



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

April 12, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HomeBanc, National Association
Charter Number 24612

3701 West Lake Mary Boulevard
Lake Mary, FL 32746

Office of the Comptroller of the Currency

North Florida Field Office
8375 Dix Ellis Trail, Suite 403
Jacksonville, FL 32256-8273

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.

The major factors to support this rating include:

- The bank's quarterly average loan-to-deposit ratio is reasonable and comparable to peer group averages.
- A majority of home mortgage loans originated were within its combined AAs.
- The bank's lending activities show reasonable penetration among borrowers of different income levels.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas (AAs) and meets the standard for satisfactory performance

SCOPE OF EXAMINATION

The bank was examined using the Community Reinvestment Act (CRA) small bank examination procedures to assess the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities.

HomeBanc, National Association (HBNA) has three AAs located throughout the west coast and central Florida which include the following counties:

1. Hillsborough and Pinellas Counties;
2. Seminole County; and,
3. Sarasota and Manatee Counties.

A substantial portion of loan and deposit activity during the evaluation centered in the Hillsborough and Pinellas Counties AA which is expected as four of the six bank offices are located in this AA. This AA represents 93% of bank wide lending and deposit activity. As such, a full-scope review was performed on this AA. Likewise, limited-scope reviews were performed for the Seminole County and Sarasota and Manatee Counties AAs, as presence in these markets are minimal. Combined lending and deposit volume for the two limited-scope AAs represent only 4% and 3% of HBNA's total lending and deposit activities, respectively. However, the same scope and depth of the lending analysis was used for the limited-scope AAs as were for the bank as a whole.

Based on both the number and dollar amount of loan originations provided by the bank since opening in April 2007 through December 31, 2009 (evaluation period), the primary loan product was residential real estate lending, accounting for 1,731 (98% of total) in number and \$302 million (86%) in dollar volume in comparison to business lending originations for the same time period of 38 (2%) in number and \$48 million (14%) in

dollar volume. As such, our evaluation of the bank's lending performance will reflect only one loan product, residential real estate loans, as this was more representative of its lending strategy in the Hillsborough and Pinellas Counties AA.

As mentioned above, HBNA's primary loan product consisted of residential real estate loans reported on the Home Mortgage Disclosure Act Loan Application Register (HMDA LAR) for the time period of January 1, 2008 through December 31, 2009. Few HMDA reportable loans were originated in 2007; therefore, we did not include this in our lending analysis. Prior to our CRA examination, we conducted a data integrity review of the residential real estate loans the bank recorded on the HMDA and found the data to be reliable. As such, we used the HMDA LAR for our lending analysis of all home purchase and home refinance loans originated for this time period. The volume of refinance mortgage loans originated during the evaluation period was significantly lower (20%) in comparison to home purchase loans (80%). This is mainly due to the bank's strategy of focusing on home purchase loans rather than home refinance loans. Additionally, fewer refinance mortgage loans were originated due to the deteriorating economy, which has resulted in a significant number of foreclosures as well as considerable depreciation in median housing values within all AAs. As such, more consideration was given to the bank's home purchase originations in the AAs as part of the overall lending test analysis.

DESCRIPTION OF INSTITUTION

HBNA is an intrastate bank wholly-owned by HomeBancorp, Inc., a \$276 million one-bank holding company headquartered in Tampa, Florida. The bank was established in April 2007 under the name Community National Bank of the South. The name was changed in 2008.

HBNA's main office is located in Lake Mary, Florida and has five other offices located in the west coast and central of Florida. The bank also operates six loan production offices (LPOs) located in Lake Mary, Tampa, Brandon, Lakeland, Gainesville and Bonita Springs.

HBNA'S OFFICE LOCATIONS IN FLORIDA	
County/Assessment Area	Office
Hillsborough/Pinellas	Belleair Bluffs
Hillsborough/Pinellas	Bromley
Sarasota/Manatee	Lakewood Ranch
Seminole	Lake Mary
Hillsborough/Pinellas	Rocky Point
Hillsborough/Pinellas	Westchase

The bank provides many services to its customers including: check card services, and free 24-hour internet, bill paying and telephone banking., as well as onsite automated teller machines (ATM) access at all locations and drive-up facilities (with the exception of the Rocky Point location). Customers are not charged for ATM transactions conducted at the bank's retail offices. Customers are also not charged for any ATM withdrawals conducted at any Publix Presto ATM locations.

