



## **PUBLIC DISCLOSURE**

February 12, 2018

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Homestead Savings Bank  
Charter Number 718109

415 S Superior Street  
Albion, MI 49224

Office of the Comptroller of the Currency

200 Public Square Suite 1610  
Cleveland, OH 44114-2301

**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, and should not 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.

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## Overall CRA Rating

The Lending Test is rated: **Satisfactory**.

The major factors supporting the institution's rating include:

- The institution's loan-to-deposit ratio is reasonable given its size and financial condition, and the credit needs of its community.
- During the evaluation period, the institution originated a majority of its home mortgage loans inside of its assessment areas (AAs).
- The overall distribution of the institution's home mortgage loans reflects reasonable penetration among borrowers of different income levels.
- The distribution of the institution's home mortgage loans reflects reasonable dispersion among geographies of different income levels.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Homestead Savings Bank (Homestead or bank) is an intrastate federally chartered mutual institution headquartered in Albion, Michigan. The bank does not operate under a holding company, and does not have any affiliates. The bank did not open or close any branch offices during the evaluation period, or engage in acquisition or merger activity.

Homestead is a full-service community bank that offers a variety of traditional loan and deposit products to meet the financial needs of its community. As of the evaluation date, the bank operated four branches including a branch located at the bank's headquarters. The branches are located in Albion, Leslie, Eaton Rapids, and Springport, Michigan, and help serve portions of Calhoun, Jackson, Ingham, and Eaton Counties. All branches offer Saturday hours, and are closed on Sundays and federal holidays. The bank has three automated teller machines (ATMs), located at the Albion, Leslie, and Eaton Rapids branch offices.

According to Homestead's Report of Condition and Income, the bank's assets totaled \$67 million as of December 31, 2016. As of December 31, 2014, and December 31, 2015, the bank's assets totaled \$71 million and \$69 million, respectively. The bank offers traditional home loan products, including home mortgage loans, home construction loans, and home equity lines of credit (HELOC). The bank also offers commercial real estate loans. As of December 31, 2016, home mortgage loans represented 79 percent of the bank's total loan portfolio. Of the remaining portfolio, approximately 4 percent was HELOC's and second mortgage loans, 2 percent was construction and development loans, 9 percent was commercial real estate loans, and 5 percent was consumer loans..

Homestead's consumer deposit-related products and services include checking, savings, money market, certificate of deposit, and Roth and traditional individual retirement accounts, online bill payment, mobile banking, overdraft protection, safe deposit boxes, and ATM services. Business-related deposit products and services include checking and savings accounts and online banking.

Competition within Homestead's three assessment areas (AAs) is high. According to Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Reports, major competitors within the bank's AAs include Chemical Bank, Comerica, Fifth Third Bank, and PNC Bank. See *Appendix B* for details on Homestead's ranking among competitors based on the FDIC's Deposit Market Share Report for each AA.

There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs of the communities that it serves. The bank received a "Satisfactory" rating as of the last CRA evaluation, which was dated January 30, 2012.

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

We evaluated Homestead's Community Reinvestment Act (CRA) performance using full-scope small bank procedures. The evaluation period for this review is from January 31, 2012, to February 12, 2018. We evaluated the bank's lending performance using data from January 1, 2014, through December 31, 2016.

Based on Homestead's Reports of Condition and Income and discussions with senior management, we determined that the bank's primary lending focus is on residential real estate loans, including home purchase and home refinance loans. While the bank also offers home improvement, business, farm, and consumer loans, these products are not a primary lending focus of the bank. Therefore, we did not evaluate the bank based on these loan products, as an analysis of this data would not be meaningful.

We also utilized other supporting information while evaluating Homestead's CRA performance. This information includes 2010 Census Data, internal bank records, deposit market share data, and information from governmental web sites regarding the characteristics and economy within the bank's AAs. We also considered information from local organizations through community contacts, to help determine the credit needs within the bank's AAs.

## Data Integrity

Prior to this evaluation, we tested the accuracy of Homestead's HMDA data from January 1, 2014, through December 31, 2016. We found 2016 data to be reliable. However, we identified errors in the 2014 and 2015 HMDA data. In response, the bank's management team corrected the errors. Therefore, this evaluation is based on the corrected 2014 and 2015 HMDA data as well as 2016 HMDA data.

## Selection of Areas for Full-Scope Review

We performed full-scope reviews of Homestead's three AAs, which include portions of Calhoun County, Jackson County, and Eaton and Ingham Counties. Refer to the tables in *Appendix A* for more information.

