BANK OF NOVA SCOTIA /
Form 424B5
December 28, 2012
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Product Prospectus Supplement to the Prospectus Supplement dated December 28, 2012

to the Prospectus dated December 28, 2012

The Bank of Nova Scotia

Senior Note Program, Series A

EQUITY LINKED INDEX NOTES, SERIES A

The Bank of Nova Scotia (the Bank) may offer and sell equity linked index notes (the notes) from time to time of any maturity. The prospectus dated December 28, 2012 (the prospectus), the prospectus supplement dated December 28, 2012 (the prospectus supplement) and this product prospectus supplement (the product prospectus supplement) describe terms that will apply generally to the notes, including any notes you purchase. A separate pricing supplement will describe the terms that apply specifically to your notes, including any changes to the terms specified below. If the terms described in the relevant pricing supplement are inconsistent with those described in this document or in the accompanying prospectus supplement or prospectus, the terms described in the relevant pricing supplement will control.

The notes are unsecured notes of the Bank linked to the performance of one or more equity indices (each, a Reference Asset) specified in the relevant pricing supplement. If the Reference Asset of your notes consists of more than one equity index, we may refer to the Reference Asset as a Basket and each applicable component of the Reference Asset as a Basket Component. Unless the relevant pricing supplement provides for the repayment of the initial principal amount, the payment at maturity on your notes will be based on the performance of the Reference Asset during the term of your notes. The notes are generally designed for investors who are seeking exposure to the Reference Asset and who anticipate that the level of the Reference Asset will increase (or, in the case of bearish notes, decrease) from its Initial Level to the Final Level on the applicable valuation date or dates. Unless the relevant pricing supplement indicates that the notes will be entitled to interest payments and principal protection, investors must be willing to forego interest payments on the notes and be willing to accept a return that may be negative, in which case you will receive at maturity less, and possibly significantly less, than your principal.

THE NOTES MAY NOT GUARANTEE ANY RETURN OF PRINCIPAL AT MATURITY. YOU MAY BE SUBJECT TO A RISK TO ALL OR A PORTION OF YOUR INVESTMENT IN THE NOTES, AS DESCRIBED IN MORE DETAIL BELOW.

The notes will not be listed on any securities exchange, unless otherwise disclosed in a pricing supplement.

You should read this product prospectus supplement, any applicable pricing supplement, the prospectus supplement and the prospectus carefully before you invest in any of the notes.

Your investment in the notes involves certain risks. See   Additional Risk Factors Specific to the Notes   beginning on page PS-5 to read about investment risks relating to the notes. In addition, see   Risk Factors   beginning on page S-2 of the Prospectus Supplement and page 6 of the Prospectus. Unless otherwise specified in the relevant pricing supplement, the principal of the notes is not protected and you could lose some or all of your investment.

The price at which you purchase the notes includes hedging costs and profits and underwriting commissions that the Bank or its affiliates expect to incur or realize. These costs and profits will reduce the secondary market price, if any secondary market develops, for the notes. As a result, you will experience an immediate and substantial decline in the value of your notes on the issue date.

Neither the U.S. Securities and Exchange Commission (the   SEC) nor any state securities regulator has approved or disapproved of the notes, or determined if this product prospectus supplement or the accompanying prospectus supplement or prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (Canada) or by the United States Federal Deposit Insurance Corporation or any other Canadian or U.S. governmental agency or instrumentality.

The Bank may sell the notes directly or through one or more agents or dealers. The agents are not required to sell any particular amount of the notes. See   Supplemental Plan of Distribution   in this product prospectus supplement and in the prospectus supplement and   Plan of Distribution   in the prospectus.

The Bank may use this product prospectus supplement in the initial sale of any notes. In addition, Scotia Capital (USA) Inc. or any other affiliate of the Bank may use this product prospectus supplement and accompanying prospectus supplement and prospectus in a market-making or other transaction in any note after its initial sale. ***Unless the Bank or its agent informs the purchaser otherwise in the confirmation of sale or pricing supplement, this product prospectus supplement and accompanying prospectus supplement and prospectus are being used in a market-making transaction.***

Scotia Capital

Product Prospectus Supplement dated December 28, 2012

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Product Prospectus Supplement

Prospectus Supplement dated December 28, 2012

Prospectus dated December 28, 2012

No dealer, salesman or other person has been authorized to give any information or to make any representation not contained in this product prospectus supplement, the accompanying prospectus supplement, prospectus or any pricing supplement and, if given or made, such information or representation

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must not be relied upon as having been authorized by The Bank of Nova Scotia or the agents. This product prospectus supplement, the accompanying prospectus supplement, prospectus and any pricing supplement do not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities described in the relevant pricing supplement nor do they constitute an offer to sell or a solicitation of an offer to buy the securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The delivery of this product prospectus supplement, the accompanying prospectus supplement, prospectus and any pricing supplement at any time does not imply that the information they contain is correct as of any time subsequent to their respective dates.

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SUMMARY

In this product prospectus supplement, references to the prospectus or the accompanying prospectus mean the accompanying prospectus, dated December 28, 2012, as supplemented by the prospectus supplement, dated December 28, 2012, of The Bank of Nova Scotia (the prospectus supplement or the accompanying prospectus supplement). References to the relevant pricing supplement mean the pricing supplement that describes the specific terms of your notes.

This section is meant as a summary and should be read in conjunction with the accompanying prospectus and the relevant pricing supplement to help you understand the notes. This product prospectus supplement, together with the accompanying prospectus and the relevant pricing supplement, contains the terms of the notes and supersedes all prior or contemporaneous oral statements as well as any other written materials relating to the notes, including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials. In the event of any inconsistency or conflict between the terms set forth in this product prospectus supplement and the accompanying prospectus, the terms contained in this product prospectus supplement will control.

An investment in the notes entails significant risks. You should carefully consider, among other things, the matters set forth under Additional Risk Factors Specific to the Notes herein and Risk Factors in the accompanying prospectus supplement and the accompanying prospectus. Before investing in the notes, we urge you to consult your investment, legal, tax, accounting and other advisors.

Unless otherwise specified, in this product prospectus supplement and in each pricing supplement relating to notes issued under the senior note program:

all dollar amounts are expressed in U.S. dollars;

the Bank , we , us and our mean The Bank of Nova Scotia together, where the context requires, with its subsidiaries; and you , your and holder means a prospective purchaser or a purchaser of notes, or a beneficial or registered holder of notes, provided that a reference to registered holder means a registered holder of notes (see Legal Ownership and Book-Entry Issuance and Description of the Debt Securities We May Offer in the prospectus and Global Notes under the heading Description of the Notes in the prospectus supplement).

The information in this Summary section is qualified by the more detailed information set forth in this product prospectus supplement, the prospectus supplement and the prospectus, as well as the relevant pricing supplement.

Issuer:	The Bank of Nova Scotia (the Bank).
Issue:	Senior Notes, Equity Linked Index Notes, Series A.
Reference Asset or Basket:	As specified in the relevant pricing supplement.
Minimum Investment:	As specified in the relevant pricing supplement.
Denominations:	Unless otherwise specified in the relevant pricing supplement, the notes will be issued in denominations of $1,000 and integral multiples in excess of $1,000.
Interest Payable:	None, unless otherwise specified in the relevant pricing supplement.
Interest Rate (coupon):	If applicable, as specified in the relevant pricing supplement.
Interest Payment Dates:	If applicable, as specified in the relevant pricing supplement.

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Principal Protected Notes: The relevant pricing supplement will specify if your notes are principal protected notes. The amount payable in respect of principal protected notes on the maturity date will be at least equal to the principal amount of the notes, subject to the credit risk of the Bank.

Payment at Maturity: Unless the relevant pricing supplement provides for repayment of the initial principal amount, the payment at maturity will be based on the performance of the Reference Asset, and will be calculated as follows:

Payment at Maturity in Excess of Principal

If the Final Level is **greater than or equal to** (or, in the case of bearish notes, **less than or equal to**) the Initial Level, then, at maturity, you will receive an amount equal to:

Principal Amount + (Principal Amount × Percentage Change)

(a) If the relevant pricing supplement specifies that a Participation Rate is applicable to your notes, then the payment at maturity will be calculated as follows:

Principal Amount + (Principal Amount × Percentage Change × Participation Rate)

(b) If the relevant pricing supplement specifies that a Booster Coupon is applicable to your notes:

1. If the Percentage Change is greater than the Booster Percentage, then the payment at maturity will equal:

Principal Amount + (Principal Amount × Percentage Change)

2. If the Percentage Change is greater than or equal to 0% but less than or equal to the Booster Percentage, then the payment at maturity will equal:

Principal Amount + (Principal Amount × Booster Percentage)

(c) If the relevant pricing supplement specifies that a cap is applicable to your notes, then the payment at maturity will not exceed the Maximum Redemption Amount set forth in the relevant pricing supplement.

