SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 24, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Eureka Homestead

Charter Number 703193

1922 Veterans Boulevard
Metairie, LA 70005-0000

Office of the Comptroller of the Currency

ADC-New Orleans Field Office
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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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

Major factors supporting the assigned rating are as follows:

- Eureka Homestead's average loan-to-deposit ratio of approximately 136 percent for the period of review is considered excellent in light of the bank's size, competition, and market loan demand.

- The majority of loans (by both number of loans and dollars) originated by the institution during the period of review were extended to borrowers within its assessment area (AA).

- Eureka Homestead's distribution of loans to borrowers of different incomes is reasonable in light of AA demographics and peer comparisons.

- Eureka's loan distribution by geography is excellent, considering owner occupancy and peer comparisons.

SCOPE OF EXAMINATION

The assessment of Eureka Homestead's CRA performance is performed using Interagency Small Institution CRA procedures, dated February 2006. Consideration for this activity is given to all areas and activities related to CRA since the institution's last CRA Public Evaluation, dated October 31, 2006. Eureka's CRA rating from the 2006 review was Satisfactory and was also conducted utilizing the aforementioned procedures.

Our analysis of Eureka Homestead's CRA performance is primarily based on the distribution (by income and geography) of residential real estate loans originated between January 1, 2007 and June 30, 2011. While some information from 2006 is considered in this analysis, the lending volume between the October 31, 2006 public evaluation and year end 2006 was not considered material to the overall conclusion.

To accomplish our objectives, our analysis included the review of the bank's Home Mortgage Disclosure Act Loan Application Registers (HMDA-LARs) between 2007 and year-to-date 2011, Dunn and Bradstreet economic and demographic data obtained through CRA Wiz reports, and financial and other data from Eureka's operations. We reviewed internally supplied and externally obtained demographic and economic information related to the institution's AA. We compiled Eureka's average loan-to-deposit ratio since the 2006 CRA evaluation and compared it to peer averages for the same period. We compared Eureka's lending performance for the period to the performance of other OTS regulated institutions in its AA. In addition, a community leader was also consulted to obtain feedback on the area's demographics, perceived credit needs, and financial institution responsiveness regarding the CRA within the AA.

The standards used to evaluate performance are the same as those used by the OTS to assess performance at previous CRA examinations. The OCC is performing this CRA review as regulatory reform mandates included in the Dodd-Frank Wall Street Reform and Consumer Protection Act (now law) abolished the OTS and merged its regulatory responsibilities into those exercised by the OCC.

DESCRIPTION OF INSTITUTION

Eureka Homestead (Eureka) is a $94 million, mutually owned financial institution, headquartered in Metairie, LA. Eureka has the distinction of being the second oldest financial institution domiciled in the state of Louisiana, with its charter dating to 1884. The institution operates exclusively within Louisiana, more specifically in the New Orleans-Metairie-Kenner Metropolitan Statistical Area (MSA). The bank operates three facilities, a main office located in Metairie, a branch in Gretna (both located in Jefferson Parish) and a Loan Production Office (LPO) in New Orleans (Orleans Parish). There has been no expansion or reduction in facilities since the 2006 CRA evaluation. However, Eureka's LPO moved from Metairie to its current New Orleans location in April 2009. Management stated that the move provided more accessibility to the public as this location was more visible and on public transportation routes. Both locations were/are situated in upper income areas.

Both the main office and branch are full service facilities with traditional operating hours. Deposits are not taken at the LPO. Eureka's delivery channels are limited, with a drive-up window at its main office being the institution's only alternative method of product delivery. Eureka has an Internet website (www.eurekahomestead.com) but it only exists to provide information regarding the institution and its services/product offerings.

Eureka's primary business focus is the origination of residential real estate products, the majority of which are sold in the secondary market. As a Qualified Thrift Lender, Eureka is mandated by regulation to hold at least 65 percent of its assets in mortgage related assets (i.e. mortgage loans and/or mortgage relates securities). This designation allows the institution to operate as a thrift and to borrow directly from the Federal Home Loan Bank (FHLB). The ability to borrow from the FHLB allows better management of interest rate risk as residential mortgages are often held for long periods of time without rate adjustments. Without such tools, financial institutions are reluctant to lend funds at fixed rates for long terms.