## Ratings

The bank's overall rating is based on the areas that received full-scope reviews. The most weight was given to the Calhoun County AA because this is the bank's primary market base in deposits and lending. Additionally, we gave more weight on lending to borrowers of different incomes due to the limited, or absence, of low- and moderate-income census tracts (CTs) in each AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

### LENDING TEST

Homestead's record of lending within its AAs meets the standard for satisfactory performance. As noted in the *Scope of Examination* section, in drawing our overall lending test conclusion, more weight was given to the bank's lending within its Calhoun AA, as this is the bank's primary AA. We also gave more weight to the bank's distribution of loans to borrowers of different incomes due to the limited number, or absence, of low- and moderate-income CTs in the bank's AAs.

#### Loan-to-Deposit Ratio

Homestead's average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and AA credit needs, and meets the standard for satisfactory performance. During the evaluation period of January 31, 2012, through December 31, 2016, the bank's average quarterly LTD ratio was 86.22 percent, with a quarterly high of 94.08 percent and a quarterly low of 80.12 percent. The bank's performance was comparable to peer banks, as peer LTD averages over the same time period ranged from 61.10 percent to 81.19 percent.

#### Lending in Assessment Area

Homestead's record of lending within its AAs meets the standard for satisfactory performance. As illustrated in Table 1, the bank originated a majority of its loans inside its AAs during the evaluation period. Specifically, Homestead originated 61.95 percent of loans by number and 56.86 percent by dollar amount within its AAs.

Table 1 - Lending in Homestead's Combined Assessment Areas 2014 - 2016										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	79	52.67	71	47.33	150	7,826	48.13	8,433	51.87	16,259
Home Improvement	27	79.41	7	20.59	34	2,087	70.77	862	29.23	2,949
Home Refinance	91	67.91	43	32.09	134	9,779	63.40	5,646	36.60	15,425
Totals	197	61.95	121	38.05	318	19,692	56.86	14,941	43.14	34,633

Source: Bank combined 2014, 2015, and 2016 HMDA data.

#### Lending to Borrowers of Different Incomes

Homestead's distribution of home purchase and home refinance loans reflects reasonable penetration to borrowers of different income levels within its AAs, and meets the standard for satisfactory performance. As noted in the *Scope of Examination* section, we gave more consideration to the bank's performance in the Calhoun County AA. Furthermore, we considered factors described in *Appendix B* including poverty levels and competition in the marketplace.

*Calhoun County AA*

Homestead’s distribution of home purchase and home refinance loans reflects reasonable penetration to borrowers of different income levels within the bank’s Calhoun County AA, and meets the standard for satisfactory performance. As illustrated in Table 2, the bank’s percentage of home purchase and home refinance loans to low-income borrowers exceeds the percentage of aggregate lending to low-income borrowers. Additionally, the bank’s percentage of home purchase and home refinance loans to moderate-income borrowers is near the percentage of aggregate lending to moderate-income borrowers.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Calhoun County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans
Home Purchase	6.45	11.36	26.21	15.91	18.95	20.45	39.11	45.45
Home Refinance	6.33	7.69	12.22	9.62	22.62	34.62	42.99	46.15
Home Improvement	8.70	7.69	26.09	30.77	28.26	15.38	34.78	46.15
Total	6.60	9.17	20.19	14.68	21.36	26.61	40.39	45.87

Source: Bank HMDA data for 2014, 2015, 2016; Peer mortgage data 2016; Total HMDA and peer loans reported without income equated to 3.67 and 11.46 percent respectively.

*Jackson County AA*

Homestead’s distribution of home purchase and home refinance loans reflects reasonable penetration to borrowers of different income levels within the bank’s Jackson County AA, and meets the standard for satisfactory performance. As illustrated in Table 3, the bank’s percentage of home purchase and home refinance loans to low- and moderate-income borrowers exceeds the percentage of aggregate lending to low- and moderate-income borrowers.

<b>Table 3 - Borrower Distribution of Residential Real Estate Loans in Jackson County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans
Home Purchase	2.74	5.88	20.55	23.53	28.22	35.29	33.97	35.29
Home Refinance	6.79	8.33	14.51	20.83	18.52	25.00	45.99	41.67
Home Improvement	4.85	0.00	13.59	42.86	31.07	42.86	49.51	14.29
Total	4.67	6.25	17.17	25.00	24.62	31.25	40.91	35.42

Source: Bank HMDA data for 2014, 2015, 2016; Peer mortgage data 2016; Total HMDA and peer loans reported without income equated to 2.08 and 12.63 percent respectively.