(d) If the relevant pricing supplement specifies that a Digital Coupon is applicable to your notes, then the payment at maturity will equal:

Principal Amount + (Principal Amount x Digital Coupon)

Payment at Maturity Less Than or Equal to Principal

If the Final Level is **less than** (or, in the case of bearish notes, **greater than**) the Initial Level and the notes are not specified as principal protected notes in the relevant pricing supplement, then, at maturity, you will receive less than the principal amount of your notes, incurring a loss on your investment of principal. In such a case, the payment at maturity will equal:

Principal Amount + (Principal Amount × Percentage Change)

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(a) If the relevant pricing supplement specifies that a Buffer is applicable to your notes:

1. If the Final Level is greater than or equal to (or, in the case of bearish notes, less than or equal to) the Buffer Level, then the payment at maturity will equal the principal amount of your notes.

2. If the Final Level is less than (or, in the case of bearish notes, greater than) the Buffer Level, then the payment at maturity will equal:

Principal Amount + [Principal Amount × (Percentage Change + Buffer Percentage)]

(b) If the relevant pricing supplement specifies that a Barrier is applicable to your notes:

1. If no Barrier Event has occurred or if a note is specified as principal protected in the relevant pricing supplement and a Barrier Event has occurred, then the payment at maturity will equal the principal amount of your notes.

2. If a Barrier Event has occurred and a note is not specified as being principal protected in the relevant pricing supplement, then the payment at maturity will equal:

Principal Amount + (Principal Amount × Percentage Change)

Percentage Change: The Percentage Change, expressed as a percentage, is calculated as follows:

Final Level Initial Level

Initial Level

If your notes are bearish notes, the Percentage Change will be calculated as follows:

Initial Level Final Level

Initial Level

For the avoidance of doubt, the Percentage Change may be a negative value.

Maximum Redemption Amount: As specified in the relevant pricing supplement, if applicable.

Participation Rate: As specified in the relevant pricing supplement, if applicable.

Booster Percentage: A specified percentage increase (or, in the case of bearish notes, decrease) in the level of the Reference Asset. The Booster Percentage will be set forth in the relevant pricing supplement, if applicable.

Digital Coupon: A percentage that will be specified in the applicable pricing supplement, if applicable.

Buffer Level: A specified level of the Reference Asset that is less than (or, in the case of bearish notes, greater than) the Initial Level. The Buffer Level will be a percentage of the Initial Level and set forth in the relevant pricing supplement, if applicable.

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Buffer Percentage:	A specified percentage that will be set forth in the relevant pricing supplement, if applicable. For example, if the Buffer Level is 90% of the Initial Level, the Buffer Percentage will be 10%.
Barrier Level:	A specified level of the Reference Asset that is less than (or, in the case of bearish notes, greater than) the Initial Level. The Barrier Level will be a percentage of the Initial Level and set forth in the relevant pricing supplement, if applicable.
Barrier Event:	Depending upon the terms set forth in the relevant pricing supplement, a Barrier Event will occur if: (i) the Final Level is less than (or, in the case of bearish notes, greater than) the Initial Level, and (a) for notes subject to Intra-Day Monitoring, at any time during the Monitoring Period, the level of the Reference Asset is less than (or, in the case of bearish notes, greater than) the Barrier Level, or (b) for notes subject to Close of Trading Day Monitoring, on any trading day during the Monitoring Period, the closing level of the Reference Asset is less than (or, in the case of bearish notes, greater than) the Barrier Level, or (c) for notes subject to Final Valuation Date Monitoring, the Final Level is less than (or, in the case of bearish notes, greater than) the Barrier Level.
Monitoring Period:	As specified in the relevant pricing supplement, if applicable.
Initial Level:	As specified in the relevant pricing supplement.
Final Level:	The closing level of the Reference Asset on the valuation date (if there is one valuation date applicable to the notes) or the arithmetic average of the closing levels of the Reference Asset on each of the valuation dates (if there is more than one valuation date applicable to the notes), or any other dates specified in the relevant pricing supplement.
Issue Date:	As specified in the relevant pricing supplement.
Valuation Date(s):	Unless otherwise specified in the relevant pricing supplement, the valuation date, or if there is more than one valuation date, the final valuation date, will be the third trading day prior to the maturity date, subject to extension for up to seven trading days for market disruption events.
Maturity Date:	As specified in the relevant pricing supplement.
CUSIP:	As specified in the relevant pricing supplement.
Clearance and Settlement:	DTC global (including through its indirect participants Euroclear and Clearstream, Luxembourg, as described under Legal Ownership and Book-Entry Issuance in the prospectus).
Listing:	The notes will not be listed on any securities exchange or quotation system, unless otherwise described in a pricing supplement.
Calculation Agent:	Scotia Capital Inc.

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ADDITIONAL RISK FACTORS SPECIFIC TO THE NOTES

An investment in your notes is subject to the risks described below, as well as the risks described under Risk Factors in the prospectus and the prospectus supplement. Your notes are not secured debt and are riskier than ordinary unsecured debt securities. Also, investing in your notes is not equivalent to investing directly in the applicable Reference Asset. You should carefully consider whether the notes are suited to your particular circumstances. This product prospectus supplement should be read together with the prospectus, the prospectus supplement and the relevant pricing supplement. The information in the prospectus and prospectus supplement is supplemented by, and to the extent inconsistent therewith replaced and superseded by, the information in this product prospectus supplement and the relevant pricing supplement. ***This section describes the most significant risks relating to the terms of the notes and assumes, for the purposes of the risk factors that follow, that the notes will not be principal protected. We urge you to read the following information about these risks, together with the other information in this product prospectus supplement and the prospectus, the prospectus supplement and the relevant pricing supplement, before investing in the notes.***

General Risks Relating to the Notes

Your Investment in the Notes May Result in a Complete Loss of Your Investment.

The notes do not guarantee any return of principal. The amount payable on the notes at maturity will depend primarily on the Percentage Change in the level of the Reference Asset from the Initial Level to the Final Level. Because the level of the Reference Asset will be subject to market fluctuations, the return on your notes at maturity may be less, and possibly significantly less, than the principal amount per note. In such case, if the Final Level is less than (or, in the case of bearish notes, greater than) the Initial Level (and, in the case of notes with a buffer, less than (or, in the case of bearish notes with a buffer, greater than) the Buffer Level) or a Barrier Event has occurred (as applicable), the return on your notes will be less than the principal amount per note. This will be the case even if the level of the Reference Asset is greater than (or, in the case of bearish notes, less than) the Initial Level at certain periods during the term of the notes. You may lose all or a substantial portion of the amount that you invested to purchase the notes.

The Buffer Level and Barrier Level Provide Only Limited Principal Protection.

You will receive the principal amount of your notes at maturity only if, (i) in the case of notes with a buffer, the Final Level is greater than or equal to (or, in the case of bearish notes with a buffer, less than or equal to) the Buffer Level and (ii) in the case of notes with a barrier, a Barrier Event has not occurred. If the Final Level is less than (or, in the case of bearish notes, greater than) the Buffer Level or a Barrier Event has occurred, as applicable, you may lose some or all of your principal amount.

The Notes May Not Pay Interest and Your Return May Be Lower than the Return on a Conventional Debt Security of Comparable Maturity.

Unless otherwise specified in the relevant pricing supplement, there will be no periodic interest payments on the notes as there would be on a conventional fixed-rate or floating-rate debt security having the same maturity. If your notes do pay interest, the interest payments may be capped or be based on a formula linked to changes in the Reference Asset that results in interest payments equalling zero. The return that you will receive on your notes, which could be negative, may be less than the return you could earn on other investments. Even if your return is positive, your return may be less than the return you would earn if you bought a conventional senior interest bearing debt security of the Bank with the same maturity date or if you invested directly in the Reference Asset. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

Your Potential Payment at Maturity May Be Limited.

If your notes are subject to a cap or a Digital Coupon or a Participation Rate that is less than 100%, they will provide less opportunity to participate in the appreciation (or, in the case of bearish notes, depreciation) of the Reference Asset than an investment in a security linked to the Reference Asset providing full participation in the appreciation

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(or, in the case of bearish notes, depreciation), because the payment at maturity will not exceed the Maximum Redemption Amount or the principal amount plus Digital Coupon, as applicable, or because the payment at maturity does not reflect at least 100% participation in the performance of the Reference Asset. Accordingly, your return on the notes may be less than your return would be if you made an investment in a security that provides full participation in the positive (or, in the case of bearish notes, negative) performance of the Reference Asset.