HBNA also offers low-to-no-cost checking and savings accounts. For example, the bank offers a personal and business account, with low minimum balance requirements to open (\$50 and \$100, respectively) and no monthly maintenance fees to those customers with automatic monthly direct deposit or other debit transactions. These products are considered responsive to the banking needs of low- and moderate-income individuals and to small businesses.

HBNA provides a variety of lending programs, but generally its primary focus has been in residential real estate lending. As noted in the table below, residential real estate loans represent 83.22% in number of total loans, or \$198 million. Commercial and commercial real estate loans represent 15.40 % in number, or \$37 million.

The composition of the loan portfolio as of December 31, 2009 is charted below, and is based on total loans of \$238 million.

Composition of the Loan Portfolio as of 12/31/09		
Loan Type	Dollar Amount (000)	Percentage (%)
Consumer	\$3,273	1.38%
Commercial	\$2,125	0.89%
Residential RE	\$198,056	83.22%
Commercial RE	\$34,542	14.51%

HBNA's mortgage banking division allows the bank to offer many affordable residential real estate products for the bank. HBNA originates and closes residential real estate loans in the bank's name and then subsequently sells these loans in the secondary market to institutional investors. Because the bank sells the majority of residential real estate loans it originates, the bank can offer more affordable and flexible home mortgage products to bank customers, including low- and moderate-income individuals and families that otherwise would not be offered.

Affordable and flexible mortgage products offered during the evaluation period include several loan products from each of the following government agencies: Federal Housing Administration (FHA), Veterans Administration (VA), United States Department of Agriculture/Rural Housing (USDA), Fannie Mae (FNMA) and various State of Florida and local county mortgage bond programs. Home mortgage loans originated under these programs are geared toward low- and moderate-income individuals and families. From January 1, 2008 through March 31, 2010, HBNA's mortgage banking division originated a significant amount of these types of affordable housing loans; 186 in number and \$151 million in dollar volume. Loans originated under these programs to borrowers that are located in one of the bank's AAs were included in the residential real estate home purchase and home refinance lending tests.

HBNA is a qualified U.S. Small Business Administration (SBA) lender which allows the bank to address the lending needs of small businesses throughout the bank's AA. Since the bank opened in April 2007 through March 31, 2010, HBNA originated ten SBA

loans totaling over \$9 million dollars. HBNA's business strategy for the past couple of years has been focused on expanding SBA lending in the AAs, which is evidenced by the recent originations. All ten SBA loans were originated in 2009 (5) and the first quarter of 2010 (5).

As of December 31, 2009, the bank had total assets of \$271 million with net loans comprising 87% of total assets, or \$236 million. There are no financial or legal impediments that would prevent the bank from meeting the credit needs of the community it serves. However, it is important to note that the bank's ability and opportunity to lend, especially to low- and moderate-income borrowers as well as to small businesses, has been impacted by the downturn in the economy. The State of Florida and all of HBNA's AAs have experienced significant job losses, a volatile housing market and a record number of delinquencies, foreclosures and bankruptcies.

DESCRIPTION OF ASSESSMENT AREA(S)

FULL-SCOPE ASSESSMENT AREA

Description of the Hillsborough and Pinellas Counties Assessment Area

This assessment area (AA), which is part of the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA) #45300, is located on the west coast of Florida. The AA consists of all census tracts (208) in Pinellas County and nearly all census tracts (220) in Hillsborough County, with the exception of 33 tracts, which are located in the far eastern portion of the county (Plant City) where the bank has no offices. The bank has included six census tracts located in the lower central portion of Pasco County (which is also part of the MSA) that are contiguous to Hillsborough County census tracts. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

HBNA has four offices located in the AA. Three branches are located in Hillsborough County. One branch was opened in 2008 and the remaining two were opened in 2009. Two of the Tampa offices are located in upper-income census tracts and one is located in a moderate-income tract. In addition, the bank operates a loan production office (LPO) in Brandon (Hillsborough County) that opened in 2007. There is a branch located in a middle-income tract within Pinellas County, which opened in February 2009. All offices have ATMs and drive-up teller windows with the exception of the Rocky Point office located in Tampa.

