



## PUBLIC DISCLOSURE

December 9, 2013

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community West Bank, N.A.  
Charter Number: 21699

445 Pine Avenue  
Goleta, CA 93117

Office of the Comptroller of the Currency

Los Angeles Field Office  
550 North Brand Boulevard, Suite 500  
Glendale, CA 91203

**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.

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

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

The major factors that support these ratings include:

- The loan-to-deposit ratio exceeds the standard for satisfactory performance and is more than reasonable.
- A majority of the bank's lending activity was originated within its delineated assessment areas.
- The overall performance of lending to borrowers of different incomes and businesses of different sizes does not meet the standard for satisfactory performance and reflects poor penetration. Economic factors and the bank's performance context reasonably explain this performance.
- The overall performance for the geographic distribution of loans meets the standard for satisfactory performance.
- The performance for meeting the community needs through community development loans, investments, and services meets the standard for satisfactory performance.

## **Scope of Examination**

This Performance Evaluation ("PE") assesses the CRA performance of Community West Bank, N.A. using Intermediate Small Bank CRA procedures. We performed a full-scope examination of both the Santa Barbara County and Ventura County assessment areas. We evaluated the bank's small business and Home Mortgage Disclosure Act (HMDA) lending activity from January 1, 2010, through December 31, 2011. Our analysis included commercial real estate ("CRE"), commercial business, home purchase and home refinance loans. In addition, we evaluated the bank's community development loans, investments, and services. The evaluation period for community development activities was from January 1, 2010, through December 9, 2013.

Prior to the CRA examination, we performed a data integrity examination to determine the accuracy of the bank's small business and HMDA loan data. We determined the data to be accurate. As a result, our analysis included 100 percent of the bank's lending activity for the evaluation period.

## **Description of Institution**

Community West Bank, N.A. (CWB or the bank) is a full-service community bank headquartered in Goleta, California. CWB was chartered in August 1989, as Goleta National Bank. In December 1997, Community West Bancshares acquired 100 percent of Goleta National Bank. In September 2004, Goleta National Bank's name was changed to Community West Bank, N.A.

CWB operates five full-service branches located in Santa Barbara and Ventura Counties, in the cities of Goleta, Westlake Village, Santa Barbara, Santa Maria and Ventura. The bank offers 24-hour banking services through on-site automated teller machines (ATMs) at all branch locations. Additionally, bank customers are provided 24-hour access to their accounts via the bank’s internet banking services. The bank operates four California-based mortgage offices located in Goleta, Santa Barbara, Santa Maria, and Ventura. During the evaluation period, the bank did not close any branch locations; however, the Roseville mortgage office location was closed in September 2011.

In 1995, the Small Business Administration (SBA) designated the bank as a “Preferred Lender.” Prior to March 2009, the bank offered SBA lending throughout the Nation in over 20 states. In March 2009, the bank closed the eastern division and discontinued SBA lending east of the Rocky Mountains due to changes in the bank’s business strategy. During the evaluation period, CWB operated eight SBA Loan Production Offices (LPOs) located in California, Colorado, Oregon, Utah and Washington. As of December 2013, all LPOs were closed. Nevertheless, the bank continues to offer 7(a) Loan Guaranty and 504 Certified Development Company SBA loan products. In 2001, the bank began offering business and industrial loans guaranteed by the U.S. Department of Agriculture.

As of September 30, 2013, CWB reported total assets of \$532 million, total loans of \$451 million, total deposits of \$431 million and total equity capital of \$64 million. Total loans represented 85 percent of total assets. See the following table for details on the composition of the loan portfolio. The bank’s primary lending products are manufactured housing and commercial real estate, including SBA and construction loans. In 1998, the bank established the manufactured housing loan program to provide affordable housing primarily in Santa Barbara and Ventura Counties. Over the past several years, the bank has expanded this program into coastal California and the greater Sacramento areas.

