



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: March 31, 2002

Institution: United States Trust Company of New York
114 West 47th Street
New York, NY 10036

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance.....	2
Performance Context.....	3
Institution's Profile	
Assessment Area	
Performance Tests and Assessment Factors	4
Community Development Test	
Discrimination or Other Illegal Practices	
Other Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of United States Trust Company of New York (“US Trust”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of March 31, 2002.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low and moderate income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

US Trust is rated "1", indicating an outstanding record of helping to meet community credit needs. This rating is based on the following factors:

- US Trust has an excellent level of community development activity. As of March 31, 2002, community development commitments totaled \$28 million. This represents a substantial increase of \$8.9 million since the prior evaluation.
- Of the total, \$22 million represented new commitments, a significantly higher level than the \$16.6 million in new activity reported at the prior evaluation.
- The bank has a high level of community development services. These services include programs that address both short- and long-term community needs and technical assistance concerning financial matters provided by many of its directors, officers, and employees.
- The U.S. Trust Foundation helps the bank to achieve its CRA objectives by providing grants to organizations working to preserve, create and support community services for low- and moderate-income (LMI) individuals and households. Grants at this evaluation totaled \$916 thousand, up from \$709 thousand at the last evaluation, reflecting a high level of responsiveness to community needs.

This Evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution's Profile:

Chartered in 1853, US Trust is a wholesale bank, headquartered in midtown Manhattan. US Trust is a wholly-owned subsidiary of the Charles Schwab Corporation ("CSC"). The bank operates five banking offices in New York, of which three are located in midtown Manhattan, and one each is located in downtown Manhattan and Garden City, Long Island. The bank does not have automated teller machines (ATMs). As of December 31, 2001, the bank reported total assets of \$5.8 billion, an increase of 48.7% from the level on December 31, 1999, the prior evaluation date. On December 31, 2001, US Trust reported total deposits of \$4.1 billion.

Since its inception, US Trust's business focus has been to serve affluent individuals, closely held corporations and partnerships with asset management, financial planning, trust, estate and similar specialized services. The bank is not in the business of originating or purchasing residential mortgage, housing rehabilitation, home improvement, small business or small farm loans, except as an accommodation to its existing clients. On a daily basis, the bank sells the residential mortgage loans that it originates to U.S. Trust Mortgage Services Company, a wholly owned subsidiary, located in Boca Raton, Florida. Co-op Holdings, Inc., a Nevada corporation and wholly owned subsidiary of the mortgage services company, in turn, purchases all of the co-operative mortgages acquired by its parent.

On October 30, 1996, the Federal Reserve Bank of New York granted the bank designation as a wholesale institution for purposes of evaluation under the CRA.

In March of 2000, US Trust opened a branch in the Newport Center III in Jersey City, New Jersey, and moved to it certain back office operations and support services that were formerly located at its 770 Broadway and 47th Street offices in Manhattan. Because the bank's treasury division was part of the move, it was necessary to make the office a FDIC insured branch, so that the Treasury Division could continue to accept inter-bank deposits. Currently, the branch takes deposits from other banks only, and not from the general public.

The bank received a rating of "1" on its most recent CRA Performance Evaluation by the Banking Department on March 31, 2000, indicating an outstanding record of helping to meet the credit needs of its assessment area.

Examiners noted no financial or legal factors that would adversely impact the bank's ability to meet its responsibilities under the CRA.

Assessment Area:

US Trust's assessment area includes the five boroughs of New York City and Nassau County. This area consists of 2,486 census tracts, of which 754 or 30.3% are considered to be LMI tracts.

New York City - New York City has 2,216 census tracts, of which 314 (14.2%) are low-income, 419 (18.9%) are moderate-income, 779 (35.1%) are middle-income and 638 (28.8%) are upper-income. There are also 66 (3.0%) no income tracts. The city is part of MSA 5600 (New York), which has a total of eight counties, including the five boroughs of the city, which account for 85.7% of the MSA's total population of 8.55 million. The three remaining counties, which are not part of the assessment area, are Westchester, Rockland and Putnam.