Specific 2009 and 2010 demographic and economic data for the assessment area are detailed on the following page.

Demographic and Economic Characteristics of the Hillsborough and Pinellas Counties AA			
Population		Geographies	
Total Persons	1,863,858	Number of Census Tracts	434
Number of Households	787,419	% Low-Income Census Tracts (16)	3.68%
Median Family Income (MFI)	\$59,200	% Moderate-Income Census Tracts (95)	21.89%
<i>Based on MFI</i>		% Middle-Income Census Tracts (188)	43.32%
Low-Income individuals earn	<\$29,600	% Upper-Income Census Tracts (135)	31.11%
Moderate-Income individuals earn	\$29,600-\$47,359		
Income Distribution		Businesses	
Number of Families	488,012	Number of Businesses located in the AA	288,466
Families residing in the AA by income category		% of Small Businesses located in the AA	75.76%
% Low-Income Families	17.60%	% of Large Businesses	3.17%
% Moderate-Income Families	17.57%	% of Business with no revenues reported	21.07%
% Middle-Income Families	21.34%	% of Biz in Low-Income Census Tracts	2.00%
% Upper-Income Families	43.48%	% of Biz in Moderate-Income Census Tracts	19.84%
		% of Biz in Middle-Income Census Tracts	40.27%
		% of Biz in Upper-Income Census Tracts	37.89%
<i>Source: 2000 Census, 2009 HUD updated income data and 2009 Dunn and Bradstreet data</i>			

According to the 2000 U.S. Census Bureau economic data, the assessment area has a total population of 1,863,858. Approximately 83% of the population is under 65 years of age and 10.28% of households live below the poverty level. Housing units in the AA total 971,047 with 661,882, or 68%, classified as 1-4 family units of which 54.93% are owner-occupied. Multifamily housing represent 224,198, or 23%, and rental housing represent 253,636 or 26.12% of total housing units in the AA. Over 10%, or 99,062, housing units are vacant. There are 283,277 non-farm businesses located throughout the AA which includes 60,706 businesses that did not report annual revenues. Small businesses and farms make up 75.76%, or 218,535, of the total in the AA.

The AA has always enjoyed a diversified economy and is not highly dependent on tourism, although it is a factor. However, this diversification makes the economy in this AA more volatile due to its heavy concentration in services such as call centers and back-office operations. Tampa is home to the U.S. Central Command, and the Tampa Bay region has been called the “Wall Street South” for the size and scope of its financial services industry. Organizations that have a major presence in the Tampa Bay Area include JP Morgan Chase, Citigroup, Bank of America and Raymond James.

The Tampa Bay region is a center known for its hospitals (H. Lee Moffitt Cancer Center and Research Center) and is part of the gateway to the Florida High Tech Corridor, a 23-county area that is home to more than 3,000 high-tech companies. There are also three seaports and it is a major entry point for domestic and international shipping. Major employers include MacDill Air Force Base, Verizon Communications and the University of South Florida. Leading industries include state and local government, employment services, and full-service restaurants.

As with most metropolitan areas located in the State of Florida, the economy in the AA has been significantly impacted by the current national and local recession. In the first quarter of 2010, unemployment rates and home foreclosures remain high and home prices continue to decline prolonging the transition from recession to recovery. According to the U.S. Department of Labor, Bureau of Labor Statistics March 2010 report, the unemployment rate for both Hillsborough and Pinellas Counties was 12.0%, which is similar to the State of Florida's unemployment rate, and much higher than the 10.2% national rate. Further, the current rates are significantly higher than the counties' March 2009 unemployment rates of 9.5% and 10.0%, respectively.

