

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
ORANGE COUNTY BUSINESS BANK		72-1525107	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
GERHARD ERDELJI	206-515-4039	GERHARD.ERDELJI@HOMESTREET.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
HOMESTREET, INC. & SUBSIDIARIES, 601 UNION STREET, SUITE 2000		SEATTLE, WA 98101	
8 Date of action		9 Classification and description	
2/01/2016		COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ EFFECTIVE FEBRUARY 1, 2016, ORANGE COUNTY BUSINESS BANK ("OCBB") MERGED WITH AND INTO HOMESTREET BANK, A WHOLLY-OWNED SUBSIDIARY OF HOMESTREET, INC. ("HOMESTREET"), WITH HOMESTREET BANK AS THE SURVIVING ENTITY IN THE MERGER. AT THE CLOSING, ALL OUTSTANDING SHARES OF OCBB CAPITAL STOCK WERE CANCELLED IN EXCHANGE FOR MERGER CONSIDERATION CONSISTING OF A COMBINATION OF CASH AND SHARES OF HOMESTREET COMMON STOCK.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE MERGER OF OCBB INTO HOMESTREET BANK QUALIFIES AS A TAX-FREE REORGANIZATION WITHIN THE MEANING OF SECTION 368(A) OF THE INTERNAL REVENUE CODE, AS AMENDED.

A HOLDER'S AGGREGATE TAX BASIS IN HOMESTREET COMMON STOCK RECEIVED AS A RESULT OF THE MERGER, INCLUDING ANY FRACTIONAL SHARES OF HOMESTREET COMMON STOCK DEEMED RECEIVED BY THE HOLDER UNDER THE TREATMENT DISCUSSED IN QUESTION 18 BELOW, WILL EQUAL SUCH HOLDER'S AGGREGATE TAX BASIS IN OCBB COMMON STOCK SURRENDERED, INCREASED BY THE AMOUNT OF TAXABLE GAIN, IF ANY, RECOGNIZED BY A HOLDER IN THE MERGER (OTHER THAN WITH RESPECT TO CASH RECEIVED IN LIEU OF A FRACTIONAL SHARE OF HOMESTREET COMMON STOCK), AND DECREASED BY THE AMOUNT OF CASH RECEIVED BY A HOLDER IN THE MERGER (OTHER THAN CASH RECEIVED IN LIEU OF A FRACTIONAL SHARES OF HOMESTREET COMMON STOCK).

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ SEE ATTACHMENT A

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► OCBB AND HOMESTREET HAVE STRUCTURED THE MERGER OF HOMESTREET BANK AND OCBB TO QUALIFY AS A REORGANIZATION WITHIN THE MEANING OF SECTION 368(A) OF THE INTERNAL REVENUE CODE, AS AMENDED. RELEVANT INTERNAL REVENUE CODE PROVISIONS INCLUDE SECTIONS 302, 356, 358, AND 368.

18 Can any resulting loss be recognized? ► OCBB SHAREHOLDERS WILL RECOGNIZE GAIN (BUT NOT LOSS), DETERMINED SEPARATELY FOR EACH IDENTIFIABLE BLOCK OF SHARES OF OCBB COMMON STOCK EXCHANGED IN THE MERGER, EQUAL TO THE LESSER OF (1) THE EXCESS, IF ANY, OF THE AMOUNT OF CASH PLUS THE FAIR MARKET VALUE OF ANY HOMESTREET COMMON STOCK RECEIVED, OVER THE HOLDER'S ADJUSTED TAX BASIS IN THE SHARES OF OCBB COMMON STOCK SURRENDERED BY SUCH HOLDER IN THE MERGER AND (2) THE AMOUNT OF CASH RECEIVED BY SUCH HOLDER IN THE MERGER.

