

Second Supplement to Memorandum 87-70

Subject: Study L-3010 - Corporate Trustees' Fees (Analysis of Fee Information Provided by Trust Companies)

This memorandum analyzes the data we have received from various corporate trustees in response to the following questions:

1. What percentage fees (based on estate value or other basis) did your institution charge for administering a trust on July 1, 1982, and on July 1, 1987?

2. What was your institution's minimum annual fee for administering a trust on July 1, 1982, and on July 1, 1987?

3. Are your standard fee schedules subject to negotiation on an individual account basis? What considerations determine whether a negotiated fee is available?

4. Estimate the percentage of your living and testamentary trust accounts in which your institution:
(a) Charges less than your standard fee schedule.
(b) Charges more than your standard fee schedule (excluding fees for extraordinary services).

5. Does your institution charge additional fees for extraordinary services? If so, please estimate what percentage of your accounts was charged an additional fee in 1986 and characterize the types of services that typically result in an additional fee.

6. As to trusts where your institution charges additional fees for extraordinary services, what is the average percentage by which the fees actually charged exceed the applicable minimum or basic percentage fees?

7. Does your institution charge sweep fees? If so, how is the fee determined?

8. Does your institution offer common trust funds for investment of trust accounts? If your institution has a separate fee schedule for such trusts, please indicate in what manner it is different.

9. If your institution has raised its fees since July 1, 1982, would you care to give a reason for the increase?

10. Feel free to make any additional comments concerning your institution's trust fees or the fees charged by other corporate trustees.

Letters were sent to 53 corporate trustees whose addresses were supplied by L. Bruce Norman at the Commission's request. Mr. Norman and the California Bankers Association were also helpful to the staff in preparing some of the survey questions. As of September 3, we received 19 substantive responses. (Five other institutions had nothing to report because they do not currently pursue an active trust business.) Thus far, we have not received information from the institutions listed in Exhibit 3.

The responses are detailed in Exhibit 1 which follows the order of the questions in the survey letter. The answers to some questions are coded by an ID number so that you can track certain types of information from a given trustee. Most textual responses have not been identified even by an ID number. This is in line with the Commission's decision at the July meeting. The letter to the corporate trustees stated that the "name of your institution will not be disclosed nor will it be otherwise identified when the results of this survey are made public." Exhibit 2 sets out some analytical data in a different form.

A multitude of conclusions can be drawn from the raw data. Comments of the staff are set out below; you may want to peruse the information in Exhibit 1 to discover other insights. The following discussion compares fees that apply to stock in a trust where the trustee has investment responsibility. Fees that apply to other situations are noted in Exhibit 1 for many of the corporate trustees.

1. *What percentage fees (based on estate value or other basis) did your institution charge for administering a trust on July 1, 1982, and on July 1, 1987?*

Quite a few of the 14 corporate trustees for which we have both 1982 and 1987 fee data did raise their fees. The two most obvious methods are by increasing the percentage fee that applies to a given bracket and by increasing the ceiling of a bracket to which a higher percentage applies. (As for small trusts, higher fees resulted when minimum fees were increased. This is discussed further under question #2 below.)

For example, corporate trustee #15 increased the fee on the first \$1,000,000 from .8% to 1.15% and also increased percentages on higher

brackets. As a consequence, the fee on a \$500,000 trust jumped from \$4000 to \$5750, representing a 43.8% increase. On a \$10,000,000 trust, the fee jumped from \$33,000 to \$49,500, representing a 59.1% increase. At the same time, this trustee increased its minimum fee from \$1200 to \$3000, so that a \$100,000 trust, which is subject to the minimum fee in either year, saw a 150% increase.

Corporate trustee #10 combined its first and second fee brackets, eliminating the .75% applicable in 1982 to amounts from \$250,000 to \$1,000,000 in favor of the 1% fee on the first \$1,000,000 in 1987. In other respects, the brackets and percentages stayed the same. The effect on a \$500,000 trust is that fees increased from \$4375 to \$5000, up 14.3%. On a \$10,000,000 trust, the increase is from \$40,625 to \$42,500, up 4.6%. Corporate trustee #10 also increased its minimum fee from \$1300 to \$3000, representing a 130.8% increase for a \$100,000 trust that is subject to the minimum fee in both years.

The following table compares the average fees in 1982 and 1987 for trusts of different amounts. This table does not take the minimum fee into account, so the fees used for the smaller trusts are lower than the fee that actually applies under the fee schedule. (This table is drawn from data in Exhibit 2.)

Percentage Fee Changes (ignoring applicable minimum fees)

<u>Trust Amount</u>	<u>1982</u>	<u>1987</u>	<u>% Change</u>
\$50,000	\$417	\$480	+15.1%
\$100,000	\$835	\$958	+14.7%
\$200,000	\$1669	\$1915	+14.7%
\$500,000	\$4129	\$4788	+16%
\$1,000,000	\$7977	\$9364	+17.4%
\$10,000,000	\$54,890	\$55,442*	+1%

[*The figures for \$10,000,000 trusts did not increase in this table to the same extent as smaller trusts because several trustees that applied their fee schedules to trusts of this size in 1982 no longer do so and rely instead on a negotiated fee.]

Three of the 14 corporate trustees for which we have comparison data do not appear to have raised their percentage fees during this five-year period under study.

2. What was your institution's minimum annual fee for administering a trust on July 1, 1982, and on July 1, 1987?

All but two of the 14 corporate trustees for which we have data from both years raised their minimum fees. One corporate trustee (#1) kept its minimum fee the same and another (#4) actually reduced its minimum fee from \$1900 to \$1200. Changes in minimum fees are summarized in the following table:

Minimum Fee Changes:

<u>ID#</u>	<u>1982</u>	<u>1987</u>	<u>% Change</u>
1	\$750	\$750	0%
2	\$500	\$1000	+100%
3	\$800	\$1500	+87.5%
4	\$1900	\$1200	-26.3%
6	\$375	\$750	+100%
9	\$11,500	\$25,000	+117.4%
10	\$1300	\$3000	+130.8%
11	\$750	\$1000	+33.3%
12	\$700	\$950	+35.7%
13	\$1000	\$3000	+200%
15	\$1200	\$3000	+150%
16	\$2000	\$3500	+75%
17	\$750	\$1500	+100%
18	\$1000	\$2000	+100%

In 1982, a \$100,000 trust would have been subject to a minimum fee of 8 out of 14 corporate trustees (57%). By 1987, a \$100,000 trust would be subject to a minimum fee in 16 out of 19 cases (84%).

For a \$200,000 trust, in 1982 it would have been subject to the minimum fee in 2 out of 14 cases (14%). By 1987, it would be subject to the minimum fee in 9 out of 19 cases (47%).

The average minimum fee of these 14 trustees increased from \$1752 to \$3218. Much of this is attributable to the increase by trustee #9 from \$11,500 to \$25,000. If this trustee's minimum fee is eliminated, the average minimum fee increases from \$1002 to \$2008.

3. *Are your standard fee schedules subject to negotiation on an individual account basis? What considerations determine whether a negotiated fee is available?*

The overall impression gained from the responses to this question is that trusts over \$1,000,000 or \$2,000,000 or \$5,000,000 may be large enough to negotiate a lower percentage fee, depending upon the duties and risks undertaken by the trustee. In 1982, only 2 of 14 fee schedules provided that fees for trusts over \$1,000,000 or \$5,000,000 were subject to agreement. As of 1987, 7 of 19 fee schedules appear provide for negotiation for larger trusts.

