



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 04, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Tennessee
Charter Number: 15550

214 East Main Street
Livingston, Tennessee 38570

Office of the Comptroller of the Currency

5200 Maryland Way, Suite 104
Brentwood, Tennessee 37027

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Outstanding.

First National Bank of Tennessee (FNBOTN) has an excellent record of meeting community credit needs. This is based on the following:

- The bank's loan-to-deposit ratio is excellent and averaged 89 percent during the evaluation period. **FNBOTN's** loan-to-deposit ratio ranged from a low of 82 percent as of December 31, 2007 to 96 percent as of June 30, 2006.
- A substantial majority of **FNBOTN's** loans are within the bank's Assessment Area. Approximately 90 percent of the number and 85 percent of the dollar volume of loans were to borrowers within the Assessment Area (AA).
- **FNBOTN's** distribution of lending to borrowers of different income (including low-and moderate-income) levels and businesses of different sizes is reasonable.
- The geographic distribution of residential real estate loans reflects excellent dispersion throughout the AA. The geographic distribution of loans to businesses in the AA is reasonable.
- **FNBOTN's** community development performance demonstrates excellent responsiveness to the community development needs of its AA.

Scope of Examination

This Performance Evaluation is based on full-scope examination procedures for the time period January 1, 2007 through September 30, 2009. For comparative and analytical purposes, results were evaluated using 2000 Census demographic information. **FNBOTN** has no bank owned affiliates. No data integrity review was conducted prior to this evaluation. We reviewed all of the bank's community development investments and community development loans and services to ensure they met the definition for community development.

Conclusions regarding the Lending Test are based on residential loans including home purchases, home improvements, and home refinances. Residential loans considered in the Lending Test originated between January 1, 2007 and September 30, 2009. Small business loans, including farm loans, originated during the same time period were also considered in the Lending Test. A sample of loans was selected for each loan category based on internal bank reports. **FNBOTN** is not a Home Mortgage Disclosure Act (HMDA) reporter. This evaluation covers the period January 10, 2006 through January 3, 2010.

Description of Institution

FNBOTN is an intrastate bank that is not a subsidiary of a bank holding company. There have not been any major changes in the bank's corporate structure, including merger or acquisition activities, since the last Community Reinvestment Act (CRA) examination dated January 9, 2006, when the bank received an **Outstanding** rating on the examination. There are no legal or financial impediments to **FNBOTN's** ability to meet the credit needs of its AA including retail and community development loans, qualified investments, and community development services needs. The bank offers a full-range of loan and deposit services. **FNBOTN's** primary business focus is commercial and industrial loans, including commercial real estate loans, and residential mortgage loans.

FNBOTN's main office is located in Livingston, TN. The bank also operates six full-service branch offices within its AA. The bank has two branch offices in Crossville, one branch each in Cookeville, Sparta, and Algood, and one branch in addition to the main office in Livingston, TN. Since the previous CRA examination, the bank opened a branch office in Crossville, TN (April 2007) and Algood, TN (December 2008). Full-service drive-thru ATM's are located at each of the seven bank offices. Three additional free-standing ATM's are available at convenience stores. Additionally, one ATM is located at a shopping center in a free-standing building. One freestanding ATM is located in Cookeville and Algood and two ATM's are located in Crossville, TN. **FNBOTN** has not closed any branch offices during this evaluation period. Although four free-standing ATM's were taken out of service in 2007, three free-standing ATM's were added during this evaluation period. **FNBOTN** continues to invest heavily in data processing equipment and technology which supports banking via the Internet.

As of September 30, 2009, **FNBOTN** had total assets of \$564 million, of which net loans comprised 79 percent. The following table reflects the composition of **FNBOTN's** loan portfolio based on the September 30, 2009 Report of Condition.

Product Category	Gross Loans as of September 30, 2009	
	Dollar (000's)	Percent
Commercial & Industrial Including Commercial Real Estate	204,536	45.65
Residential Mortgage Loans	168,004	37.49
Individuals	28,287	6.31
Construction & Land Development	25,205	5.62
Farmland and Agriculture	20,018	4.47
All Other	2,062	0.46
Total	448,112	100.00

Source: September 30, 2009 Report of Condition.