Eureka offers a variety of mortgage products to its customer base. As previously noted, Eureka primarily originates mortgage loans for sale in the secondary market. In this capacity, Eureka offers Federal National Mortgage Association (FNMA), Veterans Administration (VA), and Federal Housing Administration (FHA) mortgages. Several of these mortgage programs offer special loans for low and moderate as well as first time homebuyers that require little down payments. In addition, Eureka retains mortgage loans for its own portfolio, with underwriting that generally adheres to secondary market guidelines. Eureka does not offer construction, land development, or commercial loans.

Deposit products are limited to Certificates of Deposit (CDs) and savings accounts.

The following table provides information related to various balance sheet components of Eureka Homestead as of June 30, 2011:

Table 1 - Major Components of Assets, Liabilities and Capital As of June 30, 2011			
Balance Sheet Component	**Balance Sheet $ Amount**	**% of Total Assets**	**$ Growth in Period**
Loans			
Mortgage Loans secured by 1st Liens	39,879,000	42.5%	+3,526,000
Other Assets			
Repossessed Assets	1,427,000	1.52%	+1,324,000
Bank Owned Life Insurance (BOLI)	3,154,000	3.37%	+27,000
Cash & Investments			
US Agency Securities, MBS (GNMA)	22,706,000	24.24%	+921,000
Cash, Deposits, & Interest Bearing Bank Balances	12,765,000	13.63%	+2,287,000
Total Assets	93,679,000	100.00%	
Liabilities & Capital (LC)		**% of Total LC**	
Deposits	60,606,000	73.96%	+1,519,000
FHLB Advances	19,201,000	23.45%	-3,202,000
A/P	1,155,000	1.41%	-107,000
Total Liabilities	81,948,000		
Retained Earnings	11,406,000	97.23%	+98,000
Total Capital	11,731,000	100.00%	

Source: June 30, 2011 Thrift Financial Report

As of our evaluation date, Eureka had no legal or regulatory impediments identified that would impact its lending activities.

Eureka's competition is intense as numerous banks, thrifts, and other financial institutions have operations in the New Orleans MSA. Data from the aggregate 2010 HMDA-LAR report for New Orleans disclosed that approximately 400 institutions received at least one loan application for a related product in this particular year. Of these institutions, 161 had an office in the area. Not all of these institutions are banks, thrifts, credit unions, etc. which accept deposits.

The FDIC's Market Share Report for the MSA, dated June 30, 2011 reflected that 36 deposit taking entities operated in the New Orleans MSA. Of the 36 institutions included on the report, Eureka ranked 26th for deposit market share. This ranking translated into a deposit market share of 0.2 percent, which is very low as less than one

(1) percent of the area's deposits are held by Eureka. Eureka ranked 44th out of 50 lenders for loans based on the 2010 aggregate HMDA data for the New Orleans MSA.

DESCRIPTION OF ASSESSMENT AREA(S)

Eureka has designated portions of the New Orleans, LA MSA as its AA. As of the 2010 United States Census, the New Orleans-Metairie-Kenner, LA MSA is the 46th largest metropolitan area in the country, as determined by the 2010 United States Census. New Orleans is also Louisiana's most populous city. However, because of limited facilities compared to the size of the overall MSA, management has chosen a smaller section of this area to serve.

Eureka's AA for 2011 is comprised of 214 contiguous census tracts located in Jefferson and Orleans Parishes, LA. Of the 214 tracts, 37 are designated as low income tracts and 49 are designated as moderate income tracts. The remaining tracts are almost equally divided between middle (61) and upper (67) income areas. Demographic data obtained from CRA Wiz reflect the area's population totaled 591,742, as of the 2000 Census. However, this information may not be totally reliable as the population of the area is the same as pre-Hurricane Katrina (2005).

