

PUBLIC DISCLOSURE

October 30, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Eldorado Bank
RSSD 133869
24012 Calle de La Plata, Suite 340
Laguna Hills, California 92653**

**Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California 94105**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION

INSTITUTION'S CRA RATING - This institution is rated Satisfactory.

Eldorado Bank demonstrates an overall satisfactory level of performance under the Community Reinvestment Act (CRA), as measured by the large bank performance criteria. Performance under the lending test reflects lending levels within the assessment areas that indicate a good response to the credit needs of low- and moderate-income communities and borrowers. The bank displayed an adequate level of lending to businesses with gross annual revenues of \$1 million or less. These loans accounted for less than a majority of the small business loans originated by the bank despite the fact that such businesses comprise greater than 80 percent of the businesses in each of the bank's three assessment areas. Demographic data and information obtained from community contacts suggest further opportunities to lend to small businesses exist in the bank's markets. The bank's performance under the lending test was enhanced by flexible and innovative lending practices designed to address the critical needs of the bank's target markets and an adequate level of community development lending.

With respect to the investment test, the bank's level of qualified community development investments and grants relative to identified needs within the assessment areas is adequate. The bank's delivery systems are reasonably accessible to all portions of its assessment areas, and community development services provided by bank staff supplement the financial assistance provided through community development loans and investments.

The following table indicates the performance level of Eldorado Bank with respect to the lending, investment, and service tests.

Eldorado Bank			
PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
Needs to Improve			
Substantial Noncompliance			

**** The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.***

DESCRIPTION OF INSTITUTION

Eldorado Bank (“Eldorado”) is a wholly-owned subsidiary of Eldorado Bancshares and began operations in 1972 with the opening of its main office in Tustin, California. Eldorado is the largest independent bank headquartered in Orange County, California. As of June 30, 2000, Eldorado had total assets of \$1.01 billion¹ and operated a network of 16 full-service branches located in Orange (10 offices) Riverside (2 offices), San Bernardino (1 office), San Diego (2 offices), and Sacramento (1 office) counties. In Sacramento, the bank operates under the name Commerce Security Bank, a Branch of Eldorado Bank, because of a competing bank’s claim to the name Eldorado Bank. During most of the examination period, the bank also originated loans throughout the western United States through a network of wholesale and retail mortgage loan production offices (“LPOs”). However, a change in business strategy resulted in the sale of the mortgage unit in March of 2000.

The bank’s primary focus is on providing a wide range of products and services to small- and medium-sized businesses and retail customers. The targeted business is one with \$1 million to \$25 million in gross annual revenues. Products offered include, but are not limited to the following:

- Commercial construction,
- Commercial lines of credit and term loans, and
- SBA-guaranteed loan programs including the 504 and 7(a),
- Consumer auto loans, and
- Residential construction and land development loans.

The bank’s loan portfolio, as shown in the table below, reflects its commercial focus.²

Loan Type	Dollar Amount (000s)	Percent of Total
Commercial/Industrial & Non-Farm Non-Residential Real Estate	\$323,975	56.4%
Secured by 1-4 Family Residential Property	\$45,229	7.9%
Consumer	\$72,036	12.5%
Lease Financing	\$60,138	10.5%
Construction	\$70,103	12.2%
Credit Cards	\$3,276	0.6%
Total	\$574,757	100.1%³

Deposit products offered are characteristic of community bank and include checking, savings, money market, and certificates of deposit. The bank also has an interactive Internet website that allows customers access to their deposit and loan accounts and offers bill payment services.

¹ SOURCE: Consolidated Reports of Condition and Income (CALL Report) as of June 30, 2000.

² *Ibid.*

³ Does not equal 100 due to rounding; this footnote applies to all tables throughout this evaluation in which percentage figures are totaled.

The bank has chosen three assessment areas with the following characteristics:

- **Orange County Assessment Area**
Orange, San Bernardino, and Riverside Counties in their entirety.
- **Sacramento Assessment Area**
Sacramento, El Dorado, and Placer Counties in their entirety.
- **San Diego Assessment Area**
The northern portion of San Diego County.

The defined assessment areas are consistent with the bank's capacity given its branch structure and lending strategy and are in conformance with the technical provisions of the regulation.

The bank's local competitors are primarily branch offices of large regional and national financial institutions such as Wells Fargo, Washington Mutual, and Bank of America. It does not appear that the bank is facing any financial constraints or legal impediments that would inhibit its ability to meet community credit needs consistent with its business strategy, size, financial resources, and local economic conditions. The bank received a satisfactory rating at its previous CRA examination conducted as of November 30, 1998.

SCOPE OF EXAMINATION

Eldorado's CRA examination was conducted using the large bank performance criteria. It consisted of an evaluation of the bank's performance under the lending, investment, and service tests. The sample period for the lending and service tests was July 1, 1998 through June 30, 2000, while activity under the investment was considered up to the examination date of October 30, 2000.

For the lending test, examiners reviewed the bank's reported small business, home mortgage,⁴ and consumer lending⁵ activity. Below is the distribution of lending activity considered.

Loan Product	Number of Loans		Dollar Volume (000)	
Small Business	1,186	6.4%	\$281,763	11.1%
Home Purchase	7,883	42.4%	\$1,023,654	40.5%
Home Refinance	8,416	45.2%	\$1,196,458	47.3%
Home Improvement	1	--	\$80	--
Motor Vehicle	1,025	5.5%	\$18,724	0.7%
Home Equity	80	0.4%	\$8,259	0.3%
Other Consumer Secured	12	0.1%	\$294	--
Other Consumer Unsecured	8	--	\$298	--
Total	18,611		\$2,529,530	

Due to the minimal number of home improvement, home equity, and other consumer (secured and unsecured) loans originated, those loan types were not considered in the lending analysis.

⁴ Includes conventional and government secured home purchase, refinance, and home improvement loans that are required to be reported under the Home Mortgage Disclosure Act (HMDA).

⁵ Includes motor vehicle, home equity, other consumer secured, and other consumer unsecured loans.

The loan types reviewed represent the majority of the bank's loan portfolio. The review under the investment test included an evaluation of the bank's securities, grants, donations and other investments made until the date of the examination. In conjunction with the service test, the examiners evaluated the scope, extent and adequacy of services provided, and the effectiveness of established delivery systems such as branch office locations.

