EAGLEBANK

Ronald D. Paul
Chairman of the Board

July 13, 2009

Mr. Robert Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Re: RIN 3064-AD37, Transaction Account Guarantee Program

Dear Mr. Feldman:

This letter is written in response to the proposed changes to the FDIC's Transaction Account Guarantee ("TAG") Program. The Board of the FDIC has proposed to either let the Program expire on December 31, 2009, or to extend it for 6 months beyond that date, but with an increase in the fees associated with the program.

I am writing to object to either of those proposals, and to request that the TAG Program be extended indefinitely under its current structure. A six month extension is not a solution. This program is very important to the customers of community banks across the country, especially for those like ours. By way of background, EagleBank is a commercially oriented community bank with $1.5 billion in assets, operating in the metropolitan Washington, DC area. Our typical clients are small and medium sized privately owned businesses. Most of our clients maintain their primary deposit accounts with us because of the service level and convenience we provide. While a few of our customers maintain balances in excess of $250,000 in their transaction accounts at all times, most experience fluctuations in balances based upon variable cash flows, especially payroll disbursement requirements. These fluctuations may cause their balances to exceed $250,000 on a temporary basis. Having the FDIC insurance coverage over that amount simplifies their cash flow management, while providing the desired safety. Otherwise our customers are forced to move their transaction accounts outside the banking industry or to those institutions which they erroneously consider "too big to fail."

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The additional benefit of this program is that by allowing our customers to carry higher average balances in their transaction accounts, it improves an important source of funding for FDIC member banks. This leads to improved liquidity, income and capital levels at those banks. It should also improve the overall risk profile of the FDIC. Increasing the fees charged for this coverage would only have the inverse effect of decreasing profitability and capital levels of FDIC member banks. Increasing the fees by 150% is egregious at a time when all banks are struggling to improve profitability. While the FDIC may be concerned about losses to the fund caused by one bank which participated in this program, the greater issue is the health, profitability and capital levels of all member banks.

Our experience is that the interest rate limit for participating NOW accounts is not a significant factor. Reducing the rate limit should have no negative impact on our customers or EagleBank.

Thank you for consideration of our opinion on this matter. Please do not hesitate to contact me for further discussion or information,

Sincerely,

Ronald D. Paul
Chairman & CEO

cc: Chairman Sheila Bair, Chairman, Chairman, FDIC
Mr. Eugene Johnson, Federal Reserve Bank of Richmond
Commissioner Sarah Raskin, State of Maryland
Representative Chris Van Hollen, U.S. Congress