

**PUBLIC DISCLOSURE**

May 26, 1998

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**United States Trust Company Of New York  
02-36-5350**

**114 West 47th Street  
New York, NY 10036**

**Federal Reserve Bank of New York**

**33 Liberty Street  
New York, New York 10045**

**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## **GENERAL INFORMATION**

*The Community Reinvestment Act (“CRA”) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **United States Trust Company of New York** prepared by the **Federal Reserve Bank of New York** on behalf of the Board of Governors of the Federal Reserve System, the institution's supervisory agency, as of **May 26, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

## **INSTITUTION**

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

United States Trust Company of New York's level of compliance with the CRA is assessed as satisfactory, based on the performance criteria specified under the CRA with respect to the community development test for wholesale institutions.

The bank's performance under the community development test is based on the following:

- An adequate level of community development loans, qualified investments, and community development services.
- Occasional use of innovative or complex community development lending, investment, and service techniques in order to help meet community development needs.
- Excellent responsiveness to credit and community development needs in its assessment area.

**DESCRIPTION OF INSTITUTION:**

United States Trust Company of New York ("U.S. Trust") is a New York-chartered corporation and member of the Federal Reserve System. Headquartered in New York City, U.S. Trust is the principal subsidiary of the U.S. Trust Corporation, a bank holding company with total assets of \$3.8 billion as of March 31, 1998. U.S. Trust's assets for the same period totaled \$3.2 billion, net loans and leases totaled \$1.7 billion, and total deposits were \$2.6 billion. There are no financial or legal factors that would impede the bank in fulfilling its responsibilities under the CRA.

U.S. Trust is a wholesale banking institution providing investment management, private banking and fiduciary services to high net worth individuals and institutions throughout the country. U.S. Trust does not extend home mortgage, small business or consumer credit to retail customers, except as an accommodation to its private banking clientele. Accordingly, the bank received designation as a wholesale bank by the Board of Governors on October 30, 1996.

The bank expanded its assessment area twice since the last examination (May 20, 1996). Upon receiving its wholesale designation, the bank expanded its assessment area to include the five boroughs of New York City. After opening a new branch in December 1996 in Mineola, New York, U.S. Trust expanded its assessment area to include Nassau County.

Four of U.S. Trust's five branches are located in Manhattan with the main office at 114 West 47th Street. The fifth branch in Mineola closed in March 1998 and was replaced with a new branch across the street in Garden City, New York. U.S. Trust also closed a branch at 770 Broadway in New York City in March 1998. The branch operated for the exclusive purpose of cashing employee payroll checks.

U.S. Trust's last examination for compliance with CRA was conducted on May 20, 1996. The bank received an overall rating of outstanding. This is the first CRA examination of U.S. Trust conducted by FRBNY since U.S. Trust received its designation as a wholesale bank.

## **DESCRIPTION OF ASSESSMENT AREA:**

The bank has designated as its assessment area the portion of MSA 5600 (New York, NY) generally referred to as New York City and Nassau County in MSA 5380 (Nassau-Suffolk, NY). The designation includes all of Bronx, Kings (Brooklyn), Queens, New York (Manhattan), Richmond (Staten Island) and Nassau Counties. The bank's assessment area was changed since the last examination to include Nassau County where a branch was added in Garden City, New York. The assessment area is in compliance with the requirements of Section 228.41 of Regulation BB.

### **Performance Context**

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of the Census, 1990, the U. S. Department of Labor and the U. S. Department of Housing and Urban Development ("HUD").

Total population in the assessment area is approximately 8.6 million, about 48 percent of the population of New York State. Of the assessment area's total population, approximately 85 percent reside in the MSA 5600 (New York, NY) portion of the assessment area.

The 1990 median family income for the assessment area is \$38,306. Higher income levels are found in Nassau County, where the median family income is \$60,813. In the MSA 5600 (New York, NY) portion of the assessment area, income levels are lower, with a median family income of \$37,515. Richmond County has the highest median family income of \$50,734, while Bronx County has the lowest median income level at \$25,479. According to the 1990 census, the percentage and number of families in the assessment area with low, moderate, middle and upper incomes is 25.6 percent or 538,035 low-income families, 16.5 percent or 346,112 moderate-income families, 19.8 percent or 415,622 middle-income families, and 38.1 percent or 802,739 upper-income families.