According to the U.S. Census Bureau, New York City had a population of 7.32 million in 1990, which is estimated to have increased by 105.6 thousand (4.3%) to 7.43 million in July of 1999. Thirteen point one percent of the population was over the age of 65 and 23.0% was under the age of 16.

In 1990, there were 1.75 million families in the city, of which 44.0% (772.8 thousand) were low or moderate-income families, including 16.3% (285.4 thousand) whose income was below the poverty level. There were 2.82 million households in the city, of which 17.8% (501.0 thousand) had income below the poverty level.

Fifty-eight percent (448.5 thousand) of the LMI families lived in LMI census tracts, accounting for 67.2% of all the families (666.9 thousand) that lived in LMI census tracts.

New York City's economy grew by 3.4% in 1998 and 4.9% in 1999. Wall Street's securities firms expanded at a 4% pace and this growth led to the growth of business service firms, restaurants and retailers as well as a boost to the real estate market. Industries such as tourism, entertainment and computer services were growing rapidly. Business and housing costs in the city are among the highest in the country.

The 1990, average median family income for the city was \$37,541 and the HUD median income for the MSA was \$37,515. The HUD updated estimated median family income for the MSA was \$49,800 in 1998 and \$53,400 in 1999.

There were 2.99 million housing units in New York City, of which 35.8% were 1-4 family units and 62.5% were multifamily units. Twenty-seven percent of the housing units were owner occupied and 67.2% were renter occupied. Six point one percent of all the housing units were vacant or boarded up. The median housing value was \$186.4 thousand.

Nassau County - Nassau County has 270 census tracts, including one low-income, 20 moderate-income, 180 middle-income and 66 upper-income tracts. There were also three zero-income tracts. The county is part of MSA 5380, which also includes Suffolk County.

According to the U.S. Census Bureau, Nassau County had a population of 1.29 million in 1990, which was estimated to have increased by 17.7 thousand (1.4%) to 1.31 million in July of 1999. Fourteen point two percent of the population was over the age of 65 and 23.1% was under the age of 16.

In 1990, there were 346.8 thousand families in the county, of which 32.2% (111.9 thousand) were low or moderate-income families, including 2.5% (8.7 thousand) whose income was below the poverty level. There were 431.1 thousand households in the county, of which 4.2% (18.0 thousand) had income below the poverty level.

Twelve point nine percent (14.5 thousand) of the LMI families lived in LMI census tracts, accounting for 55.2% of all the families (26.3 thousand) that lived in LMI census tracts.

The 1990 median family income for the county was \$60,619 and the HUD median income for the MSA was \$56,726. The HUD updated estimated median family income for the MSA was \$70,200 in 1998 and \$73,300 in 1999.

There were 446.3 thousand housing units in Nassau County, of which 88.3% were 1-4 family units and 10.5% were multifamily units. Seventy-seven point eight percent of the units were owner occupied, and 18.9% were rental units. Three point four percent of all the units were vacant or boarded up. The median housing value was \$237 thousand and the median age of the housing was 38 years.

The assessment area appears reasonable based upon the location of bank's branches and there is no evidence that LMI areas are arbitrarily excluded.

PERFORMANCE TEST AND ASSESSMENT FACTORS

This evaluation incorporates a review of US Trust's community development activities for the period from March 31, 2000 to March 31, 2002.

The Banking Department evaluates the CRA performance of wholesale banks pursuant to the "community development test", as provided in section 76.11 of the New York Banking Law. Performance criteria may include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investments, community development loans or community development services and the extent to which the investments are not routinely provided by private investors; and (3) the banking institution's responsiveness to credit and community development needs.

While US Trust conducts community development activities in other areas, this evaluation considers only those initiatives that target its New York assessment area or a broader statewide or regional area that includes the New York assessment area.

I. Community Development Test

US Trust participates in community development initiatives primarily by working with intermediaries that serve its assessment area. For this evaluation period, the bank's assessment area-based community development loans and qualified investments totaled \$28 million, representing an increase of \$8.9 million, or 46.6%, from the prior evaluation. As of March 31, 2002, total outstanding community development loans and qualified investments were \$ 22.2 million, up from \$15.7 million at the prior evaluation. During the same period, the bank's assets increased by 48.7% to \$5.8 billion.