Owning the Notes Is Not the Same as Owning the Reference Asset or its Components or a Security Directly Linked to the Performance of the Reference Asset or its Components.

The return on your notes will not reflect the return you would realize if you actually owned the Reference Asset or its components or a security that provides full participation in the performance of the Reference Asset or its underlying components and held that investment for a similar period because:

- your notes may be subject to a cap or Digital Coupon, or a Participation Rate of less than 100%; and
- the equity index or indices to which your notes are linked may be calculated in part by reference to the prices of the applicable component stocks, without taking into consideration the value of any dividends paid on those stocks.

Your notes may trade or be valued quite differently from the Reference Asset. Changes in the level of the Reference Asset may not result in comparable changes in the market value of your notes. Even if the level of the Reference Asset increases (or, in the case of bearish notes, decreases) from the Initial Level during the term of the notes, the market value of the notes prior to maturity may not increase to the same extent. It is also possible for the market value of the notes prior to maturity to decrease while the level of the Reference Asset increases (or, in the case of bearish notes, decreases).

There May Not Be an Active Trading Market for the Notes Sales in the Secondary Market May Result in Significant Losses.

There may be little or no secondary market for the notes. The notes will not be listed on any securities exchange, unless otherwise disclosed in the applicable pricing supplement. Scotia Capital (USA) Inc. and other affiliates of the Bank may make a market for the notes; however, they are not required to do so. Scotia Capital (USA) Inc. or any other affiliate of the Bank may stop any market-making activities at any time. Even if a secondary market for the notes develops, it may not provide significant liquidity or trade at prices advantageous to you and as a result you may not be able to sell your notes in the secondary market. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your notes in any secondary market could be substantial. **If you sell your notes before maturity, you may have to do so at a substantial discount from the issue price, and as a result, you may suffer substantial losses.**

The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors.

The following factors, which are beyond our control, may influence the market value of your notes:

- the level of the Reference Asset, including, in the case of notes that have a buffer, whether the level of the Reference Asset trades or closes at a level below the Buffer Level or, in the case of notes that have a Barrier, whether a Barrier Event has occurred;
- if your notes are subject to a cap or a Digital Coupon, your potential return on the notes will be limited;
- if your notes are subject to a Participation Rate not equal to 100%, your potential return will not directly match the performance of the Reference Asset;
- the volatility (i.e., the frequency and magnitude of changes) of the level of the Reference Asset;

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- the dividend rate on the applicable component stocks;

- economic, financial, political, military, regulatory, legal and other events that affect the applicable securities markets generally and the U.S. markets in particular, and which may affect the level of the Reference Asset;

- if the Reference Asset includes one or more indices that have returns that are calculated based upon currencies other than the U.S. dollar or prices in one or more non-U.S. markets, changes in, and the volatility of, the exchange rates between the U.S. dollar and the relevant non-U.S. currency or currencies could have a negative impact on the payments due on your notes and their market value;

- interest and yield rates in the market; and

- the time remaining to maturity of the notes.

These factors may influence the market value of your notes if you sell your notes before maturity. Our creditworthiness, as represented by our credit ratings or as otherwise perceived in the market, will also affect the market value of your notes. If you sell your notes prior to maturity, you may receive substantially less than the principal amount of your notes.

Payments on the Notes Are Subject to Our Credit Risk, and Changes in Our Credit Ratings Are Expected to Affect the Market Value of the Notes.

The notes are the Bank s senior unsecured debt securities and are not, either directly or indirectly, an obligation of any third party. As a result, your receipt of the amount due on the maturity date is dependent upon the Bank s ability to repay its obligations at that time. This will be the case even if the level of the Reference Asset increases (or, in the case of bearish notes, decreases) after the pricing date. Any payment to be made on the notes, including any repayment of principal at maturity, depends on the ability of the Bank to satisfy its obligations as they come due, whether or not the relevant pricing supplement specifies the notes are principal protected. No assurance can be given as to what our financial condition will be at the maturity of the notes.

If Your Notes Are Linked to a Basket, Changes in the Level of One or More Basket Components May Be Offset by Changes in the Level of One or More Other Basket Components.

Your notes may be linked to a Basket. In such a case, a change in the levels of one or more Basket Components may not correlate with changes in the levels of one or more other Basket Components. The level of one or more Basket Components may increase, while the level of one or more other Basket Components may not increase as much, or may even decrease. The opposite changes may occur in the case of bearish notes. Therefore, in determining the level of the Basket as of any time, increases (or, in the case of bearish notes, decreases) in the level of one Basket Component may be moderated, or wholly offset, by lesser increases or decreases (or, in the case of bearish notes, lesser decreases or increases) in the level of one or more other Basket Components. If the weightings of the applicable Basket Components are not equal, changes in the level of the Basket Components which are more heavily weighted could have a disproportionately adverse impact upon your notes.

The Amount to Be Paid at Maturity Will Not Be Affected by All Developments Relating to the Reference Asset. Changes in the level of the Reference Asset during the term of the notes before the relevant valuation date or valuation dates will not be reflected in the calculation of the payment at maturity, unless the level of the Reference Asset trades or closes below (or, in the case of bearish notes, above) the Barrier Level, as applicable. The calculation agent will calculate this amount by comparing only the Final Level to the Initial Level (or the Buffer Level, as applicable) and, in the case of notes that have a barrier, by comparing the trading level or closing level of the Reference Asset during the Monitoring Period or on the valuation date(s), as applicable, to the Barrier Level. No other levels of the Reference Asset will be taken into account. As a result, you may receive less than the principal amount of your notes, even if the level of the Reference Asset has increased (or, in the case of bearish notes, decreased) at certain times during the term of the notes before decreasing to a level below (or, in the case of bearish notes, increasing to a level above) the Initial Level (or Buffer Level, as applicable) and, if applicable, below (or, in the case of bearish notes, above) the Barrier Level as of the relevant dates.

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We Will Not Hold Any Asset Comprising the Reference Asset for Your Benefit.

The indenture and the terms governing your notes do not contain any obligation on us or our affiliates to hedge nor any restriction on our ability or the ability of any of our affiliates to sell, pledge or otherwise convey all or any portion of the securities that may comprise the Reference Asset that we or they may acquire. There can be no assurance that any hedging transaction we or our affiliates may undertake with respect to our exposure under the notes will be successful or will be maintained over the term of the notes. Neither we nor our affiliates will pledge or otherwise hold any assets for your benefit, including any Reference Asset or its components. Consequently, in the event of our bankruptcy, insolvency or liquidation, any of those assets that we own will be subject to the claims of our creditors generally and will not be available for your benefit specifically.

The Market Value of Your Notes Will Likely Decline at an Accelerated Rate as the Level of the Reference Asset Approaches and Drops Below (or, in the Case of Bearish Notes, Rises Above) the Barrier Level.

If your notes have a barrier, when the trading level or closing level, as applicable, of the Reference Asset on any trading day declines (or, in the case of bearish notes, rises) from the Initial Level to a level near the Barrier Level for the first time, the market value of the notes will likely decline at a greater rate than the decrease (or, in the case of bearish notes, increase) in the level of the Reference Asset. If the level of the Reference Asset is near or below (or, in the case of bearish notes, above) the Barrier Level, we expect the market value of the notes to decline to reflect the fact that investors may receive less than their principal amount at maturity.

You Must Rely on Your Own Evaluation of the Merits of an Investment Linked to the Reference Asset.

In the ordinary course of their business, we or our affiliates may have expressed views on expected movements in any Reference Asset or its components, and may do so in the future. These views or reports may be communicated to our clients and clients of our affiliates. However, these views are subject to change from time to time. Moreover, other professionals who transact business in markets relating to any Reference Asset or its components may at any time have significantly different views from those of us or our affiliates. For these reasons, you are encouraged to derive information concerning the applicable Reference Asset or its components from multiple sources, and you should not rely solely on views expressed by us or our affiliates.

The Initial Level May be Determined after the Pricing Date of the Notes.

If so specified in the relevant pricing supplement, the Initial Level will be determined based on the arithmetic average of the closing levels of the Reference Asset on certain specified dates. One or more of these days may occur on or following the pricing date or the issue date of the notes; as a result, the Initial Level may not be determined, and you may therefore not know such value, until after the issue date. If there are any increases (or in the case of bearish notes, decreases) in the closing levels of the Reference Asset on any relevant dates used to determine the Initial Level that occur after the pricing date, and such increases (or decreases) result in the Initial Level being higher (or in the case of bearish notes, lower) than the closing level on the pricing date, this may establish higher levels (or in the case of bearish notes, lower levels) that the Reference Asset must achieve for you to attain a positive return on your investment or to avoid a loss of principal at maturity.