Full-scope reviews were conducted for the Orange County and Sacramento assessment areas. Activity in the San Diego assessment area was reviewed for its consistency with the performance in the full-scope assessment areas. The majority of the bank's offices, as well as its lending, investment and service activity, is in the Orange County assessment area. Accordingly, the bank's activity in this assessment area received the most consideration in arriving at the overall assessment.

OVERALL CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Eldorado's overall performance under the lending test is low satisfactory. The bank's average loan-to-deposit ratio of 71.5 percent indicates a loan volume that is consistent with the bank's capacity to lend. Further, the bank's lending patterns exhibit a satisfactory distribution of loans among low- and moderate-income borrowers and geographies. The bank's community development lending and innovative and flexible loan programs also are evidence of the bank's responsiveness to the needs of its assessment areas. Due to its wholesale mortgage lending operations, however, the bank's assessment area concentration was significantly less than a majority of the loans originated. In addition, lending to businesses with gross annual revenues of \$1 million or less was comparatively low.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. According to Call Report data, overall lending levels at various points throughout the review period were as follows:

LENDING LEVELS						
Quarter End Date	6-30-00	03-31-00	12-31-99	03-31-99	09-30-98	06-30-98
Net Loans & Leases (000s)	\$562,895	\$616,690	\$661,640	\$683,475	\$675,561	\$688,477
Percentage Change	- 8.7%	- 6.8%	- 3.2%	+ 1.2%	- 2%	

Due, in large part, to the bank's sale of its mortgage lending division in March 2000, and the corresponding decrease in home mortgage lending activity, net loans and leases have decreased by 18.2 percent since the previous examination. Deposits decreased by 7.2 percent during the same period. The bank's loan to deposit ratio averaged 71.5 percent during this same period, demonstrating a level of lending that is reasonable and consistent with its capacity.

Of all loans extended inside one of the bank’s three assessment areas, 34 percent were extended inside the Orange County assessment area, while 60 percent were extended inside the Sacramento assessment area, and 6 percent were extended inside the San Diego assessment area. This disparity is reflective of the fact that the bank’s mortgage unit, which originated the vast majority of the loans during the examination period, was headquartered in Sacramento. Conversely, 69.9 percent of the bank’s small business loans and 66.6 percent of its consumer loans were extended in the bank’s Orange County assessment area, where most of the bank’s branches are located.

Assessment Area Concentration

Eldorado’s assessment area concentration is considered adequate. The following table shows the overall lending inside and outside the bank’s assessment areas.

Loan Type	Inside Assessment Area		Outside Assessment Area	
	#	%	#	%
Small Business	1,002	84.5%	184	15.5%
Home Purchase	3,155	40%	4,728	60%
Home Refinance	2,264	26.9%	6,152	73.1%
Motor Vehicle	709	69.2%	316	30.8%
Total	7,130	38.5%	11,380	61.5%

The overall low penetration of loans inside the assessment area is the result of the bank’s mortgage lending through its LPOs. The majority of these LPOs were located outside the bank’s assessment areas. Because they produced a quantity of loans far surpassing the combined total of the bank’s other loan products, the assessment area penetration is correspondingly weak. Going forward, the bank’s assessment area penetration should improve as a result of the sale of the mortgage operations and the bank’s increased focus on commercial lending within its areas of service.

It should be noted, however, that the low assessment area penetration is not indicative of insufficient local lending. The geographic and borrower distribution of the bank’s loans indicate that a respectable percentage of the home mortgage loans made inside an assessment area were made to low- and moderate-income borrowers or located in low- and moderate-income census tracts. Further, a substantial majority of the bank’s small business and consumer loans were made inside its assessment areas. With the sale of the mortgage operations, bank management considers small business and consumer lending to be “core bank” products. Finally, as discussed in the performance context, all three assessment areas are heavily banked, indicating significant competition and lending options for the residents and businesses located in Eldorado’s assessment areas.

Lending Distribution by Geography

The bank’s lending patterns exhibit a good overall distribution among the different income geographies. The bank has extended small business, home mortgage and consumer loans throughout its assessment areas consistent with the local credit demand and lending opportunities.

Particular strength is noted in the bank's small business lending profile. The bank's lending patterns exhibit an excellent record of serving the credit needs of businesses located throughout the various income geographies – particularly low-income geographies – relative to the aggregate lending performance and the percentage of businesses located in those geographies.

The distribution of the bank's home mortgage loans is reasonable based on housing values and the levels of home ownership within assessment area census tracts. As reflected in performance context data, the percentage of owner-occupied housing in low- and moderate-income tracts is significantly lower than that in the middle- and upper-income tracts. Further, performance context data, including community contacts, substantiate a severe shortage of affordable housing throughout the state, but particularly in the Orange County and San Diego areas. The bank's level of lending, however, is slightly better than that of other lenders in the area. With respect to consumer loans, the distribution of lending in low- and moderate-income tracts more closely approximates the distribution of families residing in those tracts.

Lending Distribution by Business Size and Borrower Income

According to Dun & Bradstreet, 87.2 percent of all the businesses in the bank's combined assessment areas are small businesses, that is, businesses with gross annual revenues of less than \$1 million. Despite that fact, only 40 percent of the total business loans extended were made to businesses of this size.

While the level of lending to small businesses may be lacking, it should be noted that of those loans extended to small businesses, more than half were in amounts of \$100,000 or less. Contacts noted that small dollar loans are a particular need of the "mom & pop" type businesses in the bank's assessment areas, notably in the Orange County Assessment Area. In addition, community development lending through investments in Community Development Corporations ("CDCs") and Community Development Financial Institutions ("CDFIs") serving the bank's Orange County and San Diego assessment areas enhanced the bank's performance with regard to lending to small businesses. These organizations focus on lending to small businesses that are underserved by traditional lending institutions. Consequently, the bank, through its investments, has found an alternative method of serving this market.

With respect to home mortgage and consumer loans, a significant percentage of loans were made to low- and moderate-income borrowers. The borrower distribution is notable, particularly when considering the shortage of affordable housing, as discussed above. Despite this fact, the bank made home purchase loans to low- and moderate-income borrowers at a rate that was only slightly less than those borrowers' representation in the combined assessment areas. Refinance loans were made to low- and moderate-income borrowers at a rate that was notably less than those borrowers' representation in the market. It should be noted, however, that the bank's level of lending to low- and moderate-income mortgage borrowers (both home purchase and refinance) was comparable to or exceeded the level of lending to the same groups by other lenders in their areas. Consumer lending is notable in that the level of lending to low-income borrowers exceeded the representation of low-income residents in the assessment areas, while the level of lending to moderate-income borrowers was comparable to that group's representation in the combined assessment areas.

