



## PUBLIC DISCLOSURE

January 22, 2018

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Universal Bank  
Charter Number 705801

3455 Nogales Street  
2nd Floor  
West Covina, CA 91792

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Los Angeles Field Office  
550 North Brand Boulevard  
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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, and should not 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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## Overall CRA Rating

The Lending Test is rated: **Satisfactory**.

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

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is reasonable given its size, financial condition, business strategy, and the credit needs of its assessment area.
- The bank originated a majority of its loans within its delineated assessment area.
- The geographic distribution of loans reflects reasonable dispersion.
- The bank provides an adequate level of community development activities given performance context factors.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

# Description of Institution

Universal Bank (UB) is an independent community bank headquartered in the city of West Covina, California. UB opened for business in November 1954. The bank is a wholly-owned subsidiary of Universal Financial, Inc., which is a single-bank holding company.

UB operates five branches in various locations in Los Angeles County. The main branch is located in West Covina, California, in an upper-income census tract. UB also has branches in Eagle Rock, Rosemead, and Arcadia, all in middle-income census tracts; and Monterey Park, in a moderate-income census tract.

UB engages in traditional lending products, but the substantial majority of its loan originations are centered in multifamily residential real estate lending. Consumer-related lending products mainly include home equity lines of credit. Other consumer loan products are also available, as is commercial and industrial lending, but do not compose a significant portion of loan originations.

In addition to loan products, UB offers other traditional banking services. Each branch has an automated teller machine (ATM), except for the main branch in West Covina due to local building code restrictions. All branches are open for business Monday through Thursday from 9:00 AM to 5:00 PM, Friday 9:00 AM to 6:00 PM, and Saturday from 9:00 AM to 1:00 PM (except West Covina). Bank management determined that the low level of customer traffic did not warrant Saturday hours at the West Covina branch.

As of September 2017, UB reported total assets of \$386 million, total loans of \$286 million, total deposits of \$277 million, and total equity capital of \$55 million. Total loans represented approximately 74 percent of total assets. The following chart summarizes the loan portfolio by major product types.

| <b>Universal Bank<br/>Outstanding Balances<br/>by Major Product Type<br/>as of September 30, 2017</b> |                  |                |
|---|------------------|----------------|
| <b>Loan Type</b>  | <b>(\$000's)</b> | <b>Percent</b> |
| Multifamily Residential RE  | 197,929          | 69.10%         |
| Commercial RE   | 37,750           | 13.2%          |
| 1-4 Family Residential RE   | 28,861           | 10.1%          |
| Commercial & Industrial   | -                | 0.00%          |
| Consumer  | 285              | 0.10%          |
| Other – Mobile Home Parks   | 21,657           | 7.5%           |
| <b>Total</b>  | <b>286,482</b>   | <b>100.0%</b>  |

UB received a “Satisfactory” rating under the “Intermediate Small Bank” rating criteria at the prior CRA examination dated April 9, 2015.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation (PE) assesses the Community Reinvestment Act (CRA) performance of UB using intermediate small bank examination procedures. We evaluated CRA activities under the Lending Test criteria, and we evaluated lending, investments, and services under the Community Development (CD) Test.

**Lending Test:** The bank makes mortgage loans that are reportable under the Home Mortgage Disclosure Act (HMDA). Mortgage loans constituted the substantial majority of the bank's originations during our Lending Test evaluation period of calendar years 2015 and 2016. As such, we focused our examination scope on originations of multifamily loans because they constituted a substantial majority of the bank's originations. For our examination, we first conducted a "data integrity" test of the bank's regulatory HMDA-Loan Application Register (HMDA-LAR) reports for our evaluation period.

**CD Test:** We considered all qualifying CD activities since the bank's last CRA examination, from January 1, 2015 through December 31, 2016.

### Data Integrity

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

### Selection of Areas for Full-Scope Review

UB has one assessment areas (AA), and we performed a full-scope review of its performance in that AA. UB has designated Los Angeles County as its AA, which is part of the Los Angeles-Long Beach-Glendale Metropolitan Division, and the Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area. Please refer to the table in Appendix B-1, which provides demographic data for the AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

# Conclusions with Respect to Performance Tests

## LENDING TEST

UB's performance under the CRA Lending Test is **Satisfactory**. The bank meets the standards for satisfactory performance on three of the lending tests and exceeded the standard for satisfactory performance on one test.

