



## **PUBLIC DISCLOSURE**

August 07, 2016

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First National Bank of Tennessee  
Charter Number 15550  
214 East Main Street, Livingston, TN 38570

Office of the Comptroller of the Currency

320 Seven Springs Way, Suite 310, Brentwood, TN 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 or bank) has an Outstanding record of meeting community credit needs. This is based on the following:

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- FNBOTN's average loan-to-deposit ratio (LTD) of 68.8% over the eleven-quarter evaluation period is reasonable given the bank's size, financial condition, and assessment area credit needs.
  - A substantial majority of FNBOTN's lending is within the bank's Assessment Area. Based on the 2010 US Census data, approximately 97.8% of the number of loan sampled and 95.6% of the dollar volume of loans sampled were to borrowers within the bank's Assessment Area (AA).
  - FNBOTN's distribution of lending to borrowers of different income (including low-and moderate-income) levels noted reasonable penetration based on the 2010 US Census data is reasonable. The distribution of lending to business of different sizes is excellent.
  - The geographic distribution of residential real estate and business loans reflect excellent dispersion throughout the AA.
  - 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, 2014, through June 30, 2016. For comparative and analytical purposes, results were evaluated using 2010 Census demographic information. FNBOTN has no bank-owned affiliates. We reviewed the bank's community development loans, services and investments to ensure they met the definition for community development. A data integrity review that was conducted in February 2016, which focused on the qualification of the bank's community development loans and services, did not identify any loans or services that did not meet the standards for Community Reinvestment Act (CRA) Community Developments. Conclusions regarding the Lending Test are based on a sampling of residential loans and small business loans, including farm loans, originated between January 1, 2014, and June 30, 2016 and listed on internal bank reports. FNBOTN is not a Home Mortgage Disclosure Act (HMDA) reporter.

## **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 CRA performance evaluation (PE) dated February 3, 2014. The February 2014 PE conveyed a Satisfactory rating to the bank. 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 service 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, TN, one branch each in Cookeville, Sparta, and Algood, TN and one additional branch in Livingston, TN. Full-service drive-thru ATM’s are located at each of the seven bank locations. Two additional freestanding ATM’s are available at convenience stores located in Crossville, TN. Additionally, one ATM is located at a shopping center in a freestanding building in Cookeville, TN. FNBOTN has not closed any branch offices during this evaluation period. FNBOTN continues to invest heavily in data processing equipment and technology to support internet banking available to the bank’s customers.

As of June 30, 2016, FNBOTN had total assets of \$767 million, of which net loans comprised 62.5%. The following table reflects the composition of FNBOTN’s loan portfolio based on the June 30, 2016, Call Report.

<b>Loan Product Category</b>	<b>% of Gross Loans as of June 30, 2016</b>
Commercial & Industrial, Including Commercial Real Estate Loans	49.3
Residential Mortgage Loans	28.6
Construction and Development Loans	9.6
Loans to Individuals	5.7
Farmland and Agriculture Loans	5.8
All Other Loans	1.0

*Source: June 30, 2016 Report of Condition.*

FNBOTN provides a wide range of traditional deposit and loan products. The branches are located in areas that make them generally 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.

<b>Distribution of Bank Offices and ATMs by Census Tract (Per 2010 U. S. Census Data)</b>						
<b>Census Tract Income Level</b>	<b>Tracts</b>		<b>Full-Service Branches</b>		<b>Automated Teller Machines (1)</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low (2)	0	0%	0	0%	0	0%
Moderate	9	21.4%	1	14.2%	3	30%
Middle	24	57.2%	3	42.9 %	4	40%
Upper	9	21.4%	3	42.9%	3	30%
N/A	0	0%	0	0%	0	0%
<b>Total</b>	42	100%	7	100%	10	100%

- (1) Three ATMs are non-deposit taking. Seven ATMs contiguous with banking locations are deposit-taking.
- (2) No low-income census tracts exist within the bank’s AA.

