

PUBLIC DISCLOSURE

April 18, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Home Loan Investment Bank, F.S.B.
1 Home Loan Plaza, Suite 3
Warwick, RI 02886-1764
Docket #: 12504**

**Office of Thrift Supervision
Northeast Region
Harborside Financial Center Plaza Five, Suite 1600
Jersey City, NJ 07311**

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

Northeast Region

Jersey City Regional Office • Phone Number: (201) 413-1000 • Fax: (201) 413-7541
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May 12, 2011

Board of Directors
Home Loan Investment Bank, F.S.B.
1 Home Loan Plaza, Suite 3
Warwick, RI 02886-1764

Member of the Board:

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of April 18, 2011.

In accordance with 12 C.F.R. 563e, your institution must make this written CRA Performance Evaluation 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

Sincerely,

Patricia A. Cecconi
Assistant Director - Compliance

Table of Contents

GENERAL INFORMATION 1

INSTITUTION 2

 OVERALL RATING 2

 SCOPE OF EXAMINATION 2

 DESCRIPTION OF INSTITUTION 3

 DESCRIPTION OF HOME LOAN INVESTMENT BANK ASSESSMENT AREA 4

 CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS 6

 FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 10

 SUPPLEMENTAL AREAS 10

 NEW YORK- NORTHERN NEW JERSEY- LONG ISLAND MSA SUPPLEMENTAL AREA 11

 PHILADELPHIA- CAMDEN- WILMINGTON MSA SUPPLEMENTAL AREA 12

CRA RATING DEFINITIONS 14

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 Loan Investment Bank, F.S.B. The Office of Thrift Supervision (OTS) prepared the evaluation as of April 18, 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 "Satisfactory" rating was supported by the percentage distribution of residential loans granted to low to moderate-income (LMI) individuals and geographies, which was reasonable when consideration was given to a change in market conditions which required Home Loan Investment Bank ("Home Loan or Bank") to change its business strategy. The drop in home values, which continued throughout the evaluation period, virtually eliminated subprime and non-conventional mortgages, which had been the Bank's primary product. The loan to deposit ratio met the standard for satisfactory performance, however, since a substantial majority of loans were outside the assessment area, the standard was not met regarding this performance criteria.

During the review period, the Bank received no known written complaints pertaining to its performance in helping to meet the credit needs within the assessment area, and no violations of the substantive provisions of the anti-discrimination laws and regulations were identified at the most recent examination.

Scope of Examination

Residential mortgage loans reported under the Home Mortgage Disclosure Act ("HMDA") were analyzed for the three year review period from January 1, 2008 through December 31, 2010. Home Loan's residential lending activity was primarily refinanced loans. Specifically, less than 3.4 percent of total review period HMDA loans were home purchase transactions, and only 22 originated in the assessment area. Home Loan did not make loan purchases.

Home Loan is a national lender; a substantial majority of loans were originated outside the assessment area. Since the Bank granted loans throughout the United States, consideration was given to loans originated outside the assessment area when it was concluded that given the Bank's size and resources, sufficient emphasis was given to originating loans in the assessment area.

In order to develop a more comprehensive understanding of the Bank's review period CRA performance, consistent with the CRA regulation, residential mortgage loans reported under the HMDA were analyzed within the assessment area, as well as two representative supplemental areas nationwide chosen by loan volume. The assessment area and supplemental areas combined represented just over 33 percent of the number of the Bank's review period HMDA reported loans. The Bank's HMDA data was compared to aggregate 2008 and 2009 lenders.

Institution (continued)

Description of Institution

Home Loan is a privately held, federal stock savings bank with total assets of \$214 million as of December 31, 2010. The Bank, headquartered in Warwick, Rhode Island, had been a nationwide lender that offered residential mortgage loans for refinancing, where the proceeds were primarily used for debt consolidation. The Bank has one retail branch office in Warwick and one in Providence.

The Bank's primary lending product was the origination of nonconforming and subprime residential mortgage loans, which were sold to investors. Most applicants made an inquiry regarding the mortgage loan over the telephone after receiving a communication from the Bank inviting them to apply.