4. *Estimate the percentage of your living and testamentary trust accounts in which your institution:*
- (a) Charges less than your standard fee schedule.*
 - (b) Charges more than your standard fee schedule (excluding fees for extraordinary services).*

Estimates of the percentage of accounts in which less than the standard fee schedule is charged ranged from none to 40%. Almost all respondents reported that no accounts are charged more than the standard fee schedule (ignoring fees for extraordinary services). Two reported less than 1% were charged more.

5. *Does your institution charge additional fees for extraordinary services? If so, please estimate what percentage of your accounts was charged an additional fee in 1986 and characterize the types of services that typically result in an additional fee.*

All institutions appear to charge additional fees for certain services. We do not have the information available to determine whether services are charged separately in 1987 that were included in the standard fee in 1982. Remarks of several attorneys who responded to the questionnaire on corporate trustees' fees indicate their perception that extraordinary fees are being charged more frequently now than five years ago. (See First Supplement to Memorandum 87-70, Exhibit 1.)

6. *As to trusts where your institution charges additional fees for extraordinary services, what is the average percentage by which the fees actually charged exceed the applicable minimum or basic percentage fees?*

Most corporate trustees did not, or were unable to, answer this question. Three trustees that answered this question reported that extraordinary fees added .25%, .6%, and 3.5%, respectively, to the base fee.

7. *Does your institution charge sweep fees? If so, how is the fee determined?*

The corporate trustees who answered this question overwhelmingly reported that they did not charge sweep fees. Two trustees reported charging sweep fees of 1% on money market accounts and of .001% per day, respectively.

8. *Does your institution offer common trust funds for investment of trust accounts? If your institution has a separate fee schedule for such trusts, please indicate in what manner it is different.*

Seven out of 17 who responded do not offer common trust funds. Most corporate trustees who offer common trust funds apply a lower percentage or minimum fee.

9. *If your institution has raised its fees since July 1, 1982, would you care to give a reason for the increase?*

10. *Feel free to make any additional comments concerning your institution's trust fees or the fees charged by other corporate trustees.*

You should read the responses to these inquiries in Exhibit 1 on pages 13-16. In summary, the corporate trustees cited the increased cost of doing business, improved services, more burdensome regulation and reporting requirements, exposure to liability for punitive damages and environmental impairment. Many affirmed their belief in the "free market."

Set-up and Wind-up Charges

The letter sent to corporate trustees did not ask about charges for setting up or winding up a trust. Such costs are relevant, however, to proposed schemes that depend on the ability of the beneficiaries to replace one trustee with another. If minimum fees are particularly burdensome to small trusts, the marketplace is not a terribly attractive solution where the cost of replacing a trustee is significant.

The charges for accepting and terminating trusts provided in the fee schedules we received are set out in Exhibit 1 on pages 16-17. Minimum charges tend to hover around \$200-\$250 and some corporate trustees charge 1% of the value of the trust assets.

Respectfully submitted,

Stan G. Ulrich
Staff Counsel

Exhibit 1

CORPORATE TRUSTEE FEE INFORMATION

Note. The information in this exhibit is keyed to the questions set out in the supplement to which this is attached. The full text of the relevant question as submitted to the corporate trustees is set out in the supplement.

Question #1. Percentage fees (on managed accounts, based on fair market value unless otherwise stated):

<u>ID #</u>	<u>Percentage fees in July 1982</u>	<u>Percentage fees in July 1987</u>
#1.	.75% 1% on income producing real property	Same
#2.	1% on first \$500,000 .75% on \$500,000 to \$1,000,000 .5% over \$1,000,000 [.3%, .2%, & .1% respectively on custodial accounts]	Same
#3.	Not reported--may be the same	1% on accounts less than \$225,000 in liquid securities or mutual funds. <u>Over \$225,000 or individual securities:</u> .66% on first \$500,000 .5% on \$500,000-\$1,000,000 .4% on \$1,000,000-\$2,000,000 .2% over \$2,000,000 Separate real estate schedule
#4.	.725% on first \$1,000,000 of securities in managed account .3 in non-managed account [.7% & .25% respectively on custody accounts] Mutual agreement over \$1,000,000 Real estate subject to agreement	.8% on first \$1,000,000 of securities in managed account .4 in non-managed account [.8% & .4% respectively on custody accounts] Mutual agreement over \$1,000,000 Real estate subject to agreement
#5.	Not in business	1% on first \$1,000,000 .75% on \$1,000,000-\$3,000,000 .65% on \$3,000,000-\$5,000,000 Negotiable over \$5,000,000 Separate real estate schedule

#6.	.75% on first \$1,000,000 .5% on \$1,000,000-\$2,000,000 .25% over \$2,000,000	1% on first \$1,000,000 .8% on \$1,000,000-\$2,000,000 Negotiable over \$2,000,000 [.6% & .4% respectively on self-directed accounts]
#7.	Not in business	1% on first \$1,000,000 .75% on \$1,000,000-\$5,000,000 .5% over \$5,000,000
#8.	Not given	1% on first \$1,000,000 .6% on \$1,000,000-\$1,500,000 .4% on \$1,500,000-\$2,000,000 .3% over \$2,000,000 Trustor residence \$150 Improved real property 1% Unimproved real property .5% <u>On directed accounts:</u> .5% on first \$1,000,000 .3% on \$1,000,000-\$3,000,000 .2% over \$3,000,000 .3% over \$2,000,000
#9.	<u>Individual securities:</u> 1% on first \$2,000,000 .75% on \$2,000,000-\$5,000,000 .55% on \$5,000,000-\$50,000,000 .275% over \$50,000,000 <u>Inv't co. advised by trustee:</u> .5% on first \$2,000,000 .35% on \$2,000,000-\$5,000,000 .25% on \$5,000,000-\$50,000,000 .15% over \$50,000,000 Income producing real property: 1% Nonincome producing: \$300 + .1% Other assets as quoted	<u>Individual securities:</u> 1% on first \$3,000,000 .75% on \$3,000,000-\$5,000,000 .55% on \$5,000,000-\$50,000,000 .275% over \$50,000,000 <u>Inv't co. advised by trustee:</u> .5% on first \$3,000,000 .375% on \$3,000,000-\$5,000,000 .275% on \$5,000,000-\$50,000,000 .225% over \$50,000,000 Income producing real property: 1.5% Nonincome producing: \$500 + .15% Other assets as quoted
#10.	Securities, cash equivalents, notes, mortgages, partnerships: 1% on first \$250,000 .75% on \$250,000-\$1,000,000 .5% on \$1,000,000-\$5,000,000 .25% over \$5,000,000 Separate real estate schedule <u>No investment responsibility:</u> .5% on first \$250,000 .375% on \$250,000-\$1,000,000 .25% on \$1,000,000-\$5,000,000 .125% over \$5,000,000	Securities, cash equivalents, partnerships: 1% on first \$1,000,000 .5% on \$1,000,000-\$5,000,000 .25% over \$5,000,000 Separate real estate schedule <u>No investment responsibility:</u> .5% on first \$1,000,000 .25% on \$1,000,000-\$5,000,000 .125% over \$5,000,000
#11.	.75% on first \$500,000 .5% on \$500,000-\$1,000,000 .375% on \$1,000,000-\$5,000,000 Quotation over \$5,000,000 Managed real property: 1% Title held on real property: .5%	.875% on first \$500,000 .625% on \$500,000-\$1,000,000 .5% on \$1,000,000-\$5,000,000 Quotation over \$5,000,000 Managed real property: 1% Title held on real property: .5%

