PUBLIC DISCLOSURE

February 28, 2011

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Home Savings of America
35 East Broadway
Little Falls, Minnesota 56345-3046
Docket Number: 03052

Office of Thrift Supervision
Central Region
1 South Wacker Drive, Suite 2000
Chicago, Illinois 60606

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.**

Office of Thrift Supervision
Department of the Treasury *Central Region*
One South Wacker Drive, Suite 2000, Chicago, IL 60606
Telephone: (312) 917-5000 * Fax: (312) 917-5001 * Website: *www.ots.treas.gov*

June 29, 2011

Board of Directors
Home Savings of America
35 East Broadway
Little Falls, MN 56345-3046

OTS No. 3052

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of February 28, 2011. Pursuant to the provisions of the CRA and OTS regulations (12 C.F.R. 563e), your institution must make this evaluation and your institution's CRA rating available to the public within 30 business days of receiving it. You must place the evaluation in your CRA public file at your home office and at each branch within this time frame. You may not alter or abridge the evaluation in any manner. At your discretion, you may retain previous written CRA Performance Evaluation(s) with the most recent evaluation in your CRA public file.

Your institution may prepare a response to the evaluation. You may place the response in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

All appropriate personnel, particularly customer contact personnel, need to be aware of the responsibilities that the institution has to make this evaluation available to the public. Consequently, we suggest that your institution review internal procedures for handling CRA inquiries, including those pertaining to the evaluation and other contents of the CRA public file.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution. Please acknowledge receipt of this evaluation by signing the attached Board signature page and retaining a copy of the acknowledgment.

Sincerely,

Georgia Chisolm

Georgia A. Chisolm
Assistant Director

Enclosure

Signatures of Directors

We, the undersigned directors, have personally reviewed the contents of this Community Reinvestment Act Performance Evaluation.

Signature	Date
Dirk S. Adams	
James R. Causey	
Gary L. Olson	
Steven E. Stern	
David C. Welch	

Note: This form should remain attached to the report of examination and remain in the institution's file for review during subsequent examinations. The signature of committee members will suffice only if the committee includes outside directors and the full board passed a resolution delegating the review to such committee.

Table of Contents

General Information

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

This document is an evaluation of the CRA performance of Home Savings of America (HSOA). The Office of Thrift Supervision (OTS) prepared the evaluation as of February 28, 2011. OTS evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. OTS rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

INSTITUTION'S CRA RATING: Satisfactory
The Lending Test is rated: Satisfactory
The Community Development Test is rated: Satisfactory

Home Savings of America (HSOA) has a satisfactory record of serving the credit needs of the communities within its assessment areas. The satisfactory rating was achieved mainly through good distribution of loans among borrowers and geographies. Though HSOA conducted an inordinately low level of community development activity, it was deemed that the institution was incapable of providing a satisfactory amount at the time.

HSOA maintains a reasonably high loan-to deposit ratio and generates a very high level of one- to four-family residential loans relative to its asset size. A substantial majority of the loans are located outside of its assessment areas (AAs). However, we deemed the loan volumes within the Minnesota AA unacceptable. The volume in the California AAs were marginally acceptable considering deposit market shares. The California AAs carried more weight in the ratings determination because of higher deposit and loan volumes in those AAs.

HSOA grants a reasonable number of loans to low-and moderate-income borrowers in the AAs, and a reasonable level in low- and moderate-income census tracts.

HSOA provided a marginal level of community development loans, qualified investments, and community development services. This was considered adequate based on its current financial condition. HSOA’s community development performance was stronger in Minnesota.

Scope of Examination

This evaluation was conducted using the intermediate small institution CRA performance standards, which includes lending and community development tests, with each carrying equal weight in the final rating. The lending test consists of an evaluation of the loan-to-deposit ratio, the concentration of loans made within the AAs, the distribution of loans amongst borrowers of different incomes and geographies, and the record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its AAs. The community development test consists of an evaluation of the number and amount of community development loans, the number and amount of qualified investments, the extent to which the savings association provides community development services; and, the savings association's responsiveness through such activities to community development needs. This is the first examination cycle where HSOA is subject to the community development test.

Institution (continued)

This evaluation covered the period since the preceding CRA Public Evaluation, dated February 28, 2005 through December 31, 2010. However, the analysis is based for the most part on loans subject to the Home Mortgage Disclosure Act (HMDA) for the years of 2008 through 2010, in which newer data is considered the most relevant. HMDA information was obtained from loan application registers (LARs). The LARs provided information including location and borrower income for residential mortgage loans granted during this period. The data for the HMDA aggregate is from financial institutions with deposits insured by the Federal Deposit Insurance Corporation (FDIC) that reported lending activity within the AAs. Management provided the information evaluated for purposes of the community development test. HSOA originates few consumer and small business loans in accordance with their business focus as a single-family residential lender therefore these loans are not included in the evaluation. Loan to deposit data was obtained from quarterly financial reports submitted to OTS by HSOA.

