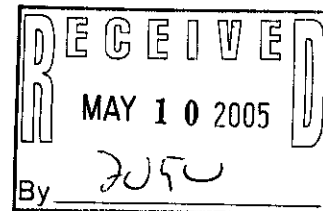


Municipal Trust and Savings Bank

May 6, 2005



Mr. Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, D.C. 20429

RIN 3064-AC89

Mr. Feldman:

We are a \$ 278 million bank (March 31, 2005) in Kankakee County, Illinois, one hour south of Chicago. The majority of our loan portfolio (\$145 million) is in real estate mortgages. I would like to relate some comments in connection with the latest regulatory proposal about the revisions to the small bank vs large bank CRA examinations. We have always been examined under the small bank test and we will be examined under the large bank examination standards since we are now over \$250 million in assets.

The latest proposal does very little to ameliorate the situation regarding the difficulties we perceive with the Community Development Test under the examination standards being proposed. The Investment Test remains a burdensome standard to implement and I suspect to measure for our market. We have explored investment options for Kankakee County for CRA worthy investments and can find none. We have sought out the help of our correspondent banks and various professionals who provide no suggestions other than flat donations that do not seem to attain the original purpose.

It seems more prudent to have the large-bank threshold raised to \$ 1 billion as originally proposed. Rather than imposing costly burdensome requirements why not allow us to continue to do what we do best, that is to satisfy the many lending needs in our area for which include large and small borrowers with low to high income streams.

The new proposal only seems to add complexity to what is for us a level of examination that requires extra resources without producing benefits for those whom the regulation is designed to protect.

Sincerely,

A handwritten signature in cursive script that reads "Merlin Karlock".

Merlin Karlock
President / Chairman of the Board

228 N Dixie Highway
Mokenca, Illinois 60954
(815) 472-6444

MAIN OFFICE
720 Main St., NW
Bourbonnais, Illinois 60914
(815) 935-8000

Member F D I C

299 N Locust
Manteno, Illinois 60950
(815) 468-8100