Boundaries for the AA are formed by either political subdivisions or natural impediments. The northern boundary is formed by Lake Pontchartrain, with the southern boundary formed by the Mississippi River. The contiguous streets of Franklin Avenue/Peoples Avenue/Almonaster Boulevard form the eastern boundary, with the western boundary formed by the Jefferson Parish/St. Charles Parish line. The AA also includes the Gretna city limits (Jefferson Parish) which is located southeast of the Mississippi River as Eureka operates its other branch in this city.

Prior to 2011, Eureka included a larger portion of the New Orleans MSA in its AA. Annual reviews of lending patterns and facilities resulted in a contraction of its AA. Since the 2006 PE, areas such as the Lower Ninth Ward of New Orleans and the City of Harvey were added and deleted due to lack of loan and/or deposit penetration. Eureka partnered with Whitney National Bank to renovate several homes in the Lower Ninth Ward in 2008. However, Eureka severed the partnership due to its Board's decision to discontinue offering construction loans. Management realized that the bank did not have the resources to properly supervise and administer construction projects. Without another institution, Eureka had no vehicle to penetrate this area and it was subsequently removed from its AA in early 2011.

With its current designation, Eureka did not arbitrarily exclude any area of the MSA, particularly those areas designated low-to-moderate income. The bank's AA meets all legal requirements as specified by the CRA.

New Orleans, LA MSA

As previously noted, Eureka has chosen a contiguous area of census tracts that connect the neighboring parishes of Jefferson and Orleans, LA. Because both parishes are a part of the same MSA and share economies, a discussion of each is not provided.

Table 2 below illustrates select demographic data of the bank's AA:

Table 2 - Demographic Information for Eureka Homestead's Assessment Area: Jefferson and Orleans Parishes, LA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	214	17.29%	22.90%	28.50%	31.31%	0.00%
Population by Tract	591,742	15.01%	19.73%	32.61%	32.66%	0.00%
Owner-Occupied Housing by Tract	125,775	5.41%	14.34%	35.75%	44.50%	0.00%
Business by Tract	6291	0.00%	12.02%	73.01%	14.97%	0.00%
Farms by Tract	255	0.00%	4.31%	84.31%	11.37%	0.00%
Family Distribution by Income Level	145,090	13.25%	17.88%	33.96%	34.91%	0.00%
Distribution of Low and Moderate Income Families throughout AA Tracts	145,090	25.45%	15.91%	17.97%	40.66%	0.00%
Median Family Income		45,991	Median Housing Value			122,548
HUD Adjusted Median Family Income for 2010		61,200	Unemployment Rate			6.90%
Households Below Poverty Level		18.58%				
2010 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

Source: CRA Wiz reports

The United States Office of Housing and Urban Development's (HUD) updated 2010 median family income for the New Orleans MSA was $61,200. Low income is defined as less than 50 percent of the median family income. Moderate income is defined as 50 percent to less than 80 percent of the median family income. Middle income is defined as 80 percent to less than 119 percent of the median family income. Upper income is defined as income of 120 percent and over the median family income.

Income classification categories are listed in the following table:

Table 3 – Income Categories			
Low	Moderate	Middle	Upper
< $30,599	$30,600 – $48,959	$48,960 - $73,439	> $73,440

Source: U.S. Census data

From the combined information presented, approximately 19 percent of households in this AA live at or below the poverty level. Total housing units within the AA equaled 269,230, of which 46.72 percent are owner occupied. A total of 5.4 percent of residents of low income census tracts own their own homes while 14.3 percent of moderate census tract residents own their own homes. The median value of a home in the AA is reflected in CRA Wiz data at $122,548, which poses a barrier to home ownership for low and moderate income families in the AA. This value is four (4) times the amount of the upper range of low income families.

The economy of the New Orleans MSA is primarily centered in maritime and related industries, healthcare, oil and petrochemical production, government, and tourism. Major employers in the New Orleans MSA include Oschner Health Systems, Shell Oil Co., Martin Marietta, and Harrah's Entertainment. Tourism is particularly important to the area. According to data provided by the Greater New Orleans Community Data Center, the tourism and convention industry typically provides 40 percent of the tax revenues for the City of New Orleans. Information obtained from public sources estimate that an average of 8.5 million people visits New Orleans annually, contributing over $5 billion to the local economy.