Customers may also access their accounts through telephone banking or the Internet at [www.fnbotn.com](http://www.fnbotn.com). Internet and phone banking services include transfers between FNBOTN accounts, review of account balances or transactions, accessing loan accounts, 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. FNBOTN supports the purchase and long-term financing of residential home loans through its conventional secondary market home mortgage, Tennessee Housing Development Agency home mortgage, and rural housing guaranteed home mortgage programs. The bank’s home loan products include special programs for first time homebuyers, buyers with less than perfect credit history, and low- and moderate-income family homebuyers.

### **Description of Assessment Area**

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. The AA is reasonable and meets regulatory requirements 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. One branch is located in a moderate-income census tract, three in middle-income census tracts, and three in upper-income census tracts. Each full-service office

also provides an ATM with 24-hour availability. Routine business transactions such as cash disbursements, deposit taking, account transfers, balance inquiries, and loan payments are available through these island secured units. Three other cash disbursing only ATMs are also available within the AA. Three ATMs are located in moderate-income census tracts (CTs), four are located in middle-income CTs, and three are located in upper-income CTs. Based on the 2010 U.S. Census, there are 42 CTs within the AA. There are no low-income CTs within the AA. There are nine moderate, 24 middle, and nine upper-income CTs. The bank’s AA of 42 CTs has 16 CTs that have been designated as Distressed sometime during the review period based on the factor of poverty. The following table represents Distressed CTs within the bank’s AA.

<b>County</b>	<b># of CTs</b>	<b># of Distressed CTS (1)</b>	<b>% of Total CTs That Are Distressed</b>
Cumberland	14	0	0.0
Overton	7	4	57.1
Putnam	15	7	46.7
White	6	5	83.3
<b>Total</b>	42	16	38.1

*Source: CTs contained in the FFIEC list of distressed geographies*

A number of financial institutions serve the AA, which provides for a very competitive banking environment. There are twenty-one financial institutions with offices in the AA, including midsize, large and community banks. FNBOTN has the highest deposit market share in the AA, with 19.85% of deposits, based on the latest FDIC Deposit Market Share Report as of June 30, 2015.

According to the U.S. Bureau of Labor Statistics as of June 2016, the preliminary unemployment rate average for the four county AA was 5.7%; which was slightly above the state of Tennessee unemployment rate of 5.0%. The geographic dispersion of the population closely resembles the census tract geographies. The AA, with 79,795 owner-occupied homes; has 63.9 % of owner-occupied housing located in middle-income CTs, as well as 14.3% and 21.8% located in moderate and upper-income CTs, respectively. The family distribution by income levels show approximately 19.8% and 18.8%, respectively, are low- and moderate-income families. Households in the AA below the poverty level represent 19.2% of total households.

Education and the medical services are major industry employers within the AA. Tennessee Technological University is located in Putnam County/Cookeville and employs 2,400 people. 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. Other major employers in Putnam County/Cookeville include: Perdue, Cummins Filtration, Tutco, Inc., Flowserve ARC-Diversified and Transtar -DACCO, Inc. Major employers in Overton County/Livingston include: Hutchinson FTS, Inc., Parker Hannifin Corp. and Eaton Inoac. Major employers in Cumberland County/Crossville include: Flowers Bakery, Co Links, FICOSA North America and Avigen North America. Major employers in White County/Sparta

include: Moeller Marine Products, Walmart, Tri-State Distribution, Inc. and Rhythm North America.

Access to commercial loans for small businesses and education on leveraging capital for small business owners was noted as an opportunity and credit need for the AA. During the examination we made two community contacts. One community contact identified FNBOTN as an active participant in Cookeville-Putnam County Chamber of Commerce. The Cookeville-Putnam County Chamber of Commerce works to recruit and retain businesses in the county. The majority of the businesses served by the Chamber are small businesses. The other contact wished to remain anonymous.

First National Bank of Tennessee's AA does not reflect illegal discrimination or arbitrarily exclude low- or moderate-income areas.