*Eaton and Ingham Counties AA*

Homestead’s distribution of home purchase and home refinance loans reflects reasonable penetration to borrowers of different income levels within the Eaton and Ingham Counties AA, and meets the standard for satisfactory performance. As illustrated in Table 4, the bank’s percentage of home purchase loans to low-income borrowers, and home refinance loans to moderate-income borrowers, exceeds the percentage of aggregate lending to low- and moderate-income borrowers. However, the bank’s percentage of home refinance loans to low-income borrowers, and home purchase loans to moderate-income borrowers, is lower than the percentage of aggregate lending to low- and moderate-income borrowers.

**Table 4 - Borrower Distribution of Residential Real Estate Loans in Eaton and Ingham County AA**

Borrower Income Level	Low		Moderate		Middle		Upper	
	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans
Home Purchase	8.45	16.67	27.23	16.67	26.76	38.89	27.46	27.77
Home Refinance	5.22	0.00	15.93	20.00	26.10	33.33	32.69	46.67
Home Improvement	12.70	14.29	20.63	42.86	33.33	28.57	31.75	14.29
Total	7.75	10.00	21.83	22.50	27.40	35.00	30.13	32.50

*Source: Bank HMDA data for 2014, 2015, 2016; Peer mortgage data 2016; Total peer loans reported without income equated to 12.88 percent respectively.*

**Geographic Distribution of Loans**

Homestead’s geographic distribution of loans reflects reasonable dispersion among geographies of different income levels, and meets the standards for satisfactory performance. As noted in the *Scope of Examination* section, we gave more consideration to performance in the Calhoun County AA. We also considered factors described in *Appendix B*, including the number of low- and moderate-income CTs and the percentage of owner-occupied housing within each AA. In both the Calhoun County AA and the Eaton and Ingham Counties AA, the majority of owner-occupied housing and families are located in middle-income CTs. The Jackson County AA does not have any low- or moderate-income CTs, so an analysis of that AA would not be meaningful.

*Calhoun County AA*

Homestead’s geographic distribution of loans reflects reasonable dispersion among geographies of different income levels within the Calhoun County AA, and meets the standards for satisfactory performance. As illustrated in Table 5, in moderate-income CTs the bank’s percentage of home purchase loans significantly exceeded the aggregate lending percentage for home purchase loans, and its percentage of home refinance loans exceeded the aggregate lending percentage for home refinance loans. The bank’s percentage of home refinance loans in low-income CTs also exceeded the

aggregate lending percentage. While the bank's percentage of home purchase loans in low-income CTs is below the aggregate percentage for home purchase loans, the overall volume of aggregate lending is very low. During 2016, the aggregate volume of home purchase loans in low-income CTs in the AA totaled three loans.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans
Home Purchase	1.21	0.00	15.32	36.36	52.82	61.36	30.65	2.27
Home Refinance	.45	7.69	12.22	13.46	59.28	71.15	28.05	7.69
Home Improvement	4.35	0.00	13.04	15.38	78.26	84.26	4.35	0.00
Total	1.17	3.67	13.79	22.94	57.86	68.81	27.18	4.59

Source: Bank HMDA data for 2014, 2015 and 2016; Peer mortgage data 2016.

### *Eaton and Ingham Counties AA*

Homestead's geographic distribution of loans reflects reasonable dispersion among geographies of different income levels within the Eaton and Ingham Counties AA, and meets the standards for satisfactory performance. As illustrated in Table 6, the bank's percentage of home purchase loans in moderate-income CTs was near the aggregate lending percentage. However, the bank's percentage of home refinance loans in moderate-income CTs was significantly below the aggregate percentage in moderate-income CTs. Overall, the bank's total percentage of home purchase plus home refinance loans (6.06 percent) originated or purchased within the AA was near the aggregate lending percentage of 9.37 percent.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans	Aggregate Lending % of # of Loans	Bank % of # of Loans
Home Purchase	0.00	0.00	12.68	11.11	87.32	88.89	0.00	0.00
Home Refinance	0.00	0.00	5.49	0.00	94.51	100.00	0.00	0.00
Home Improvement	0.00	0.00	11.90	14.29	88.10	85.71	0.00	0.00
Total	0.00	0.00	9.72	7.50	90.28	92.50	0.00	0.00

Source: Bank HMDA data for 2014, 2015 and 2016; Peer mortgage data 2016.

### **Responses to Complaints**

The bank has not received any written complaints during the evaluation period related to its performance in meeting the credit and deposit needs of the AAs.

# Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: (01/01/14 to 12/31/2016)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Homestead Savings Bank (HSB) Albion, Michigan		Home Purchase and Home Refinance Mortgage Loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Michigan Calhoun County Jackson County Eaton and Ingham Counties	Full-Scope Full-Scope Full-Scope	

## Appendix B: Community Profiles for Full-Scope Areas

### Calhoun County AA

Demographic Information for Full-Scope Area: Calhoun County AA – Table 1						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	9	11.11	22.22	55.56	11.11	0.00
Population by Geography	25,777	8.09	20.31	55.58	16.01	0.00
Owner-Occupied Housing by Geography	7,289	7.13	18.51	56.35	18.01	0.00
Family Distribution by Income Level	6,847	9.11	19.86	54.08	16.94	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,936	15.16	26.06	50.31	8.48	0.00
Median Family Income	= \$52,533	Median Housing Value		= \$116,583		
HUD Adjusted Median Family Income for 2016	= \$55,500	Unemployment Rate		= 8.50%		
Households Below the Poverty Level	= 1,655					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census and 2016 HUD updated MFI.

The Calhoun County AA is comprised of nine (9) of the 39 CTs located within Calhoun County. The AA is comprised of contiguous geographies, and does not arbitrarily exclude any low- or moderate-income areas. Based on 2010 U.S. Census Data, the nine CTs include one low-income CT, two moderate-income CTs, five middle-income CTs and one upper-income CT. The AA does not contain any distressed or underserved CTs.

The Calhoun County AA is Homestead's primary AA. The bank operates its main office within this AA, in the city of Albion. Based on the June 30, 2016, FDIC Deposit Market Share Report, 70.36 percent of the bank's total deposits are from this AA. Additionally, out of the bank's 197 loans originated during the evaluation period, 109 (55.32 percent) were originated in the Calhoun County AA.

According to the 2010 U.S. Census Data, the population of the AA is 25,777 people, including 6,847 families and 9,780 households. The AA is comprised of 24.48 percent low-income, 18.40 percent moderate-income, 18.15 percent middle-income, and 38.97 percent upper-income families. The majority of owner-occupied housing as well as families are located in middle-income CTs in the AA.

Banking competition within the AA is high. According to the June 30, 2016, Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report, there are 13 financial institutions with 28 offices serving Calhoun County. This data indicates

Homestead is ranked 7<sup>th</sup> in terms of deposit market share in the AA, with 4.03 percent of total deposits. Based on 2016 peer aggregate mortgage lending data, there were 105 lenders that originated or purchased home mortgage loans within the AA. Homestead ranked 2<sup>nd</sup>, with a 9.32 percent market share.

The AA has experienced improving economic conditions and lower unemployment compared to the state of Michigan. According to the Bureau of Labor Statistics, the unemployment rate in Calhoun County declined during the evaluation period, from 7.2 percent to 4.7 percent. This is consistent with economic conditions in Michigan, which have been improving since the recession. The unemployment rate in Michigan declined from 8.4 percent to 5.2 percent during the evaluation period. Based on the Calhoun County website, major employers within the AA include Denso Manufacturing, Kellogg Company, VA Medical Center, Bronson Battle Creek, and Meijer.

As part of the evaluation process, we conducted one community contact and utilized information from a previous community contact to assist with identifying credit and community development needs within the Calhoun County AA. The community organizations focus on providing affordable housing and social services to low- and moderate-income individuals and families. Additionally, both organizations noted quality, affordable-housing as one of the greatest needs in the AA. One organization stated that top service needs include weatherization, reliable transportation, and funding for Head Start. Both organizations stated that there are opportunities to partner with organizations to meet funding and service needs in the local community. These opportunities include volunteering for financial literacy programs, donations or matching funds for current projects, and offering custodial savings accounts for Head Start children.

## Jackson County AA

Demographic Information for Full-Scope Area: Jackson County AA – Table 2						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	5	0.00	0.00	60.00	40.00	0.00
Population by Geography	26,450	0.00	0.00	62.45	37.55	0.00
Owner-Occupied Housing by Geography	8,014	0.00	0.00	59.72	40.28	0.00
Family Distribution by Income Level	7,353	0.00	0.00	61.70	38.30	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,354	0.00	0.00	71.11	28.89	0.00
Median Family Income	= \$56,314	Median Housing Value		= \$143,623		
HUD Adjusted Median Family Income for 2016	= \$58,900	Unemployment Rate		= 5.97%		
Households Below the Poverty Level	= 771					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census and 2016 HUD updated MFI.

The Jackson County AA is comprised of five (5) of the 38 CTs located within Jackson County. The AA is comprised of contiguous geographies, and does not arbitrarily exclude any low- or moderate-income areas. Based on 2010 U.S. Census Data, the AA includes no low- or moderate-income CTs, three middle-income CTs, and two upper-income CTs. The AA does not contain any distressed or underserved CTs.

