



EAGLE NATIONAL BANK

October 1, 2008

Securities & Exchange Commission
Office of the Chief Accountant
100 F Street, NE
Washington, DC 20549

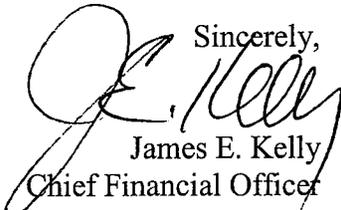
Re: Fair Value Accounting, Release 2008-234

Thank you for this clarification but it is, aside from late, incomplete advice, in my opinion, in clarifying how one determines fair value.

Any commodity that has a trading market establishes a value in each trade that is executed but that value is sometimes based on factors that are not intrinsic to the underlying asset that was traded. Attitudes about that asset, not based on its underlying value but perhaps on a lack of understanding regarding that asset help to shape the trade value but that should not influence fair value. If tulip bulbs were very popular and traded well for some period of time that is great for some constituency but in no way reflects the fair value of a tulip bulb. If a mortgage backed security has not been thoroughly evaluated as to its ultimate cash flows and because of that unknown is traded without regard to the cash flow realities, the trade price is out of kilter with intrinsic value and cannot be wholly representative of a fair valuation. So, even in an "active market", a valuation may result that is not representative of "fair value".

I think it was incumbent on the SEC/FASB to have better defined "fair value" prior to issuing the original interpretations. Ok, maybe you could not have foreseen the havoc on our economy that ensued. On the other hand, to assert that an active market in traded assets establishes a "fair value" in all cases seems to be faulty logic to this accountant. Why can we not recognize the failure of organized trading in assets as not a wholly reliable source of "fair value" and make the effort to understand the underlying asset and its intrinsic value. Sure, over time, a well organized trading market will properly price an asset (tulips, for example, have a current value closer to their usefulness). That said, however, sometimes markets are well out of synch with the intrinsic value of the assets being traded and the accountant must recognize this or take responsibility for the bad accounting that follows.

Sincerely,



James E. Kelly
Chief Financial Officer