

**From:** Pat Dwyer [mailto:pdwyer@thebankofelkriver.com]

**Sent:** Tuesday, March 03, 2009 11:09 AM

**To:** Comments

**Subject:** Assessment

The Bank of Elk River is a profitable 124 year-old community bank serving a trade area of about thirty thousand people.

Our loan portfolio grew by about 10% in 2008 as other local banks shrank in size to maintain their capital ratios. Almost all our loans are to businesses and consumers within a twenty mile radius of our bank.

Profits at our bank, like most others, have been hurt by the economy. Our 2009 budget calls for earnings to be down from 2008 in part because of our regular FDIC assessment going from \$250,000 to \$660,000. With these lower earnings we were only able to budget a 5% loan growth in '09.

The new 20bp. special assessment will cost us about \$800,000. Right now we are looking at having to ratchet back our loan growth because of this hit to our earnings and capital. A simple calculation shows that we will have to cancel about \$5 million in loan growth at a time when our community needs it the most. This seems very counterproductive in helping the country get out of the recession.

We compete locally with branches of US Bank and Wells Fargo. Although they are aggressive in taking deposits they are almost a non-factor in lending in Elk River. The town needs a strong community bank to take care of the credit needs of small businesses and consumers. Cutting back on our lending capacity because of the 20 bp. special assessment is not good for us or our community.

I suggest you consider changing the special assessment to one based on systemic risk posed by a bank. The more a bank can destabilize the national economy, the more it should pay. Community banks that serve the basic needs of their towns should not be assessed at the same rate.

I am looking forward to hearing from Ms. Bair at this month's ICBA convention. Hopefully she will be able to announce a change in the assessment formula.

**Patrick | DWYER**

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