Of the 2,429 assessment area census tracts used for analysis, 766 or 31.5 percent, are low- and moderate-income ("LMI") tracts. Of the LMI census tracts, 742 or 97 percent are located in the MSA 5600 (New York, NY) portion of the assessment area. Most of the LMI tracts are located in Bronx and Kings Counties.

Overall, there are approximately 3.4 million housing units in the assessment area, 1.1 million or 32 percent are owner-occupied. Of all housing units in the MSA 5380 (Nassau-Suffolk, NY) portion of the assessment area, the level of owner occupancy is high at 78 percent. By contrast, in the MSA 5600 (New York, NY) portion of the assessment area, the level of owner occupancy is only 27 percent. Most of the housing units in MSA 5380 (Nassau-Suffolk, NY) are single-family units, whereas multifamily structures of five units or more predominate in the New York MSA. Housing costs in both MSAs are very high in relation to the median family income, indicating a demand for affordable rental units. This need was confirmed by community contacts made during the examination.

The local economy is rebounding from a steep economic downturn that occurred between 1989 and 1992. Job growth in the service and retail sectors is compensating for job losses in the manufacturing and government sectors. Unemployment is declining, primarily in MSA 5380 (Nassau-Suffolk, NY).

According to community contacts conducted during this examination, the development, retention and rehabilitation of affordable owner-occupied and rental housing units is the primary credit need in the assessment area. Other needs include economic development to provide for the expansion of businesses and jobs, financial assistance to small businesses, and job training and re-training programs.

**INSERT MAP OF ASSESSMENT AREA**



## **CONCLUSIONS WITH RESPECT TO THE COMMUNITY DEVELOPMENT PERFORMANCE TEST**

*The Community Development Test is rated: SATISFACTORY.*

### **VOLUME OF ACTIVITY**

The bank provided an adequate level of community development loans, qualified investments and community development services in order to help meet credit and community development needs.

#### **Community Development Lending**

U.S. Trust's community development lending performance was satisfactory. During the examination period, community development commitments totaled \$5.6 million, of which \$3.1 million or 55 percent represented new commitments originated since the last examination (May 20, 1996). Total commitments at this examination represent a 27 percent increase since the last examination when community development loan commitments totaled \$4.4 million. Most of the community development lending activity was concentrated in MSA 5600 (New York, NY) where commitments totaled \$4.6 million or 82 percent of total activity. The balance of the activity was to two organizations that perform community development lending on a statewide basis. There was no community development lending in MSA 5380 (Nassau-Suffolk, NY).

Direct lending initiatives accounted for \$3.2 million or 57 percent of total commitments. This total included \$360 thousand in loans and lines of credit and \$2.9 million in standby letters of credit. Indirect loans to various financial intermediaries and consortia totaled \$2.3 million or 41 percent of total commitments.

Exhibits A through C detail the bank's community development lending activities.

#### **Qualified Investments**

U. S. Trust's level of qualified investments is considered adequate. The bank exhibited adequate responsiveness to the credit and community development needs of its assessment area through investments in facilities and organizations that support affordable housing, economic development and community services for LMI individuals. Most investments are through financial intermediaries and can be routinely provided by other investors.

U.S. Trust's qualified investments totaled \$2.7 million at this examination and includes \$52 thousand in new investments since the last examination. Total investments consisted of \$2.1 million in investments and deposits made by the bank in various qualified community development entities and \$583 thousand in charitable grants and contributions made by the bank to organizations that support community development projects and programs. Most investment activity was concentrated in MSA 5600 (New York, NY) where \$1.7 million or 63 percent of total activity was outstanding. In addition, \$1 million was outstanding to an organization that invests in affordable housing programs on a statewide basis and \$28 thousand

in grants were made to organizations that promote community service and affordable housing in MSA 5380 (Nassau-Suffolk, NY).