FNBOTN provides a wide range of traditional deposit and loan products. The branches are generally located in areas that make them accessible to persons from different areas of the communities they serve. Lobby hours and drive-up hours are set by location to meet customer needs. **FNBOTN** has ATMs at branches and other locations in their market to make customer's

accounts accessible.

Distribution of Bank Offices and ATMs by Census Tract						
Census Tract Income Level	Tracts		Full-Service Branches		Automated Teller Machines*	
	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%
Moderate	5	15.15%	0	0%	1	9.09%
Middle	26	78.79%	7	100%	10	90.91%
Upper	2	6.06%	0	0%	0	0%
N/A	0	0%	0	0%	0	0%
Total	33	100%	7	100%	11	100%

*Four ATMs are non-deposit taking. Seven ATMs contiguous with banking locations are deposit taking.

Customers may also access their accounts through telephone banking or the Internet (www.fnbotn.com). Internet and phone banking services include transfers between **FNBOTN** accounts, review of account balances or transactions, access loan account information, and bill-paying capability for the Internet banking product. The bank also offers a Visa Check Card that provides customers with additional access to their accounts at point of sale or ATM locations.

FNBOTN's business strategy includes continued marketing of commercial credit to small businesses through its products, staff, and locations. The bank offers Small Business Administration (SBA) loans for new business startups and to expand an existing business. **FNBOTN** supports the purchase and long-term financing of residential home loans through its conventional secondary market home mortgage, Tennessee Housing Development Agency (THDA) home mortgage, and rural housing guaranteed home mortgage programs. Although an approved lender through the Veterans Administration home mortgage program, **FNBOTN** has not had any recent requests under this program. The bank's home loan products include special programs for first time home buyers, buyers with less than perfect credit history, and low- and moderate-income family home buyers.

Description of Assessment Area(S)

The bank has one AA that includes four counties in rural Tennessee. None of the bank's AA is located in a Metropolitan Statistical Area (MSA). The AA is reasonable and meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The bank's AA includes the contiguous counties of Putnam, Overton, Cumberland, and White. Respective principal cities within the AA are: Cookeville, Livingston, Crossville, and Sparta. Each city serves as the respective county seat of Putnam, Overton, Cumberland, and White County. The bank's main office is located in Livingston, TN, which is approximately 80 miles east of Nashville, Tennessee on I-40 and 20 miles north of Cookeville, Tennessee on Highway 111.

No banking facilities have closed since the previous CRA examination. There are seven full-service bank locations. All are situated in middle-income census tracts. Each full-service office

also provides an ATM with 24-hour availability. Routine business transactions such as cash disbursements, deposit taking, transfers, balance inquiries, and loan payments are available through these island secured units. Four other cash disbursing only ATMs are also available within the AA. Ten ATMs are located in middle-income census tracts and one is located in a moderate-income census tract. Based on the 2000 U.S. Census, there are 33 census tracts within the AA. There are no low-income census tracts. There are 5 moderate, 26 middle, and 2 upper-income census tracts. Three of the six Census Tracts in Overton County are designated “distressed” due to high unemployment. Per 2000 U.S. Census information, 152,337 individuals reside within **FNBOTN’s** AA. The geographic dispersion of the population closely resembles the census tract geographies. Within the AA, there are approximately 46,000 owner-occupied homes and 14,000 businesses. Almost 91 percent of owner-occupied housing and 84 percent of the businesses are located in middle-income census tracts. The family distribution by income levels show approximately 20 percent and 19 percent, respectively, are low- and moderate-income families. Approximately 17 percent of households in the AA are below the poverty level. At November 30, 2009, the unemployment rate for the State of Tennessee was 10.3 percent. All bank offices are located in middle-income census tracts. Similarly, 91 percent of the bank’s ATMs are also located in middle-income census tracts. One ATM is located in a moderate-income census tract.