Unemployment in the New Orleans MSA currently equates to that of the state of Louisiana, but is noticeably lower than that of the nation. As of September 30, 2011, the unemployment rate for the New Orleans MSA was 6.9 percent, which equaled that of the state of Louisiana for the same period. The national unemployment rate for September 2011 was 9.1 percent. Continued spending from recovery efforts has helped to sustain the local economy, but over 93,000 jobs have been lost since Hurricanes Katrina and Rita in 2005.

Since the 2006 CRA examination of Eureka, New Orleans and the entire Gulf Coast region have continued in recovery efforts from the devastating effects of Hurricanes Katrina and Rita in 2005 and Hurricanes Ike and Gustav in 2008. In fact, the New Orleans area is still subject to a disaster declaration by the Federal Emergency Management Agency (FEMA) that will run through 2011. Residents, employers, and services have returned to the area in some capacity since the hurricanes, but weaknesses and shortfalls continue. New Orleans has lost approximately 141,000 residents since 2000, with much of the reduction coming after the hurricanes. As a result of flooding and wind damage, the area lost a significant amount of housing stock to the storms. During Katrina, over 70 percent of the city's housing was either damaged or destroyed. Middle and upper income homeowners returning to the area benefitted from federal and state subsidies as well as insurance proceeds to rebuild or rehabilitate their properties to a pre-hurricane state.

While low and moderate income homeowners were able to avail themselves of similar programs, these income groups suffered the most. Home ownership among these groups was already significantly less than middle and upper income families. In New Orleans, most low and moderate income families are renters. CRA Wiz data obtained on the area reflected that in low income census tracts, rental units comprised 64.0 percent of the housing stock. In moderate income tracts, rental units comprised 55.1 percent of available rental units. These figures are higher than those for middle (41.8 percent) and upper (30.1 percent) income tracts, which exhibit higher instances of home ownership.

In the wake of the storm recovery, average rents have increased. CRA Wiz reports indicated that the weighted average rent in the New Orleans MSA was $525. However, more current data obtained from the Internet reflected that fair market rent for a two-bedroom apartment was $982 as of 2010. However, only 10.8 percent of low income tract residents and 5.2 percent of moderate income tract residents receive public assistance.

Part of the reason for the lack of more home ownership has been the escalating prices of single family residences. The website Zillow.com reflected that the median value for a home in New Orleans as of November 1, 2011 is $156,000. Based on the secondary market standard of a maximum of 28 percent of income for a mortgage loan and the high range of income for low income families ($30,599), the most that a low income family could afford to pay on a monthly basis is $714. This figure does not include taxes and insurance which reduces the amount that a low and/or moderate income family could afford. Since Katrina and Rita, hazard insurance has more than doubled on real estate, with numerous insurers still refusing to write new policies in the New Orleans area. A January 2010 New Orleans Times-Picayune newspaper article (*Louisiana Homeowners Insurance is Nations's Third Most Expensive, Study Says*) indicated that Louisiana had the third highest insurance rates in the Unites States. The article stated that the average policy in 2007 was $1,400. However, this amount is the average, which includes cities and areas in Louisiana that are located away from the Gulf of Mexico. Coverage on properties within Eureka's AA will be greater than the average due to the higher risks from hurricanes and flooding. It should be noted that the stated average does not include wind and flood coverage, which is typically underwritten in separate policies.

Management calculated the maximum home affordability of low and moderate income families based on market and economic information obtained for its AA. Management calculated that a low income family could typically afford a $50,000 home. Using an average income of $23,199, taken from the low income census tracts in its AA , management calculated a theoretical monthly payment of $550 a month for a mortgage payment (based on the secondary market standard above). This mortgage payment would include principal and interest, taxes, private mortgage insurance, flood insurance, and hazard insurance. The principal and interest payment on the $50,000 loan financed for 30 years at 5 percent interest would be $267 per month. The difference of $283 could easily be exceeded when considering the other items that have been left out of the computation. While understated, insurance estimates for hazard insurance based on the $1,400 annual premium would add approximately $118 to the monthly principal and interest payment.