Exhibits D through G detail U.S. Trust's qualified investment activity.

**Community Development Services**

U.S. Trust provides an adequate level of community development services in its assessment area, including technical assistance, investment advisory services, and in kind donations. While financial and management expertise to help organizations accomplish community development goals concentrated primarily on supporting community service targeted to LMI individuals, assistance also affected the other categories of community development.

The following table details the volume of community development services by category.

<b>Community Development Service Category</b>	<b>Number of Activities</b>
Affordable Housing for LMI individuals	5
Community Services targeted to LMI individuals	22
Activities that promote Economic Development	8
Activities that Revitalize or Stabilize LMI geographies	4
<b>Total</b>	<b>39</b>

Notable services by the bank are as follows:

**Services Targeted to LMI Individuals**

Of the bank's total community development service activities, 56 percent were community services for LMI individuals. Most of these community services involved fundraising, advisory and trustee activities for numerous organizations including Brooklyn Legal Services, Children's House Inc., Big Brothers/Big Sisters, Little Sisters of the Assumption Family Health Services, Inc. and the American Red Cross of Greater New York. The organizations are active in providing supportive services for children and seniors with disabilities, mentoring programs for at-risk children of single-parent families, employment training for residents of Central Harlem and the South Bronx, health care for disadvantaged and homeless children, and job training for inner city at-risk youth.

Of particular note is the financial expertise provided by the head of the bank's Medical Department to Mercy Haven, Inc. This organization operates residences on Long Island for mentally ill, formerly homeless residents and AIDS patients. Housing and intensive support services are provided for approximately 40 residents. As a director of Mercy Haven, this bank employee provides his financial expertise in the areas of managed care, budgeting, and preparing federal and state grant applications for medical assistance.

As a member of Brooklyn Legal Services' Advisory Board, U. S. Trust's former General Counsel provided legal expertise to this organization which acts as legal counsel to numerous community development corporations ("CDCs"). The counseling services include real estate closings, representation in corporate and tax matters, contract negotiations, grant writing, and analysis of the legal, financial and political implications of program and policy options. U.S. Trust's CRA Officer and Associate Counsel currently holds this advisory position.

The bank's participation in co-operative work study programs benefits 18 high school seniors from low- and moderate-income families in New York City and Jersey City, New Jersey with job training and education in banking operations. The program, provided in conjunction with the New York City Board of Education, places some students in the bank as permanent employees. Participating high schools include Jamaica High School, Roosevelt High School, Cleveland High School, JFK High School and Ferris High School.

The bank has donated numerous computers, printers, and modems to a New York City grammar school. Several computers also were donated to the Baltic Street Mental Health Board. The bank also donates several thousand pounds of food each year to City Harvest, an organization operating soup kitchens throughout New York City.

### **Affordable Housing for LMI Individuals**

An officer of the bank serves on the advisory board of the Bridge Fund, a program providing emergency loans and financial counseling to tenants who are in imminent danger of eviction. The bank officer provides financial planning and fundraising services to the organization. U.S. Trust also provides free account services to the Bridge Fund.

By constructing competitive compensation packages and salary surveys, U.S. Trust's human resources manager assisted the Neighborhood Housing Services with payroll and staff retention concerns. This expertise was of particular benefit to this nonprofit organization given its high personnel turnover.

### **Activities That Promote Economic Development**

An advisor to the bank's CRA Committee serves on the Board of Managers of the New York Community Investment Company, LLC ("NYCIC"). This advisor is also a member of the NYCIC's Audit and Finance Committee. The NYCIC provides debt and equity financing for small businesses that do not qualify for traditional bank loans, i.e., with insufficient equity or operating histories. The Audit and Finance Committee is involved in all decisions affecting the financing of the NYCIC.

A credit officer of the bank is a member of the credit committee of the Regional Economic Development Assistance Corporation ("REDAC"). REDAC is a non-profit organization that supports small businesses in New York City with its mini-loan program.

