September 15, 2026

United States House of Representatives
2129 Rayburn House Office Building
Washington D.C 20515
Attn: Committee on Financial Services

Subject: Main Street Capital Access Act – Empowering Banks to Drive Economic Growth

Chairman, Ranking Member, and Members of the Committee:

Thank you for the opportunity to provide the perspective of someone who has just gone through the process this legislation is somewhat designed to address.

I want to begin with a brief disclaimer. The Main Street Capital Access Act covers a wide range of banking issues, and I apologize that I am not as well versed in some provisions that did not directly touch where we were in the de novo process. For most of the past year and a half, my attention has been focused on organizing, raising capital, obtaining regulatory approval for, and ultimately opening a new community bank. Rather than pretend to be an expert on every section, I would like to focus primarily on Section 101, *Promoting New Bank Formation*, because that is where our experience may be most useful.

Cornerstone Community Bank opened in Owensboro, Kentucky, on June 8, 2026. We were the first newly chartered bank in Kentucky since 2009 and the first new bank formed in Owensboro in close to thirty years. We were required to raise $20 million in initial capital and chose to raise approximately $27 million from more than 230 shareholders, overwhelmingly people connected to our community. No individual shareholder or shareholder group owns more than 5 percent.

We are extremely proud of that. Cornerstone is, in a very real sense and on purpose, owned by the community it was created to serve.

I also want to make clear that our support for Section 101 is not criticism of the regulators who worked with us. Our experience with the Federal Deposit Insurance Corporation (FDIC) and especially the Kentucky Department of Financial Institutions (KDFI) was very positive. Commissioner Marni Rock Gibson and the KDFI team, especially Holly Ross, were accessible, professional, constructive, and clear about what was expected while fulfilling their responsibility to protect depositors and the banking system. The FDIC team approached its responsibility seriously and professionally as well. We respected the job both agencies did, and I believe they respected what we were trying to build for Owensboro and Daviess County.

This distinction is very important to my testimony. Good regulators can make a difficult process better, but they cannot change the economics of the framework they administer. Section 101 addresses part of that framework by making permanent a phase-in period for qualifying de novo banks to meet federal capital requirements, unless the federal banking agencies determine that the approach significantly harms safety and soundness. To me, that is not a choice between strong capital and new bank formation. It is an effort to accomplish both.

There is a reality in starting a bank that I did not fully appreciate until living it. The point at which a new bank has very little operating history, no loan portfolio, and essentially no recurring revenue coincided when we needed to raise an extraordinary amount of capital.

Before Cornerstone made its first loan or collected its first month of interest income, we had hired experienced executives and employees, secured bank and administrative locations, implemented a core banking system, established correspondent relationships, engaged outside professionals in IT, HR, and compliance, written over a dozen policies, and spent countless hours working through the charter and deposit insurance process. Those costs arrived well before the earning assets did. To sum it up, a de novo begins with many of the expenses of a bank before it has the revenue of a bank.

That is why Section 101 matters. A responsible capital phase-in does not mean a new bank operates without meaningful capital. It does not eliminate oversight or lower the obligations of management and directors. It recognizes that a carefully supervised new bank can build toward its full capital structure as the institution comes along.

Cornerstone met the existing requirement. As mentioned earlier, we were required to raise $20 million and, because of extraordinary community support, raised approximately $7 million more. But our ability to clear the hurdle should not be mistaken for evidence that the hurdle is appropriate for every community. If this were a fair expectation, it wouldn't have been 17 years since the last de novo opened in Kentucky. It could also potentially suggest only one of the 4 or 5 largest communities in our state could find the capital required to accomplish what we've accomplished.

There may be an experienced group in another community with a strong board, a conservative plan, local investor support, and a real need for another banking option. Yet if the upfront capital numbers don't work, the idea may die around a kitchen table long before a regulator ever sees an application. That isn't a failed bank, it's a bank that was never born, and the community never gets to see how it might have impacted their neighbors.

That is why I view Section 101 as more than regulatory relief. I view it as a provision to encourage more competition. Owensboro did not need a new bank because there were no banks in town. We needed another locally headquartered competitor because local decision-making, local ownership, and competition still matter. When new banks stop forming, consolidation becomes the default outcome, even if Congress never meant for that to be the result. And if new banks aren't forming, then we're left with fewer and fewer community banks to support their local citizens. This thought was further supported by an April 8, 2025 report from the FDIC Acting Chairman, Travis Hill, showing that the overall intercompany merger rate has stayed fairly consistent over the past 30 years (2.5%/yr since 1980 and 2.7%/yr since 2018), attributing the drop in banks to the sharp decrease in de novo activity since 2008.

Our more than 230 shareholders demonstrate that there is still an appetite for true community banking. They invested in a bank headquartered and operated locally. The fact that no shareholder or shareholder group owns more than 5 percent reinforces that point. This was not concentrated group seeking control. It was broadly distributed community capital seeking a local community bank to invest their savings in long-term.

Cornerstone did not need Section 101 to open. We proved that. But the success of one group in overcoming a barrier does not necessarily justify the barrier. Public policy should also consider the qualified groups that never try because the upfront costs are too steep.

The goal should not be to make it easy to start a bank. It should be difficult, because depositors are trusting us with their money, communities are trusting us with credit decisions, and regulators should demand capable management, strong governance, sound systems, and meaningful capital. But difficult and unnecessarily prohibitive are not the same thing.

We understand we were fortunate. I hope Congress will help create a framework where the next group with a strong plan and a strong community does not have to be quite as fortunate. If Section 101 helps one more responsible community bank get from an idea around the kitchen table to an open community bank door, the benefit will be measured in businesses started, farms financed, jobs created with happy employees, and communities with another institution invested in their future.

I appreciate the opportunity to provide this testimony.

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