During our examination, we conducted an interview with a local nonprofit organization. Information received from this review indicated a need for affordable housing, financial education and additional funding for nonprofit organizations. The contact was neutral regarding Eureka's performance in the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

- Eureka's loan-to-deposit (LTD) ratio is excellent considering the bank's size, competition and market loan demand.

The 19 quarters that have elapsed since the bank's September 30, 2006 CRA examination resulted in an average LTD ratio of 136.0 percent. Eureka's LTD ratio has ranged from 158.8 percent (June 2008) to 82.3 percent (June 2011) over the evaluation period. Eureka's performance also bettered that of peer institutions over the same period as illustrated in the following table:

Table 4 – Loan to Deposit Ratio							
Institutions	**Total Assets**			**Branches**	**Basic LTD Ratio**		
	Average	**Period End**	**Beginning**		**Period Average**	**Period End**	**Period Beginning**
Eureka Homestead	$102,142	$93,679	$108,123	2	132.61%	82.31%	123.08%
Beauregard FSB	$48,487	$52,819	$49,317	2	81.94%	81.04%	73.89%
Union S & LA	$78,940	$87,912	$79,147	2	70.10%	61.08%	57.02%
Rayne B & LA	$53,933	$65,369	$50,265	1	63.58%	50.10%	61.87%
Peer Median					**89.80%**	**81.15%**	**95.23%**

Source: OTS Peer Comparison

Peer institutions in this instance are those who are of a similar size that are also domiciled in the state of Louisiana. With the exception of Union S&L, Eureka's peer's operate in smaller, more rural communities of Louisiana (DeRidder, LA and Rayne, LA) where the average home price and overall loan demand is lower. Eureka's LTD ratio is reflective of the escalation in RE prices since Katrina. Union S&L, which is similarly situated, had a significantly lower LTD ratio than Eureka. However, a review of Union's October 2006 CRA PE communicated the bank's mission of originating and retaining fixed rate residential related mortgage loans. Such an institution is less likely to expose itself simultaneously to high degrees of liquidity and interest rate risk.

As loan demand grew over the evaluation period, management used more advances from the FHLB to help manage its interest rate risk. Long term advances from the FHLB funded long term loans. Since December 2012, Eureka has reduced its LTD ratio to below 100 percent upon the recommendation of OTS examiners in an attempt to lessen dependence on wholesale funding sources for loans.

Lending in Assessment Area

- A substantial majority of the bank's loans made during the evaluation period were extended to borrowers within its AA.

Table 5 denotes the distribution of HMDA related loans originated between January 1, 2007 and June 30, 2011. As reflected by the table, the majority of Eureka's loans are made within the institution's AA.

Table 5 - Concentration of Thrift Loans Originated In and Outside of the Assessment Area						
Loan Type	**% Inside Area**		**% Outside Area**		**Total**	
	#	**$(000)**	**#**	**$(000)**	**#**	**$(000)**
HMDA applicable Mortgage Loans	367	79,609	134	20,880	501	100,489
	73.25	79.22	26.75	20.78		

Source: 2007 – 2011 HMDA-LAR reports

A significant portion of the loans made outside the AA were included in Eureka's AA at the time they were made. As noted, the bank made several adjustments to its AA over the period of review. The In/out ratio was computed using census tracts comprising the current AA.

Lending to Borrowers of Different Incomes

- Eureka's distribution of loans to borrowers of different incomes is reasonable in light of AA demographics and peer comparisons.

Eureka's lending distribution by income is adequate, considering the demographics of the bank's AA and level of competition. Our comparison used conventional, 1-4 Family, owner occupied, and first lien HMDA loans as the loan type whose distribution would be analyzed. Peer institutions are those that are regulated by the OTS who also operate in Eureka's AA.