During the evaluation period, there has been an unprecedented drop in home values combined with more restrictive investor underwriting standards, which has resulted in the vast majority of subprime borrowers not having either the equity or financial capacity to refinance their dwelling. In recognition of the changes in market conditions, the Bank halted the marketing campaign, which resulted in a precipitous drop in mortgage originations. Total originations decreased by more than 85 percent during the three-year evaluation when compared to the preceding three years.

Additionally, in the third quarter of 2009, the OTS issued an Order notifying the Bank that mortgage loans could not be originated when the loan amount exceeded 80 percent of the appraised value, unless the excess was insured by private mortgage insurance that would be provided by an issuer approved by the Federal Home Loan Mortgage Corporation (FHLMC) or the Federal National Mortgage Association (FNMA). The only exception is that a mortgage loan could be originated which exceeded 80 percent of the value of the dwelling when it is secured by certain federal agencies.

Due to the virtual disappearance of the market for nonconforming and subprime mortgage loans, the Bank revised its business strategy, and now emphasizes the origination of commercial loans guaranteed by the Small Business Administration (SBS) or the United States Department of Agriculture (USDA).

Institution (continued)

As of December 31, 2010, the total loan portfolio equaled \$147.3 million. Table 1 indicates the dollar amount, percentage to total loans, and percentage to total assets of each loan category.

Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	\$85,442	58.0%	40.0%
Nonresidential Mortgage	61,763	41.9%	28.8%
Consumer	64	0.1%	0.0%
Total	\$147,269	100.0%	68.8%

The distribution among loan categories changed significantly since the preceding evaluation. Nonresidential mortgages increased from 17 percent of total loans at December 31, 2007 to 42 percent as of December 31, 2010, while residential mortgages decreased from 82 percent at December 31, 2007 to 58 percent as of December 31, 2010.

An "Outstanding" rating was assigned at the preceding evaluation dated April 8, 2008.

Description of Home Loan Investment Bank Assessment Area

Home Loan's assessment area consists of the Rhode Island Counties of Bristol, Kent, Newport Providence and Washington, and the Massachusetts County of Bristol. These counties, which comprise the entire Providence-New Bedford-Fall River, MA-RI Metropolitan Statistical Area (MSA) #39300, contain 349 census tracts ("geographies"). Table 2 illustrates demographic data on population, families, and housing units within the assessment area.

Demographic Data	2000 Census
Population	1,582,997
Total Families	408,200
1-4 Family Units	543,049
Multi-family Units	105,504
% Owner-Occupied Units	57%
% Rental-Occupied Units	37%
% Vacant Housing Units	6%
Weighted Average Median Housing	\$139,513

Table 3 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Institution (continued)

Table 3 - Distribution of Geographies, Families and Housing Units Providence-New Bedford-Fall River, MA-RI MSA Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	38	10.9%	28,986	7.1%	37,052	6.8%
Moderate	71	20.3%	70,969	17.4%	95,452	17.6%
Middle	152	43.6%	186,360	45.6%	251,459	46.3%
Upper	88	25.2%	121,885	29.9%	159,086	29.3%
Total	349	100.0%	408,200	100.0%	543,049	100.0%

According to 2000 census data, 38.7 percent of the families in the assessment area are classified as LMI, with 8.5 percent of the families reporting income below the poverty level. The Department of Housing and Urban Development (HUD) annually adjusts the 2000 census data to update the income levels. The adjusted figures are used in the Lending to Borrowers of Different Incomes section of this Performance Evaluation. Table 4(a) indicates the median family income ranges of each income category based on the 2010 HUD adjustment; table 4(b) reflects the updated HUD median family income for each year during the review period; and table 4(c) shows the distribution of families in each income range of the assessment area.