An advisor to the bank's CRA Committee serves on the advisory board of Pace University's small business development center. The advisory board is involved in financing and fundraising issues.

One of the bank's officers provides credit expertise to the Women's Venture Fund. This nonprofit organization provides small business loans to women seeking to start businesses.

### **Activities That Revitalize or Stabilize LMI Geographies**

The chairperson of the U.S. Trust Foundation serves on the Grants Committee of the Strategic Alliance Fund. This organization helps various supportive service agencies in New York City deal with the impact of government funding cuts. The bank officer provides her expertise in grant making and endowments.

The bank's investment division manages free of charge the investment portfolio of the Lower East Side People's Federal Credit Union. The bank also offers a 20 percent discount on its asset management services to its not-for-profit customers.

The bank donated several computers and monitors to the Northwest Bronx Community and Clergy Coalition. Ten neighborhood associations comprise this organization, which is involved in anti-crime programs, water and sewer projects, and lead abatement projects.

### **INNOVATIVE OR COMPLEX ACTIVITY**

U.S. Trust made occasional use of innovative or complex community development loans, qualified investments and services.

### **Community Development Lending**

U.S. Trust exhibited innovative lending practices. Two direct loans supported the community development initiatives of organizations not previously served by the bank. One loan was unsecured, interest-free, and depended on fundraising as its source of repayment. An additional line of credit to the same corporation was at a below market interest rate. By increasing its commitment to one financial intermediary and replacing commitments from two other banks, U.S. Trust became the intermediary's largest lender. U. S. Trust was also the first lender to participate in a new facilities fund started by a nonprofit financial intermediary.

### **Qualified Investments**

Approximately \$884 thousand or 33 percent of total investments were tax credits, considered complex because they require a substantial amount of time and expertise related to accounting issues and the risk associated with low-income housing credits. All tax credit investments were through the New York Equity Fund. The fund was formed to create an investment pool for corporate equity investments supporting low-income housing development.

### **Community Development Services**

Several services provided by the bank were particularly innovative, serving LMI individuals in ways not generally provided by the financial services industry. As previously discussed, the

bank's human resources manager, the head of its Medical Department, and the bank's former General Counsel all provided needed financial expertise to organizations based on their individual specialties. Their contributions enabled various groups to fulfill their mission to provide community services and affordable housing for LMI individuals. Other notable services include the bank's participation in co-operative work study programs and its free investment advisory services for the Lower East Side People's Federal Credit Union which allows the credit union to maximize its financial resources.

## **RESPONSIVENESS TO CREDIT AND COMMUNITY DEVELOPMENT NEEDS**

The bank exhibits excellent responsiveness to credit and community development needs in its assessment area. Overall, the bank addressed each type of community development need through community development loans, qualified investments, or community development services.

### **Community Development Lending**

U.S. Trust's community development lending efforts included initiatives aimed at revitalizing and stabilizing LMI areas. Forty-four percent of total community development commitments, or \$2.5 million was committed to these efforts. In addition, 23 percent of total activity or \$1.3 million went to efforts aimed at promoting economic development, 20 percent or \$1.1 million of total activity went to affordable housing initiatives, and 13 percent or \$747 thousand went to community service activities.

Community contacts conducted during the first quarter of 1998 indicated the need for all types of community development funds, including funds to construct and rehabilitate multifamily housing units for owner and rental occupancy and funds to encourage the development of small businesses in the community.

### **Qualified Investments**

U.S. Trust's investments demonstrate a satisfactory response to the most pressing credit and community development needs in the assessment area. A total of \$1.9 million in investments and grants were targeted for affordable housing. Investments in affordable housing were primarily through entities focusing on the development of LMI housing. Affordable housing was identified as one of the primary credit needs in the bank's assessment area. Also, \$138 thousand in deposits and investments were made to community development financial institutions enabling them to provide consumer and small business credit in primarily LMI communities. The bank also has an equity investment in a venture capital fund that provides debt and equity financing for New York City businesses that do not qualify for traditional financing.