<b>Loan Portfolio Summary by Loan Product September 30, 2013</b>	
<b>Loan Category</b>	<b>% of Outstanding Dollars</b>
Commercial Real Estate	48.87%
Commercial and Industrial	8.90%
Residential Home Purchase and Refinance	38.08%
Agriculture	4.15%

The bank has no financial impediments that would affect its ability to meet the credit needs of its assessment areas. However, the bank’s ability to lend and participate in community development activities in its assessment areas has been impacted by the terms of a formal enforcement action with its primary regulatory agency.

The bank received a “Satisfactory” rating at the prior CRA examination performed on August 26, 2010.

**DESCRIPTION OF THE SANTA BARBARA COUNTY AND VENTURA COUNTY ASSESSMENT AREAS**

The bank has two assessment areas (AAs), consisting of two contiguous California counties- Santa Barbara and Ventura. The Santa Barbara County AA is located in the Santa Barbara-Santa Maria-Goleta Metropolitan Statistical Area (MSA) and the Ventura County AA is located in the Oxnard-Thousand Oaks-Ventura MSA. Both designated AAs meet regulatory requirements and do not arbitrarily exclude low- or moderate- income geographies or individuals.

CWB operates in a highly competitive banking environment in both AAs. The most recent Deposit Market Share Report dated June 30, 2013, shows 20 institutions operating 103 branches within the Santa Barbara AA and 26 institutions operating 181 branches in the Ventura AA. CWB operates three branches in Santa Barbara County and two branches in Ventura County. The bank’s deposit market share for Santa Barbara County and Ventura County were 3.75 percent and 0.75 percent, respectively, with the four largest banks in the AA holding deposit market shares of 62 percent and 67 percent, respectively. The major competing institutions in the AAs include Union Bank, N.A., Wells Fargo Bank, N.A., Bank of America, N.A., JP Morgan Chase Bank, N.A., and Rabobank, N.A.

Community contacts indicate there are significant credit and community development needs of low- and moderate-income individuals in the AAs. The predominant needs of the low- and moderate- communities are 1) affordable housing and 2) food and supplies for in-need families.

**Santa Barbara County Assessment Area**

The bank has designated the entire Santa Barbara County as one of its AAs, which is comprised of 86 census tracts. The following chart provides demographic information for the Santa Barbara County AA:

Demographic Information for Santa Barbara County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	86	4.65	30.23	33.72	31.30	0.00
Population by Geography	399,347	6.08	31.57	33.18	29.18	0.00
Owner-Occupied Housing by Geography	76,579	0.97	17.42	39.94	41.68	0.00
Business by Geography	41,572	2.22	32.24	32.93	32.61	0.00
Farms by Geography	1,516	1.72	22.43	33.31	42.55	0.00
Family Distribution by Income Level	90,314	20.00	18.61	20.45	40.95	0.00
Distribution of Low-and Moderate- Income Families throughout AA Geographies	34,865	7.30	41.83	33.16	17.71	0.00
Median Family Income (MFI)		\$58,409	Median Housing Value (CA Association of Realtors – 12/2011)			\$416,670
HUD Adjusted Median Family Income 2000		\$72,300				

(\*) The NA category consists of geographies that have not been assigned an income classification  
 Source: 2000 U.S. Census

The Santa Barbara economy is in recovery. Nonfarm employment has grown faster than state and national averages over the past year and the unemployment rate is declining faster than the nation’s. The housing market continues to improve, contributing to and benefiting from stronger job growth.

House prices are up and the county has begun to rejuvenate homebuilding. Income gains are forecasted to be in line with the national average. However, the high cost of living is expected to restrain population and employment growth in the long run.

Housing affordability remains an ongoing problem in the AA. Based on California Association of Realtors December 2011 data, the median housing value totaled roughly \$416.7 thousand. The 2000 HUD report indicates an adjusted median family income for the area of \$72.3 thousand. Among the total population of 399,437 in the AA, 11.6 percent of households are living below the poverty line.

The leading industries in Santa Barbara County are state and federal government, restaurants, farm, and fishing and hunting. However, ongoing federal fiscal contraction will limit overall gains in the county in the coming year. The area hosts a variety of defense and aerospace companies that have been prime targets of spending cuts as the military engages in downsizing. The presence of the University of California, Santa Barbara will provide support over the coming years, with improved California Tax revenues to increase funding to the state university systems. The top five employers in the area include Vandenberg Air Force Base, University of California, Santa Barbara Cottage Hospital, Santa Barbara City College, and Chumash Casino.

