



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

January 29, 2015

Mr. Ryan Zacharia
Jacobs Asset Management, LLC
11 East 26th Street
Suite 1900
New York, New York 10010

Dear Mr. Zacharia:

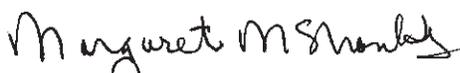
This letter responds to your request of September 17, 2014, on behalf of JAM Partners, LP; JAM Managers, LLC; JAM Special Opportunities Fund III, LP; JAM Equity Partners, LLC; Investure Global Equity (JAM), LLC; Investure Global Equity Fund, LP – All Asset Series; Investure Global Equity (GP), LLC; Investure, LLC; and Jacobs Asset Management, LLC (collectively, “JAM”), all of New York, New York, for relief from commitments that JAM made to the Board in connection with its purchase of an aggregate principal amount of \$13.0 million of the preferred shares (collectively, the “HMN Financial CPP shares”) that were issued by HMN Financial Inc. (“HMN Financial”), Rochester, Minnesota, to the Department of the Treasury (“Treasury”) as part of the Troubled Asset Relief Program’s Capital Purchase Program. JAM’s purchase amounted to 50 percent of the total HMN Financial CPP shares outstanding as of the purchase date and 21.29 percent of HMN Financial’s total equity. The relief requested would completely relieve JAM from the commitments.

On February 8, 2013, JAM acquired \$8.0 million of the HMN Financial CPP shares from Treasury. On June 1, 2013, JAM acquired an additional \$5.0 million of the HMN Financial CPP shares and, in connection with those transactions, provided various commitments to the Board.

On May 15, 2014, JAM consummated a transaction to sell \$5.0 million of its HMN Financial CPP shares back to HMN Financial. On May 23 and July 2, 2014, JAM consummated transactions to sell the remainder of its HMN Financial CPP shares to an unaffiliated investment company. JAM does not have the right to appoint a director to the board of directors of HMN Financial or have representation on the board. Further, there are no existing or contemplated business relationships between JAM and HMN Financial. JAM also has provided a written representation that it will not exercise or attempt to exercise a controlling influence over the management or policies of HMN Financial.

Based on all the facts of record, the Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board under section 265.7(a)(2) of the Board's Rules Regarding Delegation of Authority (12 CFR 265.7(a)(2)), and after consulting with the General Counsel, has approved your request on behalf of JAM for relief from the commitments provided in connection with the investment in HMN Financial. This action is based on the representations and commitments set forth in all of your communications and in correspondence related to your request, including the representations discussed above. Any change in the facts presented could result in a different conclusion and should be reported to Board staff immediately. This determination should not be construed as granting relief from any other conditions or commitments to which JAM may be subject.

Very truly yours,


Margaret McCloskey Shanks
Deputy Secretary of the Board

cc: Daniel Hanger, Manager, Applications/Surveillance
Federal Reserve Bank of Minneapolis