Median family income for the Minnesota nonmetropolitan areas, and the Oakland-Freemont-Hayward Metropolitan Statistical Area (MSA), the Santa Ana-Anaheim-Irvine Metropolitan Division (MD), and the Los Angeles-Long Beach-Glendale MD was utilized to determine borrower income categories.

Description of Institution

HSOA is a federally-chartered savings association, originally chartered in 1937, and is wholly owned by Home Savings Bancorp. HSOA was renamed July 7, 2005; until that time it operated under the name *Community Federal Savings and Loan Association of Little Falls Minnesota.* Prior to 2006, HSOA operated solely out of the headquarters office in Little Falls, Morrison County, Minnesota. In March 2006, the bank expanded operations by opening a full-service office in Laguna Woods, California, followed by two more full-service offices in 2008: one in Seal Beach, California, in January 2008, and one in Walnut Creek, California, in December 2008. The bank opened during the review period approximately 70 loan production offices in 26 states. The institution operates as a mortgage banker originating one- to four-family loans and selling them on the secondary market. It lends primarily through its loan production offices. HSOA also generates loan production through wholesale lending arrangements with third-party mortgage companies and offers its loan products in its home office and in the three branches in California. The full-service offices opened during the review period are located in close proximity to age-restricted retirement communities, residents of which are the target market according to management. Deposit products offered are commensurate with similar sized institutions.

HSOA reported total assets of $457.5 million as of December 31, 2010. At that time the total loan portfolio equaled $299.9 million. The table below illustrates the dollar amount, percentage to total

Institution (continued)

loans, and percentage to total assets of each loan category. The asset mix is consistent with the business plan, concentrating on residential lending.

Table 1 – **HSOA Investment in Loans (12/31/2010 Thrift Financial Report)**			
Loan Category	**Amount ($000's)**	**Percent of Total Loans**	**Percent of Total Assets**
Residential Mortgage	**$295,912**	98.7%	64.7%
Nonresidential Mortgage	**$446**	0.2%	0.1%
Commercial Nonmortgage	**$1,605**	0.5%	0.4%
Consumer	**$1,904**	0.6%	0.4%
Total	**$299,867**	100.0%	65.6%

HSOA received an "Outstanding" rating on its prior evaluation dated February 22, 2005.

Description of Assessment Areas

HSOA has three AAs. Morrison County, a rural non-metropolitan county, comprises the single Minnesota AA. This is the bank's original assessment area and the only area included in the previous public evaluation conducted as of February 28, 2005. Morrison County is located in rural central Minnesota. The two other AAs are located in California: the Los Angeles-Long Beach-Santa Ana MSA is located in southern California and consists of Los Angeles County and Orange County. The other is the Oakland-Fremont-Hayward MSA located in northern California. This consists of Alameda and Contra Costa Counties.

Conclusions With Respect To Performance Tests

LENDING TEST

The intermediate small bank lending test considers the loan-to-deposit ratio and lending levels, the percentage of loans made within the AAs, lending levels to low-and moderate-income borrowers, and lending levels in low-and moderate-income census tracts. Where the AA does not contain any low- or moderate-income census tracts, this aspect of the evaluation was not included. In addition, responses to consumer complaints related to CRA are evaluated.

Institution (continued)

Loan-to Deposit Ratio

The loan-to-deposit (LTD) ratio is an indicator of the reasonableness of an institution's lending levels relative to its lending capacity. A higher number is indicative of more lending and favorable for CRA purposes. An LTD of 100 percent would indicate that as of the calculation date, an institution had funded all deposits into loans.

HSOA maintained a quarterly average 98.2 percent loan-to-deposit ratio during the 36-month period ending December 31, 2010. The ratio underwent a steady decline throughout the period, ranging from a high of 133.4 percent on March 31, 2008 to a low of 71.36 percent on December 31, 2010. The decline is attributed to the institution's sale of all new originations on the secondary market.

As a percentage of total assets, HSOA originations ranked in the 98th percentile of peer group[a] mortgage loan volumes for the 24 month period ending December 31, 2010.

HSOA's loan-to-deposit ratio is reasonable and the volume of residential loan originations is very good.

