



**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: December 31, 2008

Institution: USA Bank
601 North Main Street
Port Chester, NY 10573

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 Profile	
Assessment Area	
Demographic & Economic Data	
Performance Standards and Assessment Factors	4
Loan-to-Deposit Analysis and Other	
Lending-Related Activities	
Assessment Area Concentration	
Distribution by Borrowers Characteristics	
Geographic Distribution of Loans	
Action Taken in Response to Written Complaints	
With Respect to CRA	
Additional Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of USA Bank 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 December 31, 2008.

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 ("LMI") 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 of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

USA Bank's performance was evaluated according to the small bank performance criteria. The assessment period included calendar years 2006, 2007 and 2008. During this period, USA Bank originated very few loans within its New York State assessment area¹. Therefore, rating many of the factors considered for CRA performance was not meaningful. Within that context, USA Bank is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs. This rating is based on the following factors:

- ***Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:*** "Satisfactory"
USA Bank's LTD ratio was reasonable considering its size, financial condition and the credit needs of its assessment area. The bank's average LTD ratio of 83.5% for the prior 12 quarters during this evaluation is lower than the peer groups' average of 91.5%.²
- ***Assessment Area Concentration:*** "Satisfactory"
Since USA Bank's assessment areas extend past state boundaries, the analysis focused on USA Bank's lending within its NYS assessment area compared to its lending in NYS overall. Within that framework, USA Bank originated a reasonable percentage of lending within its assessment area.
- ***Distribution by Borrowers Characteristics:*** "Not Rated"
USA Bank's volume of lending is low, making it difficult to perform meaningful analyses of lending by borrower characteristics.
- ***Geographic Distribution of Loans:*** "Not Rated"
USA Bank's volume of lending is low, making it difficult to perform meaningful analyses of lending by geographic distribution.
- ***Action Taken In Response to Written Complaints With Respect to CRA:*** "Satisfactory"
Neither the bank nor the New York State Banking Department received any complaints with respect to its CRA performance during the evaluation period.

This is the first CRA evaluation of USA Bank conducted by The New York State Banking Department.

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.

¹ USA Bank is subject to orders from both the New York State Banking Department and the FDIC. These orders may affect USA Bank's ability to extend additional credit and thus can affect the level of lending activity that USA Bank can perform. The orders do not, however, affect USA Bank's ability to lend in LMI geographies, to LMI borrowers or to small businesses. The orders are publicly available on the NYSBD and FDIC's websites.

² This LTD ratio includes all outstanding loans. In contrast, other CRA factors focus on originations that were made within the NYS assessment area during the evaluation period.

PERFORMANCE CONTEXT

Institution's Profile:

USA Bank opened for business in December 2005 as a state-chartered commercial bank. USA Bank operates one branch, located at 601 North Main Street in Port Chester, NY. This is also the bank's official headquarters. Until November 13, 2007, USA Bank was located at a different address within the same town. No branches were opened or closed during the evaluation period.

According to the Call Report dated December 31, 2008, USA Bank reported total assets of \$209.9 million, with \$151.0 million in net loans and total deposits of \$169.8 million. According to the latest available comparative deposit market data, USA Bank ranked 22nd among 41 deposit-taking institutions within Westchester County with a market share of 0.4%. Thus, USA Bank's 2008 market share is clearly an improvement from its 0.08% market share for 2006, when the bank ranked 32nd among 37 deposit-taking institutions. USA Bank is a new bank in a competitive and well-served marketplace.

The following is a summary of USA Bank's lending portfolio, based on Schedule RC-C of the bank's year-end Call Reports for calendar years 2006, 2007 and 2008:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2006		12/31/2007		12/31/2008	
	\$(000s)	%	\$(000s)	%	\$(000s)	%
Construction and Land Dev.	14,538	20.4	45,144	39.7	75,527	49.3
Commercial Mortgage Loans	21,695	30.4	34,550	30.4	33,589	21.9
1-4 Residential Mortgage Loans	24,567	34.4	18,642	16.4	29,793	19.4
Commercial and Industrial Loans	4,609	6.5	5,818	5.1	10,736	7.0
Consumer Loans	3,382	4.7	2,760	2.4	1,721	1.1
Multifamily Mortgages	1,131	1.6	0	0.0	1,691	1.1
Other Loans	1,462	2.0	6,786	6.0		0.0
Total Gross Loans	71,384	100.0	113,700	100.0	153,057	100.0

USA Bank is primarily a construction and land development lender. As of December 31, 2008, construction and land development loans accounted for 49.3% of the bank's total gross loans, while commercial mortgage loans and 1 - 4 family residential loans represented 21.9% and 19.4%, respectively of the bank's total loans. Commercial and industrial loans accounted for 7.0% of lending.