### Loan-to-Deposit Ratio

UB's loan-to-deposit (LTD) ratio is reasonable given its size, financial condition, and local economic conditions. We evaluated the bank's quarterly average LTD ratio for the 11 quarters since the prior CRA examination through September 30, 2017. During this period, the bank's LTD ratio averaged 97 percent. This ratio ranged from a quarterly low of 89 percent to a quarterly high of 105 percent during the period. The bank's LTD ratio reasonably compares with four other banks of similar asset size in the AA. The average LTD ratio for peer banks was 85 percent over the same period, and the ratio ranged from a quarterly low of 81 percent to a quarterly high of 88 percent. The bank's average LTD ratio was higher than the peer bank average and meets the standard for satisfactory performance.

### Lending in Assessment Area

UB granted a majority of the number and dollar volume of loans inside its delineated AA and meets the standard for satisfactory performance. The bank granted 61 percent of the number of loans and 67 percent of the dollar volume within its delineated AA during our evaluation period. See Table 1 for details.

| Loan Type      | Number of Loans |       |         |       |       | Dollars of Loans (\$000's) |       |         |       |         |
|----------------|-----------------|-------|---------|-------|-------|----------------------------|-------|---------|-------|---------|
|                | Inside          |       | Outside |       | Total | Inside                     |       | Outside |       | Total   |
|                | #               | %     | #       | %     |       | \$                         | %     | \$      | %     |         |
| Mortgage Loans | 62              | 60.78 | 40      | 39.22 | 102   | 85,290                     | 66.96 | 42,086  | 33.04 | 127,376 |

Source: HMDA loan originations.

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

The bank's primary lending product is HMDA reportable loans for multifamily housing. There is no "multifamily" income distribution analysis because borrowers were entities other than individuals or families. As such, income is not required to be reported for HMDA data purposes. Therefore, we are unable to determine if these loans went to low- and moderate-income borrowers. Hence, the income distribution analysis would not be meaningful and was not included in the scope of this review.

We did not sample commercial business loans to evaluate lending to businesses of different sizes, as this product is not a major loan product. The analysis would not

provide a meaningful conclusion due to the bank’s lending activity and business strategy during this evaluation period.

### Geographic Distribution of Loans

Overall, the geographic distribution of UB’s mortgage loans reflects reasonable dispersion throughout the AA compared to area demographics, and meets the standard for satisfactory performance. As mentioned above, we placed more weight on multifamily loans because they comprised a substantial majority of the bank’s originations.

### Multifamily Lending

The geographic distribution of UB’s multifamily loans is reasonable. The distribution of the bank’s multifamily loans within LMI census tracts was reasonable compared to both the percentage of multifamily units already built in the LMI census tracts and HMDA Peer Aggregate data. The bank’s distribution of multifamily loans in LMI census tracts was comparable to the low-income census tract AA characteristics and HMDA Peer Aggregate percentage of multifamily units in low-income census tracts. The bank performed better than both the moderate-income census tract AA characteristics and the HMDA Peer Aggregate in the moderate-income census tracts. See Table 3 for details.

| Table 3 – Geographic Distribution of Multifamily Loans<br>Los Angeles County AA |                         |                        |                     |
|---|-------------------------|------------------------|---------------------|
| Census Tract Designation  | Review Period 2015-2016 |                        | Peer Aggregate 2016 |
|   | % of Families           | % Number of Bank Loans | %                   |
| Low   | 13.15                   | 14.52                  | 14.04               |
| Moderate  | 31.58                   | 50.00                  | 40.27               |
| Middle  | 24.67                   | 12.90                  | 23.90               |
| Upper   | 30.43                   | 22.58                  | 21.79               |

*Source: All 62 multifamily residential real estate loans UB originated within its Los Angeles County AA between January 1, 2015, and December 31, 2016*

### Responses to Complaints

There were no CRA-related complaints received by the bank during the evaluation period.

