March 10, 2006

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.
Washington, DC 20551

Via facsimile and regular mail

Dear Board of Governors of the Federal Reserve System:

On behalf of Marquette Bank, I wish to comment upon the proposed capital and risk management requirements for Banks identified as having a concentration risk in Commercial Real Estate (CRE) loans. This proposal was issued by the various regulatory agencies of banks and thrift institutions in January 2006.

Marquette Bank's comments include the following:

- The proposal identifies certain, specific procedures to identify, monitor and report risk associated with a bank's exposure to Commercial Real Estate. Marquette Bank believes the risk management activities articulated in the proposal have merit and are, to a large extent, already in place at this Bank.

  However, the proposal is vague regarding what additional capital may be required of banks identified as having a concentration. Because the proposal is not clear with regard to capital requirements for banks having a CRE concentration, it is impossible to fully comment on what is a crucial element of this proposal.

  We suggest the Agencies provide clarification concerning anticipated capital requirements for banks having CRE concentrations. Thereafter, additional opportunity for comment should be provided.

- The thresholds of 100% and 300% of capital proposed for the identification of a CRE concentration are too low. Instead, we believe 200% and 500% of capital for the respective thresholds is appropriate.

- Marquette Bank feels real estate secured loans with low loan to value advance rates should not be included in calculations used to identify CRE concentrations. As owner occupied real estate is perceived to have less risk than non-owner occupied, so too are CRE loans with conservative loan to values; say 50% or less.

- The proposal is not clear with regard to the degree to which the existence of strong, internal risk management procedures may mitigate the need for additional capital. It is Marquette Bank's opinion that having comprehensive risk management practices in place reduces exposure to loss and should, therefore, serve to reduce or eliminate a requirement for additional capital.

Although Marquette Bank understands regulatory concerns as it pertains to real estate lending, we sincerely hope resulting regulatory guidelines do not serve to unduly hamper the involvement by community banks such as Marquette in prudent, real estate lending activities in their market place.

We appreciate the opportunity to comment and look forward to additional information concerning capital and other matters addressed in this and other commentaries.

Sincerely,

Thomas P. Burgin

Thomas P. Burgin
Marquette Bank