- #12. Living trusts:
 .75% on non real estate
 Income producing real property: 1%
 of value or 5% of income
 Residence: .1%
Accounts:
 .75% on first \$200,000
 .625 on \$200,000-\$400,000
 .5% on \$400,000-\$600,000
 .375% on \$600,000-\$800,000
 .25% over \$800,000
- Testamentary trusts:
 .75% on bonds, stocks, savings
 accounts, & cash
 1% on other
- #13. Living trusts:
Personal property:
 1.2% on first \$100,000
 1.1% on \$100,000-\$250,000
 1% on \$250,000-\$500,000
 .8% on \$500,000-\$1,000,000
 .6% on \$1,000,000-\$2,000,000
 .5% over \$2,000,000
- Testamentary trusts:
Personal property:
 .9% on first \$1,000,000
 .6% on \$1,000,000-\$8,000,000
 .5% over \$8,000,000
- Real property:
 6%-10% of gross income based on
 time and complexity
- Tax services:
 \$55/hour, \$125 minimum
- #14. Not in business
- .9% on first \$500,000
 .75% on \$500,000-\$1,000,000
 .5% on \$1,000,000-\$1,500,000
 .4% over \$1,500,000
 Managed real property: 1%
 Title held on real property: .5%
 \$250 annual general service fee
- No investment discretion:
 25% discount
 No extraordinary services fee
- Personal property:
 1.1% on first \$500,000
 1% on \$500,000-\$1,000,000
 .95% on \$1,000,000-\$2,000,000
 .9% on \$2,000,000-\$3,000,000
 .8% on \$3,000,000-\$4,000,000
 .75% on \$4,000,000-\$6,000,000
 .6% over \$6,000,000
- Real property: 1.25%
- Tax services:
 \$65/hour, \$250 minimum
- 1% on first \$1,000,000
 .75% on \$1,000,000-\$2,000,000
 .375% over \$2,000,000
- Oil & gas properties:
 5% of gross proceeds on royalty
 interest
 5% on gross proceeds & expenses
 paid on working interests
- Real estate:
 6% of gross rents collected
 6% of annual collections for
 servicing mortgages

#15. .8% on first \$1,000,000
.6% on \$1,000,000-\$2,000,000
.3% on \$2,000,000-\$5,000,000
.2% over \$5,000,000

#16. 1% on first \$1,000,000
.8% on \$1,000,000-\$3,000,000
.6% over \$3,000,000

#17. Living trusts:
.8% if investment responsibility
.375% if not

Testamentary trusts:
.8%

#18. Investment responsibility:
.8% on first \$1,000,000
.4% over \$1,000,000
Real property: 1%

No investment responsibility:
.35% on first \$1,000,000
.2% over \$1,000,000

#19. Not in business

1.15% on first \$1,000,000
.8% on \$1,000,000-\$2,000,000
.5% on \$2,000,000-\$5,000,000
.3% over \$5,000,000

1% on first \$1,000,000
.8% on \$1,000,000-\$3,000,000
Negotiable over \$3,000,000

Investment responsibility:
1% on first \$1,000,000
.8% on \$1,000,000-\$5,000,000
Negotiable over \$5,000,000

No investment responsibility:
.5% on first \$1,000,000
.375% on \$1,000,000-\$5,000,000
Negotiable over \$5,000,000

Real property: 6%-10% gross
income as alternative fee

Investment responsibility:
1% on first \$1,000,000
.8% on \$1,000,000-\$2,000,000
.7% over \$2,000,000
Real property: .25% plus 3%-10%
of gross income depending on
type of property

No investment responsibility:
.45% on first \$1,000,000
.35% on \$1,000,000-\$2,000,000
.2% on \$2,000,000-\$4,000,000
.16% over \$4,000,000

1% on first \$200,000
.8% on \$200,000-\$500,000
.7% on \$500,000-\$1,000,000
.4% on \$1,000,000-\$5,000,000
Real property: 1% for full
managment; \$100 for title
holding

Question #2. Minimum annual fees (fully managed unless otherwise indicated):

<u>ID #</u>	<u>Minimum fees in July 1982</u>	<u>Minimum fees in July 1987</u>
#1.	\$750	\$750
#2.	\$500	\$700 if invested in institution "products", otherwise \$1000

#3. \$700-800	\$1200-\$1500
#4. \$1900 for managed accounts \$950 for non-managed accounts	\$1200 for managed accounts \$950 for non-managed accounts
#5. Not in business	\$3000
#6. \$375	\$750
#7. Not in business	\$3000
#8. "Not available"	\$2000 for managed accounts \$1000 for directed accounts
#9. \$10,000 for administrative & investment services \$1500 account maintenance charge for each account or sub-account	\$25,000 for individual securities investment \$10,000 for investment companies advised by trustee \$2000 maintenance charge for some sub-accounts
#10. \$300 administration fee \$1000 for securities, etc. No investment responsibility: same	\$500 administration fee \$2500 for securities, etc. No investment responsibility: \$500 administration fee \$1500 for securities, etc.
#11. \$750	\$1000
#12. \$700	\$950
#13. \$1200 for living trust \$1000 for testamentary trust	\$3000 (including \$500 base fee) Less on smaller accounts based on "rule of thumb that fee should not exceed 30% of income"
#14. Not in business	\$3500
#15. \$1200	\$3000
#16. \$2000	\$3500
#17. \$750	\$1500 Related accounts \$750 each
#18. \$1000 \$750 if no investment responsibility	\$2000 \$1200 if all common trust fund \$1000 if no investment responsibility
#19. Not in business	\$1500

Question #3. Negotiability:

- #1. "Accounts over \$2,000,000 would be considered for a sliding fee reduction dependent on nature of assets and individual account considerations."
- #2. "No, most of the time, only negotiation to the fee schedule would be where a client has a large concentration of single assets."
- #3. "Not generally. Negotiated fees are only used when accounts are sufficiently different in responsibility than our customary duties."
- #4. "Our standard Fee Schedules are only subject to negotiation when there are unusual incidences insofar as an account is concerned, i.e., if an account of \$1,000,000 might have one large holding, say worth half a million, one company, i.e. General Motors. For accounts over \$1,000,000 our fees are subject to mutual agreement and usually involve a graduated scale sliding downward."
- #5. "No"
- #6. "Standard fee schedules are negotiated for accounts valued at \$2,000,000 or more. Special concessions apply in the case of investment concentrations."
- #8. "[S]tandard schedules are subject to negotiation based on the total size, complexity, and anticipated activity of the account."
- #9. "Our standard fee schedules are generally not subject to negotiation on an individual account basis. We would consider negotiating on fees only in the case of an extremely large account (e.g. \$100 million +)."
- #10. "Yes; the size of the account, the property held in it and multi-account relations."
- #11. "Yes, but only for either very large accounts or a group of accounts for the same group of beneficiaries. Occasionally a special fee will be negotiated for a client who has a strong relationship with other areas of the bank."
- #12. "Charges of Trust Services cannot be completely standardized because of variations in the type of property placed in trust, the particular duties involved in administration, and the characteristics and needs of the individuals involved. The standard fees are intended to indicate the compensation which the Bank will probably receive under normal conditions, but it is to be expected that in a certain number of cases there will be variations because of unusual circumstances and duties. Each fee schedule is based on current estimates of the cost of rendering the various services and may be subject to revision from time to time after giving consideration to the then current cost of operation."
- #13. Institution "standard fee schedules are subject to negotiation on an individual account basis. In determining whether a negotiated fee

would be appropriate, consideration is given to a number of factors, including: Account size; complexity; nature of assets; and, other account relationships."