Changes that Affect an Index Included in the Reference Asset Will Affect the Market Value of the Notes and the Amount You Will Receive at Maturity.

The policies of a sponsor of any index that may be included in the Reference Asset (the Index Sponsor) concerning the calculation of that index, additions, deletions or substitutions of the components of that index and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the index and, therefore, could affect the amount payable on the notes at maturity, and the market value of the notes prior to maturity. The amount payable on the notes and their market value could also be affected if the Index Sponsor changes these policies, for example, by changing the manner in which it calculates the index, or if the Index Sponsor discontinues or suspends calculation or publication of the index, in which case it may become difficult to determine the market value of the notes. If events such as these occur, or if the level of the index is not available on the valuation date or dates because of a market disruption event or for any other reason and no successor index is selected, the calculation agent may determine the level of the index and thus the amount payable at maturity in a manner it considers appropriate, in its sole discretion. Under certain circumstances, the determinations of the calculation agent will be confirmed by one or more independent calculation experts. See Appointment of Independent Calculation Experts .

Trading and Other Transactions by the Bank or its Affiliates in the Reference Asset or Its Components, Futures, Options, Exchange-Traded Funds or Other Derivative Products May Adversely Affect the Market Value of the Notes.

As described below under Use of Proceeds and Hedging, we or one or more affiliates may, but are not required to, hedge our obligations under the notes by purchasing or selling the Reference Asset or its components, futures or options on the Reference Asset or its components, or exchange-traded funds or other derivative instruments with returns linked or related to changes in the performance of the Reference Asset or its components. We or our affiliates may adjust these hedges by, among other things, purchasing or selling those assets at any time. Although they are not expected to, any of these hedging activities may adversely affect the level of the Reference Asset or its components, and, therefore, the market value of the notes. It is possible that we or one or more of our affiliates could receive substantial returns from these hedging activities while the market value of the notes decreases.

We or one or more of our affiliates may also engage in trading in the Reference Asset or its components and other investments relating to those assets on a regular basis as part of our general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could adversely affect the level of the Reference Asset or its components and, therefore, the market value of the notes. We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the Reference Asset or its components. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the market value of the notes.

The Inclusion in the Purchase Price of the Notes of an Underwriting Commission and of Our Cost of Hedging Our Market Risk under the Notes is Likely to Adversely Affect the Market Value of the Notes.

The price at which you purchase the notes includes an underwriting commission, as well as the costs that we (or one of our affiliates) expect to incur in the hedging of our market risk under the notes. The hedging costs include the expected cost of undertaking this hedge, as well as the profit that we (or our affiliates) expect to realize in consideration for assuming the risks inherent in providing the hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your notes prior to maturity will likely be less and possibly substantially less than your original purchase price. We expect that this effect will be greater if such sale occurs earlier in the term of the notes than if such sale occurs later in the term of the notes.

We Have No Affiliation with Any Index Sponsor and Will Not Be Responsible for Any Actions Taken by an Index Sponsor.

Unless otherwise specified in the relevant pricing supplement, no Index Sponsor is an affiliate of ours or will be involved in any offerings of the notes in any way. Consequently, we have no control of the actions of any Index Sponsor, including any actions of the type that would require the calculation agent to adjust the payment to you at maturity. No Index Sponsor has any obligation of any sort with respect to the notes. Thus, no Index Sponsor has any obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the notes. None of our proceeds from any issuance of the notes will be delivered to any Index Sponsor, except to the extent that we are required to pay an Index Sponsor licensing fees with respect to an index included in the Reference Asset.

The Business Activities of the Bank or its Affiliates May Create Conflicts of Interest.

As noted above, we and our affiliates expect to engage in trading activities related to the Reference Asset or its components that are not for the account of holders of the notes or on their behalf. These trading activities may present a conflict between the holders interests in the notes and the interests we and our affiliates will have in our or their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the level of the Reference Asset or its components, could be adverse to the interests of the holders of the notes. We and one or more of our affiliates may, at present or in the future, engage in business with the issuers of the equity securities included in a Reference Asset or the issuers of component stocks of any index that is included in a Reference Asset, including making loans to or providing advisory services to those companies. These services could include investment banking and merger and acquisition advisory services. These activities may present a conflict between our or one or more of our affiliates obligations and your interests as a holder of the notes. Moreover, we and our affiliates may have published, and in the future expect to publish, research reports with respect to the Reference Asset or its components. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the notes. Any of these activities by us or one or more of our affiliates may affect the level of the Reference Asset or its components and, therefore, the market value of the notes.

The Calculation Agent Can Postpone the Determination of the Final Level if a Market Disruption Event Occurs.

The determination of an interim level or the Final Level may be postponed if the calculation agent determines that a market disruption event has occurred or is continuing on any valuation date with respect to the Reference Asset. If such a postponement occurs, the calculation agent will use the closing level of the Reference Asset on the first subsequent business day on which no market disruption event occurs or is continuing. In no event, however, will any valuation date be postponed by more than seven trading days. As a result, if a market disruption event occurs or is continuing on a valuation date, the maturity date for the notes could also be postponed, although not by more than seven trading days.

If the determination of the level of the Reference Asset for any valuation date is postponed to the last possible day, but a market disruption event occurs or is continuing on that day, that day will nevertheless be the date on which the level of the Reference Asset will be determined by the calculation agent. In such an event, the calculation agent will make a good faith estimate in its sole discretion of the level that would have prevailed in the absence of the market disruption event. See General Terms of the Notes Market Disruption Events . Under certain circumstances, the determinations of the calculation agent will be confirmed by one or more independent calculation experts. See Appointment of Independent Calculation Experts .

There Are Potential Conflicts of Interest Between You and the Calculation Agent.

The calculation agent will, among other things, determine the amount of your payment at maturity on the notes. Our affiliate, Scotia Capital Inc., will serve as the calculation agent. We may change the calculation agent after the original issue date without notice to you. The calculation agent will exercise its judgment when performing its functions. For example, the calculation agent may have to determine whether a market disruption event affecting the Reference Asset has occurred, and make certain adjustments with respect to the Reference Asset if certain corporate events occur. This determination may, in turn, depend on the calculation agent s judgment whether the event has materially interfered with our ability or the ability of one of our affiliates to unwind our hedge positions. Since this determination by the calculation agent will affect the payment at maturity on the notes, the calculation agent may have a conflict of interest if it needs to make a determination of this kind. Under certain circumstances, the determinations of the calculation agent will be confirmed by one or more independent calculation experts. See Appointment of Independent Calculation Experts .

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The Historical Performance of the Reference Asset or its Components Should Not Be Taken as an Indication of Their Future Performance.

The level of the Reference Asset will determine the amount to be paid on the notes at maturity. The historical performance of the Reference Asset or its components does not necessarily give an indication of their future performance. As a result, it is impossible to predict whether the level of the Reference Asset will rise or fall during the term of the notes. The level of the Reference Asset and its components will be influenced by complex and interrelated political, economic, financial and other factors.

Significant Aspects of the Tax Treatment of the Notes Are Uncertain.

The tax treatment of the notes is uncertain. We do not plan to request a ruling from the Internal Revenue Service or from any Canadian authorities regarding the tax treatment of the notes, and the Internal Revenue Service, Canadian tax authorities or a court may not agree with the tax treatment described in this product prospectus supplement.

The Internal Revenue Service has issued a notice indicating that it and the Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the notes even though that holder will not receive any payments with respect to the notes until maturity and whether all or part of the gain a holder may recognize upon sale or maturity of an instrument such as the notes could be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the sections entitled Supplemental Discussion of U.S. Federal Income Tax Consequences in this product prospectus supplement and the section entitled Certain Income Tax Consequences in the prospectus supplement. You should consult your tax advisor about your own tax situation.

U.S. Taxpayers Will be Required to Pay Taxes Each Year on Notes that Are Treated as Contingent Payment Debt Instruments and Notes that Are Issued with Original Issue Discount

If the notes are subject to special rules governing contingent payment debt instruments for U.S. federal income tax purposes and the holder is a U.S. individual or taxable entity, that holder generally will be required to pay taxes on ordinary income over the term of such notes based on the comparable yield for the notes, even though that holder may not receive any payments from us until maturity. This comparable yield is determined solely to calculate the amounts a holder will be taxed on prior to maturity and is neither a prediction nor a guarantee of what the actual yield will be. Any gain that may be recognized on the sale, redemption or maturity of such notes will generally be ordinary income. Any loss that may be recognized upon the sale, redemption or maturity of such notes will generally be ordinary loss to the extent of the interest that the holder included as income in the current or previous taxable years in respect of the notes and thereafter will be capital loss. The deductibility of capital losses is subject to limitations.

