



PUBLIC DISCLOSURE

December 8, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**TD Bank USA, N.A.
Charter Number 22611**

**Two Portland Square
Portland, Maine 04112**

Office of the Comptroller of the Currency

**Large Bank Supervision
250 E Street, SW
Mail Stop 6-1
Washington, DC 20219**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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TD Bank USA, N.A.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory." The rating is based on the following factors:

- The bank met its strategic plan goals for originating qualified community development loans during the period under review.
- The bank met its strategic plan goal for making qualified community development investments during the period under review.
- The bank met its strategic plan goal for making qualified community development grants during the period under review.
- The bank met its strategic plan goal for providing community development services during the period under review.

DESCRIPTION OF THE INSTITUTION

TD Bank USA, N.A. (“TDUSA”) is a subsidiary of TD Banknorth Inc. (“TDBNK”), a bank holding company. TDBNK is a subsidiary of Toronto-Dominion Bank (“TD”), one of Canada’s largest banking institutions. TDUSA was originally chartered as Waterhouse National Bank to provide attendant financial services to Waterhouse Group’s brokerage service customers. In 1996, TD purchased Waterhouse Holdings, and the bank was renamed TD Waterhouse Bank N.A. With the 2006 sale of TD Waterhouse Group to Ameritrade Holding Corporation, the bank changed its name to TD Bank USA, N.A. and 100 percent ownership of TDUSA was transferred directly to TD. In July 2007, the ownership of TDUSA was transferred from TD to TDBNK. In October 2007, TDUSA moved its headquarters from New York, New York to Portland, Maine.

TDUSA maintains no branch offices and stopped offering retail products in 2005 and 2006. As of September 2008, the bank has total assets of \$19.8 billion, and its deposit base has grown to \$17 billion. Loans outstanding as of September 2008 totaled \$31 million, of which \$19.5 million was new CRA related mortgage and community development originations.

DESCRIPTION OF THE ASSESSMENT AREA

TDUSA's assessment area for the January 1, 2006 through September 30, 2007 period under review is contained within the New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area (MSA 35620). Specifically the assessment area is comprised of the New York-Wayne-White Plains, NY-NJ Metropolitan Division (MD 35644). The following counties make up the bank's assessment area for this period: Bergen County, NJ; Hudson County, NJ; Passaic County, NJ; Bronx County, NY; Kings County, NY; New York County, NY, Putnam County, NY; Queens County, NY; Richmond County, NY; Rockland County, NY; and Westchester County, NY. The assessment area is in compliance with regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

The New York City metropolitan area has a diversified economy. The headquarters of many national and international companies are located in this area making it the financial capital of the nation. Businesses with a major presence in New York City include financial services, advertising, publishing and retail. Outside of the city, a significant level of light manufacturing and wholesale trade exists. While the unemployment rate for the entire MSA declined slightly during the review period, it remained in line with national averages. The unemployment rate was 4.6 percent and 4.4 percent for 2006 and 2007 respectively, compared to 4.6 percent for both the 2006 and 2007 national unemployment rate. According to 2000 U.S. census data, 36 percent of the assessment area's census tracts are low- or moderate-income and 41 percent of the area's families are low- or moderate-income.

As a result of TDUSA's community outreach activities, the bank identified several community development needs in this assessment area. Primarily, the shortage of affordable housing to low- to moderate-income individuals is a critical concern. The bank found that certain low- to moderate-income neighborhoods in the assessment area have become attractive to middle- and upper-income individuals forcing some low- to moderate-income individuals out of their neighborhoods and further reducing the available stock of affordable housing.

Through informal inquiries, the bank received recommendations on addressing the needs of this assessment area. The bank identified a need for long term financing at below-market rates to reduce reliance on ever more limited government programs. Economic development programs that target quality affordable housing programs are needed to further stabilize low- to moderate-income neighborhoods and to create jobs. Finally to achieve increased positive outcomes, the bank identified the need to support financial literacy and homeownership education for both adults and youths.

TDUSA's assessment area for the October 1, 2007 through September 30, 2008 period under review is entirely contained within the Portland-South Portland-Biddeford, ME Metropolitan Statistical Area (MSA 38860). The following counties make up the bank's assessment area for this period: Cumberland County, Sagadahoc County, and York

County. The assessment area is in compliance with regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

In the Maine assessment area, the economy is less diversified. Employment is primarily in educational/services (45 percent) and retail (15 percent). Manufacturing employment is small at 5 percent and declining. New job creation has been in lower paying service sector jobs such as call centers and seasonal tourism. The 2007 unemployment rate in the entire MSA was 3.6 percent which was below the national average of 4.6 percent. Declines in the national economy resulted in a 2008 national unemployment rate of 5.8 percent. For the State of Maine, unemployment levels have increased from 4.6 percent in 2007 to 5.4 percent in 2008, but are still below the national average.