Table 6 denotes the distribution of HMDA related loans by applicant income category.

Table 6 - Distribution of HMDA Loans By Borrower Income Level in the Assessment Area				
Borrower Income Category	**% of Loans**	**% of $ Volume**	**% Family Distribution**	**% of Aggregate (for Peers)**
Low	1.09	0.46	25.45	2.51
Moderate	9.26	5.81	15.91	10.51
Middle	16.35	12.14	17.97	17.84
Upper	72.75	80.16	40.66	68.37
NA	0.54	1.42	NA	0.77
Total # and $	**369**	**$79,609**	**100.0%**	**100.0%**

Source: 2010 Aggregate HMDA-LAR Report; CRA Wiz Reports

As shown in the table, Eureka's distribution to low income borrowers is significantly less than the percentage composition of low income families within its AA. Eureka's lending to low income borrowers is also less than peer institutions. The bank's lending to moderate income borrowers also does not compare positively to their composition of the bank's AA. While providing a better comparison than their lending to low income borrowers, Eureka's lending to moderate income borrowers also does not compare favorably to peer for the same income range.

In spite of the numerical comparisons, Eureka's lending to both low and moderate income families is reasonable based on the following:

- **Low volume of lending to low and moderate income families by all lenders in the New Orleans MSA.** Aggregate HMDA information from 2009 and 2010 for the 214 census tracts in Eureka's AA reflected that only 16 and 26 loans respectively were made to low income families in these years from all lenders. This overall volume compares negatively to the 36,929 low income families in the AA. Similarly, aggregate data for both years reflected that 154 and 109 loans respectively were made to moderate income families. This compared negatively to the 23,084 families in the AA.

  Aggregate information from 2010 reflected that of the top 50 lenders in its AA, Eureka tied for 21st place in lending to low income borrowers, along with four (4) other lenders, none of which were thrifts. However, only three (3) additional loans were needed to achieve a market parity of 1.0. The similarly situated Union S&L did not appear in this report.

  With regards to lending to moderate income borrowers, Eureka tied for 25th place among the top 50 lenders in the New Orleans AA for lending to this income segment. The bank tied for this position along with USAA FSB, but bettered the performance of others operating in the AA with more locations including State Investors Bank and Guaranty Savings Bank, among thrift competitors. Data reflected that an additional six (6) loans were needed to achieve a market parity of 1.0 for lending to moderate income borrowers. Again, Union S&L did not appear in this report.

- **The lack of affordable homes in the AA.** As previously noted, the average priced home in the AA makes it difficult for low and moderate income families to own homes. Families at the high end of the low income range could afford a $714 per month mortgage payment, based on secondary market standards for the maximum housing payment to income (28 percent). However, this payment would include principal and interest of the loan, in addition to taxes, hazard and flood insurance, and private mortgage insurance, etc. The combined amount for these items could easily equal or exceed the monthly principal and interest amount on the loan itself. This amount is also just the housing debt. It does not include other obligations which may cause the overall debt-to-income ratio to be out of compliance with secondary market standards.

  Internal estimates reflected that a low income family could afford a home in the $50,000 range. A November 2011 query of Realtor.com (www.realtor.com) of homes in the New Orleans MSA for sale at this amount or less found over 200 in Orleans Parish meeting these criteria. However, many of these homes require rehabilitation work, which would cause the borrower to request more than the $50,000 purchase price. In addition, some of the homes for sale are outside of the tracts which comprise the bank's AA. Few homes for sale at this price point were found in Jefferson Parish.

The level of competition faced by the institution. As noted, Eureka faces intense competition for financial services within its AA. The 2010 aggregate HMDA-LAR data report reflected that over 400 institutions received at least one application for a HMDA related loan during this year. Approximately 161 of these competitors had an office within the bank's AA, many of which having significantly more branches in the AA that capitalizes on retail traffic. As noted, Eureka only has two branches in the entire New Orleans MSA. One of the branches (Gretna) is located in a strip mall with limited visibility to retail traffic. Original CRA Wiz data comparisons utilizing data from all lenders in the MSA resulted in Eureka having a much weaker comparison to peer. Data from the 2010 aggregate HMDA-LAR report was filtered to include only a comparison of Eureka's volume of lending to other institutions regulated by the OTS (peer). Utilizing this information, the bank's performance was closer to peer as several of Eureka's OTS regulated competitors had more locations, but the overall universe of thrifts in the AA was significantly smaller than one that included all financial institutions operating in the area.

