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February 22, 2011

Elizabeth M. Murphy, Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Re: File Number S7-45-10

Dear Ms. Murphy:

Please accept these comments to the proposed rules for municipal advisors for consideration. We have chosen to practice as CPAs and have limited our services to providing financial advice to local governments and public schools in Indiana and Michigan over the past sixty years. In general, we believe that the rules proposed will provide greater transparency and will, over time, improve the quality of services being provided to local governments. The rules will no doubt increase the cost of providing services, due to the additional record keeping and certification requirements, but these additional costs will be outweighed by the public benefit, in our opinion.

In addition to audits, there are certain other services being provided by CPAs that may not fit within the definition of municipal advisor. CPAs often attest to issuer compliance with bond covenants, such as parity opinions for the issuance of additional debt, and provide assurance as to the adequacy of bond escrows for the defeasance of advance refunded bonds. CPAs also provide tax services such as arbitrage rebate calculations on behalf of issuers. These services, by themselves, would not appear to fit the definition of a municipal advisor.

CPAs may also prepare prospective financial information in the form of financial forecasts in conjunction with a municipal bond offering. These are services that are intended to produce financial information that is a reasonable expectation of future results based upon a judgment of the most likely future outcome, after the financing structure, sizing and timing has been determined. A financial forecast is not a feasibility study or a projection used to evaluate financing options. The professional standards relating to financial forecasts are set out by the AICPA. These services, by themselves, do not involve advice with regard to the sizing, structure or timing of bond issuance.

We also have a concern regarding the definition of municipal advisor to include appointed boards. In Indiana, there are several appointed boards that oversee a wide range of local government functions including libraries, parks, sanitary services, water services, and redevelopment to name a few. These boards generally do not include members that have experience with municipal bonds. In fact, many of these special districts retain our firm to provide these services. Expanding the definition of municipal advisor to include these types of board members would be very burdensome and may make it very difficult, if not impossible, for locally elected officials to fill these positions.

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Another area for comment is peer review. We chose to voluntarily submit our firm to peer review many years ago as members of the AICPA Private Practice Section, although it wasn't mandatory until more recently. We have found that the process has been very helpful in furthering our understanding of relevant accounting pronouncements, best practices of the profession and has been an important factor in improving quality of service. This process, however, evolved over a number of years. Professional standards of practice had been in place long before the peer review process began. Consequently, there were a large number of CPAs that understood the standards to be reviewed. Procedures had to be determined for the reviewing firms and relevant training for the individuals responsible for the reviews had to be developed. There are also a number of CPAs in non-competing markets to provide these services. That may not be the case with municipal advisors who are far fewer in number and would require the review of newly established standards. We would encourage some form of peer review, but suggest that it be phased in over a reasonable period of time to determine whether there would be a sufficient number of firms willing to provide these services and to ensure sufficient time for reviewers to be appropriately trained. Peer review does add cost and may be a burden on smaller firms.

Our last comment addresses the Form ADV. Unlike an investment advisor whose client engagement may span many years, most engagements for financial advisory services are project oriented. Many of these projects typically span twelve months or less, although they can at times span multiple years. Disclosure of potential conflicts of interest and the background of the firm and professionals to be involved with the project would be useful to an issuer. Most financial advisors use an engagement letter or a services contract that is executed by the issuer at the beginning of the engagement. A brochure can be a costly process and may not be helpful in many instances where projects are of short duration. An alternative might be that required disclosures be made a part of an engagement letter or services agreement that are considered by the issuer at the beginning of the engagement, with a required notification to the issuer of material changes occur during the course of the engagement.

Thank you for the opportunity to comment of the proposed rules.

Very truly yours,

UMBAUGH

A handwritten signature in cursive script that reads "Gerald G. Malone". The signature is written in black ink and is positioned above the printed name.

Gerald G. Malone

GGM/jmg