### **Community Development Services**

The bank's community development services exhibit excellent responsiveness to credit and community development needs. Most of the community development services are directed

toward helping community service organizations fulfill their missions of serving LMI individuals. The use of the specialized skills of bank personnel to meet the financial and operational needs of the Neighborhood Housing Services, Mercy Haven, Inc., and Brooklyn Legal Services reflect the bank's excellent record of responsiveness to community development services.

## **METROPOLITAN STATISTICAL AREA ANALYSIS**

### **MSA 5380 (NASSAU-SUFFOLK, NY)**

#### **PERFORMANCE CONTEXT**

U.S. Trust's business presence is concentrated in MSA 5600 (New York, NY). As of May 26, 1998, the bank maintained four full service branches in MSA 5600, all in Manhattan, and one full service branch in MSA 5380, Garden City, New York.

#### **Demographic Characteristics**

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of the Census, 1990, the U.S. Department of Labor and HUD.

U.S. Trust's assessment area within MSA 5380 is Nassau County with a population of approximately 1.3 million, about 7 percent of New York State's population and 15 percent of the bank's total assessment area population.

#### **Income Characteristics**

The 1990 median family income in the MSA is \$60,813, substantially higher than the New York State median family income, \$39,741, and the median family income of the entire assessment area, \$38,306. In 1990, the percentage and number of families in the MSA portion of the assessment area with low, moderate, middle and upper incomes include 14.7 percent or 51,119 low-income families, 17.5 percent or 60,856 moderate-income families, 25.1 percent or 86,880 middle-income families and 42.7 percent or 147,935 upper-income families. Less than 1 percent or 5 low income families, however, reside in low income census tracts. The 1997 HUD adjusted median family income for the entire MSA is \$68,500.

Of the 270 census tracts used for the MSA analysis, 24 or 9 percent are LMI tracts. The LMI census tracts in Nassau County are concentrated in the town of Hempstead.

#### **Housing Characteristics**

Of the 446,292 housing units in the MSA, 347,159 or 78 percent are owner-occupied, while 84,356 or 19 percent are rental units. Housing units are largely single-family units, with only 11 percent or 46,887 units multifamily structures of five or more units. According to the 1990 census, the median housing value in the MSA is \$208,514 and the median rent is \$749. Such high housing costs place a burden on LMI families who, according to community contacts made during the examination, are in need of rental assistance, affordable housing options and assistance with down payment and closing costs. In addition to affordable housing needs, contacts noted the need for small business financing, programs and services for senior citizens, and economic development financing to help revitalize local business districts.

### Labor, Employment and Economic Characteristics

The dominant industries in the local economy are in the service and retail trade sectors. During the early 1990s, the manufacturing sector experienced major declines, primarily in the defense industry, causing a 22 percent drop in manufacturing employment from 1990-1994. The economy has rebounded, however, with the growth of biotechnology firms and small service and retail businesses. Many of these businesses are high technology employers such as subcontracting firms in the aviation and automobile industries. Unemployment on Long Island has declined from 4.6 percent in March 1996 to 3.6 percent in November 1997.



## **CONCLUSIONS WITH RESPECT TO THE COMMUNITY DEVELOPMENT TEST**

Overall performance in the assessment area portion of MSA 5380 (Nassau-Suffolk, NY) was reasonable, given the bank's operations. Community development lending was limited to credit facilities to organizations serving all of New York State. Qualified investments were limited to grants. Community development services, while small in volume, were very responsive to available opportunities.

Community development lending and qualified investments are evaluated at the state level, and the presence or absence of these initiatives at the MSA level does not enhance or detract from conclusions regarding the bank's performance as a whole.

### **Community Development Lending**

There was no community development lending activity in the MSA. The bank has revolving credit facilities totaling \$998 thousand to two statewide organizations. One organization specializes in the financing and rehabilitation of housing in LMI neighborhoods throughout New York State. The other organization provides loans to small businesses that have experienced difficulty in obtaining credit.

### **Qualified Investments**

Investments in the Nassau County consisted of \$28 thousand in grants to organizations that promoted community services and affordable housing.

