

CDFNEWS

Union Bank affordable housing investments transform lives and communities.

Affordable housing often yields benefits that extend throughout neighborhoods and communities, in addition to providing a safe, high-quality place for individuals and families to live. The development of affordable homes can transform blighted parcels of land into vibrant communities and provide amenities that a whole neighborhood can use—from open spaces and parks to retail offerings and public health clinics.

Union Bank's Community Development Finance (CDF) division has provided financing for many affordable housing developments that offer significant benefits to the wider community. Below are a few highlights of these investments from each of the CDF division's market areas.



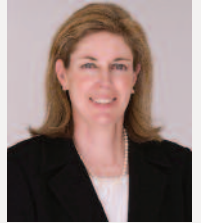
Photo Credit: Grace Lynch

Groundbreaking dedication held on August 31, 2010 at Fair Oaks Plaza in Sunnyvale, CA. This development will transform the site of a formerly underutilized county property into a vibrant community with 124 affordable homes for low-income seniors and a state-of-the-art medical clinic.

Pictured (from left to right): Alok Lathi – Mid-Peninsula Housing, Otto Lee – Sunnyvale Councilmember, Annette Billingsley – Union Bank, Chris Westlake – CA Dept of Housing and Community Development, Melinda Hamilton – Mayor of Sunnyvale, Brent Callinicos – Treasurer, Google, Axel Martinez – Google, Adhi Kesarla – Google, Matt Franklin – Mid-Peninsula Housing

NOTES

For both Union Bank and the Community Development Finance (CDF) division, the first half of 2010 has served as a time of growth, driven by our continued financial strength.



Our strong second-quarter financial results illustrate that the bank remains on solid footing, thanks to the conservative underwriting standards we maintained throughout the peak of the last cycle and the continued support of our parent company, which has ensured that we remain well-capitalized at all times.

In April, Union Bank completed purchase and assumption agreements with the Federal Deposit Insurance Corporation to acquire Tamalpais Bank and Frontier Bank, expanding our footprint in Northern California and the Pacific Northwest, important markets for the CDF division.

These acquisitions coincide with additions to our CDF staff in all of the major markets where we do business. This will allow us to better serve our customers and execute our plans for growth over the next year, providing more financing to help meet the significant need for affordable housing in communities across the West Coast.

Annette Billingsley

Annette Billingsley
SVP & Division Head

**Partner
Grand Openings
Third & Fourth
Quarter 2010**

Alta Torre

BRIDGE Housing
Palo Alto, CA

Drake's Way

EAH Housing
Larkspur, CA

Holiday Apartments

Capitol Hill Housing
Seattle, WA

Ivy Terrace

Abode Communities
Los Angeles, CA

**Norden Terrace Family &
Corsair Park Senior**

St. Anton Partners
Sacramento, CA

Rittenhouse Square

Thomas Safran & Associates
Los Angeles, CA

The Gardens on Garfield

Thomas Safran & Associates
Glendale, CA

Trestle Glen Apartments

BRIDGE Housing
Colma, CA

Village Green

Wakeland Housing &
Development Corporation
San Diego, CA

Wheeler Terrace

Community Preservation &
Development Corp.
Washington, DC

CDF Spotlight

Interview with Julius Robinson

Executive Vice President and Group Head,
Corporate Social Responsibility
Chairman and CEO of the Union Bank Foundation



What is the mission of the Corporate Social Responsibility (CSR) Group?

We work hard to foster economic, social, and environmental sustainability within the scope of our business reach. Wherever possible, our actions promote financial prosperity for our customers and our company, foster socio-cultural equity and diversity, and conserve natural resources to preserve and improve our environmental life-support system for the welfare of present and future generations.

The Union Bank Foundation proactively invests in the communities in which the bank operates for the benefit of low- and moderate-income populations. The Foundation focuses on four program areas: Affordable Housing, Community Economic Development, Education, and the Environment.

What are some of your main priorities as the new CSR Group Head?

As businesses and as individuals, we all impact our communities. In my long career at Union Bank, I've seen firsthand the balanced approach we take in conducting business. We take a holistic view of our various constituencies. We bring that point-of-view to our community outreach and to our environmental efforts.

Every day, I strive to ensure that our CSR work aligns with the expectations of our customers, employees, and community partners. In addition, I work closely with our Community Advisory Board, a group of 10 private citizens who

represent the diversity of our communities and provide helpful insights into how we can better understand the needs of those we serve.

How does the CSR Group work with the Community Development Finance (CDF) division to further the bank's corporate social responsibility mission?