Lending in the Assessment Areas

HSOA's lending-related activities were reviewed to determine the degree to which lending was concentrated inside the AAs. Conclusions about lending performance were mainly based on data obtained from HMDA reports on a total of 21,153 home mortgage loans granted from January 1, 2008 through December 31, 2010. Of these, 1,964 (or 9.3 percent) were granted inside the three AAs. HMDA reportable loans granted in the AAs totaled approximately $672.6 million of the approximately $5.2 billion of total HMDA loans. A substantial majority of both the number and amount of residential loans were granted outside the AAs; 90.7 percent of the total number of loans and 86.9 percent of the total amount of loans. The table below illustrates the loans granted in and outside of the AAs by year.

[a] This peer group includes 154 OTS regulated institutions with assets between $300 million and $1 billion.

Institution (continued)

Concentration of Residential Loans * 1/1/2008-12/31/2010 (Dollars in thousands)					
Period By Year	In Assessment Areas		Outside Assessment Areas		Total Loans
	#	%	#	%	#
2008	321	14.1	1,958	85.9	2,279
2009	969	9.0	9,807	91.0	10,776
2010	674	8.3	7,424	91.7	8,098
Total	1964	9.3	19,189	90.7	21,153
	$ Amt	**%**	**#**	**%**	**$Amt**
2008	110,422	19.3	462,772	80.7	573,194
2009	330,685	12.6	2,300,528	87.4	2,631,213
2010	231,553	11.9	1,716,589	88.1	1,948,142
Total	672,660	13.1	4,479,889	86.9	5,152,549

Note: Percents are based on total loans originated during applicable year.

HSOA grants a substantial majority of loans outside of its three AAs.

Lending to Borrowers of Different Incomes

An analysis was conducted to determine the reasonableness of the distribution of HMDA loans made to borrowers of different incomes separately for each of the three AAs. The ratio and volume of loans made to low- and moderate-income residential borrowers received the greatest emphasis in the borrower income analysis. Overall, HSOA's record of lending to low- and moderate-income individuals is considered reasonable.

Geographical Distribution

An analysis was conducted to determine the reasonableness of the geographic distribution of HMDA loans separately for each of the three AAs. The ratio and volume of loans made in low- and moderate-income geographies received the greatest emphasis in the analysis. Overall, HSOA's record of lending in low- and moderate-income individuals is considered reasonable. A geographic distribution analysis was not conducted in the Minnesota AA as there are no low- or moderate-income census tracts in that AA.

Response to Consumer Complaints

HSOA received no consumer complaints regarding its CRA performance during the review period.

Institution (continued)

COMMUNITY DEVELOPMENT TEST

Although the community development activities were minimal and much less than would be expected under normal circumstances, we concluded that HSOA provided a reasonable amount of community development activities. The financial condition of the bank was taken into account in making this conclusion. Being thus limited the expectations were lowered accordingly. Generally the expectations would be much greater for Community Development activity. Most of the activities were concentrated in the Minnesota AA in the form of loans; few qualifying investments were made, and few services were offered. Details of activities specific to an AA are included in that particular section of the report.

Loan Modifications- HSOA has actively attempted to assist struggling borrowers with loan modifications to assist them in avoiding foreclosure. Working with customers to arrange new loan terms on an individual basis requires a considerable time commitment. Negative amortization features were removed and more flexible repayment terms were applied. During the review period HSOA modified approximately 300 loans.

Fair Lending or Other Illegal Credit Practices Review

No violations of the substantive provisions of the laws and regulations prohibiting discrimination or other illegal credit practices were identified through the evaluation of compliance with consumer laws and regulations during the most recent comprehensive examination.

State

Summary

CRA Rating for Minnesota

CRA RATING:	**Needs to Improve**
The Lending Test is rated:	**Needs to Improve**
The Community Development Test is rated:	**Satisfactory**

HSOA needs to improve its record of meeting the credit needs of its Minnesota AA. The bank made only 22 HMDA reportable loans in this AA in the three years of data reviewed. This is a very small rural market where HSOA enjoys a much larger deposit market share than HMDA loan market share. In 2009 HSOA had a 0.4 percent HMDA loan market share, while ranking second in amount of deposits with 21.7 percent of the deposit market share (as of June 30, 2009). HSOA has demonstrated the ability to originate a high level of HMDA loans despite the financial condition it is operating under, but is not originating them at acceptable levels in this AA.

Scope of Examination

The evaluation of HSOA's CRA performance in the state of Minnesota covers the same period and activities as described in the initial scope paragraph of this report. Full Scope examination procedures were performed in this AA. Again, the analysis primarily focuses on HMDA reported lending, and on HSOA's community development activities. For borrower income distribution comparison purposes, we considered demographic data of the AA and a comparison of the most recent aggregate lending data (2008 and 2009). No geographical distribution analysis was performed since there are no low- or moderate-income census tracts in the AA.