Community Development Lending

Since the previous examination, the bank has extended 9 community development loans for approximately \$12.6 million to organizations that promote community development within its assessment areas. The current level of community development lending represents a three-fold increase over the level at the previous examination and addresses a variety of needs, including affordable housing, job creation for low- and moderate-income people, and the provision of community development services for low- and moderate-income people.

The bank also facilitates community development lending through its commitment of funds to a number of third party lenders focusing, primarily, on small business lending. Funds amounting to \$798,500 have been committed several loan pools. These loan pools have, in turn, used the funds to assist in the extension of 89 loans amounting to \$233,115 since November 1998.

Innovative and Flexible Loan Practices

Eldorado has taken steps to address specific needs within its assessment areas by creating and participating in several innovative and flexible lending programs targeted to low- and moderate-income individuals. Programs introduced since the previous examination are detailed below. Due to the sale of the bank's mortgage division, unless otherwise noted, those programs involving mortgage loans were not offered after March 2000.

- **FHA Access 2d Mortgage Program**
This program is offered through California Rural Home Mortgage Finance Authority. Under the program, Eldorado offers 2d mortgages to low- and moderate-income borrowers at rates comparable to those offered by government and non-profit agencies. Borrower income cannot exceed 100 percent of median; the income requirement is waived if the property is located in certain areas. In 1999, the bank originated 66 loans totaling \$7.5 million; \$3 million benefited residents of the bank's assessment areas. In 2000, the bank made two loans totaling \$178,000 benefiting an assessment area .
- **Subsidized 1st Time Home Buyer (Northern & Central California)**
The bank participated in various programs offered by local government agencies in Northern and Central California. The programs provided down payment assistance and closing cost assistance to first time homebuyers.
- **Mortgage Credit Certificates**
Eldorado was approved by Sacramento County to provide mortgage credit certificates to first time homebuyers. Since the previous examination, the bank funded 12 loans totaling \$1.4 million to residents of their assessment area using certificates.
- **San Diego County Mobile Home Park Resident Ownership Program (MPROP)**
This program assists mobile home residents in purchasing their lots. Purchasing the lot reduces housing costs by eliminating lot rent payments. In order to be eligible, borrower income cannot exceed 80 percent of the median. In 1999, the bank funded 7 MPROP loans totaling \$266,000. As of June 2000, the bank had funded two MPROP loans totaling \$78,000. The bank still offers this program.

- **Manufactured Home/Lot Program**
Eldorado developed this program for seniors who do not meet the eligibility criteria of the MPROP program. There are no income requirements, but borrowers must be seniors. Since the previous examination, the bank originated 30 loans totaling \$2.7 million under this program. The bank still offers this program.
- **Y2K Loans**
This program was designed for small business owners who needed to update their systems in response to the century date change crisis. In 1999, the bank originated three loans totaling \$66,000.
- **USDA Rural Development Guaranteed Rural Housing Loan Program**
Eldorado (Commerce Security) is a USDA-approved lender of loans under the Guaranteed Rural Housing Loan Program. The bank has not originated any loans yet, but management plans to also offer the program in San Bernardino and Riverside Counties, as well as in its Northern California assessment area.

During the exam period, the bank continued to offer the following innovative and/or flexible loan programs that had been offered during the previous review period. As previously mentioned, unless otherwise noted, mortgage programs were discontinued in March 2000.

- **Leisure World**
This non-traditional, co-operative home financing program facilitates home ownership by seniors at a local retirement community and is offered by only one other bank in the area. Since the previous examination, the bank has originated 306 loans totaling \$16.3 million under this program. The bank still offers this program.
- **FNMA Community Home Buyer Program**
This program was available to borrowers with incomes of 100 percent or less of area median income. In 1999, Eldorado originated 16 loans under the program, 3 of the loans totaling \$317,000 benefited residents of the bank's assessment areas. In 1998, the bank originated 59 loans totaling \$6.5 million under the program. Figures on the number and amount of loans benefiting the assessment area in 1998 were not available for this product.
- **FNMA/FHLMC 97 Flex**
This program offers mortgage loans with a maximum loan-to-value of 97 percent. In addition, down payment and closing costs may be all or in part from gift funds. The maximum mortgage allowed under the program is \$227,000. Since the previous examination, the bank originated over 120 loans under this program totaling more than \$15 million. Thirty-one loans totaling \$4.5 million benefited residents of the bank's assessment area.
- **FHA 203(b) Program**
This program permitted down payments as low as 1.2 percent of home value and higher debt-to-income ratios. Closing costs also could be financed under the program. Maximum loan limits were based on the location of loan and/or the number of units in the building.

In 1999, the bank made 1,880 loans totaling \$220 million; 730 loans totaling \$89 million benefited the bank's assessment area. In 2000, the bank originated 69 loans for a total of \$8.5 million benefiting members of the bank's assessment areas. In 1998, the bank originated over 1,000 loans totaling \$127 million, however, figures are not available as to what portion benefited the bank's assessment area.

- **SBA 7(a) & 504 Programs**
The bank offers commercial loans guaranteed by the Small Business Administration. Under this program, the bank originated 126 loans totaling \$50.4 million in 1999, and 55 loans totaling \$16.7 million as of June 2000.
- **Affordable Auto Loan Program**
This program, developed by Eldorado in 1998, was for borrowers with incomes of 80 percent or less of the area median income and offered terms and underwriting criteria that were more favorable than the bank's standard auto loan product. In 1999, the bank funded five loans totaling \$40,000. The program was discontinued due to lack of interest and no loans were made in 2000.
- **Small Business Loan Program**
This program offers more lenient underwriting standards and reduced fees. The program focuses on establishing relationships with clients through seminars on topics of interest to small business owners. Since the previous examination, the bank originated 161 loans totaling \$9.6 million under this program.

INVESTMENT TEST

The bank has made an adequate level of qualified community development investments and grants. Those investments support a diverse array of community development initiatives, including affordable housing, services to low- and moderate-income school children and adults, and small business development. Since the previous examination, the level of qualified investments and grant activity has increased from \$1.1 million to \$4.8 million, which includes \$3.7 million in new investments. These qualified activities represent 1.5 percent of the bank's investment portfolio, 6.3 percent of equity capital, and 0.5 percent of total assets.