### **Community Development Services**

The bank's community development service initiatives in the MSA was limited to two activities. As previously discussed, the head of U.S. Trust's Medical Department provided his financial expertise in managed care, federal and state grant applications, and budgeting to Mercy Haven, Inc. This organization operates three community residences on Long Island for mentally ill, formerly homeless residents and AIDS patients. Also, a bank officer who serves on the Board of Children's House, Inc. on Long Island is involved in fundraising for the organization. Children's House provides housing and support for abused and abandoned children.

## **METROPOLITAN STATISTICAL AREA ANALYSIS**

### **MSA 5600 (NEW YORK, NY)**

#### **PERFORMANCE CONTEXT**

As of May 26, 1998, U.S. Trust maintained four full service branches, approximately 80 percent of the bank's total branch network, in the New York County portion of MSA 5600.

#### **Demographic Characteristics**

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of the Census, 1990, U.S. Department of Labor and HUD.

The bank has designated the portion of MSA 5600 (New York, NY) generally referred to as New York City as part of its assessment area. The designation includes Bronx, Kings (Brooklyn), Queens, New York (Manhattan), and Richmond (Staten Island) Counties. Total population in the assessment area is approximately 7.3 million; about 86 percent of the total population of the MSA, and 85 percent of the bank's entire assessment area population. The most populous county is Kings (Brooklyn), with 2.3 million, followed by Queens, New York (Manhattan), Bronx, and Richmond Counties with populations of 2 million, 1.5 million, 1.2 million, and 379 thousand, respectively.

#### **Income Characteristics**

In 1990, the median family income in the assessment area was \$34,360, lower than the MSA median family income, \$37,515, and the median family income of the entire assessment area, \$38,306. Richmond County has the highest median family income, \$50,734, while Bronx County has the lowest income level, \$25,479. Of the families residing in the assessment area, 772,172 or 44 percent are considered LMI. The 1998 HUD estimated median family income for the MSA is \$49,800.

Of the 2,159 census tracts used for analysis, almost half are in Bronx and Kings Counties. Of the total tracts, 742 or 34 percent are LMI. Most of the LMI census tracts, 323 or 43 percent, are in Kings County, while 192 or 26 percent are in the Bronx, 124 or 17 percent are in New York County, 95 or 13 percent in Queens County and 12 tracts or 1 percent in Richmond County. Of the 1.8 million families in the assessment area, 666,929 or 37 percent reside in LMI census tracts.

#### **Housing Characteristics**

There are approximately 3 million housing units in the assessment area, but only 27 percent or 808,901 units are owner-occupied. Rental units total 67 percent of housing units overall, but in

the Bronx, New York and Kings Counties, rental units comprise 79 percent, 75 percent and 70 percent, respectively, of housing units. In Richmond and Queens Counties, only 34 percent and 55 percent, respectively, of housing units are rentals. Of all housing units in the assessment area, approximately 63 percent or 1.9 million units are multifamily structures with five or more units. This housing characteristic is most pronounced in New York and Bronx Counties, where 96 percent and 75 percent, respectively, of housing units are multifamily.

According to the 1990 census, the median housing value in the assessment area was \$187,876, while the median gross rent was \$496. In New York County, the median housing value of \$471,074 far exceeds the assessment area median. A comparison of housing costs with median income, particularly in New York County, shows that affordable owner-occupied housing is beyond the reach of LMI families in the assessment area, indicating a demand for affordable rental housing units. This need was confirmed at community contacts made during the examination.

Other assessment area credit needs identified by community contacts were loans for the rehabilitation of existing housing stock, small business loans to encourage the formation and expansion of such entities, economic development lending to strengthen communities and funding to support nonprofit community development organizations.

#### Labor, Employment and Economic Characteristics

The local economy is steadily recovering from the steep economic downturn of 1989-1992. Between March 1997 and March 1998, the number of jobs in New York City increased by 59,300 or 1.7 percent. Job growth in the service and retail sectors has compensated for job losses in the manufacturing and government sectors. A resurgence of tourism in New York City and a strong financial industry have contributed to the retail and service sector growth.