#14. "For the very large accounts, we would negotiate the fee."

#15. "Yes -- size of account, type of assets, block holdings."

#16. "The standard fees are subject to negotiation on an individual account basis. Some of the considerations which determine whether or not a negotiated fee will be applied to a particular account include the size of the account, i.e. over \$3,000,000, or substantial concentrations of a particular assets such as an individual security holding or a private company holding comprising a large portion of the portfolio."

#17. "Fee schedules are sometimes negotiated on an individual account basis dependent upon anticipated volume, number and type of assets and the complexity of the assets."

#18. "Yes. The main considerations are size of account, complexity of assets and overall administration, and other trust accounts with same individuals or his family members."

Question #4. Percentage of accounts under or over standard schedule:

<u>ID #</u>	<u>Under standard fees</u>	<u>Over standard fees</u>
#1. None		None
#2. 1%		None
#3. Less than %1		None
#4. 20%		None
#5. None		None
#6. Less than 1%		None
#8. 5%		None
#9. None		None
#10. 24% testamentary trusts 14% private trusts		None
#11. Approximately 5%		None
#12. Estimated at 10%		None
#13. Estimated at 25%-30%		Estimated less than 1%

- | | |
|--|---------------------------|
| #14. Less than 1% | None |
| #15. 40% | None |
| #16. Estimated at 19% | None |
| #17. Estimated at 10%-15% | Estimated at less than 1% |
| #18. "11.5% or 285 accounts including
69 accounts for charitable
organizations which enjoy a 20%
fee discount as a matter of
policy" | None |

Question #5. Additional fees for extraordinary services:

- #1. "Less than 5%. Additional fees charged when extraordinary services and administrator times warrant."
- #2. "YES, less than 1%, sale of Real Estate, Personal Property, and litigation."
- #3. "Yes. The number of accounts being billed for these services was 1-3% of the total. Services for which accounts were billed extra are usually 'bill paying, handling securities transactions that are not part of the account and litigation.'"
- #4. "Generally speaking, we do not charge extraordinary fees for services rendered. To the best of my recollection, we have only done so in perhaps two or three incidences since our bank was organized."
- #5. "Yes. Real Estate transactions buying or selling on an hourly rate of \$75.00 per hour, etc. In 1986 none of the Living Trusts were charged extraordinary fees."
- #6. "Fees are charged for extraordinary services at a rate of \$75 per hour. Perhaps 5% of accounts were charged for extraordinary services during 1986. The typical reason for additional fees will be excessive client demand for consultation or for discretionary requests."
- #7. "For extraordinary services, such as may be provided in the administration of real estate and services incident to taxation or litigation, a reasonable compensation as determined upon providing such services."
- #8. "Extraordinary fees are billed at the rate of \$75 per hour, as noted on our fee schedule which is enclosed. These fees are billed primarily for real estate transactions, including negotiations for property lease, sale, and specific on-site property management. In 1986, extraordinary fees were charged to approximately 10% of . . . administered accounts."
- #9. "We charge additional fees for extraordinary services, typically tax-related services; 90% of our accounts elect to use this type of service."

#10. "Yes. About 75% of our trust accounts were charged an extraordinary fee in 1986. These charges were primarily for the preparation of fiduciary income tax returns, death tax returns and additional services rendered in real estate management."

#11. "Yes, rarely. Most extraordinary fees relate to probates. Less than 2% of accounts have them, usually for extra tax work. We currently do not charge for fiduciary returns but this will change later this year."

#12. "We estimate not more than 10% of our accounts were charged an extraordinary fee in 1986.

"What constitutes extraordinary services is a matter of judgment but it would include those acts of a trustee over and above what would be considered normal for the account in question.

"The following includes those services that may be considered as eligible for additional compensation when determining the fee for any trust:

- A. Discretionary Payments.
- B. Payment of bills for beneficiaries under disability.
- C. Additional duties re death of trustor or beneficiary.
- D. Termination of account due to death or by the terms of the agreement.
- E. Revocations involving substantial or complicated distributions.
- F. Transfer of trust property to a Successor Trustee.
- G. Investigation, valuation and/or sale of closely held companies, or interests therein.
- H. Time consuming problems regarding the trust requiring excessive correspondence, meetings, etc.
- I. Sale or acquisition of real property.
- J. Lease negotiations.
- K. Tax preparation re: Death taxes, fiduciary tax returns.
- L. Payroll quarterly returns.
- M. Large or complex real estate holdings.
- N. Major repair or reconstruction projects."

#13. Institution "charges additional fees for extraordinary services. The percentage of accounts charged an additional fee in 1986 is not information readily available However, it is estimated 10% of the gross fees taken in 1986 were for extraordinary services rendered to the subject trust accounts. The types of services that typically result in an additional fee include: Sale or purchase of real and tangible personal property; negotiation of real estate leases, loans and repairs; management, sale of purchase of closely held business interests; and, complex security assets that require specialized handling."

#14. "In testamentary and living trusts, we do not charge extraordinary fees. We do charge \$200 annually for a tax letter."

[Fee explanation also noted that in "special situations charges based on work performed."

#15. "Yes -- 10% -- Additional professional time spent on individual situations, i.e. property transactions, closely-held business, etc."

#16. Institution "cannot estimate the percentage of accounts charged an additional fee in 1986. Typical services which can generate an additional fee to a particular trust include the sale or exchange of real estate, particularly active involvement in the management of commercial real estate, or active management of a private company holding."

#17. "Estimate less than 5% of our accounts were charged an extraordinary fee in 1986. Generally such fees are for real estate sales, sales of businesses, or unusual asset management problems."

#18. "Yes. Not including fees for tax services (preparation of fiduciary tax and payroll returns) or real estate services (sales, leases, repairs or improvement supervision), the extraordinary fees we charged in calendar 1986 were \$50,000 on a base of \$7,337,000, or 6/10ths of 1%."

#19. "Additional charges may be made for assets and activities not listed above, including all tax work and discretionary payments."

Question #6. What percentage extraordinary over standard:

#1. .25%

#2. "Our extraordinary service fees are charged on an hourly basis only, not a percentage of assets. Small amounts have been charged in the past." [This respondent did not understand the question.]

#3. "Not sure."

#4. Unable to answer; occurrence too rare.

#5. None

#6. "In cases where fees for extraordinary services were charged, they exceeded the standard or minimum rate by less than 5%."

#8. \$75 per hour charge, when required. \$35 per hour for clerical services.

#9. "Approximately 3.5%."

