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## Banking

## Chevy Chase Bank puts country club up for sale

Washington Business Journal - by [Bryant Ruiz Switzky](#) Staff Reporter[Print](#) | [Email](#) | [Reprints](#) | [RSS Feeds](#) | [Add to Del.icio.us](#) | [Digg This](#) | [Comments](#)

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**Chevy Chase Bank** is selling **Lowes Island Club**, a posh country club with two championship golf courses overlooking the Potomac River in Loudoun County.

The bank put the club on the market in late August. The asking price: \$18 million.

"We've gotten an enormous amount of interest and have gotten some offers already," said Jeff Campbell, senior vice president of Bethesda-based Chevy Chase Bank, adding that the bank hopes to have a deal soon.

It sent the approximately 700 club members letters on Aug. 22 announcing the property was for sale. The letter was sent just to inform members, not to court them as potential buyers, said Vice

Chairman Alex Boyle.

How did Chevy Chase Bank come to own a country club?

The answer goes back 18 years.

Lowes Island Club was part of Cascades in Potomac Falls, a 3,000-acre mixed-use project planned by developer Robert Kettler, the major owner in **Kettler Inc.** and its predecessor companies, KSI and Kettler & Scott.

The plans included housing for 30,000 people, millions of square feet of office and retail space, schools and other amenities.

Kettler took on massive debt for the project, financed by Chevy Chase Bank. With the economy in a downturn in the fall of 1990, Kettler was forced to give ownership of the partially finished project to the bank through a deed in lieu of foreclosure.

The bank sold off chunks of the project over the next few years, getting rid of all but the country club by 1997.

"We were not interested in owning a golf course," Boyle said. "But we wanted to complete the course and facility, build up the membership and get it launched and stabilized before we disposed of it."

Boyle said that club is profitable and this is "the right time" to sell it.

Not everyone agrees.

"This is not a good time to sell a golf course," said Rich Samit, chief executive officer and co-founder of McLean-based Fraser Forbes Co. LLC, a land sales and real estate advisory company.

An oversupply of golf courses and the economic downturn have left more sellers than buyers, he said. "You're not going to get the kind of offers today that you had a couple of years ago or that you would have in another 12 to 24 months."

The bank counters that the level of interest in the club suggests that its timing is good.

Like most banks, Chevy Chase has struggled somewhat recently.

Over the past year, the Washington area's largest local bank, with \$14.9 billion in assets, has reduced its banking hours and mortgage operations, moved to close 54 branches inside **Giant Food** stores and announced layoffs of about 300 employees.

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Is the Lowes Island sell-off part of a plan to preserve capital through the downturn?

"No," Boyle said. "This is a very insignificant transaction for Chevy Chase Bank."

The sale does not involve enough money to have much impact on the bank's books, he said.

Chevy Chase has increased its capital levels over the past year to 6.38 percent for its leverage ratio, 9.29 percent for its Tier 1 risk-based ratio and 12.24 percent for its total risk-based ratio, as of June 30, according to the Federal Deposit Insurance Corp.

Capital levels are essentially a measure of a bank's ability to absorb losses. Chevy Chase's ratios are well above industry standards, though they are lower than average for area banks.

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