The bank's total community development portfolio of loans and investments within its assessment area was comprised as follows:

Community Development Portfolio – 03/31/02					
Type	Commitments			Outstanding	
	Number	Amount (\$ millions)	Percentage	Amount (\$ millions)	Percentage
Affordable Housing	33	21.659	77.3	19.548	88.2
Community Service	45	3.844	13.7	0.954	4.3
Economic Development	28	2.222	7.9	1.365	6.2
Revitalization/Stabilization	13	0.297	1.1	0.297	1.3
Total	119	28.022	100.0	22.164	100.0

Of the total, 104 represented new commitments for \$22 million. A more detailed description of the bank's community development activity follows:

- **Community Development Lending**

As of March 31, 2002, the bank had community development loans of \$7.9 million. Several of the facilities were unsecured and provided at below market rates, showing responsiveness to the credit needs of the community. The following is a brief description of the bank's new community development lending activity for the evaluation period:

Henry Street Settlement (HSS) - The bank committed a \$3 million line of credit to this organization for the purpose of working capital. This represents a \$2 million increase since the prior evaluation. At the current evaluation, \$200 thousand was outstanding. HSS is a non-profit social service agency serving the needs of LMI families and individuals on Manhattan's lower east side. The agency offers temporary housing to approximately 100 families, and its supportive services include an employment program and an intensive case management project for homeless families.

Per Scholas - The bank provided this not-for-profit organization with a \$100 thousand, unsecured, below market rate, line of credit for working capital purposes. Per Scholas' mission is to provide new computers to schools. This organization also provides outreach, career exploration, and employment training to disadvantaged youth, both in and out of school. It runs a computer technician training program that trains and places as computer technicians, students from alternative high school programs and young people who are no longer in school.

Brooklyn Legal Services Corporation A (Brooklyn A) - The bank provided an unsecured, below market rate, line of credit of \$90 thousand. This loan was granted on an emergency basis as a bridge loan to subsidize a gap in finances needed to cover the organization's daily needs. Brooklyn A is the primary provider of free legal services related to housing and community development issues for low-income individuals and community organizations based in Bushwick, Canarsie, Cypress Hills, East New York, Greenpoint, Oceanhill-Brownsville, Williamsburg, Bedford-Stuyvesant, Flatlands, and City Line.

Mercy Haven, Inc. - The bank provided an unsecured line of credit for \$200 thousand to provide working capital for this organization. Mercy Haven is a non-profit organization that operates three community residences on Long Island for mentally ill, formerly homeless residents and patients with HIV/AIDS. This organization also provides intensive support services, including employment training, for approximately 40 residents.

New York Community Investment Company, LLC (NYCIC) - The bank provided a revolving credit facility for \$193 thousand to NYCIC, an increase of \$141 thousand. As of the evaluation date, \$99 thousand was outstanding. NYCIC manages a venture capital fund which provides debt and equity financing for small businesses in New York City, focusing primarily on minority and women-owned companies and other companies with insufficient equity or operating

histories for traditional bank lending.

Long Island Housing Partnership (LIHP) - The bank provided a \$50 thousand loan to this organization that provided funding for LIHP's new Homeowners Emergency Mortgage Assistance Program. This program provides mortgage payment assistance when a homeowner is suffering financial hardship beyond his or her control.

New York Business Development Corporation (NYBDC) - The bank's participation in a multi-bank revolving credit facility increased by \$376 thousand to \$740 thousand participation. There is \$44.5 thousand outstanding under this facility. NYBDC is a private lending company created by New York State statute and funded by commercial and savings banks under lines of credit, typically at a LIBOR based rate, that are utilized to provide affordable financing to small businesses in New York State.

Following is a brief description of the outstanding community development loans originated in prior evaluation periods:

New York State Housing Finance Agency - The bank re-issued a letter of credit for \$1.6 million for the benefit of this agency to provide security for debt service payments of the developer on the mortgage for a subsidized LMI housing project.

