



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

September 30, 2003

Community Development Investment Letter #2003-3

**May 2004
12 CFR 24**

Ms. Lisa Alexander
Senior Vice President and Treasurer
California National Bank
221 S. Figueroa Street
Los Angeles, CA 90012

Dear Ms. Alexander:

This letter responds to the after-the-fact notice from California National Bank (the “Bank”) that we received on September 23, 2003. The Bank will purchase preferred shares in the amount of \$9,999,990 in the CharterMac CRA Preferred Shares (the “CharterMac”) under the requirements of 12 USC § 24 (Eleventh) (the “Statute”) and 12 CFR Part 24 (the “Regulation”) concerning national bank community and economic development entities, community development projects, and other public welfare investments.

The Bank’s notice indicates that the purpose of its investment in the CharterMac is to primarily benefit low- and moderate-income individuals. The CharterMac acquires and owns tax-exempt participating and nonparticipating first mortgage bonds and other tax-exempt instruments that are issued by various state or local governments, agencies or authorities. The proceeds from the bonds are used for financing affordable housing development and rehabilitation, and most of the properties benefit from the use of federal low-income housing tax credits. The CharterMac has committed to finance two properties in Orange and Pasadena, California, respectively.

The Bank attests that it is eligible to provide an after-the-fact notification, and that its investment complies with the public welfare and the investment limit requirements of §§ 24.3 and 24.4. The aggregate amount of the Bank's outstanding investments and commitments under the regulation may not exceed [] percent of its capital and surplus without prior, written approval by the OCC. In no event may the aggregate amount of the Bank's outstanding investments and commitments under the regulation exceed 10 percent of its capital and surplus. If requested by the OCC, the Bank will provide reports concerning its Part 24 investment.

The response set forth in this letter is 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 response being rendered concerning the conformance of the Bank’s investment with the statute and regulation.

This response regarding the Bank's Part 24 investment and the activities, and communications by OCC employees in connection with this filing, does not constitute a contract, express or implied, or any other obligation upon the OCC, the U.S., or any agency or entity of the U.S., or an officer or employee of the U.S. This response does not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable laws 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 Investments, at (202) 874-4930. You may also access general information about the national bank community development investment authority under Part 24 on <http://www.occ.treas.gov/cdd/commfoc.htm>

Sincerely,

/s/ Barry R. Wides

Barry R. Wides
Director
Community Development Division