Demographic Information for Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	33	0	15.15%	78.79%	6.06%	0
Population by Geography	152,337	0	9.18%	87.34%	3.48%	0
Owner-Occupied Housing by Geography	45,958	0	6.36%	90.64%	3.00%	0
Businesses by Geography	13,927	0	11.24%	83.90%	4.85%	0
Farms by Geography	572	0	0.04%	90.73%	1.22%	0
Family Distribution by Income Level	43,778	19.78%	18.87%	23.72%	37.63%	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,174	0%	100%	0	0	0
Median Family Income	= \$36,579		Median Housing Value	= \$82,469		
HUD Adjusted Median Family Income (MFI) for 2009	= \$46,300		Unemployment Rate	= 10.83%		
Households Below the Poverty Level	= 16.50%					

(*) The NA category consists of geographies that have not been assigned an income classification. Source: 2000 U.S. Census and 2009 HUD updated MFI. Average unemployment rate for November 2009 for 4 counties in banks AA (Cumberland, Overton, Putnam, & White). November 2009 unemployment rate was 10.3% and 10%, respectively, for State of Tennessee and US.

Education and the medical services are major industry employers within the AA. Tennessee Technological University is located in Putnam County/Cookeville and employs 1,100. The Cumberland, Overton, Putnam, and White County School Boards employ approximately 4,000 people. Respective medical centers in each county employ an aggregate of 3,300 workers.

Major employers in Putnam County/Cookeville include: Cummins Filtration (air/water/oil filters), 875 employees; Oreck (vacuum cleaners), 400 employees; Russell Stover Candies (chocolate candy), 400 employees; Tutco, Inc.(heating elements), 360 employees; Flowserve (hydraulic valves), 320 employees; ARC-Diversified (manufacturer of cooking oil and baked goods), 300 employees; and some 8 smaller industries employing approximately 1,250 employees. Major employers in Overton County/Livingston include: Hutchinson FTS, Inc. (automotive air conditioning components), 595 employees; Parker Hannifin Corp. (seals, o-rings, & gaskets), 207 employees, Eaton Inoac (external auto trim), 185 employees, and some 7 smaller industries employing approximately 400 employees. Major employers in Cumberland County/Crossville include: Flowers Bakery, LLC (cakes and rolls), 429 employees; Delbar Products (bus and truck mirrors), 423 employees; Colinx (warehouse and distribution), 387 employees; Crossville Porcelain Stone (ceramic tile), 341 employees; Manchester Tank (water heaters), 225 employees; and some 21 smaller industries employing approximately 1,100 workers. Major employers in White County/Sparta include: Moeller Marine Products (rotation molding, tanks, seats), 310 employees; Phillip Lighting (industrial lighting fixtures), 252 employees, Federal Mogul Lighting (mini-incandescent lamps), 238 employees; Tri-State Distribution, Inc. (prescription vials), 230 employees; Acument Global Technologies (cold form specials), 213 employees; and some 12 smaller industries employing approximately 1,250 employees. Agricultural products within the four counties include beef, corn, dairy, row crops, hay, and tobacco. Natural resources within the four counties include sandstone, coal, and limestone. Timber products include hardwoods (oak, ash, hickory), pine, and poplar.

No business opportunities, nor credit needs of the community, including community development lending, investment, and service needs, have been identified through outreach activities. Two community contacts were made in June and July 2009. **FNBOTN** was identified as a good participant in the 502 Rural Housing Loan Program administered by the local Rural Development organization and 501 (c) non-profit program which provides affordable housing through THDA and USDA Rural Development. One community contact indicated the need to provide more flexible interest rates and terms for median-income families to purchase affordable housing.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is rated "Outstanding." Based on a full-scope review, the bank's performance in the AA is outstanding.