As a result of the TDUSA's analysis of demographic data, the assessment area is in need of affordable housing and rehabilitation. The area is also in need of services to low-to-moderate-income individuals employed in lower paying jobs which will promote financial literacy, job training, and homeownership assistance. TDUSA's community outreach activities identified several community development needs. A need exists to support first-time homebuyers and to provide subsidized rental units as government programs in this area have diminished significantly. Additionally, a shortage exists of housing stock available for affordable housing initiatives resulting in increasing costs for these projects.

Through informal inquiries, the bank received recommendations on addressing the needs of this assessment area. These recommendations recognize a need for long term financing at below-market rates to reduce reliance on ever more limited government programs; for collaboration among community groups; for the development of more affordable and transitional housing; for increased participation on the Boards and Advisory Council's of community development organizations; for grant money to support the infrastructure of community development organizations; and finally, for programs that stabilize low-to-moderate income residents.

FAIR LENDING REVIEW

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

SCOPE OF EXAMINATION

TDUSA's CRA performance was evaluated under its strategic goals. TD Waterhouse Bank, N.A. established a three-year strategic plan encompassing the years 2006, 2007 and 2008. The plan was submitted in 2006 and approved by the OCC in May 2006. In late 2007, TDUSA (formerly known as TD Waterhouse Bank, N.A.) became a subsidiary of TDBNK and moved its headquarters to Portland, Maine, resulting in a new assessment area. TDUSA submitted a new three-year strategic plan in 2007 to reflect those changes. This new strategic plan no longer measures performance on a calendar year basis. The plan begins on October 1st of each year and ends on September 30th of the following year. Consequently, this strategic plan encompasses the years 2007-2008, 2008-2009 and 2009-2010. This strategic plan was approved by the OCC in early 2008.

The review period for this examination covers 2006, 2007 and the first nine months of 2008. The goals for 2006 and the first nine months of 2007 are from the TD Waterhouse Bank, N.A. 2006-2008 strategic plan. The measurable performance goals in that plan are for only "satisfactory" performance. Our review period also includes the twelve month period beginning October 1, 2007 through September 30, 2008. The goals for this time period are from the TD Bank USA, N.A.'s 2007-2010 strategic plan. Unlike prior strategic plans, the 2007-2010 strategic plan includes goals for both "satisfactory" and "outstanding" performance. Goals for "satisfactory" performance are applicable to the Maine assessment area only. Goals for "outstanding" performance are applicable to the Northeast region. The majority of the time period covered by this review was under the plan that did not contain goals for "outstanding" performance and that plan was therefore weighted more heavily in reaching an overall bank rating. Therefore, even though the bank met its goals for "outstanding" performance under the most recent plan, the overall bank rating is "satisfactory".

TDUSA is exempt from reporting under the Home Mortgage Disclose Act and has not asked that any affiliate lending activity be considered in this examination.

The bank's most recent CRA examination was conducted in 2006. The results of that review were reported in the Public Disclosure dated January 17, 2007 and resulted in a "satisfactory" rating.

CONCLUSIONS

Overall TDUSA has met its strategic plan for goals for community development lending and investments, and for providing grant funds and community development services. The bank has established a community outreach program that has identified community credit needs and has developed goals to meet those needs. TDUSA has defined its goals in light of the bank's limited business model in that it does not have a branch network or offer traditional banking products or services. While minimum levels of performance were developed for lending, investing, and community development services, annual goals are tied to a percentage of deposit levels ensuring that actual CRA activity reflects the bank's capacity.

Community Development Loans

TDUSA met its strategic plan goals for making qualified community development loans for all periods under review. Consistent with its plan to meet identified needs, the bank has made numerous community development loans. During the 2007-2008 assessment period, the bank extended over \$19.5 million in credit to seven community organizations serving populations and communities throughout the bank's assessment area.

Examples of Community Development Loans include:

- A \$1.8 million loan to a developer of affordable housing for the construction of 54 low-income residential units in the Portland MSA.
- A \$2 million working capital line of credit to a certified Community Development Financial Institution ("CDFI") and Community Development Entity ("CDE") that contributes to the economic development of small businesses in the New York metropolitan area.
- A \$3 million revolving line of credit to a community development credit union serving low to moderate income people and communities.