### COMMUNITY DEVELOPMENT TEST

UB’s performance under the CD test is **Satisfactory**. The bank’s CD performance is adequate and meets the standard for satisfactory performance in its responsiveness to the CD needs of its AA.

### **Number and Amount of Community Development Loans**

UB originated six CD loans that totaled \$5.2 million. These CD loans are secured by multifamily residential properties dedicated to providing affordable housing to LMI individuals, an identified and significant need within the bank's AA.

### **Number and Amount of Qualified Investments**

The bank made 19 qualifying CD investments totaling \$4.9 million in various minority-owned and CDFI institutions. UB also made a qualified in-kind CD donation of \$17 thousand to an organization that provides educational and social services to LMI immigrants. This organization helps empower LMI persons and families to achieve self-sufficiency and English language proficiency.

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

UB employees contributed 232 hours of qualified CD services to a variety of nonprofit organizations that provide financial literacy and community services to LMI residents in the AA.

### **Responsiveness to Community Development Needs**

The bank's CD activities demonstrate adequate responsiveness to the CD needs of its AA, in particular when considering the bank's capacity, performance context, and the competition for CD opportunities in the AA.

# Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

|  |   |                          |
|--|---|--------------------------|
| <b>Time Period Reviewed</b>  | Lending Test (excludes CD loans): (01/01/2015 to 12/31/2016)<br>Investment and Service Tests and CD Loans: (01/01/2005 to 12/31/2016) |                          |
| <b>Financial Institution</b>   | <b>Products Reviewed</b>  |                          |
| Universal Bank (UB)<br>West Covina, CA   | Multifamily residential real estate loans.<br>CD loans, investment, and services.   |                          |
| <b>Affiliate(s)</b>  | <b>Affiliate Relationship</b>   | <b>Products Reviewed</b> |
| Not Applicable   |   |                          |
| <b>List of Assessment Areas and Type of Examination</b>  |   |                          |
| <b>Assessment Area</b>   | <b>Type of Exam</b>   | <b>Other Information</b> |
| Los Angeles County<br>Los Angeles-Long Beach-<br>Glendale Metropolitan Division<br>Los Angeles-Long Beach-<br>Anaheim Metropolitan Statistical<br>Area | Full-Scope  |                          |

## Appendix B: Community Profiles for Full-Scope Areas

### Los Angeles County AA

UB has designated Los Angeles County as its AA. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. Los Angeles County is part of the the Los Angeles-Long Beach-Glendale Metropolitan Division (MD), and part of the Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area (MSA). Based on the 2010 U.S. Census data, Los Angeles County consists of 2,346 census tracts; nine percent are low-income, 28 percent are moderate-income, 27 percent are middle-income, 34 percent are upper-income, and 2 percent have not been assigned an income classification. UB helps meet community credit needs in the Los Angeles AA through its five branches. The table below provides demographic data for the Los Angeles County AA.

| Demographic Information for Full-Scope Area:<br>Los Angeles County AA       |            |               |                      |                  |                 |               |
|---|------------|---------------|----------------------|------------------|-----------------|---------------|
| Demographic Characteristics   | #          | Low<br>% of # | Moderate<br>% of #   | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)  | 2,346      | 8.99          | 28.64                | 26.77            | 34.02           | 1.58          |
| Population by Geography   | 9,818,605  | 8.01          | 29.43                | 28.26            | 33.92           | 0.39          |
| Owner-Occupied Housing by Geography   | 1,552,091  | 2.13          | 16.61                | 28.64            | 52.61           | 0.01          |
| Businesses by Geography   | 683,317    | 6.40          | 18.12                | 25.27            | 48.94           | 1.27          |
| Farms by Geography  | 6,616      | 3.19          | 16.40                | 26.74            | 53.02           | 0.65          |
| Family Distribution by Income Level   | 2,170,227  | 24.05         | 16.43                | 17.64            | 41.88           | 0.00          |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 878,478    | 13.64         | 41.84                | 26.84            | 17.67           | 0.01          |
| Median Family Income  | = \$61,622 |               |                      |                  |                 |               |
| HUD Adjusted Median Family Income for 2016                                  | = \$62,400 |               |                      |                  |                 |               |
| Households Below the Poverty Level  | = 14%      |               |                      |                  |                 |               |
|   |            |               | Median Housing Value |                  | = \$526,439     |               |
|   |            |               | Unemployment Rate    |                  | = 4.39%         |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