Similarly, if the notes are treated as issued with original issue discount, U.S. holders will be required to accrue interest on the notes and pay tax accordingly, even though such holders may not receive any payments from us until maturity. For further discussion, see Supplemental Discussion of U.S. Federal Income Tax Consequences.

Non-U.S. Investors May Be Subject to Certain Additional Risks.

The notes will be denominated in U.S. dollars. If you are a non-U.S. investor who purchases the notes with a currency other than U.S. dollars, changes in rates of exchange may have an adverse effect on the value, price or returns of your investment.

This product prospectus supplement contains a general description of certain U.S. tax considerations and certain Canadian tax considerations relevant to Non-Resident Holders (as defined) relating to the notes. If you are a non-U.S. investor, you should consult your tax advisors as to the consequences, under the tax laws of the country where you are resident for tax purposes, of acquiring, holding and disposing of the notes and receiving the payments that might be due under the notes.

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Considerations for Employee Benefit Plans.

This section is relevant only if you are a fiduciary within the meaning of Section3(21) of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA) (including an insurance company and any fund manager treated as a fiduciary under the U.S. Department of Labor s Regulations Section 2510.3-101 as modified by Section 3(42) of ERISA (the Plan Asset Regulation) of a pension or employee benefit plan (as defined in Section 3(3) of ERISA), including certain governmental, church and non-U.S. plans and IRAs and Keogh plans. These persons should consult with their counsel regarding the deemed representations they are required to make. See Certain Considerations for Employee Benefit Plans on page PS-29.

Risks Relating to the Applicable Reference Asset

You Will Not Have Any Shareholder Rights and Will Have No Right to Receive any Shares of the Reference Asset at Maturity.

Investing in your notes will not make you a holder of any of the constituent stocks of the Reference Asset. Neither you nor any other holder or owner of the notes will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to any of these securities.

An Investment in the Notes May Be Subject to Risks Associated with Non-U.S. Securities Markets.

The Reference Asset may include one or more equity securities that have been issued by non-U.S. companies. An investment in securities linked to the value of non-U.S. equity securities involves particular risks. Non-U.S. securities markets may be more volatile than U.S. securities markets, and market developments may affect non-U.S. securities markets differently from the U.S. securities markets. Direct or indirect government intervention to stabilize these non-U.S. securities markets, as well as cross shareholdings among non-U.S. companies, may affect trading prices and volumes in those securities markets. Also, there is generally less publicly available information in the United States about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the SEC, and non-U.S. companies are subject to accounting, disclosure, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Securities prices of non-U.S. companies are subject to political, economic, financial and social factors that may be unique to the particular country. These factors, which could negatively affect the non-U.S. securities markets, include the possibility of recent or future changes in the economic and fiscal policies of non-U.S. governments, the possible imposition of, or changes in, currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. equity securities, the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health developments in the region. Moreover, the economies of certain foreign countries may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, trade surpluses or deficits, capital reinvestment, resources and self-sufficiency.

The Return on the Notes Will Be Exposed to Fluctuations in Exchange Rates that Might Affect the Level of the Reference Asset and the Payment at Maturity.

Because the securities included in the Reference Asset may be traded in currencies other than U.S. dollars, and the notes are denominated in U.S. dollars, the amount payable on the notes at maturity may be exposed to fluctuations in the exchange rate between the U.S. dollar and each of the currencies in which those securities are denominated. These changes in exchange rates may reflect changes in various non-U.S. economies that in turn may affect the payment on the notes at maturity. An investor s net exposure will depend on the extent to which the currencies in which the relevant securities are denominated either strengthen or weaken against the U.S. dollar and the relative weight of each security. If, taking into account such weighting, the U.S. dollar strengthens (or, in the case of bearish notes, weakens) against the currencies in which the relevant securities are denominated, the value of those securities may be adversely affected and the level of the Reference Asset may be adversely affected as well. In turn, the payment on the notes at maturity may be adversely affected.

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We Do Not Control Any Company Included in a Reference Asset and Are Not Responsible for Any Disclosure Made by Any Other Company.

Neither we nor any of our affiliates have the ability to control the actions of any of the companies whose securities are included in a Reference Asset, nor do we assume any responsibility for the adequacy or accuracy of any publicly available information about any of these companies, unless (and only to the extent that) our securities or the securities of our affiliates are represented by that Reference Asset. You should make your own investigation into the companies represented by the applicable Reference Asset.

Other Risk Factors Relating to the Applicable Reference Asset

The relevant pricing supplement may set forth additional risk factors as to the Reference Asset that you should review prior to purchasing the notes.

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GENERAL TERMS OF THE NOTES

You should carefully read the description of the terms and provisions of our debt securities and our senior debt indenture under Description of the Debt Securities We May Offer in the accompanying prospectus. That section, together with this product prospectus supplement, the prospectus supplement and the applicable pricing supplement, summarizes all the material terms of our senior debt indenture and your note. They do not, however, describe every aspect of our senior debt indenture and your note. For example, in this section entitled Description of the Notes, in the accompanying prospectus, prospectus supplement and the applicable pricing supplement, we use terms that have been given special meanings in our senior debt indenture, but we describe the meanings of only the more important of those terms. The specific terms of any series of notes will be described in the relevant pricing supplement. As you read this section, please remember that the specific terms of your note as described in your pricing supplement will supplement and, if applicable, may modify or replace the general terms described in this section. If your pricing supplement is inconsistent with this product prospectus supplement, the accompanying prospectus or the prospectus supplement, your Pricing Supplement will control with regard to your note. Thus, the statements we make in this section may not apply to your note.

Please note that in this section entitled General Terms of the Notes , references to holders mean those who own notes registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in notes registered in street name or in notes issued in book-entry form through The Depository Trust Company (DTC) or another depositary. Owners of beneficial interests in the notes should read the section entitled Legal Ownership and Book-Entry Issuance in the prospectus.

In addition to the terms described in the Summary section above, the following general terms will apply to the notes, including your notes:

Specified Currency

Unless otherwise specified in the relevant pricing supplement, all payments, if any, on the notes will be made in U.S. dollars ($).

Form and Denomination

The notes will be issued only in global form through DTC. Unless otherwise specified in the relevant pricing supplement, the notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000.

No Listing

Your notes will not be listed or displayed on any securities exchange or included in any interdealer market quotation system, unless otherwise disclosed in the applicable pricing supplement.

Defeasance, Default Amount, Other Terms

Neither full defeasance nor covenant defeasance will apply to your notes. The following will apply to your notes:

- the default amount will be payable on any acceleration of the maturity of your notes as described under Default Amount on Acceleration below;

- a business day for your notes will have the meaning described under Special Calculation Provisions Business Day below; and

- a trading day for your notes will have the meaning described under Special Calculation Provisions Trading Day below.

Please note that the information about the issuance, issue date, issue price discog-right:5.4pt; padding-top:0pt; padding-bottom:0pt' valign="bottom" width="118">

12,000 (44)

0

*

Jill Simon

21,818.40 (45)

21,818.40 (45)

0

*

JMG Capital Partners LP

120,000 (46)

120,000 (46)

0

*

JMG Triton Offshore Fund Ltd

120,000 (47)

120,000 (47)

0

*

Kenneth Kaplan

10,909.20 (48)

10,909.20 (48)

0

*

Lee Harrison Corbin and Daniel A. Corbin

18,000 (49)

18,000 (49)

0

*

Matthew D. Myers	5,460 (50)	5,460 (50)	0	*
Pershing LLC as custodian for Melton Pipes IRA	5,454 (51)	5,454 (51)	0	*
Michael B. Gray	6,000 (52)	6,000 (52)	0	*
Nite Capital LP	109,090.80 (53)	109,090.80 (53)	0	*
Norman Goldberg	10,909.20 (54)	10,909.20 (54)	0	*
RAQ, LLC	109,090.80 (55)			

109,090.80 (55)

0

*

Ronald Davi

32,727.60 (56)

32,727.60 (56)

0

*

Rune Medhus and Elisa Medhus

17,493.60 (57)

17,493.60 (57)

0

*

Sanders Opportunity Fund (Institutional) LP

91,656 (58)

91,656 (58)

0

*

Sanders Opportunity Fund LP

28,344 (59)

28,344 (59)

0

*

SF Capital Partners Ltd.

