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Comptroller of the Currency  
Administrator of National Banks

**Small Bank**

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## **PUBLIC DISCLOSURE**

October 16, 2000

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Santa Clara Valley Bank, N.A.  
Charter Number 23642**

**901 E. Main Street  
Santa Paula, California, 93060**

**Comptroller of the Currency  
Southern California–North Field Office  
550 North Brand Boulevard, Suite 500  
Glendale, California, 91203**

**NOTE:** 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.

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Santa Clara Valley Bank, N.A. (SCVB)**, Santa Paula, CA as prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **October 16, 2000**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated **Outstanding**.

The following are the major factors that support this rating.

- A substantial majority of the bank's loans were made in the assessment area.
- Lending to borrowers of different incomes and businesses of different sizes exceeds the standard for satisfactory performance.
- The geographic distribution of loans exceeds the standard for satisfactory performance.
- The loan-to-deposit ratio meets the standard for satisfactory performance.

This bank is locally owned and operated. The management of the bank made a strategic business decision to serve its local communities. The efforts evaluated within this document confirm that the strategy was effective. Considering the bank's size, and its 21 months of operation this performance is outstanding.

## DESCRIPTION OF INSTITUTION

Santa Clara Valley Bank, N.A. (SCVB) is a full-service commercial bank, which began operations in December 1998, and is headquartered in the City of Santa Paula, California. SCVB operates two branch offices in the Cities of Santa Paula and Fillmore. The Bank offers a full range of products and services through its offices, as well as 24-hour banking at two automated teller machines (ATMs). As of June 30, 2000, SCVB had total assets of \$20 million. The bank has not closed any offices since it started operations. This is the bank's first evaluation under the CRA.

As of June 30, 2000, net loans represented 39 percent of total assets. SCVB's loans totaled \$8 million, with \$7.6 million or 95 percent business loans and \$427 thousand or 5 percent consumer loans. Most of the business loans are collateralized by real estate.

SCVB's primary lending focus is small business, and to a lesser extent to individuals for consumer loans. Most of the bank's business customers are small family enterprises and closely held businesses.

The bank operates in a very competitive market, with direct competition from 30 financial institutions. Most of these institutions also operate within the assessment area. Five of these financial institutions are part of large multi-state commercial bank holding companies. All of the institutions are larger than SCVB.

## DESCRIPTION OF ASSESSMENT AREA

SCVB designated seven census tracts within the Ventura County Metropolitan Statistical Area (MSA) as its assessment area. The assessment area includes the Cities of Santa Paula and Fillmore, as well as the unincorporated community of Piru. Of the seven tracts, six are moderate-income and one is middle-income. Refer to the chart below for details. According to the 1990 U.S. Census, the assessment area has a total population of 43,552. The Department of Housing and Urban Development (HUD) updated median family income for this area is \$65,300. In 1996, the U.S. Bureau of Labor Statistics reported an unemployment rate for the area of 7.11 percent, which is a slight improvement from fourth quarter 1995, when it was 7.79 percent. Although there are no low-income tracts within the assessment area, 10 percent of the population live below the poverty line.

**Characteristics of Assessment Area**

Income Level of Census Tracts	Number of Tracts	Percent of Total Number of Census Tracts	Number of Families in Census Tracts	Percent of Families in Census Tracts
Low	0	0	0	0
Moderate	6	86	8,621	83
Middle	1	14	1,737	17
Upper	0	0	0	0
Total	7	100%	10,358	100%

The City of Santa Paula is 97 percent built out and city management needs to designate additional land for housing construction. Until recently, the city operated under a self imposed no growth strategy.

However, the need for additional housing units has forced a change in this strategy to allow for gradual growth.

The City of Fillmore has a different challenge. Approximately 55 percent of current housing stock is low-income. The need here is for some high-end housing. The 1994 Northridge earthquake adversely impacted the city. The city hall had to be completely rebuilt, as well as other improvements made throughout the city.

Piru is a bedroom community, as well as a recreation area. Lake Piru is located six miles north of Piru and is adjacent to trails and campgrounds in the Los Padres National Forest. Constructed in 1955, the lake is a multi-used facility serving Ventura County. Lake Piru provides water conservation, flood control, hydro-power, seawater intrusion abatement, groundwater recharge, recreation, municipal, and industrial water supplies. Apart from the lake activities, there is limited commerce. Residents commute to either Fillmore or Santa Paula for grocery shopping and other needs.

The primary industries and employers in the assessment area are services, retail trade, agriculture, and federal and local governments. Recently, the cities of Santa Paula and Fillmore combined their efforts to increase tourism. Last fall, the two cities hosted the first Heritage Valley Festival, which brought approximately 7,000 tourists to the area in one weekend. Fillmore's three other festivals bring in an additional 85,000 tourist to the area. Overall, Ventura County has experienced a decline in employment in the professional job sector, while, employment in the service, retail trade, and agricultural industries have increased.

As a part of this examination, we considered information obtained from two local governments' economic development departments. We considered information from the Ventura County Consolidated Plan Executive Summary. We relied on our knowledge of the area and used information obtained in discussions with bank management. Our contacts indicate that there is a need for additional housing, as well as the land for construction. Also, there is a need for rehabilitation of the existing housing stock, as well as for start-up business loans and small business loans.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Our conclusions are based on a sample of 40 small business and 20 automobile loans originated between January 1, 1999, through September 30, 2000.

