

HMN FINANCIAL INC
 Form 5
 February 12, 2007

FORM 5

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person * HMN FINANCIAL INC
 EMPLOYEE STOCK OWNERSHIP PLAN
 (Last) (First) (Middle)
 2. Issuer Name and Ticker or Trading Symbol HMN FINANCIAL INC [HMNF]
 5. Relationship of Reporting Person(s) to Issuer (Check all applicable)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) 12/31/2006
 _____ Director _____ 10% Owner
 _____ Officer (give title below) Other (specify below) ESOP Trustee

4. If Amendment, Date Original Filed(Month/Day/Year)
 6. Individual or Joint/Group Reporting (check applicable line)

ROCHESTER, MN 55901
 (City) (State) (Zip)
 ___X___ Form Filed by One Reporting Person
 ___ Form Filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock	12/31/2006	Â	J	(A) Amount 24,317 (1) (D) Price \$ 0	523,099 (2)	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. **Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.** SEC 2270 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