390,000 (60)

390,000 (60)

0

				*
Smithfield Fiduciary LLC	327,272.40 (61)	327,272.40 (61)	0	*
SRG Capital, LLC	240,000 (62)	240,000 (62)	0	*
Stanley Katz	18,546 (63)	18,546 (63)	0	*
Steven J. Mayer	5,454 (64)	5,454 (64)	0	*
Steven Hall / Rebecca Hall JTWROS	5,460 (65)	5,460 (65)	0	*
Sunrise Equity Partners LP				

	109,090.80 (66)	109,090.80 (66)	0	*
Thomas E. Asarch and Barbara Asarch	10,909.20 (67)	10,909.20 (67)	0	*
Tom and Nancy Juda Trust	120,000 (68)	120,000 (68)	0	*
Truk International Fund, LP	17,673.60 (69)	17,673.60 (69)	0	*
Truk Opportunity Fund, LLC	178,690.80 (70)	178,690.80 (70)	0	*

TWM Associates LLC	10,909.20 (71)	10,909.20 (71)	0	*
Valerie B. Lens	10,909.20 (72)	10,909.20 (72)	0	*
Vincent Vazquez	14,400 (73)	14,400 (73)	0	*
Sanders Morris Harris Inc.	125,000 (74)	125,000 (74)	0	*

*Less than 1%.

(1) Assumes that all of the securities offered hereby are sold.

(2) Includes 6,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(3) Includes 18,181.80 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(4) Includes 2,880 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(5) Includes 36,936 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(6) Includes 20,184 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(7) Includes 6,526 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(8) Includes 914 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(9) Includes 12,560 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(10) Includes 1,500 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Elisa Medhus MD is the spouse of Rune Medhus, an employee of Sanders Morris Harris Inc., which is a registered broker/dealer and member of the NASD. These securities were purchased and are held in the ordinary course of business for the personal account of the Atlantis Software Company Employee Profit Sharing Plan.

(11) Includes 1,818.20 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(12) Includes 1,500 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Ben T. Morris is Chief Executive Officer of Sanders Morris Harris, Inc., a registered broker/dealer and member of the NASD. These securities were purchased and are held in the ordinary course of business for the account of Mr. Morris.

(13) Includes 6,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(14) Includes 909 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(15) Includes 1,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(16) Includes 40,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Bluegrass Growth Fund Partners, LLC is the general partner of Bluegrass Growth Fund L.P. By virtue of such relationship, Bluegrass Growth Fund Partners, LLC may be deemed to have voting and dispositive power over the shares owned by Bluegrass Growth Fund LP. Bluegrass Growth Fund Partners, LLC disclaims beneficial ownership of such shares. Mr. Brian Shatz has delegated authority from the partners of Bluegrass Growth Fund Partners, LLC with respect to the shares of common stock owned by Bluegrass Growth Fund LP. Mr. Shatz may be deemed to have voting and dispositive power over the shares of common stock owned by Bluegrass Growth Fund LP. Mr. Shatz disclaims beneficial ownership of such shares of our common stock and has no legal right to maintain such delegated authority.

(17) Includes 909.80 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Brede C. Kelfos is an employee of Sanders Morris Harris, Inc., a registered broker/dealer and member of the NASD. These securities were purchased and are held in the ordinary course of business for the investment retirement account of Mr. Klefos.

(18) Includes 4,600 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(19) Includes 6,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Stanley Katz and Andrew Katz share control of the voting and disposition of the shares of Home Solutions common stock held by this selling stockholder.

(20) Includes 25,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(21) Includes 909 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(22) Includes 1,818.20 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(23) Includes 3,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(24) Includes 20,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. J. Howard Coale has the power to control the voting and disposition of the shares of Home Solutions common stock held by this selling stockholder.

(25) Includes 14,545.80 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Mel Craw, Maxi Brezzi and Bachir Taleb-Ibrahimi, in their capacity as managers of Cantara (Switzerland) SA, the investment adviser to Crescent International Ltd, have voting control and investment discretion over the shares of Home Solutions common stock owned by Crescent International Ltd. Messrs. Craw, Brezzi and Taleb-Ibrahimi disclaim beneficial ownership of such shares.

(26) Includes 50,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Stewart Flink, Robert Hoyt and Daniel Warsh have shared power to control the voting and disposition of the shares of Home Solutions common stock held by Crestview Capital Master Fund LLC. Messrs Flink, Hoyt and Warsh disclaim beneficial ownership of the shares.

(27) Includes 400 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Erik Klefos is an employee of Sanders Morris Harris, Inc., a registered broker/dealer and member of the NASD. These securities were purchased and are held in the ordinary course of business for the investment retirement account of Mr. Klefos.

(28) Includes 69,091 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. DKR SoundShore Oasis Holding Fund Ltd. is a master fund in a master-feeder structure. The fund's investment manager is DKR Oasis Management Company LP. Pursuant to an investment management agreement among the fund, the feeder funds and the investment manager, the investment manager has the authority to do any and all acts on behalf of the fund, including voting any shares held by the fund. Mr. Seth Fischer is the managing partner of Oasis Management Holdings LLC, one of the general partners of the investment manager. Mr. Fisher has ultimate responsibility for trading with respect to the Fund. Mr. Fisher disclaims beneficial ownership of the shares.

(29) Includes 1,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Don Weir is an employee of Sanders Morris Harris, Inc., a registered broker/dealer and member of the NASD. These securities were purchased and are held in the ordinary course of business for the account of Mr. Weir and Julie Ellen Weir Tenants in Common.

(30) Includes 1,818.20 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(31) Includes 6,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(32) Includes 42,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Mr. Mitch Levine has the power to control the voting and disposition of the shares of Home Solutions common stock held by this selling stockholder. Mr. Levine disclaims beneficial ownership of the shares.

(33) Includes 8,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Mr. Mitch Levine has the power to control the voting and disposition of the shares of Home Solutions common stock held by this selling stockholder. Mr. Levine disclaims beneficial ownership of the shares.

(34) Includes 9,090.80 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(35) Includes 1,500 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. George L. Ball is Chairman of the Board of Sanders Morris Harris, Inc., a registered broker/dealer and member of the NASD. These securities were purchased and are held in the ordinary course of business for the account of Mr. Ball.

(36) Includes 4,363.60 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(37) Includes 909 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(38) Includes 909 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(39) Includes 53,333.40 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. E. B. Lyon IV has the power to control the voting and disposition of the shares of Home Solutions common stock held by this selling stockholder. E. B. Lyon IV disclaims beneficial ownership of the shares.

(40) Includes 26,666.60 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. E. B. Lyon IV has the power to control the voting and disposition of the shares of Home Solutions common stock held by this selling stockholder. E. B. Lyon IV disclaims beneficial ownership of the shares.

(41) Includes 3,636.40 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(42) Includes 92,727.20 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Mr. Joshua Silverman has the power to control the voting and disposition of the shares of Home Solutions common stock held by this selling stockholder. Mr. Silverman disclaims beneficial ownership of the shares.

(43) Includes 1,818.20 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(44) Includes 2,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(45) Includes 3,636.40 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(46) Includes 20,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. JMG Capital Partners, L.P. is a California limited partnership. Its general partner is JMG Capital Management, LLC, a Delaware limited liability company and an investment adviser that has voting and dispositive power over the shares being registered on behalf of JMG Capital Partners, L.P. The equity interests of JMG Capital Management, LLC are owned by JMG Capital Management, Inc., a California corporation and Asset Alliance Holding Corp., a Delaware corporation. Jonathan M. Glaser is the executive officer and director of JMG Capital Management, Inc. and has sole investment discretion over JMG Capital Partners, L.P.'s portfolio holdings.

(47) Includes 20,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. JMG Triton Offshore Fund, Ltd. is an international business company organized under the laws of the British Virgin islands. JMG Triton Offshore Fund, Ltd.'s investment manager is Pacific Assets Management LLC, a Delaware limited liability company that has voting and dispositive power over the shares being registered on behalf of JMG Triton Offshore Fund, Ltd. The equity interests of Pacific Assets Management LLC are owned by Pacific Capital Management, Inc., a California corporation and Asset Alliance Holdings Corp., a Delaware corporation. The equity interests of Pacific Asset Management, Inc are owned by Messrs. Roger Richter, Jonathan M. Glaser and Daniel A. David. Messrs. Glaser and Richter have sole investment discretion over JMG Triton Offshore Fund, Ltd.'s portfolio holdings.

(48) Includes 1,818.20 shares issuable upon exercise of warrants at an exercise price of $5.50 per share

(49) Includes 3,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(50) Includes 910 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(51) Includes 909 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(52) Includes 1,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(53) Includes 18,181.80 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Keith Goodman, a manager of the general partner of Nite Capital LP has the power to control the voting and disposition of the shares of Home Solutions common stock held by this selling stockholder. Mr. Goodman disclaims beneficial ownership of these shares.