OCBB SHAREHOLDERS THAT RECEIVED CASH INSTEAD OF A FRACTIONAL SHARE OF HOMESTREET COMMON STOCK WILL BE TREATED AS HAVING RECEIVED THE FRACTIONAL SHARE OF HOMESTREET COMMON STOCK PURSUANT TO THE MERGER AND THEN HAVING EXCHANGED THE FRACTIONAL SHARE OF HOMESTREET COMMON STOCK FOR CASH IN A REDEMPTION BY HOMESTREET. A HOLDER WILL GENERALLY RECOGNIZE GAIN OR LOSS EQUAL TO THE DIFFERENCE BETWEEN (1) THE AMOUNT OF CASH RECEIVED AND (2) THE PORTION OF BASIS OF THE SHARES OF OCBB COMMON STOCK ALLOCABLE TO SUCH FRACTIONAL SHARES. SUCH GAIN OR LOSS WILL BE LONG-TERM CAPITAL GAIN OR LOSS IF THE HOLDER'S HOLDING PERIOD FOR THE OCBB COMMON STOCK EXCHANGED BY SUCH HOLDER IS GREATER THAN ONE YEAR AS OF THE EFFECTIVE DATE OF THE MERGER.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► THE HOLDING PERIOD OF THE HOMESTREET COMMON STOCK RECEIVED AS A RESULT OF THE EXCHANGE WILL INCLUDE THE HOLDING PERIOD OF OCBB COMMON STOCK EXCHANGED FOR IN THE MERGER. IF A HOLDER ACQUIRED DIFFERENT BLOCKS OF OCBB COMMON STOCK AT DIFFERENT TIMES OR AT DIFFERENT PRICES, SUCH HOLDER'S TAX BASIS AND HOLDING PERIODS MAY BE DETERMINED WITH REFERENCE TO EACH BLOCK OF OCBB COMMON STOCK.

OCBB SHAREHOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR INDIVIDUAL TAX CONSEQUENCES IN THE MERGER.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ► *Daphne Kelley* Date ► 3/11/16
Print your name ► DAPHNE KELLEY Title ► CONTROLLER

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	RACHEL ROSS	<u><i>ROR</i></u>	3/11/16		P00854321
	Firm's name ► DELOITTE TAX LLP	Firm's address ► 925 FOURTH AVENUE, SUITE 3300 SEATTLE, WA 98104-1126		Firm's EIN ►	86-1065772
				Phone no.	206-716-7000

FORM 8937
ORANGE COUNTY BUSINESS BANK
72-1525107
DATE OF ACTION: 2/01/2016

ATTACHMENT A

QUESTION 16:

PURSUANT TO THE MERGER AGREEMENT, THE EXCHANGE RATIO OF HOMESTREET COMMON STOCK THAT OCBB SHAREHOLDERS RECEIVED WAS DETERMINED BY DIVIDING \$49,780,000 BY THE HOMESTREET CLOSING PRICE AS DEFINED IN THE MERGER AGREEMENT, WHICH MEANS THE ARITHMETIC AVERAGE OF CLOSING SALE PRICES OF HOMESTREET COMMON STOCK REPORTED BY NASDAQ ON EACH OF THE TEN (10) CONSECUTIVE TRADING DAYS IMMEDIATELY PRECEDING BUT NOT INCLUDING THE FIFTH TRADING DAY PRIOR TO THE CLOSING DATE OF THE MERGER, SUBJECT TO A FLOOR OF 90% OF THE HOMESTREET BASE PRICE AND A CEILING OF 115% OF THE HOMESTREET BASE PRICE. THE HOMESTREET BASE PRICE IS DETERMINED BY THE ARITHMETIC AVERAGE OF CLOSING SALE PRICES OF HOMESTREET COMMON STOCK REPORTED BY NASDAQ ON EACH OF THE TEN (10) CONSECUTIVE TRADING DAYS IMMEDIATELY PRECEDING BUT NOT INCLUDING THE FIFTH TRADING DAY PRIOR TO THE DATE OF THE MERGER AGREEMENT. BECAUSE OF THIS PROVISION, AT CLOSING THE EXCHANGE RATIO APPLIED TO DETERMINE THE AMOUNT OF STOCK TO BE ISSUED IN THE TRANSACTION WAS DETERMINED AS 90% OF THE HOMESTREET BASE PRICE. IN ADDITION, \$5,500,000 OF CASH CONSIDERATION WAS ALLOCATED PRO RATA AMONG THE SHARES OF OCBB COMMON STOCK OUTSTANDING AS OF THE EFFECTIVE DATE OF THE MERGER. ACCORDINGLY, OCBB SHAREHOLDERS AS OF THE EFFECTIVE TIME OF THE MERGER RECEIVED PER SHARE MERGER CONSIDERATION EQUAL TO 0.5206 SHARES OF HOMESTREET COMMON STOCK AND \$1.1641 IN CASH UPON THE SURRENDER OF THEIR OCBB SHARES.