The AA has experienced a volatile housing market in the past several years as home values quickly escalated in a short time period and are now rapidly declining. The falling home values are expected to continue as job losses in the counties depress overall housing demand. According to RealtyTrac, the estimated median housing value as of March 2010 for Hillsborough County was \$110,286, a 23.12% decline from the same period last year. The county is also reporting 16,528 foreclosures for the first quarter of 2010. For Pinellas County, the estimated median housing value was \$116,368, a decline of 16.49% from the same period last year. The county is also reporting 10,673 foreclosures for the first quarter of 2010. The construction of a high-speed passenger rail linking the Tampa Bay area and Orlando is expected to booster the economy in the near future.

Competition for financial services within the bank's AA is intense. According to the FDIC deposit market share data as of June 30, 2009, there were 66 financial institutions operating in 654 offices within the AA. Major competitors include: Bank of America, N.A., Raymond James Bank, FSB, Wachovia Bank, N.A., and SunTrust Bank.

Our office recently met with a locally-based community organization to gain a better understanding of the most pressing credit needs within the bank's AA. Community credit needs identified were affordable housing programs for low- and moderate-income families as a continued credit need in the assessment area. According to the contact, the housing market is at a standstill. Unemployment and insurance costs are up and overall, the economy is stagnating. Expectations are that the conditions will remain the same throughout the year. However, there are a number of opportunities for financial institutions to assist through first-time home buyer programs, loan programs, customer education and customer counseling.

LIMITED-SCOPE ASSESSMENT AREAS:

Description of the Seminole County AA

The Seminole County AA, which is part of the Orlando-Kissimmee MSA #36740, consists of all census tracts (75) located in county. Seminole County is located in Central Florida. The bank's main office is located in the city of Lake Mary, Florida which is located in Seminole County. The office opened in April 2007 and offers a drive-up teller facility as well as an ATM. The office is located in a middle-income census tract. A loan production office is also located in Lake Mary. The assessment area meets the

requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Specific 2009 and 2010 demographic and economic data for the AA are listed below.

Demographic and Economic Characteristics of the Seminole County AA			
Population		Geographies	
Total Persons	365,196	Number of Census Tracts	75
Number of Households	139,631	% Low-Income Census Tracts (1)	1.33%
Median Family Income (MFI)	\$60,700	% Moderate-Income Census Tracts (9)	12.00%
<i>Based on MFI</i>		% Middle-Income Census Tracts (27)	36.00%
Low-Income individuals earn	<\$30,350	% Upper-Income Census Tracts (38)	50.67%
Moderate-Income individuals earn	\$30,350-\$48,559		
Income Distribution		Businesses	
Number of Families	97,889	Number of Businesses located in the AA	72,625
Families residing in the AA by income category		% of Small Businesses located in the AA	78.40%
% Low-Income Families	13.07%	% of Large Businesses	2.86%
% Moderate-Income Families	15.20%	% of Business with no revenues reported	8.74%
% Middle-Income Families	21.88%	% of Biz in Low-Income Census Tracts	0.76%
% Upper-Income Families	49.85%	% of Biz in Moderate-Income Census Tracts	5.31%
		% of Biz in Middle-Income Census Tracts	8.94%
		% of Biz in Upper-Income Census Tracts	54.99%
<i>Source: 2000 Census, 2009 HUD updated income data, and 2009 Dunn and Bradstreet data</i>			

According to the 2000 U.S. Census Bureau economic data, the assessment area has a total population of 365,196. Approximately 89% of the population is under 65 years of age and 7.10% of households are living below the poverty level. Housing units in the AA total 152,325, with 118,717, or 78%, classified as 1-4 family units of which 63.65% are owner-occupied. Multifamily housing represents 28,362, or 18.62%, and rental housing represents 42,616, or 27.98%, of total housing units in the AA. There are 70,996 non-farm businesses located throughout the geographies in the assessment area which includes 13,593 businesses that did not report annual revenues. Small businesses and small farms make up 56,940 or 78.40% of the total in the AA.