USA Bank offers several different deposit products as part of its retail operations. USA Bank invests in mortgage-backed securities, guaranteed by GNMA or sponsored by other government-sponsored agencies such as FNMA and FHLMC.

USA Bank is subject to orders from both the New York State Banking Department and the FDIC. In October 2007, the New York State Banking Department issued a Cease and

Desist order to USA Bank. A similar order was issued by the FDIC.¹ Effective December 8, 2009, the FDIC issued a Supervisory Prompt Corrective Action Directive against the bank. These supervisory actions relate to safety and soundness matters and the orders are publicly available on the NYSBD and FDIC's websites. Although addressing safety and soundness concerns, these orders may affect USA Bank's ability to extend additional credit and thus may affect the level of lending activity that USA Bank can undertake. The orders do not, however, affect USA Bank's ability to lend in LMI geographies, to LMI borrowers or to small businesses.

Assessment Area:

Under New York State Banking Regulation Part 76.6(e)(4), a banking institution must delineate separate assessment areas for the areas served by the banking institution in each state in those instances in which a banking institution serves a geographic area that extends substantially beyond a state boundary. Since USA Bank serves Westchester, New York and Fairfield, Connecticut, USA Bank must have two assessment areas². The New York State Banking Department focuses on activities within New York State. As such, unless otherwise noted, all analyses and conclusions are based on lending within Westchester County.

Of the 221 tracts that make up the assessment area, 153 (or 69.2%) are upper-income, 39 (or 16.6%) are middle-income, 21 (or 9.5%) are moderate-income, four (or 1.8%) are low-income, and four (or 1.8%) are unknown income tracts.

The assessment area appears reasonable based upon the location of the bank and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data:

According to the 2000 U.S. Census data, the assessment area population totals 923.5 thousand residents, including 129 thousand (14%) people over the age of 65 and 207.2 thousand (22.4%) people under the age of 16.

The number of households and families within the assessment area totaled 337.5 thousand and 237 thousand, respectively. Of total households, 8.5% are living below the poverty level, and 23.2% of all families are categorized as LMI. According to estimates from the U.S. Department of Housing and Urban Development ("HUD"), the median family income for the assessment area was \$63 thousand during 2008.

¹ In January 2010 both orders were revised and made consent orders to conform to recent FDIC decisions.

² Under the federal CRA regulations, USA Bank's single assessment area consists of two counties within the single Combined Statistical Area 408: Westchester County, NY and Fairfield County, CT.

The assessment area contains 349.7 thousand housing units, of which 3.52% are vacant, 58.0% are owner-occupied, and 38.4% are renter-occupied. As of the 2000 U.S. Census, the median housing price within the area was \$285.8 thousand.

In 2008, there were approximately 93 thousand non-farm businesses in the assessment area. Sixty-nine percent of these businesses reported revenues of less or equal to \$1 million; 5% reported revenues of more than \$ 1million and an additional 26% did not report revenues. The largest industry within the assessment area was the service industry, accounting for 39.8% of all businesses. Of the total number of businesses, 73 thousand (77.4%) had less than 50 employees, and 87.9 thousand (92.9%) operated from a single location.

According to the New York State Department of Labor, the average unemployment rate for Westchester County in 2008 was 4.8%, which was lower than the statewide average rate of 5.4%. These unemployment rates have not been seasonally adjusted. The average unemployment rate in 2007 and in 2006 was 3.8% and 3.9% respectively. The 2008 increase was associated with the nationwide recession.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

USA Bank's performance was evaluated according to the small bank performance criteria, which include the following: (1) Loan-to-Deposit Ratio and other Lending-Related Activities; (2) Assessment Area Concentration; (3) Distribution by Borrower Characteristics; (4) Geographic Distribution of Loans; and (5) Action Taken in Response to Written Complaints Regarding CRA. The following factors were also considered in assessing USA Bank's record of performance: the extent of participation by the Board of Directors or Board of Trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications, evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The assessment period included calendar years 2006, 2007 and 2008. Examiners considered HMDA-reportable and small business loans in evaluating factors (2), (3), and (4) as noted above. In 2006, USA Bank was not required to report HMDA data. In addition, small business lending was too minimal for a meaningful analysis. Therefore, this evaluation focuses on loans made in 2007 and 2008. Small business loan aggregate data are shown for comparative purposes, USA Bank is not required to report this data and as such, USA Bank is not included in the aggregate data.