Nonprofit Facilities Fund (NFF) – The bank provided a \$500 thousand term loan. NFF is a financial intermediary which provides advisory services and loans to non-profit organizations that provide community development services in New York City to LMI families and communities.

Regional Economic Development Assistance Corporation (REDAC) – On the evaluation date, there was \$111.5 thousand outstanding under a \$180 thousand revolving line of credit that the bank extended to REDAC. REDAC manages a mini-loan program and provides technical assistance, individual business counseling, peer support, and loan packaging assistance to both startup and successful New York City businesses with sales of under \$1 million.

Neighborhood Housing Services of New York City (NHS) – The bank extended a \$265 thousand term loan. NHS is a financial intermediary that brings about neighborhood revitalization to all five boroughs of New York City by stimulating reinvestment in urban neighborhoods through a partnership of residents, government and business. NHS provides mortgage loans, credit counseling and home ownership and home improvement training, among other services.

NHS's Closing Assistance Support for Homebuyers (NHS CASH II) - \$34 thousand outstanding under a term loan. This program is a segregated fund managed by NHS. Proceeds were used to provide assistance to LMI borrowers who qualify for certain government-sponsored mortgage programs, but who do not have enough cash for the required

down payment or to cover closing costs associated with purchasing a home.

ACCION New York - The bank committed a revolving line of credit for \$250 thousand to this organization. ACCION is a non-profit lending organization that promotes and encourages economic self-reliance of micro-entrepreneurs in low- and moderate-income communities in New York City.

Community Preservation Corporation (CPC) - The bank continues to provide a revolving line of credit of \$676 thousand to this organization. As of evaluation date, \$196 thousand was outstanding. CPC is a non-profit mortgage lender specializing in the financing of construction and rehabilitation of housing in LMI neighborhoods throughout New York State.

- **Qualified Investments**

During the evaluation period, the bank made qualified investments and grants of \$18 million. While not particularly innovative or complex, they show good responsiveness to the needs of the community. The following is a brief description of this activity:

Mortgage-Backed Securities – The bank purchased eight mortgage backed securities totaling \$17 million that are secured by pools of mortgage loans to LMI borrowers and LMI geographies located in New York City and Nassau County.

Blue Rock Capital II, LP. (Blue Rock) - The bank invested \$25.1 thousand in this small business investment company (SBIC). Blue Rock will be making loans to small businesses located throughout the east coast, with a focus on New York, New Jersey and Pennsylvania.

Bushwick Cooperative Federal Credit Union (BCFCU) - The bank has a \$51 thousand certificate of deposit with BCFCU, a new community development credit union started in 2000 that services the Bushwick neighborhood of Brooklyn. It provides basic financial services in the community, particularly small-scale lending, financial counseling and low-fee savings and checking accounts.

Qualified Grants - Qualified grants made during this evaluation period totaled \$916 thousand, representing an increase from \$709 thousand reported at the prior evaluation. Of this total, \$454 thousand were made to organizations performing community services, \$143 thousand to organization engaged in stabilizing and revitalizing LMI neighborhoods, \$257 thousand to economic development organizations and \$63 thousand to affordable housing organizations. The grants were made to about 50 organizations.

The following is a brief description of outstanding investments made by the bank in prior evaluation periods:

Union Settlement Federal Credit Union (USFCU) - The bank has a \$25 thousand certificate of deposit with USFCU. USFCU is a community development credit union and a certified

community development financial institution serving the East Harlem Empowerment Zone of New York City. The credit union provides a full range of financial services to its members, including financing for home ownership, housing co-operatives and private rental housing as well as small businesses.

Neighborhood Trust Federal Credit Union (NTFCU) - The bank has a \$53 thousand non-member certificate of deposit with NTFCU. NTFCU is a community development credit union that provides banking-related services in Washington Heights-Inwood, a LMI neighborhood in Northern Manhattan. The credit union makes loans to small businesses and consumers that help to revitalize and stabilize this community.