Responsiveness to Credit and Community Development Needs

Community contacts in all three assessment areas identified affordable housing and small business loans as primary credit needs. Qualified investments made since the previous examination have largely been targeted to these needs, including \$4.5 million for affordable housing and \$28,000 for small business development. In addition, \$155,000 was targeted to the provision of services for low- and moderate-income people and \$100,000 was provided to organizations serving a diverse array of community development purposes. Approximately \$3.3 million of the bank's investments benefited a broad region of the state that included one or all of the bank's assessment areas. Though responsive to the identified credit needs of the bank's assessment areas, the bank's investments tend to be routine, rather than innovative and/or complex in nature.

SERVICE TEST

Eldorado provided a satisfactory level of retail and community development services during the examination period. Retail branches are generally accessible to essentially all portions of the assessment areas, including low- and moderate-income geographies. Additionally, the provision of community development services to organizations that serve low- and moderate-income individuals or geographies show the bank's commitment in time and personnel to identified credit needs.

Retail Banking Services

The bank's retail delivery systems are accessible to essentially all portions of its assessment areas and banking services, including business hours that do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies. Generally, banking hours are 9:00 a.m. to 4:00 p.m. or 5:00 p.m. on weekdays and 9:00 a.m. to 6:00 p.m. on Fridays. Those branches that close at 4:00 p.m. generally have drive-up tellers that stay open until 5:00 p.m. Four branches offer Saturday hours. A full range of deposit and loan services are available at each branch and ATMs are located at all but the Sacramento branch. In addition, the bank offers 24-hour phone banking and bank-by-mail free of charge to all customers. Through its Bank Where Your Company Banks program, the bank also allows customers who are employees of Eldorado's business customers to use the bank's business courier service to complete personal banking transactions.

Five of the bank's sixteen branches are located in low- or moderate-income census tracts. In addition, three branches located in middle-income tracts are within five miles of low- or moderate-income tracts. In addition to its on-site ATMs, the bank operates one off-site ATM at the El Camino Mall in the city of Carlsbad; this is not a deposit-taking ATM.

Since the previous examination, the bank closed one branch office in Long Beach, California and relocated its Sacramento branch to a new location. These changes, however, did not adversely impact low- or moderate-income geographies or people. In addition, the bank has adopted a branch closing policy that meets the notification provisions of section 42 of the Federal Deposit Insurance Corporation Improvement Act of 1991 and indicates that a study of the impact on the community will be made prior to the closing of any branch office.

Community Development Services

The bank provides an overall adequate level of community development services to CRA-qualified organizations throughout its assessment areas. Employee involvement in community development services to organizations that serve low- and moderate-income families and individuals or promote the growth and success of small businesses within the assessment areas is approximately 41 hours per month. Bank employees serve on the boards of a variety of organizations serving the community development needs of the state and the bank's assessment areas. The bank also provided financial literacy and homebuyer education programs to low- and moderate-income consumers. Opportunities do exist, however, to increase the level of service provided in the bank's San Diego assessment area.

COMPLIANCE WITH FAIR LENDING LAWS AND REGULATIONS

Eldorado has developed policies, procedures and training programs designed to facilitate compliance with fair lending laws and regulations. No violations of the substantive provisions of anti-discrimination laws and regulations were identified at this examination, and there was no evidence that the bank engages in any prohibitive practices.

ASSESSMENT AREA SUMMARIES⁶

For each assessment area where a full-scope review was performed using the examination procedures.

DESCRIPTION OF OPERATIONS IN ORANGE COUNTY ASSESSMENT AREA

The Orange County assessment area encompasses Orange, San Bernardino, and Riverside Counties, in their entirety. Orange County, where the majority of the bank's branches are located, is situated along 42 miles of coast, bordered by Los Angeles County to the north, San Diego County to the south, and Riverside and San Bernardino Counties to the east. Leading cities in Orange County include Santa Ana, Anaheim, Huntington Beach, and Garden Grove. Most of the county's population is located in the northwest corner, along the coast.⁷ Riverside County is considered part of the Inland Empire. Leading cities include Riverside, Moreno Valley, and Corona. This county is expected to experience strong growth over the next 20 years, increasing the current population by 77 percent.⁸ San Bernardino County, which also is part of the Inland Empire, is the largest county in the United States, encompassing 20,000 square miles.⁹ It is also one of the fastest growing counties in California, with a projected increase in population of more than 62.7 percent over the next 20 years.¹⁰ Leading cities include San Bernardino, Ontario, and Rancho Cucamonga.

The assessment area's 779 census tracts have the following income characteristics.

Tract Category	Number	Percent
Low-Income	35	4.5%
Moderate-Income	202	25.9%
Middle-Income	344	44.2%
Upper Income	198	25.4%

As evidenced by the above table, the majority of census tracts in this assessment area are middle- and upper-income. Nearly one-third, however, are low- or moderate income. These tracts are distributed throughout the assessment area. The population and family distribution among the four income geographies is shown below.

Tract Income Level	Total Population	Percent Population	Percent Families
Low-Income	152,139	3.1%	2.1%
Moderate-Income	1,212,020	24.3%	21.8%
Middle-Income	2,271,108	45.5%	46.6%
Upper-Income	1,354,796	27.2%	29.5%
TOTAL	4,990,063	100.1 %	100%

⁶ Unless otherwise stated, all statistical information cited in this evaluation, is taken from the 1990 US Census.

⁷ SOURCE: California Employment Development Department County Snapshots: www.calmis.ca.gov.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

The 1998 HUD-adjusted median family income for Orange County is \$65,800. For Riverside and San Bernardino Counties, the figure is \$46,500. According to the 1990 census data, families in the assessment area are distributed by income as depicted in the following table, with 7.4 percent of all families living below the poverty level.