#10. "Our fiduciary income tax service charge exceeds our minimum fee by approximately 8%. We do not maintain records indicating the average percentage by which extraordinary real estate fees exceed our minimum fee."

#11. Data unavailable.

#12. "Each trust is reviewed individually for extraordinary fees based on the size of the trust, fees and profitability. It would be difficult to give you an average percentage by which the fees actually charged exceed the minimum or basic percentage fees because of various factors involved in each trust."

#13. Data "not readily available."

#14. "N/A"

#15. "N/A"

#16. "Fees for additional services are typically for a specific service as delineated in the answer to question number 5. They are normally computed at an hourly rate or on some other logical measure. The fees for additional services bear no relation to either the percentage or minimum fees charged for a particular account."

#17. "Minimal, dependent upon the type of services rendered, time involved and results achieved."

#18. .6%

Question #7. Sweep fees:

#1. No.

#2. No.

#3. No.

#4. No.

#5. "Not on accounts where we have sole management responsibility."

#6. No.

#8. "[D]oes not charge sweep fees for its cash management services."

#9. "Sweep fees are included in our standard fee schedules."

#10. No.

#11. "Yes, 1% of monthly income on money market accounts subject to sweep."

#12. No.

#13. Institution "does charge a cash sweep fee. . . . [T]he cash sweep charge is 1 cent per day per \$1,000 of invested balance." [Equal to .001% rate/day.]

#14. No.

#15. No.

#16. Institution "does not charge sweep fees on fully managed testamentary or living trusts."

#17. "No sweep fees are charged even though all cash earns interest on a daily basis."

#18. No.

Question #8. Common trust funds:

#1. No.

#2. No.

#3. No.

#4. "We do not believe in, and therefore do not offer, common trust funds for customers."

#5. "Yes. See attached fee schedule." [Schedule did not refer specifically to common trust funds.]

#6. No.

#8. "Common trust funds are available for the management of trust investment. There is no separate fee schedule for trust funds, as they are included under the fees quoted in our managed investment accounts. Trust fees are reduced by 25% for accounts that are invested entirely in common trust funds."

#9. "We do not offer common trust funds for accounts. However, we do offer a family of investment companies managed by an affiliate . . . when authorized by a co-fiduciary or co-investment advisor, provided the pertinent document does not prohibit such an investment."

#10. "Yes. We do not have a separate fee schedule for Common Trust Fund accounts; however, for accounts under \$60,000 market value we do not charge a minimum fee but charge 1% of market value plus an annual administration fee of \$300."

#11. No.

#12. "We do offer Common Trust Funds for investment in trust accounts but we do not have a separate fee schedule for Common Trust Funds."

#13. Institution "does not offer common trust funds. There is no separate fee schedule for accounts invested in common trust funds."

#14. "We do offer Common Trust Funds. Annual fees are the same, but minimum fee is \$2,500."

#15. "Yes -- lower minimum fee only for trusts 100% invested in collective investment funds."

#16. Institution "offers common trust funds for the investment of its trust accounts. No fee is charged for the management of the funds themselves. The only fees are those charged at the account level. The fee schedule currently charged by [Institution] for fully managed trusts invested in its common trust funds is as follows:

First \$1,000,000 of asset value (per \$1,000)	\$10.00
Next \$2,000,000 of asset value (per \$1,000)	8.00
Balance of asset value)per \$1,000)	Negotiable
Minimum annual fee	\$2,000"

#17. "Common Trust Funds are utilized on a very limited basis and a separate fee schedule is not utilized."

#18. "Yes. On accounts where all assets are in common trust funds our annual fees are:

\$9 per \$1,000 on 1st \$1 million of asset value
\$5.50 per \$1,000 on all over \$1 million of asset value"

Question #9. Reason for any increase since 1982:

No change.

Institution has "increased fees to our clients once in 7 years. Since that period of time, salaries and expenses have increased substantially, therefore fees have been adjusted accordingly."

"Yes, we raised minimum fees due to increase occupancy expenses, personnel expenses, depository charges, additional Federal regulatory tax reporting, shareholder communications compliance, higher data processing costs, improved investment management and on and on. Nothing is the same as 1982. Why should our fees stay the same?"

"We have raised certain fees in certain areas and lowered them in others, as you will note by the schedule. Where raises have occurred, we have tried to do so to reflect experience in those areas where we found additional work being involved, such as labor intensity type work in custody accounts, IRA plans and Keogh accounts."

"New fees were adopted effective March 1, 1987. Fees had not been reviewed for close to five years and the 1982 fee schedules were not reflective of current costs of doing business."

"Based on increased costs of doing business, . . . has instituted one across-the-board fee increase since 1982."

"Rising costs."

"To provide adequate compensation for services rendered."

"Increased overhead."

"[R]evised its Fee Schedule for Living/Testamentary Trust in January 1983, prior to that date it was in 1980."

"Traditionally, bank trust departments were not intended, nor operated, as profit centers. Consequently, the fees charged held little or no relationship to the cost or value of services actually rendered. (It hasn't been that many years ago, for example, that trusts were being accepted with flat fees of \$50 to \$100 per year.) The luxury of such an attitude has passed; to continue operating a business without an eye to the bottom line today would be irresponsible and intolerable to bank management and shareholders. Nationally, a profitable trust business for a successful financial institution should generate an after tax profit of 20% or better. . . .

"[This institution's] commitment to its trust customers is to provide the finest services available at a reasonable charge. To realize this commitment requires perpetual reinvestment in technological improvements to enhance customer service benefits and upgrading of personnel while containing costs (regulatory compliance, exposure to punitive damages claims and risk of environmental impairment liability, just to name a few)."

"Increased costs of doing business, esp. occupancy and personnel as well as increased expenditures on automation enhancements to improve service."

Institution "has increased its fees because the cost of doing business has increased in the five year period covered by this questionnaire. Salaries have increased, there have been costs for technological development, etc. Further, more regulatory responsibilities have been imposed on trustees, such as compliance with the Shareholders Communication Act."

"Our minimal fee increase in the last five years has resulted from increased costs primarily in the computer area and the salary and fringe benefit area. Our goal has been to continue to provide quality personalized service at a reasonable cost. We believe that our trust and investment fees are quite reasonable when compared to our competitors which include not only other bank trust departments but individual trustees, investment counselors, attorneys, CPAs, stock brokerage firms, insurance companies and mutual funds. We believe in view of the number of competitors in the trust industry that the free market system will continue to maintain trustee's fees at a reasonable level."

"Escalating personnel and other expenses. Salaries and benefits are 71.7% of our expenses."

Question #10. Other comments:

"It seems we are expected to continue subsidizing the accounts by providing a high level of technical skills, and buying a lot of liability without being compensated correctly if we are put under statutory fees. If this is the case, I believe many smaller departments will be closed in favor of the giant departments who are generally less accessible and personal in delivering their services. We believe that the customer should choose the optimum level of service and price that best suits them. To artificially regulate this process will be a detriment to customers who will lose this choice. Rather than focusing in the issue of fees perhaps more needs to be done to facilitate the beneficiary's ability to change trustees without the litigation that is often necessary."

"We feel our fees are very fair in line with the personalized service we tend to provide within our community bank. We currently feel our schedule is very adequate, though at times we have certain concerns about the significant activity we have in custody accounts and I would anticipate at some point in time we may review our fees in that area.