Table 4(a) - Median Family Income Ranges (*)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$36,049
Moderate (50% - 79%)	\$36,050	\$57,679
Middle (80% - 119%)	\$57,680	\$86,519
Upper (>= 120%)	\$86,520	+

Table 4(b) - Annual HUD Median Family Income	
Year	Amount
2008	\$68,300
2009	\$72,500
2010	\$72,100

* Based on HUD 2010 Median Family Income of the MSA

Table 4(c)- Distribution of Families In the Assessment Area		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	87,701	21.5%
Moderate (50% - 79%)	70,315	17.2%
Middle (80% - 119%)	89,824	22.0%
Upper (>= 120%)	160,360	39.3%
Total	408,200	100.0%

Home Loan has two branch offices which offer limited retail branch services. As of December 31, 2009 (the latest data available), there were 85 financial institutions, including Home Loan, with 461 branches offices and almost \$42 billion in total deposits. The Bank's \$202 million in total deposits represented only a 0.48 percent market share of total assessment area deposits. Citizens Bank, Bank

Institution (continued)

of America, and Sovereign Bank, who have offices in numerous states have fifty percent of assessment area branch offices, and fifty-three percent of total deposits. In addition, credit unions were active in offering competitive retail deposits.

Competition for loans within the assessment area was likewise substantial with national, regional and local banks and mortgage companies, and credit unions competing for residential mortgages. Based on 2009 aggregate HMDA data (the latest available), 439 financial institutions made almost 52 thousand loans for \$10.8 billion in the assessment area.

Recent community contacts were reviewed to determine how financial institutions were meeting identified needs within the assessment area. Contacts identified affordable housing, financial counseling, and social service assistance as the greatest needs within the community. They indicated that banks were generally responsive to participation in programs providing assistance to populations in need.

Conclusions with Respect to Performance Tests

Loan to Deposit Ratio

Home Loan's loan-to-deposit ("LTD") ratio was adequate, and indicative of the reasonable volume of loans originated during the review period, when consideration was given to the economic conditions and change in business strategy since the preceding evaluation. The standard for satisfactory performance was met regarding this criterion. The Bank does not retain originated loans in portfolio. As a result, the LTD ratio was lower than traditional thrifts with a retail banking strategy.

Home Loan's average LTD ratio was 73.2 percent for the eight quarters ending June 30, 2010, with a range of 68.2 percent to 78.8 percent. A comparison was made to three other assessment area-based OTS regulated institutions with total assets ranging from \$155 million to \$448 million. The eight-quarter average LTD ratio for these institutions was 118.2 percent.

Lending in the Assessment Area

Home Loan did not meet the standards for satisfactory performance regarding this criterion. During the evaluation period, a relatively small number of loans originated in the assessment area; the vast majority or loans were made outside of the assessment area.

As a non-traditional nationwide lender, assessment area mortgage lending represented only 14 percent of the number, and 16 percent of the dollar volume, of loans originated during the review period. Table 5 illustrates the total number and dollar amount of HMDA-reportable loans (home

Institution (continued)

purchase, refinance and home improvement loans) originated in and outside the assessment area during the 36- month review period ended December 31, 2010. For comparison purposes, the table reflects lending activity by each appropriate year during the review period.

Table 5 - Concentration of Residential Loans *					
1/1/2008 – 12/31/2010					
(Dollars in thousands)					
Period By Year	In Assessment Area		Outside Assessment Area		Total HMDA Loans
By Number:	#	%	#	%	#
2008	57	7%	783	93%	840
2009	74	26%	211	74%	285
2010	35	36%	63	64%	98
Total	166	14%	1,057	86%	1,223
By \$ Amount:	\$ Amt	%	\$ Amt	%	\$ Amt
2008	\$10,072	9%	\$96,623	91%	\$106,695
2009	13,630	22%	48,074	78%	61,704
2010	7,196	35%	13,138	65%	20,334
Total	\$30,898	16%	\$157,835	84%	\$188,733

* Percents are based on total loans originated during applicable year

The significant decrease in the number of loan originations each year during the evaluation period reflect the changing market conditions and the recognition by Bank management that the qualified applicants for subprime or non-conforming mortgages were not available, primarily due to the unprecedented decline in home values. The Bank exited this market in early 2008 and offers only conforming residential mortgages and Small Business Administration (SBA) United States Department of Agriculture (USDA) commercial loans.

The Bank originated 113 small business loans for \$46.8 million during the review period. Of this total, 14 small business loans in the amount of \$4.0 million originated in the assessment area, which comprised 12.4 percent of the number and 8.6 percent of the dollar amount of originations. Home Loan is a certified SBA lender; the vast majority of loans are submitted by brokers, who provide the Bank with applications from small businesses throughout the United States.