Conclusions for AA Full-Scope Review

FNBOTN's lending performance is outstanding in the full-scope review of its AA. For the years 2007, 2008, and through September 30, 2009, **FNBOTN** originated approximately 740 conventional secondary market home mortgage loans totaling \$93 million. For the same period, **FNBOTN** originated approximately 2,000 small business loans totaling \$42 million. Through its home loan program, **FNBOTN** originated eleven THDA loans totaling \$966 thousand and

eight Rural Housing Guaranteed Home loans totaling \$793 thousand.

Loan-to-Deposit Ratio

The quarterly average loan-to-deposit ratio for **FNBOTN** was more than reasonable at 89.34% for the sixteen quarters ending September 2009. **FNBOTN**'s quarterly average loan-to-deposit ratio compared very favorably to competitor banks in the AA for the same period. Of the six independent banks headquartered in the AA and two headquartered outside of the AA, Highland Federal Savings & Loan (Crossville) had the next highest quarterly average loan-to-deposit ratio of 89.23% followed by Community Bank of the Cumberland (Jamestown) of 88.75% then American Bank & Trust Company (Livingston) of 87.21%. The quarterly average loan-to-deposit ratio of the other five institutions ranged from a high of 78.74% to a low of 54.91%. **FNBOTN**'s highest loan-to-deposit ratio was 96.12% on June 30, 2006 and the lowest was 81.61% on December 31, 2007. For the same period, Putnam 1st Mercantile Bank (Cookeville) had the highest quarterly loan-to-deposit ratio of 104.1% as of December 31, 2005. Union Bank & Trust Co. reported the lowest quarterly loan-to-deposit ratio for the period of 37% at December 31, 2005.

Loan-To-Deposit Ratios		
Institution	Total Assets (As of 09/30/09*)	Average Loan-to-Deposit Ratio(**)
First National Bank of Tennessee, Livingston, TN	\$564	89.34%
American Bank & Trust Co., Livingston, TN	\$101	87.21%
Bank of Putnam County, Cookeville, TN	\$333	55.37%
Regions Bank, Birmingham, AL	\$135,594	99.10%
First Tennessee Bank, NA, Memphis, TN	\$26,230	129.07%
Bank of America, Charlotte, NC	\$1,460,147	80.69%
U.S. Bank, NA, Cincinnati, OH	\$259,943	105.95%
Citizens Bank, Carthage, TN	\$492	62.15%
Progressive Savings Bank FSB, Jamestown, TN	\$237	74.76%
First Bank, Lexington, TN	\$2,269	88.39%
FSG Bank, NA, Chattanooga, TN	\$1,201	93.81%
Putnam 1 st Mercantile Bank, Cookeville, TN	\$81	78.74%
Highland FS & LA, Crossville, TN	\$68	89.23%
Clayton Bank & Trust, Knoxville, TN	\$593	90.27%
First Volunteer Bank of TN, Chattanooga, TN	\$631	84.22%
F&M Bank, Clarksville, TN	\$778	95.25%
First National Bank of Pikeville, Pikeville, TN	\$91	68.24%
Union Bank & Trust Co., Livingston, TN	\$78	54.91%
Cumberland County Bank, Crossville, TN	\$241	66.43%
Community Bank of the Cumberland, Jamestown, TN	\$122	88.75%
Fort Sill National Bank, Fort Sill, OK	\$348	32.91%

* Asset sizes of institutions are in millions (000,000's)

**Source: Institution Reports of Condition for 16 quarter period from December 2005 to September 2009.

As of June 30, 2009, twenty-one financial institutions with 69 offices controlled \$2.970 billion in deposits within the AA. Of the independent banks, **FNBOTN** controlled the largest market

share within the AA at \$477 million, or 16.05%, of total deposits. Four large regional banks controlled 18.29%, 9.36%, 5.90%, and 1.78%, respectively of total deposits for the period. Other independent banks included: Bank of Putnam County 10.35%; Cumberland County Bank 7.50%; Citizens Bank 5.90%; Progressive Savings Bank FSB 3.39%; Community Bank of the Cumberland 3.16%; First Bank 2.99%; American Bank 2.93%; FSG Bank, NA 2.63%; Putnam 1st Mercantile Bank 2.43%, and Union Bank & Trust Co. 2.26%. Seven other institutions also have branches in the AA. They controlled the remaining 7.44% of deposits, of which the largest was 1.78% and the smallest was 0.02%.

