September 22, 2010

Mr. Russell Golden Technical Director File Reference No. 1810-100 FASB 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Dear Mr. Golden,

I am the president and an investor in a small bank in Logan, Utah, Cache Valley Bank. We are a closely held bank (ten investors) with about \$280 million in assets in three locations. We hope to generate about \$18 million in revenue this year. We market to small businesses, farmers, ranchers and consumers in Northern Utah. Based on this background, you can see I am just a country banker having had the same job for about twenty years.

I've done a little reading and visited with my accountants about this whole issue of the proposal to mark to market on my financial statements the major asset of loans and as I understand it my major liabilities, being mostly deposits. The premise, if I understand, is that doing this will make the true value of my operation more transparent, or maybe a better word would be realistic, to everyone that relies on my financial statement. Doing this brings to my mind some questions and concerns that should be considered before such a monumental change is made. I'd like to consider some of them and suggest that your helping me understand them better would be a reasonable request before someone undertook a vote on a proposal that would affect the lives of every stakeholder in our little enterprise.

First, who and how does my bank determine fair value of the assets and liabilities involved? I have no market for a \$150,000 term loan to a cow-calf operator to build his base herd. On the other side, is a business demand deposit valued in a different way than a consumer account due to different costs to maintain the account? I have no idea of where I can go to get these evaluations. If the rule goes through, I'm sure that some industrious accountant types will develop models to do all of this at a price. How am I well served by having to obtain a value from some third party that can only provide a guess at best that charges me some fee every quarter to tell me something as an investor that I really can't determine if it has any value or if I even believe it. If I really cared to know each quarter what the economic value of my bank is, would I not be better off to just get a business evaluation of the enterprise done and provide that to my investors. At least this evaluation, would consider some value

for the cash being generated rather than just the book values of assets which can be volatile and provides no real value unless I'm planning to sell them at that moment in time. Help me understand where the transparency in making all these estimate of value will serve my investors.

I recognize that not just investors are entitled to know the value of the assets of the bank, but also the other stakeholder of the depositors or debtors. This approach seems to be head down the path that we see with so much of the regulation we are burdened with. The idea at the start is good, but by the time we get it to the consumer it is so complicated with the paper work that it loses its ability to help. Won't the average depositor be only confused by all of the adjustments being made and the footnotes created to explain the basis for all of the adjustments that they will be left wondering if the bank is really safe. We have to simplify the regulation and accounting practices or we are going to drown in them and lose sight of the fact that we need to be adding value to make them worth doing. I'd ask the question for my bank, who would really care if the values on the balance sheet are marked to market every quarter? The investors, the depositors?

My own accountants says that he hopes this change doesn't come because they worry how in the world they will be able to provide an opinion of the correctness of the value that come from all of the estimating that will be required. My borrowers worry because the changes my change how I have to charge to cover the costs associated with making long term loans. As an owner, I worry about how it will make my bank look when compared to a competitor who is using a completely different method to determine market values. How does one use a uniformed bank performance report when potentially each institution being compared is using a different method to determine value? Shouldn't these stakeholders' interests be considered before making a leap like this rule change is considering?

Obviously the mark to market requirements already in place are taking considerable heat for the adjustments that have been forced on highly rated investments that have become illiquid based on market perceptions even though the investments continue to pay as originally forecasted and today at rates that are above market. My friends at the Federal Home Loan Bank of Seattle suggest that this has played a huge factor in the financial crisis that we have experienced. Won't the furthering of this process only create greater volatility which may be unwarranted because very little, if any I may wonder, is achieved by making the change?

I'd respectfully hope that someone involved in this process can stand back from all the theory and consider from the standpoint of my little bank what is achieved. I'm not sure I understand where this takes us except to increasing my costs. If I'm missing something, I'd be glad to listen and learn.

Sincerely,

I. Gregg Miller

Chairman, President and CEO