## **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 2014, 2015 and the six-month period ended June 30, 2016, FNBOTN internal tracking reports reflect that the bank originated approximately 1,224 residential mortgage loans totaling \$196 million. For the same period, FNBOTN's internal tracking reports reflect that the bank also originated approximately 1,578 small business and small farm loans totaling \$225 million. Through its home loan program, FNBOTN originates Rural Housing Guaranteed Home loans which assists loan applicants that cannot satisfy loan down payment requirement required by conventional loan programs. During the review period the bank has also granted FHA and VA loans totaling \$2.8 million, which offer loan terms that are not as stringent as standard loans, such as low down payments, low closing costs, easy credit qualifying, no income limits, and flexibility in the debt-to-income and loan-to-value ratios. The bank also offered a consumer loan and business loan promotion for a limited time during the review period at lower rates and no origination fee, with 152 loan originations totaling \$1.7 million.

#### **Loan-to-Deposit Ratio**

FNBOTN's average loan-to-deposit ratio (LTD) is reasonable given its size, financial condition, and assessment area credit needs. FNBOTN's net LTD ratio averaged 68.8% over the 11 quarters since the last CRA exam. The LTD average is based on its proximity to the average LTD ratio of 73.34% of peer institutions. The bank's quarterly high LTD was 71.14% as of June 30, 2014 and its quarterly low of 66.42% as of March 31, 2016.

FNBOTN’s net LTD ratio compares favorably with the other community institutions of similar size, location and product offerings. FNBOTN ranked fifth among the seven similarly situated institutions serving the same four counties of the bank’s AA. The financial institution with the highest average LTD was at 97.64% and the financial institution with the lowest average LTD was at 42.71%.

FNBOTN operates in four counties in Tennessee: Cumberland, Overton, Putnam and White County. Per the FDIC's deposit market share report, there were 20 other institutions operating in the bank’s AA. We did not include all of the institutions in the LTD review due to their size. We excluded banks under \$100 million and larger national and regional institutions (US Bank, Regions Bank and First Tennessee).

The following table reflects First National Bank of Tennessee and similarly situated institutions’ net LTD ratios over the review period of December 31, 2013 through June 30, 2016.

<b>Loan-To-Deposit Ratios</b>		
<b>Institution</b>	<b>Total Assets (in 000s) as of 6/30/2016</b>	<b>Average Loan-to-Deposit Ratio</b>
<b>First National Bank of Tennessee</b>	763,587	68.76%
<b>American Bank &amp; Trust of The Cumberlands</b>	211,580	91.37%
<b>Bank of Putnam County</b>	429,037	51.94%
<b>Southeast Bank</b>	924,922	97.64%
<b>Progressive Savings Bank</b>	271,663	72.80%
<b>Putnam 1st Mercantile Bank</b>	118,783	83.58%
<b>Citizens Bank</b>	555,071	42.71%

Source: Institution Reports of Condition for the 11-quarter period from December 31, 2013 to June 30, 2016

### Lending in Assessment Area

FNBOTN’s record of lending in its AA is outstanding, and exceeds the standard for satisfactory performance. A substantial majority of the number and dollar amount of residential and business loans sampled 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 2014, 2015, and the six-month period ended June 2016, based on 2010 US Census data.

<b>Table 1 – Lending in AA Cumberland, Overton, Putnam, and White Counties in Tennessee</b>										
Loan Sample	Number of Loans					Dollars of Loans (000’s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Loans	43	95.6	2	4.4	45	3,307	97.8	76	2.2	3,383
Business/Farm Loans	44	97.8	1	2.2	45	6,735	99.8	11	0.2	6,746
<b>Total</b>	<b>87</b>	<b>96.7</b>	<b>3</b>	<b>3.3</b>	<b>90</b>	<b>10,042</b>	<b>99.1</b>	<b>87</b>	<b>0.9</b>	<b>10,129</b>

Source: 2010 Census Data; Loan Samples derived from loan originations 2014, 2015, & YTD June 2016. Residential loan sample includes various loan purposes. Business loan sample 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 based on the 2010 US Census data. 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. Based on 2010 US Census data within the AA, low-income families comprised 19.75% of the population, moderate-income families 18.82%, middle-income families 21.9%, and upper-income families 39.53%. Business revenues within the AA reflect that 78% have annual sales less than \$1 million, 4.2% exceed \$1 million, and 17.8% of business sales are unavailable. Comparatively, the number of loans to businesses of different sizes is excellent and the dollar amount of loans to businesses of different sizes is reasonable.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Loan Sample	19.75	22.2	18.82	28.9	21.9	28.9	39.53	20.0

