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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Community Development Investment Letter #2004-4**  
**February 2005**  
**12 CFR 24**

December 27, 2004

Ms. Edna R. Martinez  
Branch President  
First National Bank  
301 S. Texas  
Mercedes, Texas 78570

Dear Ms. Martinez:

This letter responds to the after-the-fact notice from First National Bank (the “Bank”) that we received on December 8, 2004. The Bank indicates that it made an equity investment of \$15,862 in its wholly owned subsidiary, First National Group Community Development Corporation (“FNGCDC”) 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 its investment in the FNGCDC primarily benefits low- and moderate-income areas. The FNGCDC will lend money to families living in low- income areas of the Rio Grande Valley to finance the construction of water and sewer facilities.

The Bank attests that it is eligible to provide an after-the-fact notification, and that the investment complies with the public welfare and the investment limit requirements of §§ 24.3 and 24.4 of the Regulation. The aggregate amount of the Bank's outstanding investments and commitments under the Regulation may not exceed 5 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 Statute and 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 the 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 feel free to contact me 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/pt24toppage.htm>.

Sincerely,

*/s/ Barry R. Wides*

Barry R. Wides  
Deputy Comptroller  
Community Affairs