"I do not feel that it is in the interest of our society to have any kind of legislative control over amounts of fees trustees may charge. I would much rather see the option for beneficiaries acting in concert to have the right to switch corporate trustees, if they feel fees are outlandish for work being performed. This type of effect would, I think, have the same influence on institutions who would keep fees at reasonable rates. If fees are legislated, I feel that the trend will be for everybody to charge the maximum and, in effect, justify it based upon the law . . . certainly in those instances of smaller sized accounts."

"We would strongly urge that the trust industry not be placed in a position of having its fees set by statute or regulation."

"The establishment of fees for compensation for providing trust services is a balance between the value of the service to the client and the cost of providing the service for the institution. Like any enterprise, profit is required for the institution to successfully offer the service today and remain in business to continue to offer the service in the future. It should be noted that many private trusts often have declining asset values, as withdrawals and distributions for the benefit of the trustors and/or beneficiaries often exceed the growth in assets made available through effective management. Consequently, as expenses rise through increases over time for rent, salaries, utilities, and taxes it is often necessary to evaluate the appropriateness of the current fee structure.

"The combination of an increase in minimum fees, coupled with a decline in assets managed in a particular trust may result in what appears to be a large increase on a comparative basis. . . . [W]e are pleased that we have increased fees only once during the period of your study, and note that even at that time accounts were evaluated individually to ensure that the increase was warranted based on the activity in the account and its longevity"

"We believe that the free market system is the most effective means of insuring fees are not excessive."

Institution "has a strong belief in the effectiveness of the free market system to keep corporate trustee fees to reasonable levels over time.

"To validate the results of the corporate trustee fee survey requires comparison of fees charged by individual trustees to provide equivalent services (quantity and quality). [Institution] is of the that when the cost to provide all services (custody of assets, investment advice, trust accounting and tax preparation, etc.) has been aggregated, [institution's] charges will compare favorably."

"a. Non-bank providers of trust services should also be included in the survey.

"b. Survey should be expanded to cover non-California based institutions now opening offices in California."

Institution "believes that the fee increases it has made have been modest in light of the services currently available to customers. [Institution] now provides expanded investment opportunities to customers and has provided the most sophisticated technology available for the management of personal trust accounts."

"Speaking personally, I feel it is in the public interest that corporations be available to act as fiduciaries for all the traditional reasons -- continuing existence, impartiality, skilled staff and financial responsibility. The imposition of statutory trustee fees could reduce the number of corporations willing to provide fiduciary services and prevent others from entering the field. I believe market forces, combined with oversight by State and Federal regulatory agencies, will ensure that trustee fees are fair and that, at the same time, corporate fiduciaries remain viable."

"I am really concerned that you would think of legislation in the fee area. Let the market place govern trustee's fees. I know of two banks from Massachusetts and Illinois who will be soon opening trust companies in California with more to come after 1991. We are happy with the competition. If you wish to cap something, why not start on attorney's fees?"

Set-up and Wind-up Charges:

<u>ID #</u>	<u>Set-up charges</u>	<u>Wind-up charges</u>
#2.	\$200 for securities and cash; \$100 for non-owner occupied real property; no charge if inst. was executor	.2% of fair market value of property withdrawn plus pro rata annual fee
#5.	\$300 acceptance fee	.5% fair market value excluding liabilities for property withdrawn; minimum fee of \$500 on final distribution or transfer to successor

#6.	\$75 per hour	\$75 per hour
#7.		Out of pocket expenses to transfer account assets; minimum \$250
#8.	\$150 plus \$30 per asset \$250 minimum	Revocable trust: \$150 plus \$30 per asset \$250 minimum Irrevocable trust: 1% of trust value \$300 minimum
#10.		\$100 + reasonable fee for transfer and delivery
#12.		Reasonable termination fee depending on duration of trust and effort and responsibility in terminating. Not to exceed 1%. Partial revocation fee of 1% for revocations in excess of 5%
#17.	\$20 per securities issue \$75 per unit of real property, trust deed notes, contracts of purchase \$200 minimum	\$20 per securities issue \$75 per unit of real property, trust deed notes, contracts of purchase \$500 minimum Distribution: 1% of principal distributed to ultimate beneficiaries other than settlor
#18.	\$25 per securities issue \$25 per note secured by trust deed \$250 minimum \$100 residence title holding \$200 nonresidence title holding	Revocable: \$25 per asset other than real property Irrevocable: 1%, \$150 minimum
#19.	\$200 minimum plus transaction charges \$25 for stocks and bonds processed through depository environment; \$30 if physically handled	\$200 minimum for termination or revocation plus transaction charges \$25 for stocks and bonds processed through depository environment; \$30 if physically handled

Miscellaneous Information:

#2. Charges \$20 for security transactions in non-managed accounts, \$150 per year for trustor or beneficiaries home if occupant is responsible for all maintenance and pays taxes and insurance. Income tax returns and appraisals at "usual and customary rates" for living trust.

#5. Extraordinary fee for "any unusual or extraordinary services rendered (e.g., matters involving litigation, foreclosures, valuations and reports, preparation of special documents, etc.); such compensation to be based upon Bank's best estimate of time involved at an hourly rate, and out-of-pocket expenses for special appraisals, attorneys fees and safekeeping services." [Note that no such fees had been charged living trusts during 1986.]

Additional charge for preparation of fiduciary tax returns required by state or federal law.

Standard fee provides for two quarterly statements and one annual valuation. Additional copies at \$7.50 per copy.

#6. Compensation of cotrustees is in addition to bank charges.

Fiduciary income tax returns prepared as necessary at an additional charge.

#10. "In 1982 we did not have a published testamentary trust fee schedule. These fees were subject to court approval and there were minor differences among them, depending on which court had jurisdiction."

#12. "If [institution] is a co-fiduciary, its fee shall not be diminished thereby, and the [institution] shall hold all property of the trust under its control and/or custody."

#17. "An additional reasonable Extraordinary Fee will be charged for the lease, rental, and sale of real estate."

#18. Tax returns: \$60/hour for private trusts, \$75/hour for charitable trusts

36 beneficiary related disbursements (12 for common trust fund accounts) included in annual fee. Each additional check or transfer is \$5.50.

Full investment responsibility (Consult) is \$500 more than full investment responsibility (Discretionary).

Reasonable compensation for the performance of unusual duties, such as real estate purchases or sales, litigation, business management, estate planning, etc.

#19. Directed payments other than monthly distribution to beneficiaries charged at \$3 per check.

Exhibit 2

FEE SCHEDULES ON TRUSTS FROM \$50,000-\$10,000,000

Note. The figures in the first four columns in this exhibit are drawn from the information set out in Exhibit 1. The ID# corresponds to the corporate trustee's ID# in Exhibit 1. In the 1982 tables, data is missing for 5 of the 19 trustees because they were not in the trust business at that time.

The last six columns illustrate the application of the fee schedules to trusts ranging in value from \$50,000 to \$10,000,000. The fees used in these tables are the fees that apply to stock where the trustee as full investment responsibility.

Tables 1 and 2 present the 1982 and 1987 figures without taking the minimum fee into account.

Tables 3 and 4 state the same information but reflect the applicable minimum fee.