*Source: 2010 U.S. Census data. Residential loan sample included residential home purchases, home improvement loans, and home refinance loans for 2014, 2015, & YTD June 2016.*

<b>Table 2A - Borrower Distribution of Loans to Businesses Including Farms in AA Cumberland, Overton, Putnam, and White Counties in Tennessee</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses/Farms	78.0	4.2	17.8	100%
% of Bank Loans in AA by #	84.5	13.3	2.2	100%
% of Bank Loans in AA by \$	69.7	30.2	0.1	100%

*Source: Data collected by bank; Dun and Bradstreet data. Loan Sample for 2014, 2015, & YTD June 2016.*

**Geographic Distribution of Loans**

FNBOTN’s geographic distribution of loans reflects an excellent rate of penetration and exceeds the standard for satisfactory performance. Based on 2010 US Census data, no low-income CTs exist in the bank’s AA. At 44.2%, the number of residential loans in moderate-income census tracts shows excellent penetration based on the loan sample. At 51.1%, the number of business loans in moderate-income CTs exceeds the percent of AA businesses/farms based on the loan sample. There were no gaps or areas of low penetration in the bank’s lending patterns identified during this review period.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Loan Sample	0.00	0.00	14.25	44.2	63.92	46.5	21.83	9.3

Source: 2010 U.S. Census data; Residential loan sample included residential home purchases, home improvement loans, and home refinance loans for 2014, 2015, and YTD June 2016.

<b>Table 3A - Geographic Distribution of Loans to Businesses including Farms in AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses Farms	% of Number of Loans	% of AA Businesses Farms	% of Number of Loans	% of AA Businesses Farms	% of Number of Loans	% of AA Businesses Farms	% of Number of Loans
Businesses/Farms	0.00	0.00	27.1	51.1	47.2	31.1	25.7	15.6

Source: Data collected by bank; Dunn & Bradstreet data. Loan Sample for period 2014, 2015, and YTD June 2016.

### Responses to Complaints

There were no consumer complaints regarding the bank’s Community Reinvestment Act performance during the evaluation period.

### COMMUNITY DEVELOPMENT TEST

The bank's community development performance demonstrates an excellent responsiveness to community development needs in its assessment area through a combination of community development loans, investments, and services. The bank's community development efforts were centered in community development lending and services during the evaluation period.

### Responsiveness to Community Development Needs

The volume and responsiveness of the bank to the community development (CD) needs of the AA is excellent. The bank is aware of affordable housing needs, small business needs, and the need for services to low- and moderate-income people in the AA. The bank’s locations in moderate- and distressed and underserved middle-income areas are reasonably accessible to low- and moderate-income individuals. The bank has one branch in a moderate-income tract and 3 branches located in distressed and underserved middle income tracts. Full service operations at each location, the hours of operation, and onsite ATMs also help to ensure accessibility of banking services. Online banking features and mobile banking further support accessibility by allowing customers to access their accounts, transfer funds and pay bills remotely.

## **Number and Amount of Community Development Loans**

The responsiveness of FNBOTN in providing community development loans is excellent. FNBOTN originated 290 community development loans totaling \$23,324,702 during this evaluation period.

### **Community Development Loans**

Qualifying community development loans are loans that meet the definition of community development, as defined in the CRA regulation. Specific examples of qualifying loans for community development entities and individuals during 2016 are described below:

#### Christopher Cody Melton

FNBOTN originated a \$36,000 line of credit for a farm with gross annual revenues of \$1.0 million or less to buy cattle and make farm improvement. The farm is in a distressed census tract in the bank's AA. This cattle operation maintains and generates jobs in part of the bank's AA, Overton County, where a primary component of the economy is farming-related businesses.

#### Stacy Lee Bilbrey

FNBOTN originated a \$40,336 loan to a farm with gross annual revenues of \$1.0 million or less. The loan was to purchase cattle, supplies, feed and hay in the local distressed area of the AA to enhance farm operations. This cattle operation maintains and generates jobs in part of the bank's AA, Overton County, where a primary component of the economy is farming-related businesses.

