1810-100 Comment Letter No. 2350

September 24, 2010

## **Longview Capital Corporation**

a bank holding company 116 South Broadway Avenue P.O. Box 377 Newman, Illinois 61942 (217) 837-2012 Voice (217) 837-2431 Facsimile

John S. Albin Chairman Marjorie A Albin Vice Chair Perry S. Albin David A. Albin William A. Coolley William C. Glaze Directors

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

Dear Sirs,

Thank you for 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 the President of Longview Capital Corporation in Newman, Illinois. Longview Capital is a \$330 million holding company that owns 5 banks in central Illinois, namely, Longview State Bank, State Bank of Chrisman, Bank of Gibson City, First National Bank of Ogden and First National Bank in Georgetown. As an owner of this Corporation, I am writing to express my opinion.

I am strongly opposed to the portion of the proposal that requires all financial instruments including loans to be reported at fair value on the balance sheet for the following reasons:

- Our banks do not intend to sell our commercial loans.
- There is no active market for many of our loans and estimating a market value would be difficult and costly.
- Marking all loans to market would subject our capital to the volatility of the economy.

We are very concerned about the quality of our banks assets. To protect ourselves, each loan we make is analyzed to determine the customer's ability to repay, value of the collateral pledged, management capabilities, previous history with the customer and the profitability of this loan to the bank. We never consider the market value of the loan before or after it is originated. If after the loan is made the customer does not pay as agreed, we will work out the situation with the borrower, not sell the loan. Marking loans to market is irrelevant for loans that are not for sale.

Determining the market value of our loans would be challenging. Markets are often illiquid and sometime irrational. Trying to determine the value of these assets with no ready market will require more staff and possibly consultants which will directly impact our banks net income. Ultimately the valuation will be a subjective guess and is therefore futile.

My biggest concern with this proposal is the impact to capital markets for all banks. In the current banking environment it is difficult to find bank investors. Aggressive examinations and swift action by the FDIC has eliminated potential buyers for banks. Banks needing capital struggle to find enough to survive. This proposal will create more volalitility in the value of the bank's capital. This will further drive away investors.

The intent of this proposal is to provide better information about our bank's health or its ability to pay dividends. It is my opinion that this proposal will cause the exact opposite. Healthy banks that cannot properly value their assets will appear to be distressed. It does not improve financial reporting. It will mask the true value of the bank.

Thanks for your consideration

John S. albin

John S. Albin

President

**Longview Capital Corporation**