

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

MOUNTAIN NATIONAL BANCSHARES INC

CIK: **1177070** | IRS No.: **000000000** | State of Incorporation: **TN** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-49912** | Film No.: **13903966**
SIC: **6021** National commercial banks

Business Address
*300 E. MAIN STREET
SEVIERVILLE TN 37864*

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 7, 2013

MOUNTAIN NATIONAL BANCSHARES, INC.

(Exact name of registrant as specified in charter)

Tennessee
(State or other jurisdiction
of incorporation)

0-49912
(Commission
File Number)

75-3036312
(IRS Employer
Identification No.)

300 East Main Street, Sevierville, Tennessee
(Address of principal executive offices)

37862
(Zip Code)

Registrant's telephone number, including area code: (865) 428-7990

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.03 Bankruptcy or Receivership.

On June 7, 2013, the Office of the Comptroller of the Currency (the "OCC") closed Mountain National Bank (the "Bank"), which is a wholly owned commercial banking subsidiary of Mountain National Bancshares, Inc. (the "Company"), and the Federal Deposit Insurance Corporation ("FDIC") was named as the receiver of the Bank. The Company's principal assets are the capital stock it owns in the Bank. As a result of the closure of the Bank, the Company has minimal remaining tangible assets.

As the direct owner of all of the capital stock of the Bank, the Company would be entitled to the net recoveries, if any, following the liquidation or sale of the Bank or its assets by the FDIC. However, at this time, the Company does not believe that any recovery will be realized. Accordingly, the Company's common stock is likely to be of no value.

In connection with the closure of the Bank, the FDIC issued a press release, dated June 7, 2013, providing the following:

The FDIC entered into a purchase and assumption agreement with First Tennessee Bank, National Association ("First Tennessee") to assume all of the deposits of the Bank except those of Cede & Co. Accordingly, all depositors of the Bank other than Cede & Co., including those with deposits in excess of the FDIC's insurance limits, will automatically become depositors of First Tennessee for the full amount of their deposits, and they will continue to have uninterrupted access to their deposits. Deposits with First Tennessee will continue to be insured by the FDIC, so there is no need for customers to change their banking relationship to retain their deposit insurance.

The Bank's offices reopened on Monday, June 10, 2013, as branches of First Tennessee. However, for a period of time, customers of the Bank should continue to use the Bank's office locations until First Tennessee can fully integrate the deposit records of the Bank.

Customers who have questions about the foregoing matters, or who would like more information about the closure of the Bank, can visit the FDIC's web site located at <http://www.fdic.gov/bank/individual/failed/mountain-tn.html>, or call the FDIC toll-free at (800) 356-1848.

A complete copy of the FDIC's press release can be found on the Internet at www.fdic.gov.

The Company has mailed a letter to its shareholders dated June 8, 2013, a copy of which is attached hereto as Exhibit 99.1.

As a result of the closure of the Bank, the amount of the Company's liabilities exceeds the amount of the Company's assets. Accordingly, the Company will evaluate the potential winding up of the Company, which may include the filing of a voluntary petition in the United States Bankruptcy Court, Eastern District of Tennessee (the "Court"), seeking relief under Chapter 7 of Title 11 of the United States Code.

Item 2.04 Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.

In connection with the receivership of the Bank, the Company may receive notices from the counterparties to the indentures and guarantee agreements related to the Company's subordinated debentures with a total principal amount of \$13 million, of alleged events of default under those agreements, and of those counterparties' intentions to terminate those agreements or accelerate the Company's performance of those agreements. In the event of a default by the Company under those agreements, or in the event of the termination of one or more of those agreements, the Company's financial and other obligations under such agreements may be accelerated.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Letter to Shareholders dated June 8, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MOUNTAIN NATIONAL BANCSHARES, INC.

By: /s/ Michael L. Brown

Name: Michael L. Brown

Title: President

Date: June 10, 2013

EXHIBIT INDEX

Exhibit

No.

Description

99.1 Letter to Shareholders dated June 8, 2013

Mountain National Bancshares, Inc.
300 E. Main Street
Sevierville, TN 37862

June 8, 2013

Dear Shareholder:

It is with a deep sense of regret that your Board of Directors informs you that on Friday, June 7, 2013, Mountain National Bank (the "Bank") was closed by the Office of the Comptroller of the Currency, and the FDIC was appointed as receiver. The principal asset of Mountain National Bancshares, Inc. (the "Company") is the common stock of the Bank. Therefore, as a result of the closure of the Bank, it is likely that your investment in the Company's stock no longer has any value.

While we ultimately were unable to save the Bank in the face of unyielding market conditions, we attempted every reasonable solution. We appreciate everyone's support and participation in all of our efforts throughout this endeavor. In particular, our employees gave their best efforts to maintain the Bank's outstanding customer service in the face of difficult circumstances, and they have earned our gratitude for their dedication and hard work. In addition, we are very proud of the Bank's exemplary record of corporate citizenship. It was our sincere pleasure to have served our community over the past 14 years, and we continue to hope for the success of the community. As a stakeholder in the Company, we want to sincerely thank you on behalf of the Board of Directors and employees for the confidence that you placed in us and the loyalty and support that you demonstrated.

It has not been a secret that all banks in our area have been affected by what is generally described as the worst economic downturn in America since the Great Depression. When economic growth in the area abruptly stopped and became a contracting environment, too many of our customers found themselves unable to meet the interest and principal obligations on their loans, and alternative sources of collateral proved insufficient to make up the shortfall. Ultimately, these losses used up so much of our capital that we fell below regulatory capital thresholds and were no longer permitted by regulators to operate independently.

The management team of the Bank has been working closely with the FDIC to make the transition as smooth as possible for the Bank's customers.

We encourage you to consult with your accountant or other tax consultant to determine if and how you may deduct your investment loss on your tax return.

Sincerely,

/s/ Michael L. Brown
Michael L. Brown, President

/s/ Charlie R. Johnson
Charlie R. Johnson, Chairman