#### Jeth R. Grissom and Jacob Cocke

FNBOTN originated a \$165,000 loan to build a spec house in a distressed and underserved census tract in the AA.

#### G. Meeks Construction, LLC

FNBOTN originated a \$59,572 loan to finance the purchase of a new vehicle for a business located in a distressed and underserved census tract in the AA.

#### Other

Additionally, FNBOTN originated 69 other community development loans aggregating \$6,513,092 in 2016. FNBOTN advanced funds to local businesses located in distressed census tracts within the bank's AA. Loans helped create and retain jobs. Some of the originations also were to purchase residences for low-and moderate income families or rented to low-and moderate-income families.

Specific examples of qualifying loans for community development entities and individuals for 2015 are described below:

#### Robert Fitzgerald

FNBOTN originated a \$1,912,500 loan to purchase a commercial building and land that will become Fitzgerald Collision Center. The business will create 20-30 jobs in a moderate-income census tract in the AA.

Debbie Brady

FNBOTN originated a \$12,188 Economic Development loan to renovate the outside of a beauty shop (small business) in the AA.

Scotty Wilson/Lynn Hickey

FNBOTN originated a \$104,000 Affordable housing loan in a distressed or underserved census tract in the AA. The loan was to acquire rental properties to rent to low and moderate income renters.

Other

Additionally, FNBOTN originated 122 community development loans aggregating \$7,493,309. FNBOTN advanced funds to local businesses located in distressed census tracts within the bank's AA. Loans helped create and retain jobs. Some of the originations also were to purchase residences for low-and moderate income families or rented to low-and moderate-income families.

Specific examples of qualifying loans for community development entities and individuals for 2014 are described below:

Kevin Loftis dba Lotis Underground

FNBOTN originated a \$1,016,787 stabilization loan to a business in a distressed and underserved census tract in the AA to retain 50 jobs.

Phillip Staton

FNBOTN originated a \$60,000 revitalization loan to business located in a distressed or underserved nonmetropolitan middle -income tract. The borrower used the funds to performed preliminary engineering work for the non-profit "Rails for Trails" project.

Jane Boles

FNBOTN originated an \$110,000 economic development loan to open up a new daycare in a distressed or underserved census tract in the AA. This business will create only new jobs and is s a much-needed service to workers in the community.

Robert H Austin

FNBOTN originated an \$83,000 revitalization loan to a business located in a distressed or underserved nonmetropolitan middle -income tract to purchase a commercial truck for the recently established business.

Other

Additionally, FNBOTN originated 88 community development loans aggregating \$5,718,918. FNBOTN advanced funds to local businesses located in distressed census tracts within the bank's AA. Loans helped create and retain jobs. Some of the originations also were to purchase residences for low-and moderate-income families or rented to low-and moderate-income families.

## **Number and Amount of Qualified Investments**

The responsiveness of FNBOTN in providing qualified investment is adequate given the AA. During our review, we determined that FNBOTN has one qualified investment totaling \$30,000 over the evaluation period. Qualifying investments are investments, deposits, membership shares, or grants that have as their purpose community development, as defined in the CRA regulation. FNBOTN has committed to provide annually a \$10,000 grant to the Highland Initiative Phase III project, an economic development program administered through the City of Sparta, TN. This initiative includes White, Overton, Jackson, and Putnam Counties. It invites business owners to move to the highlands and aids in the retention of current business owners. The initiative's main goal includes economic growth and job creation in the highland area: which includes low and moderate income census tracts in the AA.

## **Extent to Which the Bank Provides Community Development Services**

The bank provides an excellent level of responsiveness to CD services through its branches, products, services, and activities with local organizations that support community development and services to low- and moderate-income people. 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. Bank officers have provided credit counseling, financial literacy education, and prospective home- buyers counseling. The following are examples of qualifying community development services:

### Habitat for Humanity

FNBOTN representatives provide financial education classes to potential homeowners in the AA on behalf of Habitat for Humanity. Bank personnel provide financial services to the organization, which include balancing their books, reconciling their bank statements and processing their accounts payable. Bank representatives attend various meetings held by the organization and help assist in the collaboration between Habitat for Humanity and Creative Compassion, Inc. Creative Compassion, Inc. provides affordable housing, home ownership, and mortgage loans for low to moderate- income families in Crossville, Tennessee and neighboring communities. Creative Compassion, Inc. also develops apartment style housing for low- income seniors and disabled persons who cannot live alone. The bank has a strong relationship with the Overton and Putnam County Habitat for Humanity offices.