Seminole County is one of the fastest growing counties in Florida. The county is the location for several corporate headquarters including American Automobile Association (AAA), Ruth's Chris Steak House, Mitsubishi Power Systems, Scholastic Book Fairs and Sears Home Improvement Products. High technology companies such as Convergys, NCR, Symantec and Faro Technologies are also major employers in the area. Financial service companies providing back office services, software development, and insurance and mortgage services are also located in the county and include Chase, Bank of New York Mellon, Fiserv, The Hartford, Metavante and Pershing. Other top employers include Seminole County Public Schools and Seminole County government. Leading industries in the county are leisure & hospitality and professional and business services.

Similar to most counties in Florida, Seminole County's economy has been negatively impacted by high unemployment rates and declining home prices. According to the U.S. Department of Labor, Bureau of Labor Statistics March 2010 report, the unemployment rate for Seminole County was 11.4% which is slightly lower than the state's 12.0 % unemployment rate but higher than the national rate of 10.2%. Further, the current rate is significantly higher than the county's 8.9% unemployment rate for the same period last year. The county has experienced a volatile housing market in the past several years as home values quickly escalated in a short time period and are now rapidly declining. The falling home values are expected to continue as job losses in the county depress overall housing demand. According to RealtyTrac, the estimated median home value as of March 2010 for Seminole County was \$136,653, a 22.93% decline from the same period last year. Seminole County is reporting 6,191 foreclosures for the first quarter of 2010. The construction of a high-speed passenger rail between Orlando and Tampa as well as a 61-mile commuter rail in the Orlando-Kissimmee MSA is expected to provide some economic relief in the near future.

There is a considerable amount of banking competition for financial services in Seminole County. According to the FDIC deposit market share data as of June 30, 2009, there were 35 financial institutions operating in 149 offices within the AA. Major competitors include: Bank of America, N.A., SunTrust Bank and Wachovia Bank, N.A.

Based on our recent meeting with a locally-based community organization, the primary community credit need in Seminole County for the AA include financing for affordable housing or more specifically for 1-4 family and multi-family projects. High foreclosure levels remain throughout the State of Florida, which has adversely impacted many non-profit organizations that receive funding for affordable housing programs. As such, several non-profit projects have been delayed due to economic or other factors.

Description of the Sarasota-Manatee Counties Assessment Area

This assessment area, which is part of the Manatee-Sarasota-Venice MSA #14600, is located along Florida's southwest coast. The AA consists of 46 out of the 83 census tracts in Sarasota County. The bank excluded 36 census tracts located in the lower, southern part of the county (North Port) and where there are no bank offices. Additionally, 13 census tracts located in the southern region of Manatee County are included in the AA. The Manatee census tracts are contiguous to Sarasota County and very near to the bank office located in Sarasota. The office in Sarasota was opened in June 2008 and located in an upper-income census tract. The branch offers a drive-up teller facility and an ATM. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Specific 2009 and 2010 demographic and economic data for the AA are listed below.

Demographic and Economic Characteristics of the Sarasota and Manatee Counties AA			
Population		Geographies	
Total Persons	236,144	Number of Census Tracts	59
Number of Households	103,051	% Low-Income Census Tracts (1)	1.69%
Median Family Income (MFI)	\$62,300	% Moderate-Income Census Tracts (8)	13.56%
<i>Based on MFI</i>	<\$31,150	% Middle-Income Census Tracts (32)	54.24%
Low-Income individuals earn	\$31,150-	% Upper-Income Census Tracts (18)	30.51%
Moderate-Income individuals earn	\$49,839		
Income Distribution			
Number of Families	66,317	Businesses	
Families residing in the AA by income category		Number of Businesses located in the AA	52,360
% Low-Income Families	15.03%	% of Small Businesses located in the AA	76.72%
% Moderate-Income Families	17.07%	% of Large Businesses	3.17%
% Middle-Income Families	22.95%	% of Business with no revenues reported	20.11%
% Upper-Income Families	44.95%	% of Biz in Low-Income Census Tracts	0.84%
		% of Biz in Moderate-Income Census Tracts	16.31%
		% of Biz in Middle-Income Census Tracts	46.90%
		% of Biz in Upper-Income Census Tracts	35.95%
<i>Source: 2000 Census, 2009 HUD updated income data, and 2009 Dunn and Bradstreet data</i>			

