



Built on Tradition, Integrity & Community

1810-100
Comment Letter No. 2254

PO Box 548 • 701 South Main Street
Springfield, Tennessee 37172
Phone: 615-384-3357
www.commerceunionbank.com

September 27, 2010

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P O Box 5116
Norwalk, CT 06856-5116

RE: File Reference # 1810-100, "Accounting for Financial Instruments"

Dear Mr. Golden,

As President and Chief Executive Officer of Commerce Union Bank, a banking institution in Springfield, Tennessee with \$180MM in total assets, I am writing you to express my opinion on specific provisions of the exposure draft.

I. Comments on Fair Value

I am strongly opposed to the portion of this proposal that requires all financial instruments, including loans, to be reported at a fair market value on the balance sheet.

Commerce Union Bank does not sell our commercial loans. Basing our balance sheet on fair values leads the reader to assume that we do sell our loans which is not the case. Should there be a problem with a borrower's ability to repay a loan we work through the collection process with the borrower rather than sell the loan. With there being no active market for many of our loans, estimating a market value makes absolutely no sense.

Marking all loans to market would cause our bank's capital to sway with fluctuations in the market even if the entire portfolio is performing. Rather than providing better information about our bank's health this proposal would mask it. Even if the banking regulators' Tier I capital excludes fair value fluctuation, we will have to explain it to our investors, customers and depositors.

The cost and resources that our small bank will need to comply with this new requirement would be significant. This will require us to pay consultants and

auditors to estimate fair value. Our investors have expressed NO interest in receiving this information. We believe our investors would not view these costs, which would reduce bank earnings, as being either reasonable or worthwhile.

For the above reasons Commerce Union Bank requests that the fair value section of the exposure draft be dropped.

II. Comments on Loan Impairment

I support the Board's efforts to revise the methodology to estimate loan loss provision. However, I do have serious concerns about how such changes can be implemented by banks like mine.

I recommend that any final model be tested by banks my size in order to ensure that the model is solid and workable. It is very important that any new processes are agreed upon and well understood by regulators, auditors and bankers prior to finalizing the rules.

I do not support the proposal for recording interest income. Interest income should continue to be calculated based on contractual terms and not on an after-impairment basis. Changing the way interest income is recorded to the proposed method makes the accounting more confusing and subjects otherwise firm data to the volatility that comes naturally from the provisioning process. I recommend maintaining the current method.

Thank you for considering by comments.

Sincerely,

A handwritten signature in black ink, appearing to read "W.R. DeBerry", with a long horizontal flourish extending to the right.

William R. DeBerry
President & Chief Executive Officer