Community Capital Bank (CCB) - The bank has a \$62 thousand certificate of deposit with CCB and also a \$10 thousand equity investment in this entity. CCB is New York City's first community development bank and is a certified community development financial institution. The bank's primary function is to provide funds to develop housing for LMI families and to promote job creation through small business lending in New York City.

Homesteaders Federal Credit Union (HFCU) - The bank has a \$28 thousand certificate of deposit with HFCU. HFCU is a community development credit union located in downtown and West Harlem. The credit union offers low-interest loans to its members for purposes of repairs, renovation, and unexpected structural or legal problems in housing. Many of its members are residents of in low income, limited equity housing co-operatives.

Lower East Side People's Federal Credit Union (LESPFCU) - The bank has a \$25 thousand certificate of deposit with LESPFCU, a community development credit union that serves the low-income community of Manhattan's lower-east side. It provides financial services and credit to low-income individuals and families, which helps to revitalize and stabilize the neighborhood it serves.

New York Equity Funds (NYEF) - The bank has \$1.6 million equity investments in these funds, a \$500 thousand increase since the prior evaluation. NYEF is a limited partnership created to raise equity for affordable housing development projects that utilize the federal Low-Income Housing Tax Credit program. The general partners and organizers are Local Initiatives Support Corporation (LISC) and The Enterprise Foundation, both of which are national non-profit intermediaries that assist community based organizations in creating affordable housing.

New York Community Investment Company (NYCIC) - The bank had a \$78 thousand equity investment in this company. NYCIC manages a venture capital fund that provides debt and equity financing to small businesses in New York City. The fund focuses primarily on minority and women owned companies and other companies with insufficient equity or operating histories to qualify for traditional bank loans.

Community Preservation Corporation (CPC) - The bank participates in CPC's non-recourse collateral trust note program with a commitment of \$1.3 million. The notes are backed by

mortgage loans originated by CPC.

- **Community Development Services**

US Trust provides a high level of community development services in its assessment area. These activities include providing capacity-building technical assistance on financial matters to non-profit organizations that serve LMI housing, economic revitalization and development needs, and community development organizations engaged in affordable housing and rehabilitation programs.

Following is a brief description of the bank's community development services:

Assistance to Nonprofit Organizations:

Since 1994, US Trust's investment division has managed the Lower East Side People's Federal Credit Union's investment portfolio, free of charge.

The bank provides free bank account services to the Bridge Fund of New York City, a private nonprofit organization that provides emergency loans and financial counseling to tenants who are in imminent danger of eviction. Additionally, an officer of the bank serves on the advisory board of this organization.

The bank routinely offers a 20% discount to its not-for-profit clients on its asset management services.

The bank assists NYCIC in the purchase of computer equipment and other technology equipment utilizing the bank's large volume discount with certain merchants. The bank also offered to provide computer services to NYCIC free of charge, thereby eliminating the need to use an outside vendor.

Youth or Educational Programs

US Trust runs a Big Brothers/Big Sisters program that matches corporate volunteers with at-risk children from single parent families in one-to-one mentoring relationships. Approximately 15 children participate along with 15 US Trust volunteers. An officer serves on the board of this organization.

The bank's co-operative work-study program offers an opportunity to study and develop on-the-job skills and knowledge in banking operations for 16 New York City and Jersey City, New Jersey inner-city high school seniors. Many of these students are from LMI families, and some are eventually hired as permanent employees.

Community Participation by Officers, Employees and Directors

The bank's CRA officer, who is also assistant general counsel, serves on the board of

managers of NYCIC. She is involved in all decisions affecting the mission and financing of the organization. This officer also serves on the advisory board of Brooklyn A Corporation, a provider of free legal services to low-income individuals and community organizations based in Bushwick, Canarsie, Cypress Hills, East New York, Greenpoint, Oceanhill-Brownsville, Williamsburg, Bedford-Stuyvesant, Flatlands, and City Line.

One officer serves as a member of NHS's Campaign Committee responsible for fund-raising efforts.

A credit officer in the private banking area serves on REDAC's credit committee and participates in the credit decision for every loan made by the company.

One officer serves on the board of Mercy Haven. This officer also provides medical and financial expertise to assist the organization in the areas of managed care, budgeting and preparing applications for medical assistance.

