



PUBLIC DISCLOSURE

January 16, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**31 West 52nd Street
New York, NY 10019**

Office of the Comptroller of the Currency

**Large Bank Supervision
250 E Street, SW
Mail Stop G-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 of originating qualified community development loans during the period under review.
- The bank met its strategic plan goals for making qualified community development investments during the period under review.
- The bank met its strategic plan goals for making qualified community development grants during the period under review.
- The bank met its strategic plan goals for providing community development services during the period under review.

DESCRIPTION OF THE INSTITUTION

TD Bank USA, N.A. (“TDUSA”) is a subsidiary of Toronto-Dominion Bank (TD), one of Canada’s largest banking institutions. During the review period of this CRA examination, TDUSA was an interstate institution headquartered in Jersey City, New Jersey. It maintained one branch office in New York City, New York. In 2006, the main office was relocated from New Jersey to a new New York City location and both former offices were closed. The bank now maintains no branch offices. TDUSA was chartered as Waterhouse National Bank in 1994 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. In connection 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% ownership of TDUSA was transferred directly to TD.

During the review period of this CRA exam, all of the described activities were conducted under the TD Waterhouse Bank, N.A. name. During this period, the bank marketed a limited selection of retail products to existing brokerage account customers and Canadian customers of TD. These products included certificates of deposit, checking accounts, overdraft lines of credit and unsecured lines of credit. The bank sold its unsecured line of credit portfolio and stopped offering retail products in 2005 and 2006.

TDUSA does not maintain a traditional retail branch network; its products and services were primarily delivered via the Internet, telephone and mail. As of December 2005, the bank had total assets of \$10.4 billion and its deposit base had grown to more than \$9 billion. Loans outstanding as of December 2005 totaled \$26.8 million, of which \$20.6 million was comprised of CRA related mortgages and community development loans. The remaining loans were overdraft protection lines and a steadily decreasing portfolio of home equity loans remaining on the bank’s books.

DESCRIPTION OF THE ASSESSMENT AREA

TDUSA’s assessment area is entirely contained within the New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area (MSA 35620). The following counties made up the bank’s assessment area during the review period: Bergen County, NJ; Essex 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. It is the financial capital of the nation, and many national and international companies are headquartered there. The economy is supported by a high per capita income level and high levels of international immigration. Businesses with a major presence in New York include

financial services, advertising, publishing and retail. A significant level of light manufacturing and wholesale trade is performed in the borough of the Bronx, and the boroughs of Brooklyn and Queens have considerable wholesale and retail districts. Newark and Jersey City are major economic centers in Essex and Hudson Counties, NJ. Primary employers there include financial services, insurance, and air transportation industries, with significant construction of both commercial and residential facilities occurring throughout the region.

Five years after the attacks of 9/11, the area's economy continues to recover at a slow but steady pace. The unemployment rate for the entire metropolitan statistical area declined during the review period and remained in line with national averages. The annualized unemployment rates for the area in 2004 and 2005 were 5.7% and 4.9% respectively (compared to 5.5% and 5.1% for the national unemployment rate). According to 2000 U.S. census statistics, 36% of the assessment area's census tracts are low- or moderate-income and 41% of the area's families are low- or moderate-income.

TDUSA conducts regular and extensive community outreach. Through these activities, as well as analysis of available demographic data, the bank identified a variety of community development needs. Specifically, the need for affordable housing remains high in the predominantly low- and moderate-income portions of Bronx, Kings, and New York Counties of New York and Passaic and Hudson Counties in New Jersey. This need is further evidenced by the high percentage of rental housing in these markets and the disproportionate ratio of monthly rental costs to total household incomes. An aging housing stock, particularly in New York, Kings, Hudson, and Bergen Counties, points to a need for rehabilitation funds and grants, as well as development of affordable single and multi-family housing.

Sixteen percent of the area's families live at or below the poverty level, reinforcing the need for affordable housing and further indicating a need for employment training and placement services, educational resources, and affordable child care facilities. Additionally, areas with large senior populations have been identified as requiring specialized social services such as transportation, meal programs, home health care, and assisted living facilities.

Finally, consumer education, including financial literacy training, remains an important need throughout all of the low- and moderate-income areas in the assessment area. A particular need is evident for the development of special programs in areas with a high concentration of non-English speaking households such as Bronx and Hudson Counties.

In addition to these specific community needs, the bank also learned through its outreach efforts that community organizations had been severely impacted by the cuts in government funding following the terrorist attacks in 2001 and the subsequent economic downturn. Continuing bank mergers also resulted in fewer funding sources and partnering opportunities for area community development organizations. The bank identified a critical organizational need of providing long-term below-market rate financing to community organizations facing reduced government funding.