**Ventura County Assessment Area**

The bank has designated the entire Ventura County as a separate AA, which is comprised of 155 census tracts. The following chart provides demographic information for the Ventura County AA.

Demographic Information for Ventura County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	155	4.52	23.23	45.81	26.45	0.00
Population by Geography	753,197	3.86	23.98	44.41	27.75	0.00
Owner-Occupied Housing by Geography	164,373	1.20	15.46	46.06	37.29	0.00
Business by Geography	80,973	2.90	16.34	48.21	32.55	0.00
Farms by Geography	1,987	4.08	20.68	54.25	20.99	0.00
Family Distribution by Income Level	184,378	19.55	18.43	22.09	39.92	0.00
Distribution of Low-and Moderate-Income Families throughout AA Geographies	70,030	6.15	32.34	45.40	16.11	0.00
Median Family Income (MFI) HUD Adjusted Median Family Income 2000		\$68,509 \$88,100	Median Housing Value (CA Association of Realtors – 12/2011)			\$391,060

(\*) The NA category consists of geographies that have not been assigned an income classification  
Source: 2000 U.S. Census

Ventura County is one of 58 counties in the State of California. The county includes 42 miles of coastline and the Los Padres National Forest. The unincorporated areas, along with the ten incorporated cities of Camarillo, Fillmore, Moorpark, Ojai, Oxnard, Port Hueneme, Santa Paula, Simi Valley, Thousand Oaks, and San Buenaventura (Ventura), ranks Ventura as the 11th most populous county in the state.

The county's economy has held up well, despite sequestration concerns. The county has seen continued improvement in the housing market, which will lend more depth to the recovery going in to 2014. Job growth is expected to outpace the national average over the next year with the most recent growth concentrated in consumer and health services. The county's demographic and advantageous location is projected to make the county an above-average long-term performer.

The median housing value totaled \$391.6 thousand based on California Association of Realtors December 2011 data. The 2000 HUD report indicates an adjusted median family income for the area of \$88.1 thousand. Among the total population of 753,197 in the AA, 7.2 percent of households are living below the poverty line.

Ventura County has an economic base that includes major industries such as biotechnology, agriculture, advanced technologies, oil production, military testing and development, and tourism. The United States military is the largest employer in the county. Defense manufacturing is expected to maintain a sizable presence and provide avenues for growth by developing products for civilian use. The County of Ventura is the next largest employer. Port Hueneme is California's smallest but only deep-water port between Los Angeles and San Francisco and plays a major role in the local economy.

## **Conclusions with Respect to Performance Tests**

The bank's overall CRA performance is *Satisfactory*. This is supported by separate conclusions for the lending test and the community development test. See details of each test in the following sections.

### **LENDING TEST**

The bank's performance under the lending test is satisfactory. Overall, CWB's lending activity reasonably meets the credit needs of its delineated AAs. The bank meets the standards for satisfactory performance on two tests and exceeds the standards on one test. However, the bank did not meet the standards for satisfactory performance on one test. Economic factors and the bank's performance context reasonably explain the bank's performance.

#### **Loan-to-Deposit Ratio**

CWB's loan-to-deposit (LTD) ratio exceeds the standard for satisfactory performance. The bank's LTD ratio is more than reasonable given the size, financial condition and credit needs of the AAs. The quarterly average LTD ratio for the previous 12 quarters ending June 30, 2013, was 104 percent.

The bank's average LTD ratio compares favorably to other financial institutions of similar size, AA demographics and/or lending products. For the purpose of this evaluation, we compared four similarly situated banks. The average net LTD ratio for the four banks was 78 percent.

**Lending in Assessment Areas**

CWB’s lending in the AAs meets the standard for satisfactory performance. A majority of the bank’s loans were made within the bank’s delineated AAs, both by number and dollar volume. CWB made 64 percent by loan number and 69 percent by dollar volume in the AAs. See Table 1 for details.