According to the 2000 Census Bureau economic data, the assessment area has a total population of 236,144. Approximately 77% of the population is under 65 years of age and 7.37% of households are living below the poverty level. Housing units in the AA total 125,135, with 96,592, or 77.19%, classified as 1-4 family units of which 61.71% are owner-occupied. Multifamily housing represents 19,447, or 15.54%, and rental housing represents 25,621, or 20.47%, of total housing units in the AA. Approximately 11% of housing units are vacant. There are 51,193 non-farm businesses located throughout the geographies in the assessment area which includes 10,511 businesses that did not report annual revenues. Small businesses and small farms make up 40,173, or 76.72%, of the total in the AA.

Sarasota and Manatee Counties are known for their beautiful beaches along the Gulf Coast of Florida and attract tourists from all over the world. Siesta Key Beach in Sarasota consistently ranks as one of the top beaches in America every year. Along with tourism, the AA has a large business/professional service industry as well as several employment agencies to assist in staffing this industry. Top employers in the AA include Sarasota Memorial Hospital and Publix Supermarkets. Tropicana Products, one of the world’s largest producers of orange juice, also has a major presence in the AA. Other top employers include Bealls Department store and Champs Sports, both headquartered in Manatee County.

Along with the other counties in the bank’s AAs, Sarasota and Manatee Counties’ economies have been negatively impacted by high unemployment rates and declining home prices. According to the U.S. Department of Labor, Bureau of Labor Statistics March 2010 report, the unemployment rates for Sarasota and Manatee Counties were 12.5% and 12.9%, respectively. These numbers are slightly higher than the state’s 12.0

% unemployment rate and significantly higher than the national rate of 10.2%. Further, the unemployment rates are significantly higher than the counties' 10.2% and 10.5%, respectively, for the same period last year.

The AA has experienced a volatile housing market in the past several years as home values quickly escalated in a short time period and are now rapidly declining. The falling home values are expected to continue as job losses in the counties depress overall housing demand. According to RealtyTrac, the estimated median home value as of March 2010 for Sarasota County was \$130,086, a 19.30% decline from the same period last year. The county is reporting 7,089 in foreclosed properties for the first quarter of 2010. For Manatee County, the estimated median home value was \$130,997, a 20.29% decline from the same period last year. The county is reporting 5,306 in foreclosed properties for the first quarter of 2010.

There is a considerable amount of banking competition for financial services in the AA. According to the FDIC deposit market share data as of June 30, 2009, there were 53 financial institutions operating in 329 offices within the AA. Major competitors include: Bank of America, N.A., Wachovia Bank, N.A and SunTrust Bank.

Based on our recent meeting with a locally-based community organization, the primary community credit need in the AA is similar to the credit needs within Seminole County for affordable housing or more specifically for 1-4 family and multi-family projects. High foreclosure levels remain throughout the State of Florida which has adversely impacted many non-profit organizations that receive funding for affordable housing programs. As such, several non-profit projects have experienced delays due to economic or other related factors.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

- **Loan-to-Deposit Ratio - Meets the Standard for Satisfactory Performance**

The bank's quarterly average loan-to-deposit (LTD) ratio is reasonable at 87.61% and is comparable to peer group averages. The quarterly average LTD ratio was calculated and averaged for each quarter since the bank opened in 2007 through year-end 2009. The peer group used for this analysis consists of all de-novo banks (a new bank opened within three years), with total assets under \$300 million and located throughout the counties in and surrounding the bank's three AAs. Because the peer group banks were not operating during the first quarter of 2007, we did not consider this quarter in our analysis. As such, the LTD calculation started in the third quarter of 2007. The average quarterly LTD ratio for the last 10 quarters was 87.61%, which is reasonable in comparison to eight peer banks' average of 87.94%.

Lending in Assessment Area

- **Lending in Assessment Area - Meets the Standard for Satisfactory Performance**

A majority of home mortgage loans originated by HBNA over the evaluation period were within its combined AAs. This conclusion is based on an analysis of all home mortgage loans (1,731) reported on the 2008 and 2009 HMDA LAR. As previously mentioned, the bank originated only a few residential real estate loans in 2007. Therefore, we did not include 2007 in our analysis. As detailed in the table below, 68.23% by number, and 71.51% by dollar amount of loans originated during the evaluation period, were inside the bank's three assessment areas.