TABLE 1: 1982 Fees (ignoring minimum fees)

July 1982	Amount	Equals	Minimum	ID #	50,000	100,000	200,000	500,000	1,000,000	10,000,000
.75	10,000,000	75,000	750	1	375	750	1,500	3,750	7,500	75,000
1	500,000	5,000	500	2	500	1,000	2,000	5,000	8,750	53,750
.75	500,000	3,750								
.5	9,000,000	45,000								
.66	500,000	3,300	800	3	330	660	1,320	3,300	5,800	25,800
.5	500,000	2,500								
.4	1,000,000	4,000								
.2	8,000,000	16,000								
.725	1,000,000	7,250	1,900	4	362	725	1,450	3,625	7,250	Negotiated
agree	9,000,000	0								
				5						
.75	1,000,000	7,500	375	6	375	750	1,500	3,750	7,500	32,500
.5	1,000,000	5,000								
.25	8,000,000	20,000								
				7						
				8						

July 1982			ID #	50,000	100,000	200,000	500,000	1,000,000	10,000,000
% on	Amount	Equals Minimum							
1	2,000,000	20,000 11,500	9	500	1,000	2,000	5,000	10,000	70,000
.75	3,000,000	22,500							
.55	5,000,000	27,500							
1	250,000	2,500 1,300	10	500	1,000	2,000	4,375	8,125	40,625
.75	750,000	5,625							
.5	4,000,000	20,000							
.25	5,000,000	12,500							
.75	500,000	3,750 750	11	375	750	1,500	3,750	6,250	Negotiated
.5	500,000	2,500							
.375	4,000,000	15,000							
quote	5,000,000	0							
.75	10,000,000	75,000 700	12	375	750	1,500	3,750	7,500	75,000
.9	1,000,000	9,000 1,000	13	450	900	1,800	4,500	9,000	61,000
.6	7,000,000	42,000							
.5	2,000,000	10,000							
			14						
.8	1,000,000	8,000 1,200	15	400	800	1,600	4,000	8,000	33,000
.6	1,000,000	6,000							
.3	3,000,000	9,000							
.2	5,000,000	10,000							
1	1,000,000	10,000 2,000	16	500	1,000	2,000	5,000	10,000	68,000
.8	2,000,000	16,000							
.6	7,000,000	42,000							
.8	10,000,000	80,000 750	17	400	800	1,600	4,000	8,000	80,000
.8	1,000,000	8,000 1,000	18	400	800	1,600	4,000	8,000	44,000
.4	9,000,000	36,000							
			19						
	AVERAGE	1,752		417	835	1,669	4,129	7,977	54,890
	MAX	11,500		500	1,000	2,000	5,000	10,000	80,000
	MIN	375		330	660	1,320	3,300	5,800	25,800

[Without taking minimum fee into account]

TABLE 2: 1987 Fees (ignoring minimum fees)

July 1987	Amount	Equals	Minimum	ID #	50,000	100,000	200,000	500,000	1,000,000	10,000,000
% on .75	10,000,000	75,000	750	1	375	750	1,500	3,750	7,500	75,000
1	500,000	5,000	1,000	2	500	1,000	2,000	5,000	8,750	53,750
.75	500,000	3,750								
.5	9,000,000	45,000								
.66	500,000	3,300	1,500	3	330	660	1,320	3,300	5,800	25,800
.5	500,000	2,500								
.4	1,000,000	4,000								
.2	8,000,000	16,000								
.8 agree	1,000,000 9,000,000	8,000 *	1,200	4	400	800	1,600	4,000	8,000	Negotiated
1	1,000,000	10,000	3,000	5	500	1,000	2,000	5,000	10,000	Negotiated
.75	2,000,000	15,000								
.65 agree	2,000,000 5,000,000	13,000 *								
1	1,000,000	10,000	750	6	500	1,000	2,000	5,000	10,000	Negotiated
.8 agree	1,000,000 8,000,000	8,000 *								
1	1,000,000	10,000	3,000	7	500	1,000	2,000	5,000	10,000	65,000
.75	4,000,000	30,000								
.5	5,000,000	25,000								
1	1,000,000	10,000	2,000	8	500	1,000	2,000	5,000	10,000	39,000
.6	500,000	3,000								
.4	500,000	2,000								
.3	8,000,000	24,000								
1	3,000,000	30,000	25,000	9	500	1,000	2,000	5,000	10,000	72,500
.75	2,000,000	15,000								
.55	5,000,000	27,500								
1	1,000,000	10,000	3,000	10	500	1,000	2,000	5,000	10,000	42,500
.5	4,000,000	20,000								
.25	5,000,000	12,500								
.875 .625 .5 quote	500,000 500,000 4,000,000 5,000,000	4,375 3,125 20,000 *	1,000	11	438	875	1,750	4,375	7,500	Negotiated
.9	500,000	4,500	950	12	450	900	1,800	4,500	9,000	44,750
.75	500,000	3,750								
.5	500,000	2,500								
.4	8,500,000	34,000								

July 1987=====				ID #	50,000	100,000	200,000	500,000	1,000,000	10,000,000
% on	Amount	Equals	Minimum							
1.1	500,000	5,500	3,000	13	550	1,100	2,200	5,500	10,500	76,000
1	500,000	5,000								
.95	1,000,000	9,500								
.9	1,000,000	9,000								
.8	1,000,000	8,000								
.75	2,000,000	15,000								
.6	4,000,000	24,000								
1	1,000,000	10,000	3,500	14	500	1,000	2,000	5,000	10,000	47,500
.75	1,000,000	7,500								
.375	8,000,000	30,000								
1.15	1,000,000	11,500	3,000	15	575	1,150	2,300	5,750	11,500	49,500
.8	1,000,000	8,000								
.5	3,000,000	15,000								
.3	5,000,000	15,000								
1	1,000,000	10,000	3,500	16	500	1,000	2,000	5,000	10,000	Negotiated
.8	2,000,000	16,000								
agree	7,000,000	*								
1	1,000,000	10,000	1,500	17	500	1,000	2,000	5,000	10,000	Negotiated
.8	4,000,000	32,000								
agree	5,000,000	*								
1	1,000,000	10,000	2,000	18	500	1,000	2,000	5,000	10,000	74,000
.8	1,000,000	8,000								
.7	8,000,000	56,000								
1	200,000	2,000	1,500	19	500	1,000	2,000	4,400	7,900	Negotiated
.8	300,000	2,400								
.7	500,000	3,500								
.4	4,000,000	16,000								
agree	5,000,000	*								
AVERAGE					480	960	1,919	4,767	9,287	55,442
MAX					575	1,150	2,300	5,750	11,500	76,000
MIN					330	660	1,320	3,300	5,800	25,800

[Without taking minimum fee into account]

TABLE 3: 1982 Fees (applying minimum fees)