<b>Table 1 - Lending in Santa Barbara and Ventura Assessment Areas</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	179	47%	199	53%	378	33,742,000	58%	24,792,000	42%	58,534,000
Home Refinance	344	67%	166	33%	510	87,818,000	78%	24,423,000	22%	112,241,000
Small Business	265	76%	85	24%	350	64,809,000	66%	32,854,000	34%	97,663,000
<b>Total</b>	<b>788</b>	<b>64%</b>	<b>450</b>	<b>36%</b>	<b>1,238</b>	<b>186,369,000</b>	<b>69%</b>	<b>82,069,000</b>	<b>31%</b>	<b>268,438,000</b>

Source: Bank Loan Data

**Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The overall performance of lending to borrowers of different incomes and businesses of different sizes does not meet the standards for satisfactory performance. The bank’s lending performance reflects poor penetration when compared to area demographics for both AAs, with the exception of residential home lending in the Ventura County AA.

CWB’s performance is adversely affected by the bank’s performance context, strong competitive environment and other comparative factors within each AA. The bank holds a small percentage of the deposit share in each AA, with larger nationwide institutions holding the majority percentage. Affordable housing continues to be a constant challenge coupled with a weak local economy and record high unemployment rates. As a result, it is more difficult to attract qualified consumer and small business borrowers.

*Performance in the Santa Barbara County AA*

Residential Home Loans

The bank’s distribution of residential home loans reflects poor penetration and needs improvement. Overall, lending to low- and moderate-income borrowers falls significantly below the demographic comparator, with the exception of moderate-income borrowers for home purchase loans. See Table 2 for details.

<b>Table 2 - Borrower Distribution of Residential Home Loans in the Santa Barbara AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20%	5%	19%	21%	20%	28%	41%	46%
Home Refinance	20%	6%	19%	11%	20%	22%	41%	61%

Sources: 2000 U.S. Census and Bank Reported HMDA-LAR information

### Small Business Loans

The bank's distribution of loans to businesses of different sizes reflects poor penetration and needs improvement. The bank's lending performance to businesses with revenues less than \$1 million is significantly lower than the demographic comparator. See Tables 2A details.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Santa Barbara AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70	3	27	100%
% of Bank Loans in AA by #	47	51	2	100%
% of Bank Loans in AA by \$	43	57	0	100%

Source: 2000 U.S. Census Data and loan data

### *Performance in the Ventura County AA*

#### Residential Home Loans

The bank's distribution of residential home loans reflects excellent penetration. Overall, lending to low- and moderate-income borrowers exceeds the demographic comparator, with the exception of low-income borrowers for home refinance loans. See Table 2B for details.

<b>Table 2B - Borrower Distribution of Residential Home Loans in the Ventura County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20%	26%	18%	23%	22%	19%	40%	29%
Home Refinance	20%	6%	18%	30%	22%	25%	40%	37%

Sources: 2000 U.S. Census and Bank Reported HMDA-LAR information. Not Available: Home Purchase 3% and Refinancing 2%.



Small Business Loans

The bank’s distribution of loans to businesses of different sizes reflects poor penetration and is significantly lower than the demographic comparator. The bank needs to improve the performance of lending to borrowers of different sizes. See Table 2C for details.

Table 2C - Borrower Distribution of Loans to Businesses in Ventura AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70	3	27	100%
% of Bank Loans in AA by #	45	52	3	100%
% of Bank Loans in AA by \$	25	73	2	100%

Source: 2000 U.S. Census Data and loan data

**Geographic Distribution of Loans**

The overall performance for geographic distribution of loans meets the standard for satisfactory performance. The bank’s lending performance for residential home loans reflects reasonable dispersion in the Ventura County AA but poor dispersion in the Santa Barbara County AA. However, small business lending performance reflects excellent dispersion in both AAs. Overall, the bank is lending to borrowers located in low- and moderate-income tracts.

*Performance in the Santa Barbara County AA*

Residential Home Loans

The geographic distribution of residential home loans reflects poor dispersion and needs improvement. Lending to borrowers located in low- and moderate-income tracts falls below the demographic comparator. See Table 3 for details.