Lending in the Combined Assessment Areas										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$
Home Purchase	943	68.23	439	31.77	1,382	162,952	71.99	63,387	28.01	226,339
Home Refinance	238	68.19	111	31.81	349	52,884	70.06	22,595	29.94	75,479
Totals	1,181	68.23	550	31.77	1,731	215,836	71.51	85,982	28.49	301,818

Source: Data reported under HMDA January 1, 2008 through December 31, 2009.

Lending to Borrowers of Different Incomes

- **Lending to Borrowers of Different Incomes - Meets the Standard for Satisfactory Performance**

HBNA's lending activities show reasonable penetration among borrowers of different incomes given its performance context. Our analysis is based on all residential real estate loans (1,181) originated within the bank's three assessment areas and reported on HMDA for the years of 2008 and 2009. We compared the income distribution of the bank's borrowers to the income distribution of the families within each AA, using the HUD median family income levels for 2009. As previously discussed, more emphasis was placed on the bank's residential real estate purchase loans versus residential refinance loans given economic factors as well as the significantly lower level of refinance lending during this evaluation period. The distribution of lending is depicted in the following tables for each of the AAs.

FULL-SCOPE AA

Borrower Distribution of Residential Real Estate Purchase Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Hillsborough and Pinellas Counties	17.60%	9.65%	17.57%	26.67%	21.34%	23.16%	43.49%	40.52%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data

Borrower Distribution of Residential Real Estate Refinance Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Hillsborough and Pinellas Counties	17.60%	3.21%	17.57%	11.47%	21.34%	18.35%	43.49%	60.55%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data. Income not reported for 6.42% of Refinancing Loans.

Loans made in the Hillsborough/Pinellas Counties AAs showed a reasonable penetration among borrowers of different incomes. HBNA’s lending to moderate-income borrowers for home purchase loans significantly exceeds the percentage of moderate-income families residing in the AA and is just slightly below the percentage of moderate-income families for refinance loans. HBNA’s lending to low-income borrowers although significantly lower than the percentage of low-income families residing in the AA for both residential home purchase and refinance loans is considered reasonable in comparison to the performance context of the AA.

Residential lending opportunities to low- income families were limited due to the high median housing values in comparison to median family income for the AA, especially to low-income individuals which still holds true in 2010 even though home prices are declining. The majority of low-income individuals are also renters and do not own homes as supported by the demographic data of the AA. In particular, the data shows 26.12% of the families residing in the AA occupy rental units.

LIMITED-SCOPE AAs

Borrower Distribution of Residential Real Estate Purchase Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Seminole County	13.07%	12.82%	15.20%	23.08%	21.88%	41.03%	49.85%	23.07%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data

Borrower Distribution of Residential Real Estate Refinance Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Seminole County	13.07%	0.00%	15.20%	21.43%	21.88%	35.71%	49.85%	42.86%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data

Based on our limited-scope review, HBNA’s performance in the Seminole County AA is not inconsistent with the bank’s performance under the lending test. As shown in the tables above, the percentage of residential purchase and refinance loans made to moderate-income geographies exceeds the percentage of moderate-income families in the AA. The bank’s lending to low-income borrowers for home purchase loans is nearly the same percentage of low-income families residing in the AA.

Borrower Distribution of Residential Real Estate Purchase Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Sarasota/ Manatee Counties	15.03%	8.70%	17.07%	13.04%	22.95%	26.09%	44.95%	52.17%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data

Borrower Distribution of Residential Real Estate Refinance Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Sarasota/Manatee Counties	15.03%	0.00%	17.07%	0.00%	22.95%	50.00%	44.95%	50.00%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data

Based on our limited-scope review, HBNA’s performance in the Sarasota/Manatee Counties’ AA is not inconsistent with the bank’s performance under the lending test. As shown in the tables above, the percentage of residential home purchase loans made to low- and moderate-income geographies is near the percentage of low- and moderate-income families residing in the AA. Although the bank did not extend any refinance mortgage loans to low- and moderate-income families residing in the AA, the lending performance is considered adequate as this representative of the bank’s performance context as discussed in previous sections of the evaluation. Residential lending opportunities, especially for refinance mortgage loans, were limited due to the high number of foreclosures and significant depreciation in median housing values.