### LENDING IN THE ASSESSMENT AREA:

SCVB's record of lending within the assessment area exceeds the standard for satisfactory performance. Based on our sample of 60 loans, a substantial majority of the loans were originated within the assessment area. Refer to the chart below for details.

#### Lending in Assessment Area

Total Loans by Number and Dollar	Number and Dollar Within Assessment Area	Percent of Number and Dollar Originated Within Assessment Area
60	48	80%
\$5,047,818	\$4,843,164	96%

### LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES:

The bank's lending to borrowers of different incomes and businesses of different sizes exceeds the standard for satisfactory performance. Automobile loans originated to low-income borrowers exceeded the demographics. SCVB's extension of loans to moderate- and middle-income borrowers was good. Refer to chart below for details.

#### Borrower Income Distribution - Automobile Loans in Assessment Area\*

Family Income Characteristic	Number of Families	Percentage of Total Families	Loan Dollars	Percentage of Loan Dollars	Number of Loans	Percentage of Number of Loans
Low	3,356	32	110,413	70	10	71
Moderate	2,531	24	25,744	16	2	14
Middle	2,558	25	22,676	14	2	14
Upper	1,913	18	-0-	-0-	0	0
<b>Total</b>	<b>10,358</b>	<b>100%**</b>	<b>\$158,833</b>	<b>100%</b>	<b>14</b>	<b>100%**</b>

\*Based on a sample

\*\*Rounded number

Loans originated to businesses of different sizes exceed the standard for satisfactory performance. Businesses with revenues of less than \$1 million received 73 percent by dollar volume and 76 percent of the number of loans originated within the assessment area. Businesses with revenues exceeding \$1 million received 27 percent of the dollar volume and 24 percent of the number of the loans originated. This performance is excellent considering the bank has been in operation for less than two years. Refer to the chart on the following page for details.

**Distribution of Business Loans by Size in Assessment\***

<b>Business Revenues</b>	<b>Number of Businesses</b>	<b>Percentage of Total Businesses</b>	<b>Loan Dollars</b>	<b>Percentage of Loan Dollars</b>	<b>Number of Loans</b>	<b>Percentage of Number of Loans</b>
<\$1,000,000	1,034	91	3,439,831	73	26	76
>\$1,000,000	103	9	1,244,500	27	8	24
<b>Total</b>	<b>1,137</b>	<b>100%</b>	<b>\$4,684,331</b>	<b>100%</b>	<b>34</b>	<b>100%</b>

\*Based on a sample

**GEOGRAPHIC DISTRIBUTION OF LOANS:**

SCVB’s geographic distribution of loans exceeds the standard of satisfactory performance. The bank’s distribution of loans to moderate- and middle-income geographies is good. SCVB extended 84 percent by dollar volume and 82 percent by the number of business loans originated within the moderate-income geographies. The middle-income geography received 16 percent by dollar volume and 18 percent by the number of loans originated. The bank has no low- or upper-income geographies within its assessment area. Refer to chart below for details.

**Geographic Distribution of Business Loans in Assessment Area\***

<b>Income Characteristic of Census Tracts</b>	<b>Number of Businesses in Tracts</b>	<b>Percentage of Total Tracts</b>	<b>Loan Dollars</b>	<b>Percentage of Loan Dollars</b>	<b>Number of Loans</b>	<b>Percentage of Number of Loans</b>
Low	0	0	0	0	0	0
Moderate	970	85	3,944,831	84	28	82
Middle	167	15	739,500	16	6	18
Upper	0	0	0	0	0	0
<b>Total</b>	<b>1,137</b>	<b>100%</b>	<b>\$4,684,331</b>	<b>100%</b>	<b>34</b>	<b>100%</b>

\*Based on a sample

SCVB extended 80 percent by dollar volume and 79 percent by the number of automobile loans made to borrowers within the moderate-income geographies. The bank originated 20 percent by dollar volume and 21 percent by the number of loans made to borrowers within the middle-income geography. Refer to chart below for details.

**Geographic Distribution of Automobile Loans in Assessment Area\***

<b>Income Characteristic of Census Tracts</b>	<b>Number of Census Tracts</b>	<b>Percentage of Total Tracts</b>	<b>Loan Dollars</b>	<b>Percentage of Loan Dollars</b>	<b>Number of Loans</b>	<b>Percentage of Number of Loans</b>
Low	0	0	0	0	0	0
Moderate	6	86	126,596	80	11	79
Middle	1	14	32,327	20	3	21
Upper	0	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>100%</b>	<b>\$158,923</b>	<b>100%</b>	<b>14</b>	<b>100%</b>

\*Based on a sample

**LOAN-TO-DEPOSIT RATIO:**

The bank's average loan-to-deposit (LTD) ratio was 30 percent at quarter ended June 30, 2000, and meets the standard for satisfactory performance. We based this evaluation on the average ratio of seven quarters', as this bank began operations in December 1998. This ratio is lower than the average ratio of three similarly situated banks', for the same period, which was 50 percent. For the purpose of this examination, we considered similarly situated banks as those having a similar banking focus and operating in the bank's assessment area. These three banks are two to three times larger than SCVB in terms of assets and have been in operation for a number of years longer.

**FAIR LENDING:**

An analysis of business and consumer loans, and consumer complaint information was performed according to the OCC's risk-based fair lending approach. The analysis of this data revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year.

**RESPONSE TO WRITTEN COMPLAINTS:**

The bank did not receive any complaints associated with its CRA performance.