Income Category	Percent of Families
Low-Income	19.8%
Moderate-Income	18.0%
Middle-Income	23.0%
Upper-Income	39.1%

According to Dun & Bradstreet data, there are approximately 167,630 businesses in the three county region. Orange County has experienced record job growth and declining unemployment rates, with projected increases in the three largest employment sectors – services, manufacturing, and retail trade – ranging from 11.2 to 25.9 percent by 2004.¹¹ As of September 1999, its unemployment rate was 2.7 percent.¹² At 5.5 percent unemployment, Riverside County’s 1999 unemployment rate was slightly above the statewide average of 5.2 percent.¹³ Services, retail trade, and government sectors are the primary employers in the county and are projected to continue to be so through 2002.¹⁴ San Bernardino County’s unemployment rate of 4.8 percent was slightly below the statewide average.¹⁵ As in Riverside County, services, retail trade, and government are the three largest employers.¹⁶

Affordable housing is a challenge throughout this assessment area, but particularly so in Orange County. As of August 2000, the average home prices in Orange, Riverside, and San Bernardino Counties were \$285,000, \$146,500, and \$128,000, respectively. These prices represent an increase of 12 to 18 percent over the same period last year.¹⁷ Using standard Fannie Mae/Freddie Mac underwriting guidelines,¹⁸ a borrower would have to amass a \$25,000 down payment in order to qualify for a loan to purchase a home with the lowest median sales price. In Orange County, the level of funds increases significantly to approximately \$60,000. The high cost of rental housing in the assessment area – 1999 market rent for a two bedroom apartment in Orange, Riverside, or San Bernardino County averaged \$940, \$677, and \$703, respectively¹⁹ – makes it difficult for a low- or moderate-income individual or family to save the needed funds. According to community contacts in this assessment area, affordable housing is one of the most critical needs facing all three counties. In addition, small business financing needs generally consist of small dollar loans in amounts less than \$100,000.

¹¹ SOURCE: California Employment Development Department County Snapshots: www.calmis.ca.gov.

¹² SOURCE: Orange County Government website: www.oc.ca.gov.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ SOURCE: C.A.R. News Releases, California Association of Realtors Online, p. 3, www.car.org.

¹⁸ Housing affordability calculated in accordance with Fannie Mae qualifying housing ratio of 28 percent, with a down payment of 20 percent of the sales price, 30-year term, 7.6 percent interest rate and 1.25 percent for taxes and insurance assumed. The same assumptions are true of affordability calculations used in future sections of this report.

¹⁹ SOURCE: p. 17 of *California’s Affordable Housing Crisis*, a report by the California Budget Project. May 2000.

Eldorado is the largest independent bank in Orange County, but is still faced with significant competition in this assessment area. Some idea of the competitive banking environment may be obtained from a review of deposit share data. According to the survey of insured deposits performed by the Federal Deposit Insurance Corporation as of June 30, 1999, within the three counties that comprise the bank's Orange County assessment area, the following banking statistics are applicable.

	Orange	Riverside	San Bernardino
Number of Institutions	93	40	43
Total Branches Operated	557	223	204
Total Deposits	\$36.4 Billion	\$10.9 Billion	\$9.6 Billion
Eldorado's Market Share	1.54%	0.71%	0.12%

LENDING TEST

Eldorado's overall lending activity in the Orange County Assessment Area reflects a good responsiveness to assessment area credit needs. The evaluation is based on the distributions of those loans extended inside the assessment area during the review period as depicted in the following table.

Loan Product	Number	Percent	Amount (000)	Percent
Small Business	829	29.4%	\$194,387	53.5%
Home Purchase	428	15.2%	\$40,603	11.2%
Home Refinance	880	31.2%	\$116,333	32%
Motor Vehicle	680	24.1	\$12,304	3.4%
Total	2,817	99.9%	\$363,627	100.1%

As previously mentioned, approximately 70 percent of the bank's small business and consumer lending occurred in this assessment area, while only 5 percent of its home mortgage lending was in the Orange County assessment area. This lending pattern is consistent with the distribution of branches between the three assessment areas and the commercial focus of the branches in the Southern California region.

Lending Distribution by Geography

The bank has extended loans throughout the Orange County assessment area in a manner that is consistent with its business strategy and available lending opportunities. Overall, and consistent with the bank's lending strategies, its record of lending to small businesses and consumers in diverse geographies is considered good.

Small business lending distributions for all census tracts are detailed in the table below.

Census Tract Income Level	Eldorado		Aggregate Lending ²⁰	Tracts	Businesses
	#	%			
Low-Income	114	13.8%	6.8%	4.5%	6.0%
Moderate-Income	216	26.1%	23.9%	25.9%	26.2%
Middle-Income	265	32.0%	40.6%	44.2%	42.2%
Upper-Income	234	28.2%	28.6%	25.4%	25.3%
Total	829	100.1%	99.9%	100%	99.7%

As detailed in the table, the percentage of lending to business located in low-income tracts surpasses the distribution of business located in those tracts, while the distribution of loans to business in moderate-income tracts is virtually identical to the distribution of small businesses in these geographies. In addition, the bank's distribution of loans to businesses in low- and moderate-income tracts surpasses the level of lending to businesses in these geographies by aggregate lenders in the area.

The geographic distribution of the bank's mortgage and consumer lending products are reasonable as detailed in the table below.

Loan Type	Low Income		Moderate Income		Middle Income		Upper Income	
	#	%	#	%	#	%	#	%
Home Purchase	4	0.9%	263	61.4%	95	22.2%	66	15.4%
Home Refinance	4	0.9%	46	10.2%	184	40.7%	218	48.2%
Motor Vehicle	21	3.1%	136	20.0%	258	37.9%	265	39.0%
Families	2.1%		21.8%		46.6%		29.5%	
Owner-Occupied Housing	0.7%		17.3%		48.0%		34.0%	
Aggregate Lending –Purchase	1.5%		13.2%		43.1%		42.2%	
Aggregate Lending – Refinance	0.9%		9.9%		41.0%		48.3%	
Census Tracts	4.5%		25.9%		44.2%		25.4%	

Though slightly below the representation of families located in those tracts, the level of mortgage lending in low-income geographies is commensurate with the percentage of owner-occupied housing and only slightly below the level of lending by aggregate lenders. Of particular note, however, is the bank's level of home purchase lending in moderate-income tracts. This level of lending is very strong and particularly commendable given the level of owner-occupied housing and the distribution of families in those tracts. The stronger performance in these tracts is likely attributable to a number of factors. First, the Orange County assessment area contains a significantly higher percentage of moderate-income tracts (202 moderate-income tracts versus 35 low-income tracts). Second, three bank branches and one mortgage LPO were located in moderate-income tracts within the Orange County assessment area versus only one branch located in a low-income tract. Finally, the bank's involvement with a number of non-profits dedicated to affordable housing in this assessment area has likely proven a source of moderate-income clientele.