The following table summarizes the bank's community development lending performance against the goals established in its strategic plan.

Year	Annual Goal	Actual Originations	Achievement Level
1/1/2006 to 12/31/2006	\$11,332,978 ¹	\$11,627,173	Met
1/1/2007 to 9/30/2007	\$12,710,047 ¹	\$13,499,421	Met
10/1/2007 to 9/30/2008	\$1,734,000 ¹	\$1,799,205	Met
	\$15,602,000 ²	\$17,750,000	Met

¹ Goal for Satisfactory performance.

² Goal for Outstanding performance.

Community Development Investments

TDUSA met its strategic plan goals for community development investments. As of September 30, 2008, the bank's community development investments exceeded \$190 million. The investment goal includes the book value of municipal bonds, mortgage-backed securities, low-income tax credit, new market tax credits, outstanding equity investments, and the balance of certificates of deposit. The investment goal is inclusive of the prior year's portfolio.

Examples of Community Development Investments include:

- A \$1.5 million equity investment in a community loan fund in the Portland MSA to aid local non-profit entities in developing housing for low-to-moderate income families and individuals, and in promoting their self-sufficiency.
- Participation in four Low-Income Housing Tax Credit ("LIHTC") programs in the Portland MSA with almost \$15 million committed, and in an additional three LIHTC programs in the Northeast region with over \$27 million committed. These investments are in both individual projects and in funds consisting of several projects.

The following tables summarizes the bank's record of making community development investments against the goals established in its strategic plan.

Annual Community Development Investments			
Year	Annual Goal	Actual Book Value	Achievement Level
1/1/2006 to 12/31/2006	\$130,391,114 ¹	\$138,438,827	Met
1/1/2007 to 9/30/2007	\$146,476,410 ¹	\$153,283,640	Met
10/1/2007 to 9/30/2008	\$19,935,000 ¹	\$22,223,730	Met
	\$179,856,000 ²	\$191,107,179	Met

¹ Goal for Satisfactory performance.

² Goal for Outstanding performance.

Community Development Grants

TDUSA met its strategic plan goals for making grants during this review period. The bank provided over \$1.8 million in community development grants and contributions to more than a 25 community organizations that support the bank's assessment area and meet identified community needs. The missions of these organizations address affordable housing, community service, and economic development.

The Strategic Plan places an overall limit of \$650 thousand for grants which the bank exceeded.

Examples of Community Development Grants include:

- A grant of \$25 thousand to an affordable housing coalition for a public awareness campaign in the Portland MSA.
- A grant of \$73 thousand to a neighborhood housing services organization for the revitalization of underserved communities in the Northeast region.

The following table summarizes the bank's grant program activities against the goals established in its strategic plan.

Annual Community Development Grants			
Year	Annual Goal	Actual Originations	Achievement Level
1/1/2006 to 12/31/2006	\$650,000 ¹	\$681,500	Met
1/1/2007 to 9/30/2007	\$487,500 ¹	\$495,000	Met
10/1/2007 to 9/30/2008	\$65,000 ¹	\$65,000	Met
	\$585,000 ²	\$639,250	Met

¹ Goal for Satisfactory performance.

² Goal for Outstanding performance.

Community Development Services

TDUSA has established goals for the provision of community development services. The bank's community outreach activities identified the need for increased participation on the Boards and Advisory Counsels on organizations that fulfill community development needs such as affordable housing or financial literacy. These organizations may have broader missions, but must have a significant program that serves low to moderate income individuals. Consequently, TDUSA has directed members of the bank's CRA Committee and staff to serve in leadership roles in organizations promoting community development.

Examples of Community Development Services include:

- A bank officer serves on the Board of Directors and the Maine Investment Committee of a housing investment fund.
- A bank officer serves on the Board of Directors of a New York community organization that provides financial education for low income communities.
- Two bank officers serve on the Local Advisory Committees for New York and New Jersey, respectively, of an organization dedicated to assisting local residents to transform distressed neighborhoods into healthy and sustainable communities.
- A bank officer serves as Treasurer of a local community and banking council that encourages community investment in low and moderate income and minority neighborhoods.

The following table summarizes the bank's community development services against the goals established in its strategic plan.

Annual Community Development Services			
Year	Annual Goal	Actual Services	Achievement Level
1/1/2006 to 12/31/2006	6 ¹	9	Met
1/1/2007 to 9/30/2007	5 ¹	7	Met
10/1/2007 to 9/30/2008	2 ¹	2	Met
	2 ²	5	Met

¹ Goal for Satisfactory performance.

² Goal for Outstanding performance.