Geographic Distribution of Loans

- **Geographic Distribution of Loans - Meets the Standard for Satisfactory Performance**

The geographic distribution of loans reflects a reasonable dispersion throughout the AAs and meets the standard for satisfactory performance given the performance context. Our analysis was based on the same sample of residential mortgage loans originated during the evaluation period. The following tables illustrates the geographic distribution of residential purchase and refinance loans originated within these income tracts in comparison to the percentage of owner-occupied units in each tract.

FULL-SCOPE AA

Geographic Distribution of Residential Real Estate Purchase Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Hillsborough and Pinellas Counties	1.03%	0.23%	15.51%	14.07%	46.17%	36.55%	37.29%	49.15%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data

Geographic Distribution of Residential Real Estate Refinance Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Hillsborough and Pinellas Counties	1.03%	0.46%	15.51%	9.63%	46.17%	27.52%	37.29%	62.39%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data

The geographic distribution of residential real estate purchase and refinance loans in the AA showed a reasonable penetration among geographies. Lending in moderate-income geographies is generally near the percentage of owner-occupied housing in the AA for home purchase loans. Lending in low-income geographies is only slightly lower than the percentage of owner-occupied housing in the AA for home purchase and refinance loans. Lending in moderate-income geographies for refinance loans is also slightly lower than the percentage of owner-occupied housing in the AA. This performance is considered reasonable given the performance context of the bank.

LIMITED-SCOPE AAs

Geographic Distribution of Residential Real Estate Purchase Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Seminole County	0.35%	0.00%	4.17%	7.69%	35.62%	56.41%	59.86%	35.90%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data

Geographic Distribution of Residential Real Estate Refinance Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Seminole County	0.35%	0.00%	4.17%	0.00%	35.62%	21.43%	59.86%	78.57%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data

Based on our limited-scope review, the bank’s performance in the Seminole County AA

is not inconsistent with the bank’s performance under the lending test. As shown in the tables above, HBNA’s lending in moderate-income geographies exceeds the percentage of owner-occupied housing for home purchase loans. The bank did not make any home purchase and refinance mortgage loans in low-income geographies and there were no refinance loans made in moderate-income geographies.

This performance is reasonable based on the performance context of the bank. The bank has only one office in Seminole County, which is located in a middle-income census tract. Additionally, as mentioned in the *Scope of Examination* section, refinance loans were not a significant home mortgage loan product during this evaluation period. Therefore, the relatively low volume of lending for this product in the AA was factored the overall conclusion.

Geographic Distribution of Residential Real Estate Purchase Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Sarasota/Manatee Counties	0.78%	0.00%	10.59%	4.35%	52.53%	34.78%	36.10%	60.87%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data

Geographic Distribution of Residential Real Estate Refinance Loans for 2008 and 2009								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Sarasota/Manatee Counties	0.78%	0.00%	10.59%	0.00%	52.53%	16.67%	36.10%	83.33%

Source: Data reported under HMDA for the time period of January 1, 2008 through December 31, 2009; 2000 U.S. Census Data

Based on our limited-scope review, the bank’s performance in the Sarasota and Manatee Counties is not inconsistent with the bank’s performance under the lending test. As shown in the tables above, the percentage of residential purchase and refinance loans extended to low- or moderate-income geographies is low, but is considered reasonable given the performance context of the bank. The bank has one branch in the AA which is located in an upper-income census tract. Further, there are limited mortgage lending opportunities in the AA as rental-occupied units in low- and moderate-income tracts are significant, accounting for 27.56% of all housing units in comparison to the 11.37% of owner-occupied housing units in these same tracts.

Responses to Complaints

There have been no CRA related complaints received by the bank or our office since the bank opened in 2007.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.