Despite the increase in job opportunities, New York City continues to have a comparatively high unemployment rate. In April 1998, the seasonally adjusted unemployment rate in New York City was 8.1 percent, compared with 5.7 percent for New York State. Local economists believe this differential is the result of an increase in the number of persons in the local labor force believed to be caused in part by a change in eligibility standards for public assistance benefits and the skill level of the labor force.

## **CONCLUSIONS WITH RESPECT TO THE COMMUNITY DEVELOPMENT TEST**

U.S. Trust's overall performance in MSA 5600 (New York, NY) was satisfactory. The level of community development lending was adequate with most community development lending representing a letter of credit associated with the development of a shopping center in East Harlem.

### **Community Development Lending**

U. S. Trust's community development lending activity in the MSA totaled \$4.6 million. Ten percent or \$465 thousand was for affordable housing, 16 percent or \$747 thousand was for community services, 20 percent or \$932 thousand was for economic development and 54 percent or \$2.5 million was directed to the revitalization and stabilization of LMI neighborhoods.

### **Qualified Investments**

U. S. Trust's qualified investments in the MSA totaled \$1.7 million. The investments included \$884 thousand in pooled investments through financial intermediaries that provided housing for LMI individuals, \$216 thousand in deposits and investments in four community development financial institutions, and \$555 thousand in grants to various community development organizations involved in affordable housing, economic development and community services for LMI individuals.

### **Community Development Services**

The bank provided most of its community development services to community organizations serving the New York City portion of its assessment area. The services focused on organizations that provide community services for LMI individuals.

## **EXHIBITS**

**CRA APPENDICES  
 CRA APPENDIX A**

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b>	5/20/96 TO 5/26/98		
<b>FINANCIAL INSTITUTION</b> United States Trust Company of New York 114 West 47th Street New York, New York			<b>PRODUCTS REVIEWED</b>  • Community Development Loans • Qualified Investments
<b>AFFILIATE(S)</b> None	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b> MSA 5600 (New York, NY) MSA 5380 (Nassau-Suffolk, NY)	<b>TYPE OF EXAM</b> On-site	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>

## CRA APPENDIX B

### GLOSSARY

**AREA MEDIAN INCOME:** (1) The median family income for the MSA, if a person or geography (block numbering area or census tract) is located in an MSA; or (2), if a person or geography is located outside an MSA, the statewide non-metropolitan median family income.

**BNA:** Block numbering area.

**CDC:** Community development corporation.

**COMMUNITY DEVELOPMENT:** (1) Affordable housing including multifamily rental housing for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing business or farms that meet the size eligibility standards of 13 CFR121.802 (a)(2) or have gross annual revenues of \$1 million or less; or (4) activities that revitalize or stabilize low- or moderate-income geographies.

**LMI:** Low- and moderate-income, as in LMI census tracts.

**LOW INCOME:** An individual income that is less than 50 percent of the area median income (i.e., of the median family income for the MSA, if the individual is located in an MSA, or, if the individual is located outside an MSA, of the statewide non-metropolitan median family income), or a BNA or census tract median family income that is less than 50 percent of the area median income. Accordingly, a low-income census tract is one in which the median family income is less than 50 percent of the area median income.

**MIDDLE INCOME:** An individual income that is at least 80 percent and less than 120 percent of the area median income, or a BNA or census tract median family income that is at least 80 percent and less than 120 percent of the area median income.

**MODERATE INCOME:** An individual income that is at least 50 percent and less than 80 percent of the area median income, or a BNA or census tract median family income that is at least 50 percent and less than 80 percent of the area median income.

**MSA:** A metropolitan statistical area or a primary metropolitan statistical area as defined by the director of the Office of Management and Budget.

**QUALIFIED INVESTMENT:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**UPPER INCOME:** An individual income that is 120 percent or more of the median family income in an MSA or a census tract in which the median family income is 120 percent or more of the median family income in an MSA.

**WHOLESALE BANK:** A bank 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 bank is in effect, in accordance with the CRA regulation.