The bank's chairman serves as a trustee on the board of the American Red Cross of Greater New York. The organization provides housing and job training services to LMI individuals.

The bank's CEO is a board member and treasurer of Children's Health Fund. This fund provides pediatric programs for homeless and other medically under-served children in New York City. This officer also serves as a board member and officer of The Hebrew Home for the Aged. This organization runs project HOPE, which is a hands-on education, counseling and vocational training program to place inner-city at risk youths in entry level positions in the health care industry.

The bank's general counsel serves on the board of Randall's Island Sports Foundation. The foundation runs several camp and athletic programs for children from LMI neighborhoods in the New York metropolitan area.

One senior officer serves as a board member and member of the investment and finance committee of Kips Bay Boys and Girls Club. The club provides services to over 8,000 financially and socially disadvantaged youth at its home site in the Bronx.

One senior officer is a member of the housing committee of Catholic Charities of the Diocese of Rockville Centre. The committee oversees projects involving housing for LMI individuals throughout Long Island and provides affordable housing to more than 1,000 senior citizens in senior housing complexes across Nassau and Suffolk Counties.

One senior officer is vice chairman of the board of Network for Women's Services, a not-for-profit organization that provides legal services to indigent women.

One officer serves on the board of the New York City Mission Society, a non-profit organization serving over 3,000 youth and community residents through programs offered at its Minisink Town House in central Harlem and its urban ministry complex in the South Bronx.

Programs encompass a broad range of activities including leadership training, teen pregnancy prevention, education and employment training.

One officer serves as the treasurer of Health Advocates for Older People, Inc., an organization that provides assisted living facilities for LMI seniors.

II. Discrimination or Other Illegal Practices

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

Examiners noted no practices that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance report dated March 31, 2000 indicates satisfactory adherence to anti-discrimination or other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

III. Other Factors

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

U.S. Trust ascertains the credit needs of its community primarily through financial intermediaries and non-profit organizations that promote community development projects and programs involving affordable housing, small business development, economic development and supportive services in New York City and Nassau County. Members of the CRA committee and the Foundation's committee are specifically charged with the responsibility of helping to identify community credit needs.

The bank's active participation with numerous organizations enables it to identify and address special credit needs.

The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.

As a wholesale bank, US Trust does not use mass marketing techniques to advertise or promote banking services. The bank does not advertise any deposit or loan products or publish any terms or rates. Instead, all of its advertising (television or print) focuses on U.S.

Trust Corporation's subsidiaries and their nation-wide presence and promotes US Trust as a national premier investment and asset management firm offering investment advice and other wealth management services, including private banking, estate tax and retirement planning and fiduciary services.

In 2001, US Trust began television advertising for the first time on Sunday morning news programs, cable television and PGA golf tournament programs. Its print advertisements appear only in national magazines. The bank placed 76 television advertisements for the year.

The bank also hosts events for certain financial intermediaries and non-profit organizations to introduce and promote their activities to the New York City, Nassau County and Jersey City business and trust communities.

The extent of participation by the banking institution's board of directors /trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The board delegates CRA responsibility to its Corporate Responsibility Committee (CRC), which monitors the implementation of US Trust's CRA program and performance. The CRC sets corporate policy on issues affecting both the bank and the local community and oversees the work of the CRA Committee, a committee consisting of senior officers of the bank. The CRC meets at least three times a year. Each meeting includes a review of the bank's CRA activities and progress along with updates concerning CRA legislative or regulatory issues. Additionally, at each meeting a member of the CRA Committee gives a presentation concerning recent CRA initiatives and other CRA-related issues.

Other factors that in the judgement of the Superintendent and Banking Board, bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

None noted.

GLOSSARY

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;

- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A "community development service" is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan median family income.

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

Wholesale Institution

The term “wholesale institution” means a banking institution that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale banking institution by the appropriate Federal regulatory authority is in effect. When evaluating a wholesale institution’s CRA performance, the Banking Department looks primarily at its record of helping to meet the credit needs of its assessment are through community development lending, qualified investments and community development services.