Table 3 - Geographic Distribution of Residential Home Loans in the Santa Barbara AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1%	0%	17%	14%	40%	50%	42%	36%
Home Refinance	1%	0%	17%	9%	40%	43%	42%	48%

Sources: 2000 U.S. Census and Bank Reported HMDA-LAR information

Small Business Loans

The geographic distribution for small business loans reflects excellent dispersion. CWB’s lending to businesses in low-income tracts meets the demographic comparator. However, the bank’s lending to businesses in moderate-income tracts exceeds the demographic comparator. See Table 3A for details.

Table 3A - Geographic Distribution of Loans to Businesses in the Santa Barbara AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	2%	2%	32%	49%	33%	32%	33%	17%

Source: 2000 U.S. Census Data and Bank Reported Loan Data

*Performance in the Ventura County AA*

Residential Home Loans

The geographic distribution for residential home loans reflects reasonable dispersion. Lending for home purchase loans to borrowers located in moderate-income tract and home refinance loans to borrowers located in a low-income tract exceeds the demographic comparator. However, lending for home purchase loans to borrower located in low-income tract and home refinance loans to borrowers located in a moderate-income tract falls below the demographic comparator. See Table 3B for details.

Table 3B - Geographic Distribution of Residential Home Loans in the Ventura County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1%	0%	16%	18%	46%	71%	37%	11%
Home Refinance	1%	2%	16%	14%	46%	55%	37%	29%

Sources: 2000 U.S. Census and Bank Reported HMDA-LAR information

Small Business Loans

The geographic distribution for small business loans reflects excellent dispersion. CWB’s lending to businesses in low- and moderate-income tracts exceeds the demographic comparator. See Table 3C for details.

Table 3C - Geographic Distribution of Loans to Businesses in the Ventura AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	3%	6%	16%	21%	48%	65%	33%	8%

Source: 2000 U.S. Census Data and Bank Reported Loan Data

### Responses to Complaints

The bank did not receive any CRA related complaints during the evaluation period.

### COMMUNITY DEVELOPMENT TEST

The bank’s performance under the community development test is satisfactory. Overall, CWB’s community development activities (community development lending, investments and services) reflect adequate responsiveness within both AAs.

#### Number and Amount of Community Development Loans

CWB’s community development loans reflect adequate responsiveness to the needs within both AAs during the evaluation period. The bank made three community development loans totaling \$1.1 million. These loans provide affordable housing for low-income families and provide community services for homeless individuals and welfare recipients.

#### Number and Amount of Qualified Investments

CWB’s community development investments reflect adequate responsiveness to the needs within both AAs during the evaluation period. The bank made qualified investments totaling \$4.38 million. The bank maintains six mortgage-backed security (MBS) pools with a book value of \$4.34 million. Proceeds of the MBS pools benefit low- and moderate-income borrowers. The bank made donations totaling \$37 thousand to several community service organizations in both AAs. These community service organizations provide affordable housing options or alternatives for low- and moderate-income individuals, food bank services for low-income or homeless individuals, and other community development services targeted to low- and moderate-income individuals/families. Additionally, the bank donated an additional \$127 thousand to several other community organizations. However, these donations did not meet the standards for community development consideration because the primary purpose of the organization does not meet the community development criteria.

### **Extent to Which the Bank Provides Community Development Services**

CWB's community development services program demonstrates adequate responsiveness to the needs within both AAs. We evaluated both the bank's retail banking services and community development services.

The distribution of the bank's branches and service delivery systems are satisfactory and accessible to individuals of different income levels within both AAs. The bank has five full service branch locations with full service ATMs. Of the five branch locations, two branches are located in moderate-income tracts. Branch hours are convenient to individuals. Additionally, the bank offers 24-hour internet banking services.

Bank employees were involved in numerous volunteer services and activities resulting in over 3000 community service hours in both AAs. Of these community service hours, 247 hours qualified for community development consideration to 11 organizations. A sample of activities performed includes 1) active board members to community development organizations, 2) fundraising for community development organizations, 3) providing financial literacy education programs, and 4) financial and tax services to low- and moderate-income individuals.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.