footnotes beginning on page 34. Please address the following:
  - tell us why you have presented the condensed financial statements of Wake Forest Bancorp, M.H.C. in your financial statements. If these financial statements were required to be included in your footnotes (i.e. required by the OTS), please revise your future filings to unequivocally state this fact along with the reasons why you believe such disclosure is useful; and
  - tell us how Wake Forest Bancorp, M.H.C. is accounting for their approximately 55% ownership interest in Wake Forest Bancshares, Inc. and provide the authoritative guidance you relied upon to support your accounting. Based upon your footnote disclosure, it appears that Wake Forest Bancorp, M.H.C. is accounting for this investment using the equity method of accounting.

As appropriate, please respond to this comment within 10 business days or tell us when you will provide us with a response. Please furnish a cover letter that keys your response to our comment and provides any requested supplemental information. Detailed cover letters greatly facilitate our review. Please understand that we may have additional comments after reviewing your response to our comment.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing reviewed by the staff to be certain that they have provided all information investors require for an informed decision. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

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In connection with responding to our comment, please provide, in writing, a statement from the company acknowledging that:

- the company is responsible for the adequacy and accuracy of the disclosure in the filing;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

In addition, please be advised that the Division of Enforcement has access to all information you provide to the staff of the Division of Corporation Finance in our review of your filing or in response to our comment on your filing.

You may contact John Spitz, Staff Accountant at (202) 551-3484, or me at (202) 551-3492, if you have questions regarding these comments.

Sincerely,

John P. Nolan  
Accounting Branch Chief