²⁰ Aggregate lending is the total lending activity in the bank's assessment area for those large financial institutions required by the CRA regulation to collect and report lending data.

With regard to motor vehicle lending, the bank’s loan distributions are similar to the distribution of families in the assessment area with over 20 percent of the bank’s motor vehicle loans extended in low- and moderate-income census tracts.

Lending Distribution by Business Size and Borrower Income

The bank’s record of small business, consumer and home mortgage lending shows an adequate overall distribution of loans to businesses of different sizes and to borrowers of different income levels.

Of the 829 small business loans made inside the Orange County assessment area, 321 or 38.7 percent of those were made to businesses with gross annual revenues of \$1 million or less. Similarly, 30.4 percent of the total dollar amount of small business loans made in the assessment area went to small businesses. According to Dun & Bradstreet, 86.9 percent of the businesses in the Orange County assessment area are small businesses as that term is used in the CRA regulation. Aggregate small business lending data shows that other large banks in the area lent to small businesses at the rate of 53 percent.

As the largest community bank in Orange County, and a bank whose primary business focus is commercial lending, Eldorado’s performance in this category is less than would be expected. While lower than expected, given the following considerations, the bank’s low level of lending to small business is somewhat mitigated. These considerations include staff retention problems, stiff competition for small business loans from the larger regional banking organizations that offer commercial credit cards for small dollar loans and that are able to underwrite loans more quickly via the use of automated underwriting tools. These factors were considered, as were the bank’s investments in and commitments to the small business community development corporations that, in turn, provide loans to small business owners.²¹

The bank’s record of consumer and home mortgage lending, as displayed in the following table, shows a satisfactory level of lending to low- and moderate-income borrowers.

Loan Type	Low-Income		Moderate-Income		Middle-Income		Upper-Income		No Income Reported	
	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage
Home Purchase	70	16.4%	93	21.7%	70	16.4%	98	22.9%	97	22.7%
Home Refinance	5	1.1%	35	7.7%	56	12.4%	115	25.4%	241	53.3%
Motor Vehicle	96	12.8%	127	18.7%	82	10.9%	164	21.9%	280	37.4%
Aggregate Lending –Purchase	4.1%		13.6%		19.2%		33.7%		29.3%	
Aggregate Lending - Refinance	3.8%		9.8%		16.8%		36.7%		32.9%	
Distribution of Families	19.8%		18.0%		23.0%		39.1%		N/A	

Though less than the representation of low-income residents in the assessment area, the level of home purchase lending notably surpasses the level of aggregate lending to low-income borrowers. Further, the level of home purchase lending to moderate-income borrowers surpasses both those borrowers’ representation in the assessment area and the level of aggregate lending. The level of refinance lending trails the representation of low- and

²¹ Those commitments are discussed in the investments and services portions of this report.

moderate-income families and the level of aggregate lending. This lower level of lending, however, is not cause for concern given the bank's strong performance with respect to home purchase loans which have been identified as a pressing need in the area. In addition, the bank's level of consumer lending lagged only slightly behind the representation of low- and moderate-income residents of this assessment area. The disparity between the representation of low- and moderate-income families in the assessment area and the bank's level of lending to those borrowers is not sufficiently significant to be a cause for concern.

Community Development Lending

The substantial majority of community development loans originated by the bank during the exam period were made to borrowers or organizations within the Orange County assessment area. Since the previous CRA examination, the bank has extended 7 direct community development loans totaling \$12.2 million. In addition, the bank has made \$242,500 in commitments to third party lenders. Those commitments resulted in \$159,949 in loans. This level of lending, which represents a threefold increase over the level of lending at the previous examination, is considered reasonable.

Community development loans were extended to organizations that created permanent job opportunities for and provided services to low- and moderate-income individuals. The bank also supported organizations that provided loans to small businesses and to the developers of affordable housing projects.

INVESTMENT TEST

The majority of the bank's qualified investment, donation, and grant activity was to organizations within the Orange County assessment area. The level of investments, which has increased since the previous examination, is considered good. Investments made include \$1.1 million in support of affordable housing, \$20,000 in support of small business growth and development, and \$150,000 in support of the provision of community development services to low- and moderate-income individuals. Organizations receiving investment or grant funds include, but are not limited to, Bankers Small Business CDC, Neighborhood Housing Services of Orange County and the Inland Empire, and the Huntington Youth Shelter. These investments evidence responsiveness to the identified community development needs of the assessment area.

SERVICE TEST

The overall level and type of services proved by Eldorado in its Orange County assessment area are considered good.

Retail Banking Services

Eldorado has 13 full-service branches, all of which have ATM facilities, in the Orange County assessment area. The bank's administrative headquarters and main branch are located in Tustin,

which is a middle-income area. Four of the bank's branches, however, are located in low- or moderate-income tracts and the overall branch distribution within the assessment area provides access to essentially all persons residing there.

As previously discussed, banking services and hours of operation at these facilities do not vary in a way that inconveniences portions of the assessment area and all services are reasonably accessible to the entire assessment area.

Community Development Services

The bank provides a reasonable level of community development services in this assessment area. The majority of the reported community development service activity is in the Orange County assessment area, and bank employees provided approximately 26 hours per month in CRA-qualified service activities. Qualified activities included memberships on Boards of Directors for organizations working in the areas of affordable housing, small business economic development, and financial education. Community organizations served by the bank include the Affordable Housing Clearinghouse and Clearinghouse CDFI, California Community Reinvestment Corporation, and Neighborhood Housing Services of Orange County.

DESCRIPTION OF OPERATIONS IN SACRAMENTO ASSESSMENT AREA

The Sacramento assessment area is comprised of 275 census tracts that cover Sacramento, Placer and El Dorado Counties. The assessment area's tracts have the following income characteristics:

Tract Category	Number	Percent
Low-Income	20	7.3%
Moderate-Income	57	20.7%
Middle-Income	132	48.0%
Upper Income	66	24.0%

As evidenced by the above table, the majority of census tracts in this assessment area are middle- and upper-income. Nearly one-third of the tracts, however, are low- or moderate-income. The area's low- and moderate-income tracts are located primarily on the western side of the assessment area, clustered in and around downtown Sacramento. The population distribution among the four income geographies is shown below.

