

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
)
MERCANTILE SAVINGS BANK)
)
SOUTHAVEN, MISSISSIPPI)
)
)
)

Re: Resolution No. DAL-91-04

Dated: February 12, 1991

STIPULATION AND CONSENT TO ISSUANCE
OF ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office, OTS, and Mercantile Savings Bank, Southaven, Mississippi ("Institution"), stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against the Institution pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (to be codified at 12 U.S.C. § 1818(b)). The Institution desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease-and-desist litigation against the Institution with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").
2. Jurisdiction.
 - (a) The Institution is a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act, as amended by FIRREA. Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(c)).
 - (b) Pursuant to Section 3 of the FDIA, as amended by FIRREA, the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such a savings association. Therefore, the Institution is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)).

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ORDER TO CEASE AND DESIST

WHEREAS, Mercantile Savings Bank, Southaven, Mississippi ("the Institution"), through its Board of Directors, has executed a Stipulation and Consent to Issuance of Order to Cease and Desist, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Midwest Regional Office, or his successor or designee ("Regional Director"); and

WHEREAS, the Institution, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act, as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (to be codified at 12 U.S.C. § 1818(b)).

NOW THEREFORE, IT IS ORDERED that the Institution and its directors, officers, employees, agents and service corporations shall cease and desist from any violation of, or the aiding and abetting of any violation of: 12 C.F.R. §§ 528.3(a), 528.6(d)(1), or 563e.2.

IT IS FURTHER ORDERED that:

COMMUNITY REINVESTMENT ACT

1. (a) Within 30 days of the effective date of this Order, the Institution shall file with the Regional Director, a revised Community Reinvestment Act statement which ensures the implementation of its provisions.
- (b) Within 30 days of the effective date of this Order, the Institution shall appoint an on-site Community Reinvestment Act Compliance Officer for the Institution's Southaven, Mississippi office.

- (c) Within 60 days of the effective date of this Order, the Board of Directors shall establish an action plan for assessment of the delineated community's credit needs and compliance with the Community Reinvestment Act ("Action Plan"). Such Action Plan and any revisions thereto shall be approved by the Board of Directors. Upon approval by the Board of Directors, the Action Plan shall be submitted to the Regional Director.
- (d) The Board of Directors shall, on a quarterly basis, review the Action Plan to ensure that the Institution is in compliance with the Community Reinvestment Act, its implementing regulations, and this Order. A resolution setting forth the minutes of those reviews shall be submitted to the Regional Director by no later than the 20th day after the end of the quarter.

LOAN APPLICATIONS

2. (a) Within 30 days of the effective date of this Order, the Institution shall establish a system for accepting loan applications ("System"), which (i) requires that loan applications be maintained at the Institution's offices; (ii) ensures that the practice of discouraging loan applications ceases immediately; (iii) requires that a loan application register be maintained at the Institution, with monthly review by management and monthly review and approval by the Board of Directors; and, (iv) ensures that the appropriate individuals will be trained to provide proper oversight of the Loan Application System.
- (b) The Board of Directors shall, on a quarterly basis, review the System to ensure that the Institution is in compliance with 12 C.F.R. Part 528 and this Order. A resolution setting forth the minutes of those reviews shall be submitted to the Regional Director by no later than the 20th day after the end of the quarter.

GENERAL PROVISIONS

3. The Board of Directors shall take whatever steps are necessary to ensure full compliance by the Institution with the requirements of this Order.
4. All technical words or terms used in this Order, for which meanings are not specified or otherwise provided by the provisions of this Order, shall insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, and any such technical words or terms used in this Order and undefined in said Code of Federal Regulations, shall have meanings that accord with the best custom and usage in the savings and loan industry.