- **Financial qualifications of low and moderate income borrowers.** Demographic information reflected that Eureka's AA had approximately 19 percent of its households living below the poverty level, which represents a comparatively high level. The percentage is worse when reviewing income within census tract categories. Low income tracts had 49 percent of its households living below the poverty level while approximately 26 percent of moderate income households were below the poverty level. While demographic information reflects that only 11 percent of low income households and 5 percent of moderate income households receive public assistance, according to a 2010 article from GCR Consulting, entitled *New Orleans: Five Years after Katrina*, approximately 40 percent of all jobs in the New Orleans MSA are in health care, accommodation, food service and retail industries. The vast majority of these jobs pay low to moderate wages. In addition, low and moderate income applicants often tend to have lower credit bureau scores as compared to middle and upper income applicants. Further, because so many families live at or below the poverty level, applicants often do not have the required down payment necessary to comply with underwriting guidelines.

  In order to help with some of these problems, Eureka uses the Equifax Mortgage Services Credit Expert tool. This program includes scenarios to answer "What If" questions regarding how payments applied to certain accounts would affect an applicant's credit score, qualifying ratios, etc. It also aids in the detection of erroneous credit bureau information. The results of the tool's modeling are discussed with the applicant to illustrate the positive affects on their application of the pay off, reduction, or bringing current of various accounts. While Eureka has underwritten an estimated six (6) loans utilizing this tool as discrepancies with credit bureau information were noted that was corrected. However, in most instances, this tool is expected to be used to impart knowledge to the applicant which can help with a future credit application.

Eureka also offers various loan products designed to assist low and moderate applicants in home ownership. Eureka offers a loan program through FNMA ("My Community") that only requires a three (3) percent down payment. However, only one (1) loan was originated under the program over the evaluation period.

Geographic Distribution of Loans

- The geographic distribution of loans in Eureka's assessment area is excellent, considering tract owner occupancy level and peer comparisons.

As shown in Table 7 below, the distribution of Eureka's HMDA loans (the type described in the preceding section) in both low and moderate income census tracts is reasonable.

Table 7 - Distribution of HMDA Loans By Census Tract Income Level in the Assessment Area

Census Tract Income Category	% of Loans	% of $ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	3.27	2.57	5.41	0.58
Moderate	10.63	9.28	14.34	6.14
Middle	22.07	17.39	35.75	44.33
Upper	64.03	70.76	44.50	48.84
Total # and $	367	$79,609	100.0%	100.0%

Source: 2010 Aggregate HMDA-LAR Report; CRA Wiz Reports

Eureka's lending in low and moderate income census tracts is excellent when compared to peer institutions. As previously noted, home ownership in low and moderate income tracts is low. Because we did not have detailed HMDA-LAR reports for each of Eureka's OTS regulated competitors operating in its AA, it appears that the peer group had more loans made to absentee borrowers. Again, our comparison used owner occupied HMDA loans. The vast majority of Eureka's lending focuses on borrowers who use the indicated real estate collateral as their personal residences.

Responses to Complaints

- The Responses to Complaints criterion is not applicable to this institution.

A review and consultation of the OCC's Customer Assistance Group, the OTS' Intranet site, and Eureka Homestead's Public File failed to denote any instance of a CRA related complaint levied against it during our period of review.

Fair Lending or Other Illegal Credit Practices Review

The May 2011 onsite examination conducted by the OTS included an assessment of fair lending practices and risks of the institution. The OTS did not note any evidence of discrimination or other illegal practices inconsistent with helping to meet identified community credit needs. Further, no violations of law or regulation pertaining to fair lending were noted during the May 2011examination or during the CRA review. .