Tract Income Level	Total Population	Percent Population	Percent Families
Low-Income	68,828	5.1%	4.1%
Moderate-Income	233,874	17.5%	15.9%
Middle-Income	692,699	51.7%	52.7%
Upper-Income	344,609	25.7%	27.4%
TOTAL	1,340,010	100 %	100.1%

As evidenced by this table, the significant majority of the assessment area's population resides in the middle- and upper-income census tracts. The 1998 HUD-adjusted median family income for Sacramento County is \$51,400. For non-metro portions of the state, which includes El Dorado and Placer Counties, the adjusted income is \$36,500. According to the 1990 census data, families in the assessment area are distributed by income as depicted in the following table, with 8.7 percent of all families living below the poverty level.

Income Category	Percent of Families
Low-Income	20.2%
Moderate-Income	18.0%
Middle-Income	23.0%
Upper-Income	38.8%

An abundance of housing and undeveloped land in the assessment area ensures that the housing supply is plentiful.²² As of January 1, 2000, housing stock was available as follows.²³

	Sacramento	Placer	El Dorado
Total Housing Units Available	467,379	105,578	58,254
Percentage Single Family Homes	66.4%	80%	84.9%
Percentage Total Units for 2+ Families	30.4%	14.9%	7%
Percentage Mobile Homes	3.2%	5.1%	8.2%

While not as significant an issue as in Orange County, housing affordability is still a challenge for the area’s low- and moderate-income residents. As of August 2000, the average home prices in Sacramento, El Dorado, and Placer Counties were \$146,000, \$189,000, and \$225,000, respectively. These prices represent an increase of 9.6 to 13.4 percent over the same period last year.²⁴ Using conventional underwriting standards, the average homebuyer in Sacramento County would be required to save a down payment of \$29,200 to qualify for a loan to purchase a home with the lowest median sales price, this while paying an average monthly rent of \$629 for a two-bedroom apartment.²⁵ This level of savings would prove difficult for a borrower earning \$40,606 per year, the highest wage in the moderate-income range.

According to Dun & Bradstreet data, there are approximately 43,841 businesses in the three county area. The region’s manufacturing sector has grown steadily over the last 30 years, spurred largely by the growth of high-technology corporations such as Hewlett-Packard and Intel.²⁶ However, government, services, and retail trade remain the three largest employers.²⁷ Unemployment in the greater Sacramento area fell to 3.9 percent as of 1999, from a high for the decade of 5.5 percent in 1998.²⁸

Credit needs in this assessment area, in general, are similar to those identified for the Orange County assessment area – affordable housing programs and small dollar loans for small businesses.

As in its other assessment areas, the bank faces strong competition from other lenders, particularly in light of the fact that the bank operates only one branch here. The following table evidences the extent of the bank’s competition.

²² SOURCE: Sacramento Area Commerce Trade Commission: www.sactocdc.org.

²³ SOURCE: Sacramento Area Council of Governments: www.sacog.org.

²⁴ SOURCE: C.A.R. News Releases, California Association of Realtors Online, p. 3, www.car.org.

²⁵ SOURCE: p. 17 of *California’s Affordable Housing Crisis*, a report by the California Budget Project. May 2000.

²⁶ *Id.*

²⁷ *Id.*

²⁸ SOURCE: Sacramento Area Commerce Trade Commission: www.sactocdc.org.

	Sacramento	Placer	El Dorado
Number of Institutions	38	22	13
Total Branches Operated	186	70	37
Total Deposits	\$10.5 Billion	\$2.2 Billion	\$1.2 Billion
Eldorado's Market Share	2.28%	N/A – no branch	N/A – no branch

LENDING TEST

The bank's overall lending activity in this assessment area reflects an adequate responsiveness to assessment area credit needs. The evaluation is based on the distributions of those loans extended inside the assessment area during the review period as depicted in the following table.

Loan Product	Number	Percent	Amount (000)	Percent
Small Business	64	1.5%	\$15,679	2.7%
Home Purchase	2,614	60.3%	\$337,066	57.5%
Home Refinance	1,655	38.2%	\$233,871	39.9%
Motor Vehicle	1	0%	\$21	0%
Total	4,334	100%	\$586,637	100.1%

Opposite of other assessment areas, the Sacramento assessment area has the largest portion of mortgage loans (26 percent of total mortgage loans originated) and low levels of small business and consumer lending. This lending pattern is due to the mortgage lending structure previously discussed and the fact that several LPOs were located in the surrounding areas of Sacramento. Consequently, a higher percentage of mortgage loans were originated in this area.

The bank's small business loan performance has historically been weakest in the Sacramento region due to that branch's focus on home mortgage lending. Efforts to increase commercial lending in the area were hampered during the exam period by the loss of the branch's Small Business Lending Manager.

The low level of consumer lending is explained by the bank's previous Sacramento branch location, which was in an industrial area that was not readily accessible to consumers. The bank has recently relocated its branch to an area that is more conducive to consumer lending which may help efforts to increase the level of consumer lending.

Lending Distribution by Geography

The bank's geographic distribution is considered satisfactory. As detailed in the following table, the distribution of lending to businesses in low- and moderate-income tracts exceeded both the representation of businesses located in those tracts, and the level of aggregate lending to businesses in the tracts.

Census Tract Income Level	Eldorado		Aggregate Lending	Tracts	Businesses
	#	%			
Low-Income	10	15.6%	4.6%	7.3%	5.2%
Moderate-Income	15	23.4%	18.2%	20.7%	20.1%
Middle-Income	17	26.6%	47.7%	48.0%	48.6%
Upper-Income	22	34.4%	29.5%	24.0%	26.1%
Total	64	100%	100%	100%	100%

The geographic distribution of the bank's mortgage lending in the Sacramento assessment area is detailed in the table below.

