

## FEDERAL RESERVE SYSTEM

Mainstreet Bank  
Bunceton, Missouri

### Order Approving Establishment of a Branch

Mainstreet Bank, Bunceton (“Bank”), a state member bank, has given notice under section 9 of the Federal Reserve Act (“Act”) (12 U.S.C. § 321 et seq.) of its intent to establish a branch at Bank’s current main office in Bunceton at 101 Main Street, and to redesignate its existing branch at 301 East Broadway in Ashland as its main office, all in Missouri.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in accordance with the Board’s Rules of Procedure (12 C.F.R. 262.3(b)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors specified in the Act.

Bank is among the smaller banking organizations in Missouri, controlling approximately \$14 million in deposits, representing less than 1 percent of total deposits in insured depository institutions in the state.<sup>1</sup> Bank is a wholly owned subsidiary of Calvert Financial Corporation, Jefferson City, Missouri.

#### Considerations Under the Federal Reserve Act

Section 9(4) of the Act (12 U.S.C. § 322) requires the Board, when acting on a branch application, to consider the financial condition of the applying bank, the general character of its management, and whether its corporate powers are

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<sup>1</sup> Deposit and state ranking data are as of June 30, 2002. Insured depository institutions include all insured banks, savings banks, and savings associations.

consistent with the purposes of Act.

The Board has carefully reviewed the factors it is required to consider for the establishment of a branch under section 9 of the Act in light of all the facts of record. As part of its consideration, the Board has reviewed reports of examination and other supervisory information. Based on all the facts of record, the Board has concluded that the statutory factors are consistent with approval of the notice.

Convenience and Needs Considerations

In acting on a notice to establish a branch, the Board also is required to take into account the convenience and needs of the community to be served, including a bank's record under the Community Reinvestment Act ("CRA") (12 U.S.C. § 2901 *et seq.*). The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal supervisory authority to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, in evaluating branch applications. The Board has carefully considered the effect of the proposal on the convenience and needs of the communities served by Bank in light of all the facts of record, including a public comment on the proposal, and Bank's CRA performance record.

A. CRA Performance Examination

As provided in the CRA, the Board has evaluated the performance of Bank in light of examinations by the appropriate federal supervisor of its CRA performance record. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.<sup>2</sup> Bank received a "satisfactory" rating at its most recent CRA examination by the Federal Reserve Bank of Kansas City, as of March 3, 2003.

B. Branch Closing

The Board received a comment from the Bunceton City Council ("Council") opposing the proposal. The Council expressed the concern that Bank could close the proposed Bunceton branch at any time, which would seriously harm the city.<sup>3</sup>

Bank has stated that there are no plans to close the Bunceton location. To the contrary, Bank indicated that since the current ownership group acquired control of Bank in March 2000, banking services at the Bunceton location have been enhanced by extending banking hours, eliminating monthly service charges on checking accounts, and extensively remodeling and expanding the facility. Bank also noted that it intends to continue existing services at this location if the proposal is approved.

Bank has represented that it would follow its existing branch closure policy before proposing to close any branch. Under this policy, Bank would review a

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<sup>2</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 and 36,639 (2001).

<sup>3</sup> The Council viewed Bank as an entity essential to the Bunceton community and was apprehensive that closing the Bunceton location might lead to closure of the city's school.

number of factors before closing or consolidating a branch, including the impact on the community, the business viability of the branch, and the impact on access to credit.

The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings. Federal law requires an insured depository institution to provide notice to the public and to the appropriate federal supervisory agency before closing a branch.<sup>4</sup> Thus, the commenter would be afforded the opportunity to address any future branch closing proposal in the context of a branch closing notice. In addition, the Board notes that, as the appropriate federal supervisor of Bank, Reserve Bank examiners would continue to review Bank's branch closing record in the course of conducting CRA performance evaluations.

#### C. Conclusion on Convenience and Needs Considerations

The Board has considered carefully the entire record as it relates to convenience and needs considerations, including the comment received, information received from Bank, Bank's most recent CRA performance examination, and confidential supervisory information. Based on all the facts of record, the Board concludes that convenience and needs considerations, including Bank's record of performance under the CRA, are consistent with approval of the proposal.

#### Conclusion

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<sup>4</sup> Section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1), as implemented by the Joint Policy Statement Regarding Branch Closings (64 *Federal Register* 34, 844 (1999)), requires that a bank provide the public with at least 30 days' notice and the appropriate federal supervisory agency with at least 90 days' notice before the date of a proposed branch closing. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings. As noted above, Bank

Based on the foregoing and all the facts of record, the Board has determined that the notice should be, and hereby is, approved. The Board's approval is specifically conditioned on Bank's compliance with all commitments made in connection with the proposal. The commitments and conditions relied on by the Board are deemed to be conditions imposed in writing in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

Approval of this notice is subject to the establishment of the proposed branch within one year of the date of this order, unless such period is extended by the Board or under authority delegated by the Board.

By order of the Board of Governors,<sup>5</sup> effective July 11, 2003.

(signed)

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Robert deV. Frierson  
Deputy Secretary of the Board

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indicates that it has no plans to close the Bunceton banking location.

<sup>5</sup> Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.