



October 22, 2008

Mr. Robert E. Feldman  
Executive Secretary  
FDIC  
550 – 17<sup>th</sup> Street N.W.  
Washington, DC 20429

Re: RIN 3064-AD35 – Notice of Proposed Rulemaking on Risk-Based Assessments

Dear Mr. Feldman:

American Community Bank & Trust is pleased to submit our comments on the Federal Deposit Insurance Corporation's (FDIC) proposed changes to deposit insurance assessments and, in particular, to whether or not reciprocal deposit replacement services, such as CDARS, should be exempted from the regulatory definition of "brokered deposits". We feel strongly that CDARS deposits should be excluded from the Notice's definition of brokered deposits.

American Community Bank & Trust is headquartered in Woodstock, Illinois about 55 miles northwest of Chicago in what is considered by many to be one of the most competitive banking markets in the country. We are a full service financial institution with over \$600 million in assets and three branch locations in our county. Our ability to develop and foster client relationships is a direct result of our commitment to, and focus on, excellent customer service and quality bankers and services. We were one of the first banks to become a member of Promontory Interfinancial Network so we were able to offer the CDARS Reciprocal service which, in addition to being a service highly valued by our customers, is also a consistently stable source of funding for us. Our CDARS deposits have all the characteristics of core deposits and the funds come from clients who generally reinvest when their CD's mature. These are not out of market deposits or in any sense "hot money" but simply bank deposits that belong to our clients who are simply concerned about FDIC insurance coverage who most often have the majority of their other banking relationship with us. CDARS makes the security of this insurance much more convenient for some of our seniors who would have to otherwise travel from bank to bank to manage this diversification on their own. Those CDARS deposits that belong to our local fire protection district pension funds, municipal deposits and county governmental deposits allow us to use the FDIC insurance available in this program in lieu of the bank having to purchase an excess of low yielding bonds solely for the purpose of pledging in order to attract and secure these deposits. This investment pledging activity would have a negative impact on both the bank's earnings and liquidity. Our bankers often counsel our clients to take advantage of the CDARS network for their own convenience and peace of mind. There isn't a third party, or anyone, involved in these transactions and we currently have just under \$50 million dollars in CDARS that would probably have gone elsewhere had we not had this program. All of our CDARS deposits belong to customers located within 15 miles of our banking offices.

It isn't logical to define CDARS Reciprocal deposits as "brokered" for the reasons previously given and, in addition, these deposits behave as core deposits and should be treated as such for all regulatory calculations and definitions. Traditional brokered CD's originate from third parties and are bought and sold in bulk through a national wholesale funding market which determines the pricing, including the broker/dealer's commission. We control the pricing on our CDARS deposits, which are generally priced less than wholesale brokered money and they belong to clients with whom we have a broader banking relationship and therefore do not carry the inherent issues of high interest rates and high volatility which are the stated concerns of the FDIC.

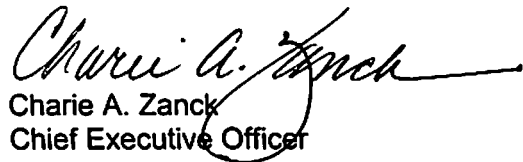
The current economic conditions, the exit of insurance companies from the excess deposit insurance business, the lack of confidence in mortgage backed securities, the non-earning Federal Home Loan Bank of Chicago stock issues, the genuine concern on the part of the general public about the safety and soundness of the banking industry, and the lack of inter-bank liquidity have collectively served to increase the importance of the availability of the CDARS network for our clients, our local governments and taxing bodies and our bank.

The published Notice points out that current call reports do not distinguish between CDARS deposits and brokered deposits which is true, but easily remedied. It is a very simple task for any bank to break out their CDARS deposits for separate reporting which would allow the exemption of CDARS Reciprocal deposits from the brokered deposit definition.

In summary, we believe that CDARS deposits should be excluded from the Notice's definition of brokered deposits because they do not in any way resemble the volatile behavior and pricing found in the national brokered CD market. Our CDARS deposits are originated through a banker to client relationship. We, therefore, respectfully request that the FDIC support Congressional legislation that includes this exclusion. We believe this is both appropriate and reasonable.

Thank you for the opportunity to comment.

Sincerely,



Charie A. Zanck  
Chief Executive Officer

cc: Sen. Barack Obama  
Sen. Richard J. Durbin  
Rep. Melissa Bean  
Rep. Donald A. Manzullo