July 1982	Amount	Equals	Minimum	ID #	50,000	100,000	200,000	500,000	1,000,000	10,000,000
% on .75	10,000,000	75,000	750	1	750	750	1,500	3,750	7,500	75,000
1 .75	500,000	5,000	500	2	500	1,000	2,000	5,000	8,750	53,750
.5	9,000,000	45,000								
.66	500,000	3,300	800	3	800	800	1,320	3,300	5,800	25,800
.5	500,000	2,500								
.4	1,000,000	4,000								
.2	8,000,000	16,000								
.725 agree	1,000,000 9,000,000	7,250 0	1,900	4	1,900	1,900	1,900	3,625	7,250	Negotiated
				5						
.75	1,000,000	7,500	375	6	375	750	1,500	3,750	7,500	32,500
.5	1,000,000	5,000								
.25	8,000,000	20,000								
				7						
				8						
1 .75	2,000,000	20,000	11,500	9	11,500	11,500	11,500	11,500	11,500	70,000
.55	3,000,000	22,500								
	5,000,000	27,500								
1 .75	250,000	2,500	1,300	10	1,300	1,300	2,000	4,375	8,125	40,625
.5	750,000	5,625								
.25	4,000,000	20,000								
	5,000,000	12,500								
.75	500,000	3,750	750	11	750	750	1,500	3,750	6,250	Negotiated
.5	500,000	2,500								
.375 quote	4,000,000	15,000								
	5,000,000	0								
.75	10,000,000	75,000	700	12	700	750	1,500	3,750	7,500	75,000

July 1982=====			ID #	50,000	100,000	200,000	500,000	1,000,000	10,000,000
% on	Amount	Equals Minimum							
.9	1,000,000	9,000 1,000	13	1,000	1,000	1,800	4,500	9,000	61,000
.6	7,000,000	42,000							
.5	2,000,000	10,000							

14

.8	1,000,000	8,000 1,200	15	1,200	1,200	1,600	4,000	8,000	33,000
.6	1,000,000	6,000							
.3	3,000,000	9,000							
.2	5,000,000	10,000							

1	1,000,000	10,000 2,000	16	2,000	2,000	2,000	5,000	10,000	68,000
.8	2,000,000	16,000							
.6	7,000,000	42,000							

.8	10,000,000	80,000 750	17	750	800	1,600	4,000	8,000	80,000
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.8	1,000,000	8,000 1,000	18	1,000	1,000	1,600	4,000	8,000	44,000
.4	9,000,000	36,000							

19

AVERAGE	1,752			1,752	1,821	2,380	4,593	8,084	54,890
MAX	11,500			11,500	11,500	11,500	11,500	11,500	80,000
MIN	375			375	750	1,320	3,300	5,800	25,800

[With applicable minimum fee]

TABLE 4: 1987 Fees (applying minimum fees)

July 1987	Amount	Equals	Minimum	ID #	50,000	100,000	200,000	500,000	1,000,000	10,000,000
.75	10,000,000	75,000	750	1	750	750	1,500	3,750	7,500	75,000
1	500,000	5,000	1,000	2	1,000	1,000	2,000	5,000	8,750	53,750
.75	500,000	3,750								
.5	9,000,000	45,000								
.66	500,000	3,300	1,500	3	1,500	1,500	1,500	3,300	5,800	25,800
.5	500,000	2,500								
.4	1,000,000	4,000								
.2	8,000,000	16,000								
.8	1,000,000	8,000	1,200	4	1,200	1,200	1,600	4,000	8,000	Negotiated
agree	9,000,000	*								
1	1,000,000	10,000	3,000	5	3,000	3,000	3,000	5,000	10,000	Negotiated
.75	2,000,000	15,000								
.65	2,000,000	13,000								
agree	5,000,000	*								
1	1,000,000	10,000	750	6	750	1,000	2,000	5,000	10,000	Negotiated
.8	1,000,000	8,000								
agree	8,000,000	*								
1	1,000,000	10,000	3,000	7	3,000	3,000	3,000	5,000	10,000	65,000
.75	4,000,000	30,000								
.5	5,000,000	25,000								
1	1,000,000	10,000	2,000	8	2,000	2,000	2,000	5,000	10,000	39,000
.6	500,000	3,000								
.4	500,000	2,000								
.3	8,000,000	24,000								
1	3,000,000	30,000	25,000	9	25,000	25,000	25,000	25,000	25,000	72,500
.75	2,000,000	15,000								
.55	5,000,000	27,500								
1	1,000,000	10,000	3,000	10	3,000	3,000	3,000	5,000	10,000	42,500
.5	4,000,000	20,000								
.25	5,000,000	12,500								
.875	500,000	4,375	1,000	11	1,000	1,000	1,750	4,375	7,500	Negotiated
.625	500,000	3,125								
.5	4,000,000	20,000								
quote	5,000,000	*								
.9	500,000	4,500	950	12	950	950	1,800	4,500	9,000	44,750
.75	500,000	3,750								
.5	500,000	2,500								
.4	8,500,000	34,000								

July 1987=====			ID #	50,000	100,000	200,000	500,000	1,000,000	10,000,000	
% on	Amount	Equals Minimum								
1.1	500,000	5,500	3,000	13	3,000	3,000	3,000	5,500	10,500	76,000
1	500,000	5,000								
.95	1,000,000	9,500								
.9	1,000,000	9,000								
.8	1,000,000	8,000								
.75	2,000,000	15,000								
.6	4,000,000	24,000								
1	1,000,000	10,000	3,500	14	3,500	3,500	3,500	5,000	10,000	47,500
.75	1,000,000	7,500								
.375	8,000,000	30,000								
1.15	1,000,000	11,500	3,000	15	3,000	3,000	3,000	5,750	11,500	49,500
.8	1,000,000	8,000								
.5	3,000,000	15,000								
.3	5,000,000	15,000								
1	1,000,000	10,000	3,500	16	3,000	3,000	3,000	5,000	10,000	Negotiated
.8	2,000,000	16,000								
agree	7,000,000	*								
1	1,000,000	10,000	1,500	17	1,500	1,500	2,000	5,000	10,000	Negotiated
.8	4,000,000	32,000								
agree	5,000,000	*								
1	1,000,000	10,000	2,000	18	2,000	2,000	2,000	5,000	10,000	74,000
.8	1,000,000	8,000								
.7	8,000,000	56,000								
1	200,000	2,000	1,500	19	1,500	1,500	2,000	4,400	7,900	Negotiated
.8	300,000	2,400								
.7	500,000	3,500								
.4	4,000,000	16,000								
agree	5,000,000	*								
		AVERAGE	3,218		3,192	3,205	3,508	5,820	10,076	55,442
		MAX	25,000		25,000	25,000	25,000	25,000	25,000	76,000
		MIN	750		750	750	1,500	3,300	5,800	25,800

[With applicable minimum fee]

Exhibit 3

Note. As of September 4, we had not received any response from the following institutions which were on the list provided by the California Bankers Association:

Ahmanson Trust Company
Bank of Newport
Bank of San Diego
Bank of Stockton
Boston Safe Deposit and Trust Co.
Citizens Commercial Trust & Saving
City National Bank
First American Bank & Trust Co.
First American Trust Company
First Independent Trust Company
First Trust Bank
Franklin Trust Company
Hibernia Bank
La Jolla Bank & Trust Co.
Mechanics Bank of Richmond Trust Dept.
Modesto Banking Company
San Diego Trust & Savings Bank
Santa Barbara Bank & Trust
Sarwa Bank California
Trans American National Bank
Trans-Pacific National Bank
Trust Company of the West
Trust Services of America, Inc.
Union Bank
Union Safe Deposit Bank
United Mercantile Bank & Trust Co.
University National Bank & Trust Co.
Wall Street Trust Co. California