



Reinvestment
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September 18, 2017

Federal Reserve Bank of St. Louis
David L. Hubbard, Senior Manager
P.O. Box 442
St. Louis, Missouri 63166-2034.
Comments.applications@stls.frb.org

RE: Reinvestment Partners' response to First Horizon National Corporation Response to the Federal Reserve's Request for Additional Information on the Application by First Horizon National Corporation, Memphis, Tennessee to merge with Capital Bank Financial Corp., Charlotte, North Carolina, and thereby indirectly acquire Capital Bank Corp., Raleigh, North Carolina.

Dear Sir:

Reinvestment Partners has reviewed the response of First Horizon National Corporation ("First Horizon") and First Tennessee Bank National Association ("First Tennessee") to the Board of Governors of the Federal Reserve System staff's request for additional information. Reinvestment Partners respectfully submits these additional comments in response.

We are concerned that First Tennessee continues to combine low- and moderate-income ("LMI") borrowers and geographies in its analysis to try and prove that the bank is meeting its goals. Combining those two categories is essentially double counting because some LMI borrowers will also reside in LMI geographies. In combining those two percentages to create a composite, First Tennessee appears to be trying to create a "big" number that, in reality, does not signify anything meaningful. Reinvestment Partners continues to request that the bank separate those two categories since they are considered separately by regulators for CRA purposes and since performance in both areas may necessitate difference strategies.

First Tennessee has created a uniform 30% combined goal for serving LMI borrowers and geographies. Rather than setting the same arbitrary goal for all markets, First Tennessee should set its goals for each market. The goal should be to meet or exceed the market lending for HMDA loans separately in LMI geographies and to LMI borrowers across First Tennessee's footprint. A goal tied to market demand for each market and for each indicator is more significant because it better reflects whether the bank is meeting the needs of the specific market.

First Tennessee should set a similar goal for mortgage lending to minorities. Both Capital Bank and First Tennessee are not meeting market averages in applications from or mortgage lending to minority borrowers. While we are supportive of Capital Bank's efforts to make changes in its lending staff and establish new relationships to increase lending to minorities, the plan includes one community loan officer to serve the entirety of North Carolina. In addition, this plan was put into place only in 2017. This change is too little and too late to demonstrate an institutional commitment to better serve minority

borrowers. We would like to see First Tennessee develop a more comprehensive plan that will meet the needs of minority borrowers in all markets across North Carolina.

In response to the question regarding Capital Bank’s CRA and fair lending records, First Horizon states that Reinvestment Partners did not include CommunityOne in our analysis of HMDA lending. Actually, Reinvestment Partners included CommunityOne in our analysis of Capital Bank’s HMDA lending in 2016. Our analysis showed that Capital Bank and CommunityOne Bank’s levels of lending to LMI borrowers varied across MSAs. In Raleigh, just 10.4% of loans went to LMI borrowers, but in Greensboro 31.6% of all loans went to LMI borrowers. We continue to ask First Tennessee how the merger will improve lending to LMI borrowers more consistently across all of the bank’s new markets in North Carolina.

All Mortgage Loans by NC MSA 2016 Capital Bank and CommunityOne Bank			
NC MSA	LMI Borrowers	Total Loans	Percent to LMI Borrowers
Asheville	3	25	12.0%
Burlington	14	31	45.2%
Charlotte-Concord-Gastonia	78	396	19.7%
Durham – Chapel Hill	11	39	28.2%
Fayetteville	5	35	14.3%
Greensboro – High Point	61	193	31.6%
Greenville	-	2	0.0%
Hickory-Lenoir-Morganton	57	213	26.8%
Raleigh	11	101	10.9%
Rocky Mount	-	1	0.0%
Wilmington	-	4	0.0%
Winston-Salem	21	63	33.3%
NA/Rural	31	204	15.2%
Other		7	
Total	292	1,314	22.2%

Reinvestment Partners and several community partners recently met with representatives from First Tennessee and Capital Bank. We appreciate the bank’s willingness to meet and discuss these issues, but remain uncertain of their commitment to making the changes necessary to improve outcomes for all of North Carolina’s underserved communities. We welcome the opportunity to continue the conversation.

Sincerely,



Peter Skillern
Executive Director