Statistics used in this evaluation were derived from various sources. In addition to specific loan information provided by the bank, aggregate data for HMDA-reportable loans and small businesses was obtained from the Federal Financial Institution Examination Council ("FFIEC"). The demographic data referred to in this report was derived from the 2000 U.S. Census data, with updated median family income figures provided by the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report were derived from information on U.S. businesses, enhanced by Dun & Bradstreet data and updated annually. As USA Bank does not make farm loans, the data only include non-farm loans.

This is the first CRA evaluation of USA Bank conducted by The New York State Banking Department. During the evaluation period, USA Bank originated very few loans within its New York State assessment area. Therefore, rating many of the factors considered for CRA performance was not meaningful. Within that context, USA Bank is rated "2," indicating a "Satisfactory" record of helping to meet community credit needs.

- **CRA Rating: Satisfactory**
- **Loan-to-Deposit Ratio Analysis and other Lending-Related Activities:**
"Satisfactory"

USA Bank's LTD ratio was reasonable considering its size, financial condition and the credit needs of its assessment area. The bank's average LTD ratio of 83.5% for the prior 12 quarters during this evaluation is lower than the peer groups' average of 91.5%¹.

These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the Federal Deposit Insurance Corporation ("FDIC"). As shown in the table below, the bank's LTD ratios trended upward over the three-year period.

Loan-to-Deposit Ratios													
	2006	2006	2006	2006	2007	2007	2007	2007	2008	2008	2008	2008	Average
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	LTD
Bank	41.00	77.64	81.87	90.36	94.72	63.60	83.09	91.41	88.92	100.70	100.14	88.95	83.53
Peer	82.38	88.44	88.93	89.42	87.92	89.46	90.53	93.70	95.43	96.61	97.83	96.83	91.46

• **Assessment Area Concentration: "Satisfactory"**

The bank's sole office is located near the border between New York and Connecticut. As noted in Section 3, USA Bank's assessment area includes Westchester County, NY and Fairfield County, CT, but the New York State Banking Department focuses only on loans within New York State.

Since USA Bank's assessment areas extend past state boundaries, the analysis focused on USA Bank's lending within its NYS assessment area compared to its lending in NYS overall. Within that framework, USA Bank originated a reasonable percentage of lending within its assessment area.

Distribution of Loans Inside and Outside of the Assessment Area within New York State										
Year	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside AA, but within NYS		Total	Inside		Outside AA, but within NYS		Total
	#	%	#	%		\$	%	\$	%	
HMDA 2007	19	50.0	19	50.0	38	5,532	48.2	5,938	51.8	11,470
HMDA 2008	7	53.8	6	46.2	13	3,527	70.6	1,472	29.4	4,999
Subtotal	26	51.0	25	49.0	51	9,059	55.0	7,410	45.0	16,469
SBL 2007	8	80.0	2	20.0	10	3,883	75.6	1,250	24.4	5,133
SBL 2008	16	88.9	2	11.1	18	6,899	94.6	394	5.4	7,293
Subtotal	24	85.7	4	14.3	28	10,782	86.8	1,644	13.2	12,426
Total	50	63.3	29	36.7	79	19,841	68.7	9,054	31.3	28,895

¹ This LTD ratio includes all outstanding loans. In contrast, other CRA factors focus on originations that were made within the NYS assessment area during the evaluation period.

- **Distribution by Borrower Characteristics: “Not Rated”**

USA Bank’s volume of lending was low, making it difficult to perform meaningful analyses of lending by borrower characteristics. Below are charts that detail the amount of lending to borrowers at various income levels, as well as lending to businesses of different revenue sizes.