Lending to Borrowers of Different Incomes

Home Loan met the standard for satisfactory performance regarding this criterion. While the volume of residential mortgage loans decreased significantly due to changing market conditions, the percentage distribution to LMI borrowers was more favorable than aggregate 2008 and 2009 lenders. The Bank also modified a number of residential mortgage loans to provide assistance to borrowers that were in financial distress, which is summarized under Other Loan Data.

Institution (continued)

As part of our lending analysis, we reviewed the Bank’s lending activity with respect to the distribution of loans among borrowers of different income levels within the assessment area. Table 6 illustrates loan originations, categorized by borrower income level, that were reported by Home Loan during the review period, and compares this activity to the 2008 and 2009 aggregate lenders (most recent data available).

Table 6 - Distribution of Home Loan Investment Bank’s HMDA-Reportable Loans By Borrower Income Level in the Assessment Area (Dollars in thousands)										
Borrower Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	2008 % by #	2009 % by #
By Number:										
Low	7	12.3%	9	12.2%	3	8.6%	19	11.4%	5.5%	6.9%
Moderate	15	26.3%	17	23.0%	12	34.3%	44	26.5%	18.9%	18.6%
Middle	10	17.5%	15	20.3%	7	20.0%	32	19.3%	28.3%	26.3%
Upper	24	42.1%	29	39.2%	12	34.3%	65	39.2%	43.3%	41.4%
Income NA	1	1.8%	4	5.3%	1	2.8%	6	3.6%	4.0%	6.8%
Total	57	100.0%	74	100.0%	35	100.0%	166	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$670	6.7%	\$1,072	7.9%	\$315	4.4%	\$2,057	6.7%	2.7%	3.8%
Moderate	2,360	23.4%	2,483	18.2%	1,950	27.1%	6,793	22.0%	13.3%	13.3%
Middle	1,837	18.2%	2,879	21.1%	1,420	19.7%	6,136	19.9%	25.5%	23.6%
Upper	4,965	49.3%	6,358	46.7%	3,291	45.7%	14,614	47.3%	53.0%	50.5%
Income NA	240	2.4%	838	6.1%	220	3.1%	1,298	4.1%	5.5%	8.8%
Total	\$10,072	100.0%	\$13,630	100.0%	\$7,196	100.0%	\$30,898	100.0%	100.0%	100.0%

The Bank’ percentage distribution to LMI borrowers was more favorable then aggregate lenders. In 2008, 38.6 percent of the number of loans was granted to LMI borrowers, while the percentage distribution was 35.2 percent in 2009. Aggregate lenders originated 24.4 percent of the number of residential loans in 2008 and 25.5 percent in 2009 to LMI borrowers. While the percentage distribution was more favorable, the numbers are less meaningful due to the small number of loans that the Bank originated in 2008 and 2009.

A review of the loans in the assessment area showed that of the 14 small business loans; five were originated for \$100 thousand or less; two were over \$100 thousand, but less then or equal to \$250 thousand, and seven loans were in excess of \$250 thousand but less than or equal to \$1 million. A review of revenues showed that 12 small business loans had revenues under \$1 million.

Geographic Distribution of Loans

Home Loan granted a reasonable portion of its assessment area loans in LMI geographies and met the standard for satisfactory performance for this criterion.

Institution (continued)

As part of our lending analysis, we reviewed the Bank’s lending activity with respect to the distribution of loans among geographic areas of different income levels within the assessment area. Table 7 illustrates loan originations, categorized by geography income level, that were reported by Home Loan during the review period, and compares this activity to the 2008 and 2009 aggregate lenders.

Table 7 - Distribution of Home Loan Investment Bank’s HMDA-Reportable Loans By Geography Income Level in the Assessment Area (Dollars in thousands)										
Geography Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	6	10.5%	0	0.0%	2	5.7%	8	4.8%	3.4%	2.1%
Moderate	6	10.5%	5	6.8%	5	14.3%	16	9.6%	10.7%	7.7%
Middle	32	56.2%	36	48.6%	17	48.6%	85	51.3%	48.3%	46.4%
Upper	13	22.8%	33	44.6%	11	31.4%	57	34.3%	37.6%	43.8%
Total	57	100.0%	74	100.0%	35	100.0%	166	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$724	7.2%	\$0	0.0%	\$146	2.0%	\$870	2.8%	2.6%	1.6%
Moderate	898	8.9%	585	4.3%	665	9.2%	2,148	7.0%	8.7%	6.0%
Middle	5,657	56.2%	5,999	44.0%	2,929	40.7%	14,585	47.2%	44.4%	41.8%
Upper	2,793	27.7%	7,046	51.7%	3,456	48.1%	13,295	43.0%	44.3%	50.6%
Total	\$10,072	100.0%	\$13,630	100.0%	\$7,196	100.0%	\$30,898	100.0%	100.0%	100.0%