(54) Includes 1,818.20 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(55) Includes 18,181.80 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. RAQ, LLC is a limited liability company, whose managing member is Lindsay A. Rosenwald, M.D., who is the sole shareholder and Chairman of Paramount Biocapital,, Inc. a NASD member broker-dealer. Lindsay A. Rosenwald, M.D. has the power to control the voting and disposition of the shares of Home Solutions common stock held by this selling stockholder.

(56) Includes 5,454.60 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(57) Includes 2,915.60 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Renu Medhus is an employee of Sanders Morris Harris, Inc., a registered broker/dealer and member of the NASD. These securities were purchased and are held in the ordinary course of business for the account of Mr. Medhus and Elisa Medhus.

(58) Includes 15,276 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Don A. Sanders, the Chief Investment Officer of Sanders Opportunity Fund (Institutional), L.P., exercises voting and investment authority over the Home Solutions common stock held by this selling stockholder. Mr. Sanders is the Chairman of the Executive Committee of Sanders Morris Harris Inc., which is a registered broker/dealer and is a member of the NASD. These securities were purchased and are held in the ordinary course of business for the account of Sanders Opportunity Fund (Institutional), L.P.

(59) Includes 4,724 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Don A. Sanders, the Chief Investment Officer of Sanders Opportunity Fund, L.P., exercises voting and investment authority over the Home Solutions common stock held by this selling stockholder. Mr. Sanders is the Chairman of the Executive Committee of Sanders Morris Harris Inc., which is a registered broker/dealer and is a member of the NASD. These securities were purchased and are held in the ordinary course of business for the account of Sanders Opportunity Fund, L.P.

(60) Includes 65,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Mr. Michael A. Roth and Mr. Brian J. Stark control voting and disposition of shares of Home Solutions common stock held by this selling stockholder. Messrs. Roth and Stark disclaim beneficial ownership of the shares.

(61) Includes 54,545.40 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Highbridge Capital Management, LLC is the trading manager of Smithfield Fiduciary LLC and has voting control and investment decision over securities held by Smithfield Fiduciary LLC. Glenn Dubin and Henry Swieca control Highbridge Capital Management LLC. Each of Highbridge Capital Management, LLC, Glenn Dubin and Henry Swieca disclaims beneficial ownership of the shares of Home Solutions common stock held by Smithfield Fiduciary LLC.

(62) Includes 40,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Mr. Edwin MeCabe and Tai May Lee control voting and disposition of shares of Home Solutions common stock held by SRG Capital LLC. Messrs. MeCabe and Lee disclaim beneficial ownership of the shares.

(63) Includes 3,091 shares issuable upon exercise of warrants at an exercise price of $5.50 per share

(64) Includes 909 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(65) Includes 910 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(66) Includes 18,181.80 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Level Counter, LLC is the general partner of Sunrise Equity Partners, L.P. Mr. Nathan Low, Ms. Marilyn Adler and Mr. Amnon Mandelbaum share control over Level Counter, LLC, and thus, share control of the voting and disposition of the shares of Home Solutions common stock held by Sunrise Equity Partners, L.P.

(67) Includes 1,818.20 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(68) Includes 20,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share Tom Juda and Nancy Juda, co-trustees of the Tom and Nancy Juda Living Trust, exercise voting and investment authority over the shares held by this selling stockholder. Tom Juda is an employee of Sanders Morris Harris, Inc., a registered broker/dealer and member of the NASD. These securities were purchased and are held in the ordinary course of business for the personal account of the Tom and Nancy Juda Living Trust.

(69) Includes 2,945.60 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Michael E. Fein and Stephen E. Saltzstein, as principals of Atoll Asset Management, LLC, the Managing Member of Truk International Fund, LP, exercise investment and voting control over the securities owned by Truk International Fund, LP. Both Mr. Fein and Mr. Saltzstein disclaim beneficial ownership of the securities owned by Truk International Fund, LP.

(70) Includes 29,781.80 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Michael E. Fein and Stephen E. Saltzstein, as principals of Atoll Asset Management, LLC, the Managing Member of Truk Opportunity Fund, LLC, exercise investment and voting control over the securities owned by Truk Opportunity Fund, LLC. Both Mr. Fein and Mr. Saltzstein disclaim beneficial ownership of the securities owned by Truk Opportunity Fund, LLC.

(71) Includes 1,818.20 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. TWM Associates LLC is a New York limited liability company that is managed by Scott Stone who has the ultimate control over the voting and disposition of the shares of Home Solutions common stock held by TWM Associates LLC. Mr. Stone is not a member of TWM Associates LLC and thus, disclaims beneficial ownership of the shares.

(72) Includes 1,818.20 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(73) Includes 2,400 shares issuable upon exercise of warrants at an exercise price of $5.50 per share.

(74) Includes 125,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Includes 125,000 shares issuable upon exercise of warrants at an exercise price of $5.50 per share. Ben T. Morris serves as Chief Executive Officer of Sanders Morris Harris Inc. and, in such capacity may be deemed to exercise voting and investment authority over the Home Solutions common stock held by this selling stockholder. Additionally, Don A. Sanders serves as Chairman of the Executive Committee of Sanders Morris Harris Inc. and, in such capacity may also be deemed to exercise voting and investment authority over the Home Solutions common stock held by this selling stockholder. Sanders Morris Harris Inc. is a registered broker/dealer and is a member of the NASD.

The selling stockholders acquired the shares of common stock offered by this prospectus, including those issuable under the warrants, from Home Solutions in a private placement of 4,850,000 units, consisting of 4,850,000 shares of common stock and warrants exercisable for 970,000 shares of common stock at a price of $5.50 per unit, and placement agent warrants exercisable for 125,000 shares of common stock, which was closed on November 30, 2005. Home Solutions is registering the shares of the selling stockholders pursuant to certain registration rights granted to them under registration rights agreements entered into in connection with the transactions described above. Sanders Morris Harris Inc. acted as the placement agent in the private placement and in consideration of its services, received a placement agent fee equal to $1,867,250, placement agent warrants exercisable for 125,000 shares of common stock, and reimbursement of expenses incurred in connection with the private placement. Sanders Morris Harris Inc. is an investment banking firm, a registered broker/dealer and member of the NASD. Certain of the selling stockholders have accounts with Sanders Morris Harris Inc. Michael S. Chadwick, a member of the Board of Directors of Home Solutions, is the Senior Vice President and Managing Director of Sanders Morris Harris Inc.

PLAN OF DISTRIBUTION

The selling stockholders may offer the shares of common stock from time to time in open market transactions (which may include block transactions) or otherwise in the over-the-counter market through AMEX or in private transactions at prices relating to prevailing market prices or at negotiated prices or in any other method permitted pursuant to applicable law. The selling stockholders may effect such transactions by selling the shares to or through broker-dealers, and such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or purchasers of the shares for whom such broker-dealers may act as agent or to whom they sell as principal or both (which compensation as to a particular broker-dealer might be in excess of customary commissions).

The selling stockholders and any broker-dealer acting in connection with the sale of the shares offered hereby may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended, in which event any discounts, concessions or commissions received by them, which are not expected to exceed those customary in the types of transactions involved, or any profit on resales of the shares by them, may be deemed to be underwriting commissions or discounts under the Securities Act.

The selling stockholders may also engage in short sales against the box, puts and calls and other transactions in our securities or derivatives of our securities and may sell or deliver shares in connection with the trades. The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus. The selling security holders have the sole and absolute discretion not to accept any purchase offer or make any sale of shares it if deems the purchase price to be unsatisfactory at any particular time.

Home Solutions is registering the sale of the common stock held by the selling stockholders in satisfaction of its obligations under registration rights agreements that it entered into with each of the selling stockholders in connection with the private offerings in which such stockholders acquired their shares of common stock and common stock warrants. In those registration rights agreements, Home Solutions agreed to pay the costs, expenses and fees incurred in connection with the registration of the selling stockholders' shares, which we estimate to be approximately $25,000 (excluding selling commissions and brokerage fees incurred by the selling stockholders). Home Solutions also agreed to indemnify the selling stockholders, in connection with its registration of the sale of their shares of Home Solutions common stock, against any losses or damages to which they become subject under applicable state or federal securities laws that arise from an actual or alleged untrue statement of a material fact in this prospectus or the related registration statement or from an actual or alleged omission to state a material fact that causes the statements made in this prospectus or the registration statement to be misleading. However, Home Solutions is not responsible for indemnifying any selling stockholder against those liabilities to the extent that they arise from an untrue statement or omission that is made in reliance upon and in conformity with written information provided to Home Solutions from such stockholder for use in the preparation of this prospectus and the related registration statement. The selling stockholders agreed in return to indemnify Home Solutions against losses or damages arising from such untrue statements or omissions that are made in reliance upon the written information provided by those selling stockholders, but each stockholder's liability is limited to the proceeds received by such stockholder for the registration of the sale of its shares under this prospectus.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The Commission allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the Commission will automatically update and supersede the information that was previously incorporated by reference. We incorporate by reference the documents listed below and any future filings made with the Commission under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 until the selling stockholders sell all the shares offered in this prospectus.