We conducted two community contacts in conjunction with this examination. Our meeting with an affordable housing developer confirmed the bank's understanding of the area's need for housing as well as social services to assist with homelessness and crime. Our meeting with a community development financial institution confirmed the need for long-term capital and grant support of organizations conducting community development activities in the bank's assessment area.

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 plan goals. The bank established a three-year strategic plan, encompassing the years 2004, 2005 and 2006. A new plan was submitted in 2006 and approved by the OCC. Consequently, new three-year goals were established for 2006 through 2008. Our review period for this exam covered those activities conducted during 2004 and 2005 under the prior strategic plan. The bank's most recent CRA exam was conducted in 2003, prior to the implementation of its 2004 - 2006 plan. TDUSA is exempt from reporting under the Home Mortgage Disclosure Act, and has not asked that any affiliate lending activity be considered in this examination.

CONCLUSIONS

TDUSA met its strategic plan goals for community development lending and investing and for providing grant funds and community development services. The bank has established a comprehensive community outreach program and through this process has identified key community credit needs and established corresponding strategies and goals for meeting those needs. In establishing these goals, the bank considered the identified community needs as well as the bank's capacity to meet those needs. Minimum levels of performance for lending, investing and providing community development services were established, and more expansive goals for satisfactory performance were developed based upon projections of institutional growth.

Community Development Loans

TDUSA met its strategic plan goals for making qualified community development loans. Consistent with its plan to meet identified needs, the bank has made numerous community development loans to Community Development Financial Institutions ("CDFI"s), not for profit organizations, and individuals. As of December 31, 2005,

outstanding CRA loans and commitments totaled \$33,280,000. During the evaluation period, the bank extended over \$10 million in credit to seven diverse community development organizations serving populations and communities throughout the bank's assessment area. These loans have assisted organizations with missions supporting affordable housing, neighborhood revitalization, and childcare, healthcare and other social services for low- and moderate-income families. In addition to these loans directly to community development organizations, the bank has also purchased 39 individual mortgage loans originated to low- and moderate-income borrowers and collateralized by properties in the bank's CRA assessment area. The following table summarizes the bank's community development lending performance against the goals established in its strategic plan.

Annual Originations of Community Development Loans			
Year	Annual Goal	Actual Originations	Achievement Level
2004	\$8,430,000	\$8,558,244	Met
2005	\$10,294,000	\$10,348,115	Met

Community Development Investments

TDUSA met its strategic plan goals for making qualified community development investments. As of December 31, 2005, the bank's community development investments exceeded \$125 million. The majority of these investments consisted of municipal bonds specifically financing qualifying community development activities. Other investments include mortgage-backed securities, certificates of deposit in Community Development Credit Unions, and equity investments in community development corporations. These investments have met identified needs by financing the development of affordable housing for low- and moderate-income people, by providing long term equity capital to community development corporations and by funding neighborhood revitalization projects. The following table 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 Originations	Achievement Level
2004	\$96,949,000	\$98,874,236	Met
2005	\$118,381,000	\$128,391,512	Met

Community Development Grants

TDUSA met its strategic plan goals for making CRA qualifying grants during the review period. The bank provided over \$1 million in community development grants and contributions to more than one dozen organizations that support the bank's assessment area and meet identified community needs. These organizations have missions

addressing financial literacy, battered women and children programs, and childcare and employment training targeted at low- and moderate-income adults. The following table summarizes the bank’s grant program activities against its strategic plan goals.

Annual Community Development Grants			
Year	Annual Goal	Actual Originations	Achievement Level
2004	\$530,000	\$564,000	Met
2005	\$647,000	\$734,000	Met

Community Development Services

TDUSA has established goals for the provision of community development services. The bank’s community outreach activities identified the need for support of community development organizations currently hampered by government funding cutbacks; these organizations needed both direct funding support and also the assistance of volunteers with developed financial services skills. Therefore, the bank has directed members of the bank’s CRA Committee and staff to serve in leadership roles for identified organizations promoting community development. These organizations address a broad range of social issues, and seek to stabilize the low- and moderate-income neighborhoods within the bank’s assessment area. The bank met its goal of providing leadership to 9 community development organizations in 2004 and 10 in 2005.

The bank is represented on the board of directors of several organizations providing community development related services within the assessment area, including:

- financial literacy and social services targeted to low- and moderate-income students in the New York City school district.
- social services to low- and moderate-income disabled adults.
- mentoring services for low- and moderate-income high school students to prepare them for college admission.
- employment and transitional living support for homeless people.
- a major community development corporation providing technical support to service providers supporting low- and moderate-income populations throughout the assessment area.