



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

August 1, 2001

Community Development Investment Letter #2001-3
July 2004
12 CFR 24

Mr. Clyde A. Billings, Jr.
Senior Vice President and Counsel
First Tennessee Bank, N.A.
165 Madison Avenue, 3rd Floor
Memphis, TN 38103

Dear Mr. Billings:

This letter responds to your requests for prior approval, received on July 3, 2001, concerning certain investments that First Tennessee Bank National Association (the "Bank") wishes to make through its wholly-owned subsidiary, First Tennessee Housing Corporation (the "FTHC"). First, the Bank seeks prior approval to make a limited partner investment of \$3,943,103 in the Pecan Grove Senior Apartments, Limited Partnership (the "Partnership") under 12 U.S.C. § 24 (Eleventh) (the "statute") and 12 CFR Part 24 (the "regulation"), concerning national bank community development corporations, community development projects, and other public welfare investments. Second, the Bank requests OCC approval to self-certify future Part 24 investments in affordable housing projects that will cause the Bank's aggregate investments under the regulation to exceed 5 percent of its capital and surplus, up to a maximum of 10 percent of its capital and surplus.

As to the first request, according to the proposal, the Bank's investment will primarily benefit low- and moderate-income individuals. The FHTC will make a limited partnership investment in the Partnership that will develop, own, and operate affordable, rental housing in Memphis, Tennessee for elderly low- and moderate-income residents. The Partnership's project will utilize federal low-income housing tax credits that will flow to the Bank. The nonprofit developer and sponsor of the Partnership, Goodwill Homes Community Services, Inc., also demonstrates nonbank community support. The Bank plans to provide conventional financing in conjunction with the Partnership's project.

The aggregate amount of the Bank's Part 24 investments, including the proposed investment through the FHTC in the Partnership, do not exceed [] percent of the Bank's capital and surplus. The investment in the Partnership will not expose the Bank to unlimited liability. The Bank's proposed investment in the Partnership is consistent with the requirements of the statute and the regulation and is approved.

The Bank's second request seeks the OCC's approval to exceed the 5 percent limit for future investments that may be self-certified. See 12 CFR § 24.4(a). The Bank formed the FTHC on June 26, 1997, after receiving the OCC's determination that the corporation would meet the requirements of the statute and the regulation. Since that time, the Bank has self-certified additional investment amounts in the FHTC to enable it to become an investor in multiple low- and moderate-income housing projects. The proposal indicates that the Bank plans to continue to make affordable housing investments that qualify for federal low-income housing tax

credits as long as those investments are consistent with the public welfare and other requirements of the regulation.

To approve a bank's request to make investments in excess of 5 percent of capital and surplus, the OCC must determine that a higher amount will pose no significant risk to the deposit insurance fund. See 12 CFR § 24.4(a). The Bank is [] capitalized, and we are not aware of any information indicating that the additional investment amounts pose a risk to the deposit insurance fund. The OCC approves the Bank's request to self-certify future investments of the type described in the proposal up to a maximum of 10 percent of its capital and surplus. The requirements relating to the self-certification of investments and the other requirements of the regulation will, of course, apply to such investments. In no event shall the Bank's aggregate investments, including their contingent liabilities under the statute or the regulation, exceed 10 percent of its capital and surplus.

If requested by the OCC, the Bank shall provide reports concerning its investments in the FTHC and the FHTC's financial status, activities and accomplishments. Copies of all reports submitted to the OCC shall also be provided to the Deputy Comptroller, Large Bank Supervision.

You should be cautioned that the opinions set forth in this letter are based on information and representations provided to us by the Bank. Any changes in the nature, amount, or purpose of the Bank's investments, or in the purpose of the FHTC, could result in a different response being rendered concerning the conformance of the Bank's investment with the statute and the regulation.

This opinion regarding the Bank's Part 24 investments, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or an officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

If you have questions regarding this letter, please contact Karen Bellesi, Manager, Community Development Investments, at (202) 874-4930.

Sincerely,

signed

Barry R. Wides
Director
Community Development Division

cc: Ralph Horn, CEO and Chairman, First Tennessee Bank, N.A.
Kenneth Glass, President, First Tennessee Bank, N.A.