Lending in Assessment Area

FNBOTN’s record of lending in its AA is outstanding. A substantial majority of the number and dollar amount of residential and business loans made were within the bank’s AA as evidenced by the chart below. Conclusions are based on the number and dollar amount of residential and business loans in our loan sample, which originated during 2007, 2008, and through September 30, 2009.

Lending in Assessment Area

Lending in Non MSA AA of Tennessee Counties of Cumberland (035), Overton (133), Putnam (141), and White (185)										
Loan Sample	Number of Loans					Dollars of Loans (000’s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2007-2009 Residential Loans	54	87.10	8	12.90	62	2,716	75.07	902	24.93	3,618
2007-2009 Business Loans	60	93.75	4	6.25	64	10,522	86.35	1,392	11.68	11,914
Total	114	90.48	12	9.52	126	13,238	85.23	2,294	14.77	15,532

Source: Loan Sample for 2007, 2008 and through September 30, 2009. Residential loan sample includes home purchases, home improvements, and home refinances. Business loan sample also includes farm loans.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

FNBOTN’s record of lending to borrowers of different incomes reflects reasonable penetration. FNBOTN’s record of lending to businesses of different sizes reflects excellent penetration. Both the number and dollar of loans in our residential loan sample are reasonably consistent with borrower income levels within the bank’s AA. Within the AA, low-income families comprised 19.79% of the population, moderate-income families 18.87%, middle-income families 23.72%, and upper-income families 37.62%. As reflected by the schedule below, both the number and dollar amount of our loan sample compared favorably to borrowers different income levels within the AA. Business revenues within the AA reflect that 79.07% have annual sales less than \$1 million, 3.26% exceed \$1 million, and 17.67% of business sales are unavailable. Comparatively, the number and dollar amount of loans to businesses of different sizes is excellent. The bank does a good job in obtaining business revenue information on its business loans as reflected by the 0% rate of unavailable information.

2007 – 2009 Borrower Distribution of Residential Real Estate Loans in Cumberland (035), Overton (133), Putnam (141), and White (185) Non MSA AA								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	19.79%		18.87%		23.72%		37.62%	
Loan Type(s)	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Residential Loan Sample	12.96%	2.42%	14.82%	8.26%	27.78%	21.38%	44.44%	67.94%

Source: Residential loan sample included residential home purchases, home improvement loans, and home refinance loans for the period 2007, 2008, and through September 30, 2009. (Data reported under 2007 and 2009 is 2000 U.S. Census data.)

2007 – 2009 Borrower Distribution of Loans to Businesses Including Farms in Cumberland (035) , Overton (133), Putnam (141), and White (185) Non MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses/Farms	79.07%	3.26%	17.67%	100%
% of Bank Loans in AA by #	93.75%	6.25%	0%	100%
% of Bank Loans in AA by \$	69.32%	30.68%	0%	100%

Source: 2009 Geodemographic data and loan sample.

Geographic Distribution of Loans

FTNBOTN’s geographic distribution of loans reflects a reasonable rate of penetration and meets the standard for satisfactory performance.

No low-income census tracts (CT) exist in the bank’s AA. The number of residential loans in moderate-income census tracts exceeds the percent of owner occupied houses within the AA. The number of business loans in moderate-income census tracts is lower than the percent of AA businesses. This is attributed to business owners who have a more difficult time qualifying for business loans. Business type loan requests tend to be for smaller amounts as reflected by the corresponding percentage.

2007– 2009 Geographic Distribution of Residential Real Estate loans in Cumberland (035), Overton (133), Putnam (141), and White (185) Non MSA AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of Owner Occupied Housing	0.00%		6.36%		90.64%		3.00%	
LOANS	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Residential Loan Sample	0.00%	0.00%	11.11%	6.27%	83.33%	91.66%	5.56%	2.07%

Source: Residential loan sample included residential home purchases, home improvement loans, and home refinance loans. (Data reported under 2007 and 2009 is 2000 U.S. Census data.)