Description of Institution's Operations in Minnesota

HSOA operates one office in Little Falls, Morrison County, Minnesota. Morrison County in its entirety is the designated AA. The Minnesota office serves as the headquarters and is the original office, although some of the bank's deposit gathering and most lending is done elsewhere. There are eight census tracts in the AA, all of which are middle-income.

Conclusions with Respect to Performance Tests in Minnesota

The level of lending in the AA was considered inadequate.

The distribution of loans amongst borrowers of different incomes is considered reasonable although the validity of the conclusion is limited by the very low number of loans originated. Since there were only 22 loans available to draw conclusions from, one loan represented five percent of the total. The low-income borrower distribution percentage was lower than aggregate comparables and the percentage of low-income families living in the AA, however the moderate-income percentage was higher than both the aggregate and the percentage of moderate-income families in the AA.

Community Development activities were deemed satisfactory. A substantial majority of the banks community development was in the form of lending and was conducted in this AA.

State Nonmetropolitan Area & State Reviewed[b]

(if some or all of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)

Description of Institution's Operations in Morrison County Minnesota

Morrison County is a rural, nonmetropolitan county located in central Minnesota. It is approximately 100 miles northwest of Minneapolis. It contains eight middle-income census tracts. As of the 2000 census, the AA had a population of 31,712. It includes Little Falls, the county seat where the HSOA office is located and numerous other small rural farming communities.

Throughout the review period, unemployment rates have been higher than the area is accustomed to experiencing. Although the national economic downturn has not affected the state as severely as other areas, this particular county has experienced high levels of unemployment. Unemployment rates[c] as of December 2010: United States, 9.6 percent, the State of Minnesota, 7.0 percent, and Morrison County 9.0 percent.

The HUD-estimated median family incomes (MFI) for the nonmetropolitan portions of Minnesota for the years 2008, 2009, and 2010 are $56,700, $58,500, and $58,700, respectively.

The following table provides information regarding the number and percentage of families by income level in the AA as of the 2000 census.

Family Demographics in Morrison County Assessment Area		
Income Level of Family	**Number of Families**	**Percentage of Families**
Low-income	1,670	19.5%
Moderate-income	1,667	19.5%
Middle-income	2,246	26.3%
Upper-income	2,969	34.7%
Total	8,552	100.0%

The 2000 census data disclosed that of the 8,552 families and 11,836 households in the AA, 3,337 or 39.0 percent of families were low- and moderate-income. Additionally 1,445 households (12.2 percent) had incomes below the poverty level, and 3,722 households (31.4 percent) received social security.

Total owner-occupied housing units represent 69.8 percent of the 13,870 housing units in the AA. Rental occupied housing units represent 15.4 percent of total units. The weighted average of median housing value was $87,054 and the weighted average of median year built was 1967.

[c] Data Source: U.S. Bureau of Labor Statistics.

According to 2009 HMDA aggregate data 69 FDIC insured HMDA-reporting lenders made loans in the AA. HSOA ranked 34th among these lenders in the number of originations, with 0.4 percent of market share.

Ten FDIC insured financial institutions serve the AA with a total of 15 full-service banking offices as of June 30, 2010. Collectively these institutions held $531.3 million in deposits. With one branch in the AA, HSOA ranked third overall in deposits with $83.2 million, and 15.7 percent of market share.

Conclusions with Respect to Performance Tests in Morrison County

Lending in the Morrison County Assessment Area

HSOA originated 21,153 HMDA reportable loans beginning January 1, 2008, through December 31, 2010. Of these only 22 loans were originated during that time in Morrison County. There were 18 loans originated in 2008, three in 2009, and only one in 2010.

In 2009, 69 lenders originated 679 HMDA reportable loans in Morrison County. Seven of these lenders had offices in the AA; the seven (including HSOA) collectively originated 165 HMDA loans that year an average of 23.5 loans.

It is apparent that HSOA has missed opportunities to originate HMDA reportable loans, its main line of business, in its headquarters AA.

Lending to Borrowers of Different Incomes

The following table presents the distribution of HSOA's HMDA loans by borrower income compared to the percentage of families in those income categories, and to 2008 and 2009 aggregate HMDA lending performance for the AA. The percentage of families represents lending opportunities in the AA, and the aggregate HMDA peer percentages represent lending opportunities realized by HMDA reporting lenders in the AA.

