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September 17, 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

I appreciate the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

As an investor in CapStar Bank, a community bank in Nashville, Tennessee with total assets of $430 Million, I am providing comment to express my opinions on specific provisions of the exposure draft.

I. COMMENTS ON FAIR VALUE

I am opposed to the portion of the proposal that requires all financial instruments, including loans, to be reported at fair value on the balance sheet. As an investor and user of financial statements, stating a balance sheet on fair values will mislead an investor and analyst to assume that loans will be sold which is simply not reasonable and rarely if ever, the case.

There is no active market for many bank loans, and estimating a market value provides no real value. The incentive to sell often does not exit since the since the loan is just one part of the broad financial relationship that a bank has with a customer.

Marking all loans to market would also cause bank capital to fluctuate with the market even if the entire loan portfolio is performing. Instead of providing better information about a bank's health the proposal would mask it. Even if the banking regulators' Tier 1 capital excludes fair value fluctuations, a bank will still have to explain it to investors and customers.

The costs and resources that will be needed to comply with this new requirement would be significant, sustained, and unwarranted. This will require the bank to employ the special services of consultants and auditors to estimate market value. As an investor I do not have an interest in receiving this information and I believe the cost of implementation is neither reasonable nor worthwhile.

For the reasons stated above, I respectfully request 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 provisions. However, I have serious concerns about how such changes can be implemented. I recommend that any final model be tested by banks of all sizes in order to ensure that the model is reasonable, reliable and workable.

It is very important that any new processes are agreed upon and 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.

I appreciate the opportunity to comment and thank you for your consideration.

Sincerely

Dennis C. Bottorff

DCB:scw