From: <u>scottg@tnstatebank.com</u>

To: <u>Director - FASB</u>

Subject: File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for

Derivative Instruments and Hedging Activities"

**Date:** Tuesday, September 21, 2010 11:13:07 AM

Scott Gibson 2210 Parkway Pigeon Forge, TN 37863-2998

September 21, 2010

Russell Golden Technical Director Financial Accounting Standards Board 401 Merritt 7, PO Box 5116 Norwalk, CT 06856-5116

Dear Mr. Golden:

Thank you Mr. Golden for allowing me the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

I am Chief Financial Officer of Tennessee State Bank, Pigeon Forge, Tennessee with \$796.6 million in assets as of second quarter 2010. I am writing to express my opinions on the fair value provisions to the exposure draft.

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

The new proposal would mean that banks must value the assets on their balance sheets based on the latest market indicators of the price that those assets could be sold for immediately.

Under rules of the proposal, this would mean that declining housing prices would not only reduce the value of defaulting mortgages but all mortgages and all mortgage-related securities on the bank's balance sheet.

Marking all loans to market would cause fluctuations in our bank's capital with sways in the markets. This would misrepresent the performance of the bank rather than provide the true picture of health for our bank.

In addition, the costs and resources that we will need to comply with this new requirement would be significant.

Again, I am strongly opposed to the fair value provisions and respectfully request that the fair value section of the exposure draft be dropped.

Thank you for considering my comments.

Sincerely,

865-908-5797 Sr EVP / CFO,COO Tennessee State Bank