Borrower Income Distribution of Residential Loans in Morrison County Assessment Area				
Income Level of Borrower	**HSOA Number of Loans**	**HSOA Percentage of Loans**	**Percentage of Families**	**HMDA 2008 and 2009 Aggregate Percentage**
Low-Income	1	5.0%	19.5%	9.1%
Moderate-Income	5	25.0%	19.5%	22.1%
Middle-Income	8	40.0%	26.3%	31.2%
Upper-Income	6	30.0%	34.7%	37.7%
Total	20	100.00%	100.0%	100.0%

Note: There were two loans reported by HSOA with income not available.

HSOA's percentage of lending to low-income borrowers was considerably less than HMDA reporting lenders and the representation of such families in the AA, while lending to the moderate-income borrowers exceeded the HMDA reporting lenders percentage. It is difficult to draw conclusions from this data however because of the very low volume of loans.

Community Development

Most of HSOA's community development activity was concentrated in this AA.

HSOA granted four community development loans in the AA totaling $1.8 million. One million of which directly helped provide affordable housing for senior citizens; the balance supported job creation or retention for low- and moderate-income individuals.

HSOA provides community development services in the AA by performing ongoing loan servicing free of charge for ten Habitat for Humanity loans.

HSOA made qualified investments in the form of direct grants totaling $1,536 in the AA. This included grants to two individuals to fund down payments for Habitat for Humanity homes.

This level of community development in the AA is marginal. However, when considering the bank's financial condition, the community development activities are considered adequate.

State Summary

CRA Rating for California

CRA RATING: Satisfactory
The Lending Test is rated: Satisfactory
The Community Development Test is rated: Satisfactory

HSOA demonstrated a satisfactory record of meeting the credit needs of its California AAs.

HSOA originated 1,942 residential mortgage loans in California out of the 21,153 total HMDA volume originated from 2008 to 2010. This represents 9.2 percent, a reasonable volume considering its business model as a nationwide lender lending in 26 different states.

The distribution of loans among borrowers was very good and the geographical distribution was adequate.

Community development was inadequate but nevertheless deemed acceptable under the current circumstances.

Scope of Examination

The evaluation of HSOA's CRA performance in the state of California covers the same period and activities as described in the initial scope of examination section of this report: limited to the institution's two California AAs. Full Scope examination procedures were performed in both AAs. Again the analysis primarily focuses on HMDA reported lending, and on HSOA's community development activities. For borrower income distribution and geographic comparison purposes, we considered demographic data of the AAs and a comparison of the most recent aggregate lending data (2008 and 2009).

Description of Institution's Operations in California

HSOA operates three offices in its two California AAs. Two offices are located in the Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area (MSA) which includes all of Los Angeles and Orange Counties in California; they are the Laguna Woods, California office located in a moderate-income census tract and the Seal Beach, California office located in an upper-income census tract. Orange County is situated immediately south of Los Angeles County in southern California. Both are situated along the Pacific coast. The third office is located in Walnut Creek, California in an upper-income census tract in the Oakland-Fremont-Hayward MSA. The MSA consists of Alameda and Contra Costa Counties both of which are located due east of the City of San Francisco. Walnut Creek is located in Contra Costa County.

All three of the California offices are located in close proximity to retirement communities. Management states that locating offices near these communities was intentional as the business model is to cater products and services to this segment of the population.

Conclusions with Respect to Performance Tests in California

Loan volumes in the two AAs in the state were considered reasonable. The distribution of loans amongst borrowers of different incomes exceeded HMDA aggregate performance and was deemed reasonable. The geographic distribution was not as strong as the borrower distribution but was comparable to HMDA aggregate performance and deemed reasonable.

Community Development activities were very limited, however the performance was deemed satisfactory solely because of the financial condition that the bank has been operating under.

State Metropolitan Area & State Reviewed

(for metropolitan areas with some or all assessment areas reviewed using full-scope review)

Description of Institution's Operations in Los Angeles-Long Beach-Santa Ana California

The Los Angeles-Long Beach-Santa Ana AA contains 2,631 census tracts; 200 low-income, 736 moderate-income, 766 middle-income, 912 upper-income census tracts, and 17 census tracts with income designated not applicable. As of the 2000 census, the AA had a population of 12,365,627; it includes all of Los Angeles and Orange County, California. Los Angeles is the highest populated County in the State of California and is mostly urban with some suburban and rural communities along the northern and eastern peripheries. Orange County has a population of just over 2.8 million and is made up of numerous suburban communities. Both HSOA offices are in Orange County. One office is operated in Laguna Woods, a small community with a population of 16,507 and a median age of 78, according to the 2000 census. The other office is located in Seal Beach a community of 24,157, according to the 2000 census. The Seal Beach area is adjacent to Los Angeles County to the north, and is somewhat more diverse in the age of its population, however the office is located close to the Leisure World retirement community and the target customers are these residents.