Home Loan originated 21.0 percent of the number of mortgage loans originated in 2008, and 6.8 percent of the number of mortgage loans originated in 2009, in LMI geographies. Aggregate lenders originated 14.1 percent of the number in 2008 and 9.8 percent of the number in 2009 in LMI geographies. While the percentage is reasonable, the volume of loans decreased substantially since the preceding examination due to changing market conditions.

Of the 14 small business loans totaling \$4.0 million, eight for \$1.4 million originated in LMI geographies.

Other Loan Data

Prior to the commencement of this evaluation, the Bank emphasized refinancing mortgage loans to borrowers with blemished credit records. Due to the weak economy, a large number of these borrowers have been in financial distress due to the weak economy. Since the preceding evaluation, the Bank modified 158 mortgage loans by making the monthly payments more affordable; 24 of those loans were in the assessment area.

Institution (continued)

In the first quarter of 2008, a \$1.2 million government guaranteed loan was made to an entity to refinance existing debt. The dealership employs 15 individuals that reside near its location in Pawtucket, Rhode Island.

In the fourth quarter of 2008, a \$1.6 million government guaranteed loans was originated to finance a motel in a moderate-income geography in New Bedford, MA. The hotel employs 10 individuals, who are of low- and moderate-income.

Response to Complaints

During the review period, the institution received no known written complaints pertaining to its performance in helping to meet the credit needs within the assessment area.

Fair Lending or Other Illegal Credit Practices Review

An evaluation of compliance with consumer laws and regulations was performed during a comprehensive examination of the institution. No violations of the substantive provisions of the laws and regulations prohibiting discrimination or other illegal credit practices were identified during that examination.

Supplemental Areas

As part of our CRA review, we conducted a supplemental analysis of Home Loan's lending performance. The supplemental areas selected included the two MSAs that had a higher percentage of total loans than those that originated in the assessment area during the review period. The Bank does not have a retail branch or deposit-taking ATM in the supplemental areas. We reviewed the concentration of the Bank's lending activity within the supplemental areas and distribution of loans to all borrower income groups. The tables below outline HMDA activity in each supplemental area and analyze lending activity from 2008 and 2009 as compared to aggregate data.

Institution (continued)

Table 8 illustrates the total number and dollar amount of HMDA-reportable loans originated in the supplemental areas during the 36- month review period ending December 31, 2010.

Table 8: Concentration of HMDA-reportable Loans in Supplemental Areas					
<i>(Dollars in thousands)</i>					
Supplemental Area Name	MSA#	Count	\$ Amount	% by #	% by \$
New York- Northern New Jersey- Long Island, NY-NJ-PA MSA	35620	164	\$41,114	13.4%	21.8%
Philadelphia- Camden- Wilmington, PA-NJ- DE- MD MSA	37980	65	7,667	5.3%	4.1%
All other areas (incl. assessment area)	NA	994	139,952	81.3%	74.1%
Total HMDA Loans		1,223	\$188,733	100.0%	100.0%

New York- Northern New Jersey- Long Island MSA Supplemental Area

During the review period, 164 HMDA-reportable loans totaling \$41.1 million were originated in this supplemental area.

Lending to Borrowers of Different Incomes

Home Loan substantially outperformed the 2008 aggregate lenders regarding the percentage of loans granted to LMI borrowers. The Bank granted 35.1 percent of the number of mortgage loans to LMI borrowers, while aggregate 2008 lenders granted 11.4 percent of the number of loans to LMI borrowers. For the calendar years, 2009 and 2010, only 11 loans were made to LMI borrowers.

Table 9 illustrates loan originations, categorized by borrower income level, that were reported by Home Loan during the review period, and compares this activity to the 2008 and 2009 aggregate lenders.