Distribution of HMDA-reportable Loans by Borrower Income Level									
2007									
Borrower Income Level	Bank				Aggregate				Family Demographics
	#	%	\$000's	%	#	%	\$000's	%	%
Low	0	0.0	0	0.0	74	0.4	9,768	0.1	12.7
Moderate	0	0.0	0	0.0	599	2.9	66,109	0.9	10.4
Middle	3	15.8	501	9.1	2,009	9.9	330,917	4.3	14.0
Upper	15	78.9	4,701	85.0	16,411	80.8	6,552,835	85.2	62.8
N/A	1	5.3	330	6.0	1,228	6.0	729,677	9.5	0.0
Total	19	100.0	5,532	100.0	20,321	100.0	7,689,306	100.0	100.0
2008									
Borrower Income Level	Bank				Aggregate				Family Demographics
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	14.3	102	2.9	87	0.7	7,430	0.2	12.7
Moderate	0	0.0	0	0.0	550	4.6	65,460	1.4	10.4
Middle	1	14.3	135	3.8	1,573	13.2	286,369	6.1	14.0
Upper	4	57.1	2,990	84.8	9,214	77.3	3,903,906	83.6	62.8
N/A	1	14.3	300	8.5	490	4.1	408,225	8.7	0.0
Total	7	100.0	3,527	100.0	11,914	100.0	4,671,390	100.0	100.0
Two-Year Total									
Borrower Income Level	Bank				Aggregate				Family Demographics
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	3.8	102	1.1		0.5		0.1	12.7
Moderate	0	0.0	0	0.0		3.6		1.1	10.4
Middle	4	15.4	636	7.0		11.1		5.0	14.0
Upper	19	73.1	7,691	84.9		79.5		84.6	62.8
N/A	2	7.7	630	7.0		5.3		9.2	0.0
Total	26	100.0	9,059	100.0		100.0		100.0	100.0

Distribution of Small Business Loans by Business Revenue Size									
2007									
Business Revenue Level	Bank				Aggregate				Business Demographics
	#	%	\$(000's)	%	#	%	\$(000's)	%	
\$1million or less	6	75.0	2,974	76.6	18,819	29.5	455,132	37.0	70.2%
Over \$1 million	1	12.5	750	19.3					6.2%
No Revenue Info	1	12.5	159	4.1					23.7%
Total	8	100.0	3,883	100.0	63,717	100.0	1,231,189	100.0	100.0%
2008									
Business Revenue Level	Bank				Aggregate				Business Demographics
	#	%	\$(000's)	%	#	%	\$(000's)	%	
\$1million or less	8	50.0	2,745	39.8	10,600	21.2	347,546	31.1	69.2%
Over \$1 million	1	6.3	550	8.0					5.7%
No Revenue Info	7	43.8	3,604	52.2					25.1%
Total	16	100.0	6,899	100.0	49,924	100.0	1,116,671	100.0	100.0%
Two-Year Total									
Business Revenue Level	Bank				Aggregate				Business Demographics
	#	%	\$(000's)	%	#	%	\$(000's)	%	
\$1million or less	14	58.3	5,719	53.0		25.9		34.2	69.2%
Over \$1 million	2	8.3	1,300	12.1					5.7%
No Revenue Info	8	33.3	3,763	34.9					25.1%
Total	24	100.0	10,782	100.0					100.0%

- Geographic Distribution of Loans: "Not Rated"**

USA Bank's volume of lending was low, making it difficult to perform meaningful analyses of lending by geographic distribution. Below are charts that detail the amount of lending to borrowers at various census tract income levels.

Distribution of HMDA-reportable Loans by Geographic Income Level

2007									
Geography Income Level	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0	0	0.0	101	0.5	33,714	0.4	0.3%
Moderate	1	5.3	202	3.7	1,026	5.0	348,371	4.5	2.4%
Middle	1	5.3	175	3.2	2,918	14.4	914,510	11.9	10.3%
Upper	17	89.5	5,155	93.2	16,260	80.0	6,390,112	83.1	87.1%
NA	0	0.0	0	0.0	16	0.1	2,599	0.0	0.0%
Total	19	100.0	5,532	100.0	20,321	100.0	7,689,306	100.0	100.0%
2008									
Geography Income Level	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0	0	0.0	48	0.4	15,322	0.3	0.3%
Moderate	0	0.0	0	0.0	445	3.7	179,994	3.9	2.4%
Middle	0	0.0	0	0.0	1,504	12.6	448,882	9.6	10.3%
Upper	7	100.0	3,527	100.0	9,906	83.1	4,024,436	86.2	87.1%
NA	0	0.0	0	0.0	11	0.1	2,756	0.1	0.0%
Total	7	100.0	3,527	100.0	11,914	100.0	4,671,390	100.0	100.0%
Total									
Geography Income Level	Bank				Aggregate				OO Hus
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0	0	0.0		0.5		0.4	0.3%
Moderate	1	3.8	202	2.2		4.6		4.3	2.4%
Middle	1	3.8	175	1.9		13.7		11.0	10.3%
Upper	24	92.3	8,682	95.8		81.2		84.3	87.1%
NA	0	0.0	0	0.0		0.1		0.0	0.0%
Grand Total	26	100.0	9,059	100.0		100.0		100.0	100.0%