The Los Angeles-Long Beach-Santa Ana MSA is divided into the Los Angeles-Long Beach-Glendale Metropolitan Division (MD) and the Santa Ana-Anaheim-Irvine MD, because of its large size. Separate MFIs are compiled for the MDs. The HUD-estimated MFIs for the Los Angeles-Long Beach-Glendale MD for the years 2008, 2009, and 2010 are $59,800, $62,100, and $63,000, respectively. The HUD-estimated MFIs for the Santa Ana-Anaheim-Irvine MD for the years 2008, 2009, and 2010 are $84,100, $86,100, and $87,200, respectively.

The following table provides information regarding the number and percentage of families by income level in the AA as of the 2000 census.

Family Demographics in Los Angeles-Long Beach-Santa Ana Assessment Area		
Income Level of Family	**Number of Families**	**Percentage of Families**
Low-income	653,725	23.1%
Moderate-income	476,311	16.8%
Middle-income	514,318	18.2%
Upper-income	1,183,869	41.9%
Total	2,828,223	100.0%

The 2000 census data disclosed that, of the 2,828,223 families in the AA, the low- and moderate-income families represent 39.9 percent of total families. Additionally, 546,976 households (or 13.4 percent) had income below the poverty level and 807,561 households (or 19.8 percent) receive social security.

The following table provides demographic information regarding the composition of the census tracts in the AA as of the 2000 census. This does not include the 17 census tracts without an income designation. The breakdown of census tracts and owner-occupied housing units (OOHUs) are presented below.

Census Tract Demographics in Los Angeles-Long Beach-Santa Ana Assessment Area				
Type of Census Tract	**Number of Census Tracts**	**Percentage of Census Tracts**	**Number of OOHUs**	**Percentage of OOHUs**
Low-Income	200	7.7%	35,256	1.7%
Moderate-Income	736	28.1%	344,265	16.6%
Middle-Income	766	29.3%	661,570	31.9%
Upper-Income	912	34.9%	1,032,796	49.8%
Total	2,614	100.0%	2,073,887	100.0%

Note: The 17 census tracts without an income designation are not included in the table.

Total OOHUs represent 48.9 percent of the 4,240,393 housing units in the AA. Rental occupied housing units represent 47.1 percent of total units. The weighted average of median housing value was $248,302 and the weighted average of median year built was 1964.

According to 2009 HMDA aggregate data there were 329 FDIC insured HMDA-reporting lenders that made loans in the AA. HSOA ranked 20th among these lenders in number of loans granted, with 0.4 percent of market share.

HSOA had 0.1 percent of the deposit market share among 158 FDIC insured financial institutions that serve the AA. Collectively, as of June 30, 2010, these institutions operated 2,423 offices and held $318.7 billion in deposits. HSOA had two of the offices and ranked 66th overall in amount of deposits with $285.2 million.

Conclusions with Respect to Performance Tests in Los Angeles-Long Beach-Santa Ana California

Lending in the Assessment Area

HSOA originated 21,153 HMDA reportable loans beginning January 1, 2008, through December 31, 2010. Of these 1,563 loans(7.4 percent) were originated during that time in the Los Angeles-Long Beach-Santa Ana AA. This volume is considered reasonable, particularly considering the deposit market share in the AA.

Lending to Borrowers of Different Incomes

The following table presents the distribution of HSOA's HMDA loans by borrower income compared to the percentage of families in those income categories, and to 2008 and 2009 aggregate HMDA lending performance for the AA. The percentage of families represents lending opportunities in the

AA, and the aggregate HMDA peer percentages represent lending opportunities realized by HMDA reporting lenders in the AA.

Borrower Income Distribution of Residential Loans in Los Angeles-Long Beach-Santa Ana Assessment Area				
Income Level of Borrower	**HSOA Number of Loans**	**HSOA Percentage of Loans**	**Percentage of Families**	**HMDA 2008 and 2009 Aggregate Percentage**
Low-Income	58	3.8%	23.1%	2.5%
Moderate-Income	200	13.2%	16.8%	9.1%
Middle-Income	373	24.6%	18.2%	19.7%
Upper-Income	885	58.4%	41.9%	68.8%
Total	1,516	100.00%	100.0%	100.0%

Note: There were 47 loans reported with income not available.

HSOA's percentage of lending to low- and moderate-income borrowers exceeded HMDA reporting lenders in both categories. HSOA made 17.0 percent of HMDA loans to low- and moderate-income borrowers, while the HMDA aggregate percentages total only 11.6 percent. The percentage of low- and moderate- income families living in the AA was much higher than either HSOA or peer performance, however considering the high cost of housing in the AA this performance is deemed reasonable, particularly when taking the 13.4 percent poverty rate into consideration.

