



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Community Development Investment Letter #1999-3
September 2004
12 CFR 24

September 1, 1999

Mr. Monte Abell, Vice President
Farmers National Bank
P.O. Box 229
Agra, KS 67621

Dear Mr. Abell:

The purpose of this letter is to respond to your request for an opinion from the Office of the Comptroller of the Currency (the "OCC") concerning an investment proposal by Farmers National Bank, (the "Bank"), Agra, Kansas. The Bank proposes to make a direct equity investment in affordable housing for teachers in School District #324 (the "Project") under the requirements of 12 U.S.C. § 24(Eleventh) (the "statute") and 12 CFR 24 (the "regulation").

The Bank will make a direct equity investment of \$70,000 in the Project. The Project will be located in Agra, Kansas. The purpose of the Bank's investment is to purchase real property to develop affordable housing to local school teachers whose salaries are below 80 percent of the median income of Kansas.

Based on the Bank's proposal and subject to all the requirements of the regulation, the direct equity investment by the Bank in the Project is consistent with the statute and the regulation, and is approved. Information about the Bank's investment is summarized below.

According to the Bank's proposal, the investment will provide affordable housing to local school teachers whose salaries are below 80 percent of the median income of Kansas. The Bank will enter into an arrangement with the school district to develop the affordable housing and lease it back to the school district for a period of no more than 10-years, with the school district taking ownership of the property at the end of the lease. The housing will be sublet to the school teachers.

The Bank's proposal indicates that the investment will benefit the communities the Bank serves. The school district serves a wide rural area including Phillipsburg, the county seat that is a community of 2,800 people. The housing project will be located in Agra, Kansas. According to the Bank it is not reasonably practicable to obtain other private market financing for the proposed investment.

The Bank's investment in the Project does not exceed 5 percent of its unimpaired capital and surplus. In no event shall the Bank's aggregate investments exceed 10 percent of its unimpaired capital and surplus.

If requested by the OCC, the Bank will provide reports concerning its investment in the Project and the Project's financial status, activities, and accomplishments. Copies of all reports submitted to the OCC are to be forwarded to the Deputy Comptroller, Midwestern District.

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 change in the nature, amount, or purpose of the Bank's investment could result in a different opinion being rendered concerning the conformance of the Bank's investment with the statute and the regulation.

Should you have questions or comments regarding this letter, please contact Jacquelyn C. Allen, Community Development Specialist, or David Lewis, Manager, Community Development Investments, at (202) 874-4930.

Sincerely,

signed

Jeanne K. Engel
Deputy Comptroller
Community Affairs

cc: Lavern Holle, President, Farmers National Bank