Loan Type	Low Income		Moderate Income		Middle Income		Upper Income	
	#	%	#	%	#	%	#	%
Home Purchase	44	1.7%	262	10.0%	1,131	43.3%	1,177	45.0%
Home Refinance	19	1.1%	110	6.6%	639	38.6%	887	53.6%
Families		4.1%		15.9%		52.7%		27.4%
Owner-Occupied Housing		2.4%		12.5%		53.2%		31.8%
Aggregate Lending - Purchase		1.6%		8.5%		47.6%		42.3%
Aggregate Lending - Refinance		1.3%		7.2%		46.8%		44.8%
Census Tracts		7.3%		20.7%		48.0%		24.0%

As shown, the bank's level of home purchase lending in low- and moderate-income tracts, although below the representation of low- and moderate-income families in these tracts, compares very favorably to the level of owner-occupied housing. Similarly, the level of refinance lending is below the representation of low- and moderate-income families in the area. The disparity, however, is not so great that it gives cause for concern. As in the Orange County assessment area, slight weaknesses in the level of refinance lending is compensated for by the level of home purchase lending, which remains a pressing credit need. In addition, as discussed below, the bank's stronger performance in lending to borrowers of different incomes suggests that home mortgage loans are being made to those who need them. Finally, the low level of owner-occupied units in these areas offers further explanation to the lesser level of lending in these tracts.

Due to the limited number of consumer loans originated during the examination period, an analysis of the geographic distribution would not be meaningful.

Lending Distribution by Business Size and Borrower Income

The bank's record of small business and home mortgage lending shows an adequate distribution of loans to businesses of different sizes and borrowers of different incomes.

Of the 64 small business loans originated during the examination period, 42.2 percent were made to businesses with gross annual revenues of \$1 million or less. Approximately 51 percent of the total dollars originated to business in the assessment area went to small businesses. According to Dun & Bradstreet, 89.9 percent of the businesses located in the Sacramento assessment area are small businesses. Aggregate lenders in the area lent to these

businesses at a rate of 54.5 percent. Reasons for the lower level of lending to small businesses have been discussed above.

The bank’s level of home mortgage and consumer lending to low- and moderate-income borrowers is reflected in the following table.

Loan Type	Low-Income		Moderate-Income		Middle-Income		Upper-Income		No Income Reported	
Home Purchase	141	5.4%	553	21.2%	711	27.2%	922	35.3%	287	11.0%
Home Refinance	36	2.2%	151	9.1%	277	16.7%	707	42.7%	484	29.2%
Aggregate Lending – Purchase	5.0%		16.1%		21.5%		34.8%		22.6%	
Aggregate Lending - Refinance	4.1%		10.5%		17.4%		38.0%		30.1%	
Distribution of Families	20.2%		18.0%		23.0%		38.8%		N/A	

Although below the representation of low- and moderate-income residents in the assessment area, the bank’s level of mortgage lending (both home purchase and refinance) to these borrowers is comparable to or exceeds the performance of aggregate lenders in the market. Further, housing affordability and owner-occupancy rates previously discussed also explain the level of mortgage lending to low- and moderate-income borrowers.

Due to the limited number of consumer loans originated, and the fact that income was not reported for any of them, an income analysis of consumer loans in this assessment area would not be meaningful.

Community Development Lending

The bank made a limited level of community development loans in the Sacramento assessment area during the review period. Since the previous examination, the bank originated only one direct community development loan in the amount of \$35,000. This loan was made to an organization that provides services to low- and moderate-income disabled people.

INVESTMENT TEST

The bank provided an adequate level of investments in the Sacramento assessment area during the review period. Investments made supported a variety of causes and included \$102, 000 in support of affordable housing, \$4,000 in support of small business growth and development, and \$1,000 in support of the provision of community development services to low- and moderate-income individuals. Organizations receiving investment or grant funds include, but are not limited to, the Rural Community Assistance Corporation and the Sacramento Urban League.

SERVICE TEST

The bank's overall level of retail banking and community development services during the review period is considered adequate.

Retail Banking Services

The bank operates one full-service branch in the Sacramento assessment area. Though the branch was recently relocated from a moderate- to an upper-income census tract, the change did not adversely affect low- or moderate-income people or geographies. The previous location was in a primarily industrial area that did not allow for convenient access by consumers. Management anticipates that the new location, which provides reasonable access to residents of the assessment area, will increase both commercial and consumer lending opportunities.

Community Development Services

The bank provided an adequate level of qualified community development services in its Sacramento assessment area. Bank employees provided approximately 12 hours per month in qualified service activities to organizations that include, but are not limited to, Rural California Housing and Children's Receiving Home of Sacramento.

ASSESSMENT AREA SUMMARIES

For each assessment area where a limited scope review was performed using the examination procedures.

DESCRIPTION OF OPERATIONS IN SAN DIEGO ASSESSMENT AREA

The bank's San Diego assessment area is a portion of northern San Diego County, which includes the cities of Oceanside, Escondido, Carlsbad, Encinitas, Del Mar, La Jolla, and part of the City of San Diego. Two of the bank's branches are located in this assessment area. The Carlsbad Village branch is located in a moderate-income census tract, and the Encinitas branch is located in a middle-income census tract.

In 1990, the total population of the assessment area was 735,288. From 1990-1999, the San Diego County MSA had a growth rate of 15.2 percent.²⁹ The projected growth rate of the MSA for 2000 to 2005 is 5.4 percent.³⁰ The 109 total census tracts in the assessment area are distributed among the four income geographies as follows – 1.8 percent low-, 15.6 percent moderate-, 41.3 percent middle, and 41.3 percent upper-income. As in the bank's other assessment areas, affordable housing is a challenge for low- and moderate-income people in the assessment area. As of August 2000, the median price for a home in San Diego County was \$258,500³¹ and the 1999 average monthly rent for a two-bedroom unit in San Diego County is \$819.³²

According to Dun & Bradstreet data, there are approximately 28,670 businesses in the assessment area. Major employers include service-producing industries (e.g., transportation, communications, hotels, business/personal services) and trade industries, primarily retail.³³

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The limited scope review of the bank's performance in the San Diego assessment area included a review of all three regulatory tests. For the lending test, the bank's origination of small business, home mortgage, consumer and community development loans were reviewed. The quantity and complexity of the bank's CRA qualified investments also was evaluated. Finally, examiners considered both the level and the nature of retail and community development services provided by the bank.

Based on this limited review, the bank's lending, investment, and service performance in these assessment areas is consistent with the bank's overall lending, investment, and service performance.

²⁹ Source: The American Community Network website, www.acn.net.

³⁰ *Id.*

³¹ Source: California Association of Realtors, www.car.org.

³² SOURCE: p. 17 of *California's Affordable Housing Crisis*, a report by the California Budget Project. May 2000.

³³ *Id.*

DON'T FORGET GLOSSARY