Distribution of Small Business Loans by Geographic Income Level									
2007									
Geography Income Level	Bank				Aggregate				Bus. Demo- graphics
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0	0	0.0	350	0.5	9,200	0.7	1.1
Moderate	1	12.5	150	3.9	4,303	6.8	106,517	8.7	9.9
Middle	1	12.5	1,000	25.8	8,884	13.9	196,924	16.0	15.9
Upper	6	75.0	2,733	70.4	50,151	78.7	916,367	74.4	73.1
N/A	0	0.0	0	0.0	29	0.0	2,181	0.2	0.0
Total	8	100.0	3,883	100.0	63,717	100.0	1,231,189	100.0	100.0
2008									
Geography Income Level	Bank				Aggregate				Bus. Demo- graphics
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0	0	0.0	305	0.6	4,261	0.4	1.1
Moderate	2	12.5	850	12.3	3,487	7.0	97,334	8.7	10.2
Middle	5	31.3	1,805	26.2	6,621	13.3	174,687	15.6	15.9
Upper	9	56.3	4,245	61.5	39,491	79.1	839,408	75.2	72.7
N/A	0	0.0	0	0.0	20	0.0	981	0.1	0.0
Total	16	100.0	6,899	100.0	49,924	100.0	1,116,671	100.0	100.0
Total									
Geography Income Level	Bank				Aggregate				Bus. Demo- graphics
	#	%	\$000's	%	#	%	\$000's	%	
Low	0	0.0	0	0.0		0.6		0.6	1.1
Moderate	3	12.5	1,000	9.3		6.9		8.7	10.2
Middle	6	25.0	2,805	26.0		13.6		15.8	15.9
Upper	15	62.5	6,977	64.7		78.9		74.8	72.7
N/A	0	0.0	0	0.0		0.0		0.1	0.0
Total	24	100.0	10,782	100.0		100.0		100.0	100.0

- **Action Taken In Response to Written Complaints With Respect to CRA:**
“Satisfactory”

The Department has not received any written complaints regarding the USA Bank's CRA performance.

- **Additional factors:**

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

In May 2007, the bank's president and CEO assumed the title and duties of CRA Officer from his predecessor. In late 2008, the board appointed a new CRA Officer, who was charged with CRA compliance oversight.

CRA performance and issues were addressed at board meetings on multiple occasions

during the evaluation period. The board reviews and approves CRA-related policies annually.

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 and fair lending examinations conducted found satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

The banking institution's record of opening and closing offices and providing services at offices.

No branches were opened or closed during the assessment period.

- **Process 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

USA Bank uses third-party software and Westchester County market data to determine market data and trends such as household growth, household income and manufacturing growth.

USA Bank's officers and employees are also members of local organizations such as Port Chester Chamber of Commerce and the Harrison Lions Club. USA Bank has also sponsored, and staff has attended events, including the Business Council of Westchester's Business Expo and the Port Chester Day Community Celebration.

USA Bank organized various financial education seminars including, "Basic Banking and Credit Repair" given at a local Hispanic church parish, and "Cash Management Services and Remote Deposit Capture" given at a chamber of commerce meeting.

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

USA Bank uses local newspaper advertisements as the primary vehicle to promote its residential 1-4 family loans. These advertisements are run periodically in The Journal

News. The bank also participates in various civic projects and fundraising events, but without explicitly promoting bank credit services. According to USA Bank's management, there have been no "special credit-related programs" since the bank started operating.

- **Other Factors**

Other factors that in the judgment 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

As noted in the section on Performance Context, USA Bank is subject to orders from both the NYSBD and the FDIC. These orders may affect USA Bank's ability to extend additional credit and thus, can affect the level of lending activity that USA Bank can perform. The orders do not, however, affect USA Bank's ability to lend in LMI geographies, to LMI borrowers or to small businesses.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

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.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 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 non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located 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 non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Individuals or persons 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 non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.