### Cumberland Area Investment Corporation

Bank representatives have served on the Board and held offices such as Chairman of the Board, in addition to serving in the Loan Committee. FNBOTN representatives assist in reviewing loan applications for submission to the Executive Board that help create and maintain jobs in Cumberland County. These loans help fund small business expansions and promote small business start-ups.

### Heart of the City Playground

A playground built by volunteers in Dogwood Park in Cookeville, TN. It was designed and built to accommodate all children with a special emphasis on providing a place where children with disabilities could play and interact with other children. The playground

was a result of a partnership between the City of Cookeville and a volunteer group which raised funds for the playground. In nine months the group raised \$535,000. The playground is situated to serve geographies in Putnam County, TN that are in a Distressed or Underserved tracts. The bank donated \$5,000 towards the project and also provided \$5,000 in kind billboard space to help promote the various activities which helped to accomplish the funding for this facility.

Putnam County Library

The library provides educational and social needs to all socio-economic individuals. There are four offices in the county. The library provides a number of services including providing income tax preparation assistance to primarily Hispanic individuals in Monterey, TN. Computer usage is also available to low and moderate income individuals who have no other access to a computer. A member of FNBOTN's senior management is on the board and also serves as the board's Treasurer.

James P. & Mary Walker Scholarship

A private grant making foundation designed to award a \$24,000 need-based scholarship that is distributed at the rate of \$6,000 per year for four years. A committee consisting of a bank representative from the Overton County branch meets to select the recipient based on review of financial needs.

Teresa Garden, Inc.

This is a housing program in Crossville, TN (Cumberland County) intended for low income, physically disabled individuals. To qualify, one of the family members must be physically disabled and the overall family income must be below 50% of the median income in the area. A lender at the bank is on the Board of Directors to oversee the approval of renters and the budget of the facility.

Oakmont Garden, Inc.

Oakmont Garden, Inc. is an affordable apartment community located in Crossville, TN in Cumberland County. It was developed and operates with Federal housing financing and utilizes Section 202 Federal housing program to make rent affordable to lower income tenants. A lender at the bank is on the Board of Directors to oversee the approval of renters and the budget of the facility.

Cumberland Area Investment Corp.

Cumberland Area Investment Corp is an organization dedicated to providing quality services to the people of the Upper Cumberland region of Tennessee where improving the quality of life of the citizens is a driving mission. Various programs serve the low and moderate income population with partnerships with Area Agency on Aging and Disability, Relative Caregiver Program, and Special Projects Department Community and Economic Development Team, and addresses housing needs with the Community and Economic Research Department. The Cumberland Area Investment Corporation also helps develop small business and helps communities plan transportation projects through

the Rural Planning Organizations. One senior officer is chair of the Loan Review Committee and another serves on the Loan Review Board.

Upper Cumberland Human Resource Agency (UCHRA)

Some the targets of UCHRA assistance is to Chance Homes for Boys and Girls; Low-Income Energy Assistance, Child Care Food, Housing Opportunities for persons with AIDS, Career Centers, Adult & Juvenile Corrects, Homemaker Aids, etc. A member of senior management at the bank sits on the Advisory Board and uses financial skills to assist in discussion and decision-making.

School in Assessment Area

The bank is active in the schools, not only as a sponsor, but is also providing financial education to students at various schools, especially in the upper grade levels. The bank takes part in special events that promote economic and employment education for students in high school. Children from lower grades often are entertained at the one of the bank branches with a tour and brief explanation of the workings of a financial institution. The overwhelming percentage of schools in the bank's AA are providing free and reduced lunches to more than 50% of the students.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) "Assigned Ratings", or 12 CFR 195.28(c) "Assigned Ratings", in determining a national bank's or Federal Savings Association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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