2007– 2009 Geographic Distribution of Loans to Businesses in Cumberland (035), Overton (133), Putnam (141), and White (185) Non MSA AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	0.00%		14.29%		80.00%		5.71%	
LOANS	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Small Business Loans	0.00%	0.00%	8.33%	3.90%	80.00%	85.51%	11.67%	10.59%

Source: Loan sample (Data reported under 2007 and 2009 is 2000 U.S. Census data)

Responses to Complaints

There have been no consumer complaints relating to the bank’s Community Reinvestment Act performance during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development Test is rated “Excellent.” Based on a full-scope review, the bank’s performance is excellent.

Number and Amount of Community Development Loans

FNBOTN originated 27 community development loans and investments totaling \$12,738,000 during this evaluation period. As evidenced by the table below, 26 loans and 1 investment totaling \$8,193,000 and \$4,545,000, respectively, were for community development.

Community Development Loans

Qualifying community development loans are loans that meet the definition of community development, as defined in the CRA regulation. During the evaluation period, **FNBOTN** originated 26 community development loans aggregating \$8,193,000. Specific examples of qualifying loans for community development organizations are described below.

ABA Properties

FNBOTN originated a new \$245,053 loan which financed the purchase of a 16 unit apartment building located in a distressed area. The apartment provided housing to low-to moderate-income (LMI) tenants.

Clarence Edward Dickson

FNBOTN originated two new loans for \$425,000 and \$175,000 for the purchase and renovation of a 24-unit apartment building in a distressed census tract. Financing was provided for HUD Section 8 housing. The apartment complex houses 22 LMI individuals.

Coleman and Clough LLC

FNBOTN originated two new loans of \$77,000 and \$81,000 for the purchase and renovation of a new walk in clinic in a distressed census tract. The new clinic also created 6 permanent full time jobs.

Creative Compassions, Inc.

FNBOTN originated four loans totaling \$362,000 to construct affordable housing, purchase property for future projects, and refinance an office building which houses the company. This is a charitable, non-profit corporation which promotes affordable housing for LMI families. Applicant homebuyers are selected on a first qualified basis. Selected homebuyers must qualify for the permanent first mortgage loan and must also complete a homebuyer education program prior to closing on the purchase of the residence.

Upper Cumberland Christian Homes (UCCH)

The bank originated two loans totaling \$210,000 during this evaluation period. A \$50,000 loan completed the construction of housing units designated for low-income elderly. A \$160,000 loan was to purchase adjacent property for construction of additional housing units designated for low-income elderly.

David Offutt – Real Estate Developer

FNBOTN originated four loans totaling \$133,000 for HUD Section 8 housing. The United States Department of Housing and Urban Development (HUD) is dedicated to sponsoring subsidized housing for low-income families and individuals. It is more commonly known as Section 8, in reference to the portion of the U.S. Housing and Community Development Act of 1974 under which the original subsidy program was authorized.

Frank Walters

FNBOTN originated a new loan totaling \$300,000 to upgrade and expand an existing business as required by the franchise. The business is located in a distressed census tract and provided employment to 8 full-time and 8 part-time employees.

Lake Tansi Properties Owners Association

FNBOTN originated a new loan totaling \$1,000,000 to build and install a sewer membrane system which services residents including LMI families residing in the Lake Tansi area. The system improvement also provided permanent jobs to LMI individuals.

Patricia Fleming

FNBOTN originated a new loan totaling \$535,500 for the purchase of a rural grocery store located in a distressed census tract. Store convenience helped to provide food and other staples to local residents including LMI individuals.

KFC Jamestown LLC

FNBOTN originated two new loans totaling \$250,000 and \$450,000 for the purchase of restaurant equipment and renovations to the existing building. The business is located in a distressed census tract and provided approximately 35 new jobs.