The Los Angeles County is located in southern California and covers over 4,000 square miles. It has an extensive transportation network, including seaports and airports, freeway systems, mass transit systems, rail systems, and cross-country railroads. The neighboring counties include Orange to the southeast, Kern to the north, San Bernardino to the east, and Ventura to the northwest. There are 88 incorporated cities in Los Angeles County and many unincorporated areas. The northern half of the county is lesser populated in inland areas; however, the southern half of the county is heavily

urbanized. Based on the 2010 U.S. Census, the population in the Los Angeles County AA is 9.8 million.

The banking environment in the AA is highly competitive. The June 30, 2017 FDIC Deposit Market Share Report indicated that 107 institutions with 1,763 offices compete for deposits in Los Angeles County. The major competing institutions include Bank of America, N.A., Wells Fargo Bank, N.A., MUFG Union Bank, N.A., JPMorgan Chase Bank, N.A., CIT Bank, City National Bank, and Citibank, N.A. These banks collectively hold 72 percent of the deposit market share. UB ranks 60<sup>th</sup> and holds a market share of 0.07 percent. The banks that compete for deposits in the AA also compete for loans. In addition, there are numerous other institutions in the AA that do not collect deposits, but compete for loans in the AA, making it even more difficult for banks to compete for loans than deposits.

Los Angeles County has a diverse economic base. If it were a country, its economy would be the 19<sup>th</sup> largest in the world. The county is home to a variety of businesses, with more minority- and women-owned businesses than any other county in the U.S. It is the top international trade and manufacturing center in the country. Historically, the leading industry clusters were tourism and hospitality, professional and business services, entertainment (motion picture and TV production), wholesale distribution, and health services and biomedical. More recently, the Los Angeles County economy has been largely technology driven, specifically the biomedical, digital information technology, and environmental technology sectors, all of which build on the vibrant technical research capabilities in the county. The county also is the largest manufacturing center in the United States, and the seaports and airports support international trade. The Port of Los Angeles/Long Beach and the Los Angeles International Airport are two of the busiest transportation networks in the nation.

Los Angeles County is home to 13 of the 500 largest U.S. corporations. Those companies include Walt Disney Company, Amgen Inc., Aecom, Health Net Inc., Molina Healthcare Inc., Farmers Insurance Exchange, Jacobs Engineering, Edison International, CBRE Group Inc., Reliance Steel & Aluminum Company, Live Nation Entertainment, A-Mark Precious Metals, Avery Dennison Corp., and Mattel Inc. The top employers are Los Angeles County, Los Angeles Unified School District, the federal government, City of Los Angeles, Kaiser Permanente, University of California Los Angeles, Northrop Grumman Corporation, University of Southern California, Target Corporation, Kroger Corporation, Cedars Sinai Medical Center, Bank of America Corporation, The Boeing Company, Providence Health Systems, The Home Depot, USA Inc., Vons, Wells Fargo, Edison International; and AT&T. The unemployment rate as of December 2017 was 4.2 percent, slightly lower than the state of California at 4.3 percent, and just above the national rate of 4.1 percent.

Overall, high home prices force the majority of Los Angeles County residents to rent, and rents are high compared to incomes. According to Trulia, the median starter home (single family residence and condominium), which listed at \$329 thousand, would require over 88 percent of the median starter homebuyer's income. The national average is 38 percent. However, the starter home inventory in Los Angeles dropped

almost 71 percent over the past few years, forcing most potential first-time homebuyers to continue to rent. As a result, the demand for rentals has increased the cost of renting. The average rent in Los Angeles is \$1,716 per month. An apartment is considered affordable when the renter pays no more than 38 percent of his/her income in rent. Los Angeles residents spend an average of 47 percent of their income on rent, which makes the city one of the most unaffordable cities in the U.S.

Contacts with community organizations that operate in the Los Angeles County AA confirmed there are many community development needs and opportunities, including the following:

- Affordable housing, especially for LMI families;
- Education for LMI borrowers focusing on how to qualify for mortgages;
- Financial literacy education for LMI youths and families;