Geographic Distribution of Loans

The following table presents HSOA's loans by income level of the census tract compared to the percentage of OOHUs and the aggregate 2008 and 2009 HMDA lending percentage for the AA. The OOHUs represent lending opportunities in the AA, and the aggregate HMDA information represents lending opportunities realized by other institutions.

Geographic Distribution of Residential Loans in the Los Angeles-Long Beach-Santa Ana Assessment Area				
Census Tract Category	**HSOA Number of Loans**	**HSOA Percentage of Loans**	**Percentage of OOHUs**	**HMDA 2008 and 2009 Aggregate Percentage**
Low-Income	19	1.2%	1.7%	1.5%
Moderate-Income	205	13.1%	16.6%	13.1%
Middle-Income	449	28.8%	31.9%	28.1%
Upper-Income	887	56.9%	49.8%	57.3%
Total	1,560	100.0%	100.0%	100.0%

Note: Three loans were attributed to the N/A census tracts.

HSOA's originations in the low- and moderate-income census tracts compare very closely to the HMDA aggregate performance and reasonably to the percentage of owner-occupied housing units. Thus, HSOA's geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Community Development

Community development activity was very limited in the AA. HSOA had no community development services or loans within the AA.

HSOA made qualified investments in the form of direct grants totaling $5,430 in the AA. This included a $5,000 grant to a senior services nonprofit organization, $250 to meals-on-wheels, and a $180 in-kind donation to a food drive.

This level of community development in the AA does not meet the expectations for a bank of HSOAs size. However, when considering the bank's financial condition, the community development activities are considered reasonable.

State Metropolitan Area & State Reviewed

(for metropolitan areas with some or all assessment areas reviewed using full-scope review)

Description of Institution's Operations in Oakland-Fremont-Hayward California

The Oakland-Fremont-Hayward MSA AA contains 489 census tracts; 52 low-income, 103 moderate-income, 191 middle-income, 142 upper-income census tracts, and one census tract with income designated not applicable. As of the 2000 census, the AA had a population of 2,392,557; it includes all of Alameda and Contra Costa Counties California. This area is located directly east of San Francisco on the opposite side of San Francisco Bay. HSOA operates one office in Walnut Creek, in Contra Costa County. The HUD-estimated MFIs for the MSA for the years 2008, 2009, and 2010 are $84,100, $86,100, and $87,200, respectively.

The following table provides information regarding the number and percentage of families by income level in the AA as of the 2000 census.

Family Demographics in Oakland-Fremont-Hayward Assessment Area		
Income Level of Family	**Number of Families**	**Percentage of Families**
Low-income	122,876	21.0%
Moderate-income	102,373	17.4%
Middle-income	124,120	21.2%
Upper-income	236,650	40.4%
Total	586,019	100.0%

The 2000 census data disclosed that, of the 586,019 families and 868,209 households in the AA, the 225,249 low-and moderate-income families represent 38.4 percent of total families. Additionally, 74,148 households (or 8.5 percent) had income below the poverty level and 180,303 households (or 20.7 percent) receive social security.

The following table provides demographic information regarding the composition of the census tracts in the AA as of the 2000 census. The breakdown of census tracts and owner-occupied housing units (OOHUs) are presented.

Census Tract Demographics in Oakland-Fremont-Hayward Assessment Area				
Type of Census Tract	**Number of Census Tracts**	**Percentage of Census Tracts**	**Number of OOHUs**	**Percentage of OOHUs**
Low-Income	52	10.7%	18,365	3.5%
Moderate-Income	103	21.1%	68,738	13.1%
Middle-Income	191	39.1%	228,778	43.6%
Upper-Income	142	29.1%	208,838	39.8%
Total	488	100.0%	524,719	100.0%

Note: The one census tract without an income designation is not included in the table.

Total OOHUs represent 58.6 percent of the 894,760 housing units in the AA. Rental occupied housing units represent 38.3 percent of total units. The weighted average of median housing value was $289,834 and the weighted average of median year built was 1965.

According to 2009 HMDA aggregate data there were 181 FDIC insured HMDA-reporting lenders that made loans in the AA. HSOA ranked 28th among these lenders in number of loans granted with 0.3 percent of market share.

Fifty-one FDIC insured financial institutions serve the AA. Collectively, as of June 30, 2010, these institutions operated 520 offices and held $56.6 billion in deposits. HSOA had one of the offices and ranked 41st overall in amount of deposits with $53.8 million, and 0.1 percent of market share.