KFC Livingston LLC

FNBOTN originated a new loan totaling \$600,000 for renovation of one location and

completion of construction at another location. One location is in a distressed census tract and the other is in a moderate-income census tract. The business employs approximately 30 workers.

James Stevens

FNBOTN originated a new loan totaling \$2,500,000 for the purchase and renovation of 50 duplexes (100 apartments). Occupancy increased from 20% to 100% after improvements. Approximately 60% of the residents are LMI individuals who receive government housing assistance.

Kenneth L. Colburn

FNBOTN originated a new loan totaling \$454,574 to purchase and open a new medical facility located in a distressed census tract. The medical practice also created 3 new jobs.

Mitchell Ramsey

FNBOTN originated two new loans of \$292,000 and \$15,000 for the purchase of a convenience store and provide working capital. The store is located in a distressed census tract which is in a rural area.

Upper Cumberland Development District

FNBOTN originated an \$88,000 Letter of Credit to ensure the completion of low- to moderate-income housing in Smithville, TN. Completion of the construction project will ensure that housing is provided to low-income families and individuals.

Number and Amount of Qualified Investments

Qualifying investments are investments, deposits, membership shares, or grants that have as their purpose community development, as defined in the CRA regulation. **FNBOTN** is a sponsoring institution in the Senior Housing Crime Prevention Foundation (SHCPF), which is a Tennessee nonprofit corporation. The Foundation was established as a way for banks to secure qualified Community Reinvestment Act (CRA) credits in all categories of mandatory regulatory performance tests. **FNBOTN** invested \$4,545,000 in this project. The investment is used by the Foundation to support the Senior Crimestoppers Program for low-and moderate-income seniors residing in senior housing facilities located in Cumberland, Overton, and Putnam Counties in the State of Tennessee. These funds currently provide safe, secure residences to 918 inhabitants in the bank’s AA. The bank participated in this program in 2007, 2008, and through April 2009.

Community Development Lending and Investments in AA			
Community Development Lending		#	\$ Amount (000’s)

Originated CD Loans	AA	25	8,105
Unfunded Commitments*	N/A	1	88
Total CD Loans		26	8,193
Community Development Investments			
Qualified Investments	AA	1	4,545
Originated Grants/Donations	AA	0	0
Unfunded Commitments*	N/A	0	0
Total Qualified Investments		1	4,545
Total Community Development Lending and Investments	AA	27	12,738

*"Unfunded Commitments" means legally binding loan and investment commitments that are tracked and recorded by the bank's financial reporting system.

Extent to Which the Bank Provides Community Development Services

Among other activities, community development services are targeted to low- or moderate-income individuals.

The level of qualified community development services is "Excellent." Bank officers have provided technical assistance to organizations, which provide community services for low- and moderate-income individuals, or serve the financial needs of small businesses in the AA. The following are examples of qualifying community development services.

Senior Housing Crime Prevention Foundation

FNBOTN's involvement with the Senior Housing Crime Prevention Foundation also qualifies as meeting the community development test. On numerous occasions during 2007, 2008, and through April 2009, bank officials met with local retirement and nursing homes participating in the senior housing crime prevention program to discuss the program and its benefit to residents.

Habitat for Humanity

Various meetings were held with Habitat for Humanity organizations within the bank's AA during this assessment period. These meetings frequently involved fund raising opportunities with the bank and bank personnel often taking a lead role. Bank officers have served on the boards and also held offices (president, treasurer, and secretary) within respective habitat organizations.

Personal Economics Program (PEP)/Teach Children to Save Day

Banking representatives have consistently provided instruction to students in public education in the AA about personal financing, banking, and economics through the Personal Economics Program (PEP). The program addresses personal money management, the wise use of credit, identity theft, predatory lending, and similar issues. Within the same context, banking personnel have also provided instruction to students through the "Teach Children to Save Day" program. This program targets students in the lower school grades. Students of low-and moderate-income families are participants in this class.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.