

LETTER OF COMMENT NO. 187

LETTER OF COMMENT NO. 235

----Original Message----

From: Jim Keaster [mailto:jimkeaster@bradfordbank.com]

Sent: Tuesday, March 31, 2009 10:01 AM

To: Director - FASB

Subject: OTTI and Fair Value

director@fasb.org File Reference: Proposed FSP FAS 157-e, Determining Whether a Market Is Not Active and a Transaction Is Not Distressed FSP FAS 115-a, FAS 124-a, and EITF 99~20-b, Recognition and Presentation of Other-Than-Temporary Impairments

Dear Sirs:

Bradford Bancorp is a small 1-bank Sub S Holding Company. Bradford National Bank was established in 1867 and is closely and locally owned today as it has been since 1867. years ago we determined to leverage capital and invest long-term. We determined to purchase Trust Preferred Securities from large banks.

Due to the economic situation, OTTI, and mark to market, our once very strong capital ratio (traditionally 10% - 15%) is now hovering at 6%.

Most of our problem results from the Nationalization of Fannie and Freddie. However, the other investments are paying as agreed and we continue to write down to a non-esistent market value.

Our loan portfolio is very strong, we have more than 50% of the deposits in our little community, and we intend to survive. We need a little time to change from the strategy of holding long term investments (since mark to market requires markdowns but only allows recovery on the sale of what was to be a long-term investment).

In 2008 the bank made more through operations than any other year of our existence and we had to report a large loss. Operations are nearly as profitable this year and we may do no more than break even if the rules are not relaxed in some way.

The current ABA proposals will allow us to work through the problems that have been thrust on us, allow us to retain capital, allow us to return to a short-term investment strategy, and most importantly, allow us to continue to make loans in this community.

Thank you for your time and consideration.

James C. Keaster, SVP, Bradford National Bank of Greenville (618) 664 2200 Bond County Illinois 62246