Conclusions with Respect to Performance Tests in Oakland-Fremont-Hayward California

Lending in the Assessment Area

HSOA originated 21,153 HMDA reportable loans beginning January 1, 2008, through December 31, 2010. Of these, 379 loans (1.8 percent) were originated during that time in the Oakland-Fremont-Hayward California MSA AA. This percentage of loan volume is somewhat low, but is deemed reasonable considering the deposit market share in the AA compared to the HMDA loan market share.

Lending to Borrowers of Different Incomes

The following table presents the distribution of HSOA's HMDA loans by borrower income compared to the percentage of families in those income categories, and to 2008 and 2009 aggregate HMDA lending performance for the AA. The percentage of families represents lending opportunities in the AA, and the aggregate HMDA peer percentages represent lending opportunities realized by HMDA reporting lenders in the AA.

Borrower Income Distribution of Residential Loans in Oakland-Fremont-Hayward Assessment Area				
Income Level of Borrower	**HSOA Number of Loans**	**HSOA Percentage of Loans**	**Percentage of Families**	**HMDA 2008 and 2009 Aggregate Percentage**
Low-Income	24	6.5%	21.0%	5.2%
Moderate-Income	69	18.7%	17.4%	14.6%
Middle-Income	103	27.9%	21.2%	19.7%
Upper-Income	173	46.9%	40.4%	60.5%
Total	369	100.00%	100.0%	100.0%

Note: There were ten loans reported with income not available.

HSOA's percentage of lending to low- and moderate-income borrowers exceeded HMDA reporting lenders in both categories. HSOA made 25.2 percent of HMDA loans to low- and moderate-income borrowers, while the HMDA aggregate percentages total 19.8 percent. The percentage of low-income families living in the AA was much higher than either HSOA or peer performance, however considering the high cost of housing in the AA this performance is deemed reasonable, particularly when taking the 8.5 percent poverty rate into consideration.

Geographic Distribution of Loans

The following table presents HSOA's loans by income level of the census tract compared to the percentage of OOHUs and the aggregate 2008 and 2009 HMDA lending percentage for the AA. The OOHUs represent lending opportunities in the AA, and the aggregate HMDA peer information represents lending opportunities realized by other institutions.

Geographic Distribution of Residential Loans in the Oakland-Fremont-Hayward Assessment Area				
Census Tract Category	**HSOA Number of Loans**	**HSOA Percentage of Loans**	**Percentage of OOHUs**	**HMDA 2008 and 2009 Aggregate Percentage**
Low-Income	7	1.8%	3.5%	2.5%
Moderate-Income	45	11.9%	13.1%	9.4%
Middle-Income	156	41.2%	43.6%	37.7%
Upper-Income	171	45.1%	39.8%	50.4%
Total	379	100.0%	100.0%	100.0%

HSOA's originations in the low-income census tracts were somewhat lower than the HMDA aggregate however the moderate-income performance was better. HSOA's originations in low-and moderate-income tracts were also lower than the percentage of owner-occupied housing units located in low- and moderate-income tracts, though in large part comparable. Thus, HSOA's geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Community Development

HSOA community development activity was limited to a small donation to a food bank in this AA. HSOA did not engage in any community development service activity nor originate or purchase any community development loans in the assessment area during the review period.

This very poor level of community development in the AA does not meet expectations. However, when considering the bank's financial condition, the community development activities are considered reasonable.

Appendix A

Scope of Examination

SCOPE OF EXAMINATION		
Intermediate Small Institution Lending and Community Development Tests		
TIME PERIOD REVIEWED:	**February 28, 2005-December 31, 2010**	
FINANCIAL INSTITUTION		**PRODUCTS REVIEWED**
Home Savings of America		**HMDA Reported Loans**
AFFILIATE(S)	**AFFILIATE RELATIONSHIP**	**PRODUCTS REVIEWED**
None		

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	**TYPE OF EXAMINATION**	**BRANCHES VISITED**[1]	**OTHER INFORMATION**
Morrison County	Full-Scope	One	
Los Angeles- MSA	Full-Scope	None	
Oakland- MSA	Full-Scope	None	

[1] There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

Appendix B

Summary of State and Multistate Metropolitan Area Ratings

State or Multistate Metropolitan Area Name	Lending Test Rating	Community Development Test Rating	Overall State Rating
Minnesota	Needs to Improve	Satisfactory	Needs to Improve
California	Satisfactory	Satisfactory	Satisfactory

CRA Rating Definitions

There are five separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the intermediate small institution test for intermediate small savings associations; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

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.”
4. “Substantial noncompliance in meeting community credit needs.”

OTS judges an institution’s performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, service, and community development opportunities in the assessment area(s); the institution’s product offerings and business strategy; the institution’s capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution’s performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution’s overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution’s performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.