Institution (continued)

Table 9 - Distribution of Home Loan Investment Bank's HMDA-Reportable Loans By Borrower Income Level in NY-Northern NJ-Long Island, NY-NJ-PA MSA Supplemental Area (Dollars in thousands)										
Borrower Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	2008	2009
By Number:	#	%	#	%	#	%	#	%	% by #	% by #
Low	12	12.8%	2	4.7%	1	3.7%	15	9.1%	2.4%	3.6%
Moderate	21	22.3%	2	4.7%	6	22.2%	29	17.7%	9.0%	13.0%
Middle	33	35.1%	17	39.5%	5	18.5%	55	33.5%	16.8%	22.9%
Upper	28	29.8%	22	51.1%	15	55.6%	65	39.7%	40.9%	52.8%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	30.9%	7.7%
Total	94	100.0%	43	100.0%	27	100.0%	164	100.0%	100.0%	100.0%
By \$ Amt:	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$1,706	8.5%	\$270	2.0%	\$75	1.0%	\$2,051	5.0%	1.1%	1.7%
Moderate	3,137	15.6%	388	2.9%	1,138	14.7%	4,663	11.3%	6.4%	7.9%
Middle	6,934	34.5%	4,581	34.4%	1,313	16.9%	12,828	31.2%	15.8%	17.8%
Upper	8,303	41.4%	8,070	60.7%	5,229	67.4%	21,602	52.5%	64.0%	61.7%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	12.7%	10.9%
Total	\$20,080	100.0%	\$13,309	100.0%	\$7,755	100.0%	\$41,144	100.0%	100.0%	100.0%

Philadelphia- Camden- Wilmington MSA Supplemental Area

During the review period, 65 HMDA-reportable loans totaling \$7.7 million originated in this supplemental area.

Lending to Borrowers of Different Incomes

Home Loan substantially outperformed the aggregate lenders in the percentage of loans granted to LMI borrowers. In 2008, 68.2 percent of the number of loans were granted to LMI borrowers while aggregate lenders originated 29.1 percent of the total to LMI borrowers. A comparison to 2009 aggregate lenders is not meaningful due to the small number of loans that originated. For the years 2009 and 2010, only eight mortgage loans were granted to LMI borrowers.

Table 10 illustrates loan originations, categorized by borrower income level, that were reported by Home Loan during the review period, and compares this activity to the 2008 and 2009 aggregate lenders.

Institution (continued)

Table 10 - Distribution of Home Loan Investment Bank's HMDA-Reportable Loans By Borrower Income Level in Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA Supplemental Area (Dollars in thousands)										
Borrower Inc. Level	2008		2009		2010		Review Period 1/1/08 – 12/31/10		Aggregate	
	#	%	#	%	#	%	#	%	% by #	% by #
By Number:										
Low	18	40.9%	1	5.6%	2	66.7%	21	32.3%	8.7%	7.7%
Moderate	12	27.3%	5	27.8%	0	0.0%	17	26.2%	20.4%	19.6%
Middle	10	22.7%	6	33.3%	1	33.3%	17	26.2%	26.1%	23.7%
Upper	4	9.1%	6	33.3%	0	0.0%	10	15.3%	41.4%	41.4%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3.4%	7.6%
Total	44	100.0%	18	100.0%	3	100.0%	65	100.0%	100.0%	100.0%
By \$ Amt:										
	\$	%	\$	%	\$	%	\$	%	% by \$	% by \$
Low	\$1,339	30.4%	\$68	2.3%	\$132	45.2%	\$1,539	20.1%	3.9%	3.8%
Moderate	1,037	23.5%	696	23.5%	0	0.0%	1,733	22.6%	14.0%	13.8%
Middle	1,254	28.4%	952	32.1%	160	54.8%	2,366	30.8%	23.0%	21.1%
Upper	779	17.7%	1,250	42.1%	0	0.0%	2,029	26.5%	52.2%	52.1%
Income NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6.9%	9.2%
Total	\$4,409	100.0%	\$2,966	100.0%	\$292	100.0%	\$7,667	100.0%	100.0%	100.0%

CRA Rating Definitions

There are four separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; 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, and service 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.