- Annual Report on Form 10-KSB, for the fiscal year ended December 31, 2004.
- Quarterly Report on Form 10-QSB for the fiscal quarter ended March 31, 2005.
- Quarterly Report on Form 10-QSB for the fiscal quarter ended June 30, 2005.
- Quarterly Report on Form 10-QSB for the fiscal quarter ended September 30, 2005.

- Current Reports on Form 8-K and Form 8-K/A filed on the following dates: February 16, 2005; March 2, 2005; March 21, 2005; April 1, 2005; April 5, 2005; April 6, 2005; April 22, 2005; May 13, 2005; May 23, 2005; May 31, 2005; June 16, 2005; August 5, 2005; August 16, 2005; September 2, 2005; September 15, 2005; September 29, 2005; October 12, 2005; November 14, 2005; November 23, 2005; December 1, 2005; and January 4, 2006.
- The description of our common stock that is contained in the Home Solutions Registration Statement on Form 8-A under the Exchange Act filed June 11, 2005, including any amendments or reports filed for the purpose of updating such descriptions.

We will provide without charge to each person who receives a copy of this prospectus, upon written or oral request, a copy of any information that is incorporated by reference in this prospectus. Requests should be us at the following address:

Home Solutions of America, Inc.
1500 Dragon Street, Suite B
Dallas, Texas 75207
(972) 623-8446
Attn: Secretary

LEGAL MATTERS

The validity of the common stock offered hereby is being passed upon by Hallett & Perrin, P.C., Dallas, Texas.

EXPERTS

The consolidated financial statements of Home Solutions of America, Inc. as of and for the years ended December 31, 2003 and December 31, 2004 incorporated by reference in this Prospectus and Registration Statement on Form S-3 of which this forms a part have been audited by Corbin & Company, LLP, independent registered public accountants, as set forth in its report thereon incorporated herein by reference, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

OTHER AVAILABLE INFORMATION

We are subject to the reporting requirements of the SEC. Accordingly, we are required to file current reports with the SEC including annual reports, quarterly reports, proxy or information statements, and current reports as required by SEC rules. All reports that we file electronically with the SEC are available for viewing free of charge over the Internet via the SEC's EDGAR system at http://www.sec.gov.

We are filing a registration statement with the SEC on Form S-3 under the Securities Act of 1933 in connection with the securities offered in this prospectus. This prospectus does not contain all of the information that is in those registration statements, and you may inspect without charge, and copy all materials that we file with the SEC, at the public reference room maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of these materials may also be obtained at prescribed rates by calling the SEC public reference room at 1 800 SEC 0330.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. ***Other Expenses Of Issuance And Distribution***

It is estimated that the expenses incurred in connection with this offering will be as follows:

Fees and Expenses:	Amount Payable by the Registrant:	
SEC Registration Fee	$	3,040
AMEX Listing Fee	$	43,300
Printing and Engraving	$	10,000
Transfer Agent Fees	$	10,000
Legal Fees and Expenses	$	15,000
Placement Agent Expenses	$	15,000
Accounting Fees and Expenses	$	20,000
Expenses of Selling Stockholders	$	25,000
Total	$	141,340

All expenses other than the SEC registration fee and the AMEX listing fee are estimated. All expenses will be paid by the registrant.

Item 15. ***Indemnification Of Directors And Officers***

Section 145 of the Delaware General Corporation Law provides generally and in pertinent part that a Delaware corporation may indemnify a director or officer against expenses (including attorneys' fees), judgments, fines and settlement payments actually and reasonably incurred in connection with an action, suit or proceeding (other than an action by or in the right of the corporation) to which he is made a party by virtue of his service to the corporation, provided that he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, he had no reasonable cause to believe his conduct was unlawful. Section 145 further provides that in connection with the defense or settlement of any action by or in the right of the corporation, a Delaware corporation may indemnify its directors and officers against expenses actually and reasonably incurred by them if, in connection with the matters in issue, they acted in good faith, in a manner they reasonably believed to be in, or not opposed to, the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper. Section 145 permits a Delaware corporation to grant its directors and officers additional rights of indemnification through bylaw provisions and otherwise and to purchase indemnity insurance on behalf of its directors and officers.

Article EIGHTH of our amended and restated certificate of incorporation and article VIII of our bylaws authorize the indemnification of our directors, officers, employees and other agents to the extent and under the circumstances permitted by the Delaware General Corporation law. We maintain liability insurance for the benefit of our directors and certain of our officers. Also, we have entered into individual indemnification agreements with each of our directors and executive officers.

The above discussion of the Delaware General Corporation law and of our amended and restated certificate of incorporation, bylaws and indemnification agreements is not intended to be exhaustive and is qualified in its entirety by the full text of each such document.

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Item 16. ***Exhibits***

Exhibit Number	Description
4.1	Form of Subscription Agreement between Home Solutions of America, Inc. and the purchasers, dated as of November 22, 2005 (1)
4.2	Form of Purchase Warrant issued by Home Solutions of America, Inc. to the purchasers, dated as of November 30, 2005 (1)
4.3	Form of Registration Rights Agreement among Home Solutions of America, Inc., Sanders Morris Harris Inc., and the purchasers, dated as of November 30, 2005 (1)
4.4	Placement Agent Agreement between Home Solutions of America, Inc., and Sanders Morris Harris Inc., dated as of November 18, 2005 (1)
4.5	Placement Agent Warrant issued by Home Solutions of America, Inc. to Sanders Morris Harris Inc., dated as of November 30, 2005 (1)
4.6	Escrow Agreement between Home Solutions of America, Inc., Sterling Bank and Sanders Morris Harris Inc., dated as of November 18, 2005 (1)
5.1	Opinion of Hallett & Perrin, P.C. (2)
23.1	Consent of Corbin & Company, LLP (2)
23.2	Consent of Hallett & Perrin, P.C. (included in Exhibit 5.1)
(1)	Previously filed as an exhibit to the Current Report on Form 8-K filed by Home Solutions of America, Inc. on December 1, 2005.
(2)	Filed herewith.

Item 17. ***Undertakings***

Home Solutions hereby undertakes that it will file, during any period in which it offers or sells securities, a post-effective amendment to this registration statement to:

(i) Include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of the Registration Fee" table in the effective registration statement; and

(iii) Include any additional or changed material information on the plan of distribution.

For the purpose of determining liability under the Securities Act of 1933, Home Solutions hereby undertakes to treat each post-effective amendment of this registration statement as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

Home Solutions hereby undertakes to file a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

Home Solutions further undertakes that each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, under other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of Home Solutions pursuant to the foregoing provisions or otherwise, Home Solutions has been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Home Solutions of expenses incurred or paid by a director, officer or controlling person of Home Solutions in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, Home Solutions will, unless in the opinion of its counsel, the matter has been settled by controlling precedent, subject to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements of filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, in the City of Dallas, State of Texas on January 4, 2006.

HOME SOLUTIONS OF AMERICA, INC.

By: /s/ Frank J. Fradella
Frank J. Fradella
Chairman and Chief Executive Officer

POWER OF ATTORNEY

Each of the undersigned hereby appoints Frank J. Fradella as the attorney and agent for the undersigned, with full power of substitution, for and in the name, place and stead of the undersigned, to sign and file with the Securities and Exchange Commission under the Securities Act of 1933 any and all amendments and exhibits to this registration statement and any and all applications, instruments and other documents to be filed with the Securities and Exchange Commission pertaining to the registration of the securities covered hereby, with full power and authority to do and perform any and all acts and things whatsoever requisite or desirable.

In accordance with the requirements of the Securities Act of 1933, as amended, this registration statement was signed by the following persons in the capacities and on the dates stated:

/s/ Frank J. Fradella	
Frank J. Fradella	Chairman of the Board, President and
Date: January 4, 2006	Chief Executive Officer
	(principal executive officer)
/s/ Rick J. O'Brien	
Rick J. O'Brien	Senior Vice President, Chief Financial
Date: January 4, 2006	Officer and Secretary
	(principal financial officer and
	principal accounting officer)
/s/ Mark S. White	
Mark S. White	Director
Date: January 4, 2006	
/s/ Michael S. Chadwick	
Michael S. Chadwick	Director
Date: January 4, 2006	
/s/ Willard W. Kimbrell	
Willard W. Kimbrell	Director

Date: January 4, 2006	
/s/ Patrick McGeeney	
Patrick McGeeney	Director
Date: January 4, 2006	

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