The bank has one branch within the AA, located in Springport. Based on the June 30, 2016, FDIC Deposit Market Share Report, 12.25 percent of the bank's total deposits are from this AA.

According to the 2010 U.S. Census Data, the population of the AA is 26,450 people, including 7,353 families and 9,478 households. The AA is comprised of 15.23 percent low-income, 16.78 percent moderate-income, 23.60 percent middle-income, and 44.39 percent upper-income families.

Banking competition within the AA is high. According to the June 30, 2016, FDIC Deposit Market Share Report, there are 13 financial institutions with 43 offices serving Jackson County. Homestead is ranked 13<sup>th</sup> in terms of deposit market share in the AA, with 0.45 percent of total deposits. Based on 2016 peer aggregate mortgage lending data, there were 121 lenders that originated or purchased home mortgage loans within the AA. Homestead ranked 10<sup>th</sup>, with a 2.53 percent share of the market.

The AA has been experiencing improving economic conditions. During the evaluation period, the unemployment rate in Jackson County declined from 7.8 percent to 4.9 percent. This is consistent with economic conditions in Michigan, which have been improving since the recession. Major employers in Jackson County include Henry Ford Allegiance Health, Consumers Energy, Michigan Department of Corrections, Great Lakes Caring, and Michigan Automotive Compressor.

We conducted one community contact that serves the Jackson County AA. The organization's primary focus is providing services and affordable housing to low- and moderate-income individuals and families. The organization's representative stated that there is a lack of quality housing in Jackson County. Furthermore, they stated that there is an opportunity for banks to participate in community development services by providing student debt counseling and financial empowerment classes.

## Eaton and Ingham Counties AA

Demographic Information for Full-Scope Area: Eaton and Ingham Counties AA – Table 3						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	7	0.00	14.29	85.71	0.00	0.00
Population by Geography	23,593	0.00	13.18	86.82	0.00	0.00
Owner-Occupied Housing by Geography	7,223	0.00	12.83	87.17	0.00	0.00
Family Distribution by Income Level	6,538	0.00	13.03	86.97	0.00	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,502	0.00	19.26	80.74	0.00	0.00
Median Family Income	= \$64,523	Median Housing Value		= \$144,891		
HUD Adjusted Median Family Income for 2016	= \$65,600	Unemployment Rate		= 6.45%		
Households Below the Poverty Level	= 766					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census and 2016 HUD updated MFI.

The Eaton and Ingham Counties AA is comprised of seven (7) of the 109 CTs located within Eaton and Ingham Counties. The AA is comprised of contiguous geographies, and does not arbitrarily exclude any low- or moderate-income CTs. Based on 2010 U.S. Census Data, the AA includes no low-income CTs, one moderate-income CT, six middle-income CTs, and no upper-income CTs. The AA does not contain any distressed or underserved CTs.

During our evaluation period, the bank operated two branches with deposit-taking ATMs within the AA, located in Eaton Rapids and Leslie. Based on the June 30, 2016, FDIC Deposit Market Share Report, 17.39 percent of the bank's total deposits are from this AA.

According to the 2010 U.S. Census Data, the population of the AA is 23,593 people, including 6,538 families and 8,570 households. The AA is comprised of 17.21 percent low-income, 21.06 percent moderate-income, 23.94 percent middle-income, and 37.79 percent upper-income families. The majority of owner-occupied housing as well as families are located in middle-income CTs within the AA.

Banking competition within the AA is high. According to the June 30, 2016, FDIC Deposit Market Share Report, there are 22 financial institutions with 104 offices serving Eaton and Ingham Counties. Homestead is ranked 22<sup>nd</sup> in terms of deposit market share in the AA, with 0.19 percent of total deposits. Based on 2016 peer aggregate mortgage lending data, there were 119 lenders that originated or purchased home mortgage loans within the AA. Homestead ranked 13<sup>th</sup>, with a 1.75 percent share of the market.

The AA has been experiencing improving economic conditions. During the evaluation period, the unemployment rate in Eaton and Ingham Counties declined from 5.9 percent and 6.5 percent to 4.7 percent and 4.3 percent, respectively. This is consistent with economic conditions in Michigan, which have been improving since the recession. Major employers in the regional area include the state of Michigan, Michigan State University, Sparrow Health System, and General Motors.

We conducted one community contact that serves both Eaton and Ingham Counties. The organization's primary focus is providing stabilization programs for low- and moderate-income individuals and families, including financial literacy. The organization's representative stated that there is an opportunity for banks to provide lines of credit or small loans to individuals threatened with tax foreclosure, in addition to providing financial counseling.