Union Bank's affordable housing efforts are based on our goal to develop sustainable and healthy communities. This is realized through grants, investments, and construction loans to affordable housing developers. In the economic turmoil of 2009, our CDF division fulfilled its commitments to our affordable housing clients when other institutions were abandoning deals. Fortunately, 2010 looks to be a more favorable year for the industry and we look forward to continuing to help our clients increase the affordable housing supply throughout our footprint.

The bank encourages the economic development of the communities we serve by providing workshops about home ownership, supporting "incubator" organizations that help entrepreneurs start their own small businesses and/or nonprofits, and by supporting study programs that encourage the habit of saving.

How will the bank's recent acquisitions of two new institutions influence its CSR activities moving forward?

Immediately following the acquisitions, our CSR team moved to evaluate Tamalpais Bank's and Frontier Bank's community affairs and corporate giving

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Pacific Northwest

Originally constructed as a hotel and later converted to multi-family rental units, the Holiday Apartments in Seattle's Capitol Hill neighborhood were in serious need of restoration. The building—a mid-fifties construction—faced significant environmental issues and decay. Drug dealing was taking place frequently around the property, contributing to blight in the surrounding neighborhood, which was a major redevelopment target for community leaders.

Capitol Hill Housing acquired the property in April 2008, but faced a delay in construction after losing the project's equity financing during the worst of the economic downturn. Union Bank stepped in to provide \$1.1 million in equity financing, allowing the rehabilitation of Holiday Apartments to move forward. Completed in July 2010, the Holiday Apartments have been preserved as affordable for working families making no more than 50 percent of median income. The complex has undergone a top-to-bottom renovation, eliminating the crime and blight



Village Green Apartments

the site had previously caused to the surrounding neighborhood.

Northern California

The Hillsdale Apartments in San Jose offer another example of affordable housing spurring neighborhood transformation. Acquired by Mid-Peninsula Housing in 2007, the mid-century apartment complex was in desperate need of repair, suffering from a range of issues – from inadequate heating and

insulation to fading paint and deteriorating outdoor areas. Union Bank provided more than \$15 million in financing to allow Mid-Peninsula to complete a head-to-toe rehabilitation of the complex, preserving it as affordable housing for 48 working families. Hillsdale Apartments now serve as a catalyst in the revitalization of the surrounding San Jose neighborhood.

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Hillsdale Apartments

The Hillsdale Apartments in San Jose offer another example of affordable housing spurring neighborhood transformation.



Ivy Terrace Apartments

Two Union Bank investments in Sacramento's North Highlands neighborhood are helping in the redevelopment of the Watt Avenue Corridor, where policymakers have used a streamlined approval process to bring top retailers to this formerly blighted area. Local leaders have sought to attract complementary affordable housing to the corridor to help meet the needs of the emerging local workforce. Union Bank worked with St. Anton Partners to help create affordable housing in the area, providing more than \$36 million in financing for the 204-unit Norden Terrace apartments and more than \$17 million in financing for the 112-unit Corsair Senior Apartments.

"Affordable housing provides more than shelter, it equips individuals and families with the tools they need to realize their dreams," said VP Jonathan Klein, the CDF market manager in Northern California. "At the same time, creating housing often produces a positive ripple effect throughout

surrounding neighborhoods, making communities greener, more economically vibrant, and more beautiful."

Southern California

In San Diego, the Village Green Apartments, which opened in September 2010, provide a stunning illustration of how affordable housing can set an example of environmental sustainability for surrounding communities. Union Bank provided Wakeland Housing Development Corporation with \$4.5 million in tax credit equity for the acquisition and rehabilitation of the 94-unit property, which now features more energy-efficient windows, updated appliances, tankless water heaters, and new solar panels to power the community center.

Also opening in 2010 was Rittenhouse Square, a 100-unit apartment complex serving low-income seniors in South Los Angeles. Union Bank provided Thomas Safran & Associates with \$14.7 million in tax credit equity to complete the development. Located in an area

designated as a redevelopment zone, the complex is helping spur economic growth in the neighborhood as part of a larger transit-oriented and mixed-use development that includes commercial retail space.

In the Los Angeles community of Van Nuys, Abode Communities developed Ivy Terrace to make use of a formerly underutilized infill site, providing 26 units of affordable housing for low-income families. Developed according to smart growth principles, the property is located near parks, schools, transit, and services. A number of units have been set aside for survivors of domestic violence and their families, who will have access to a range of supportive services onsite.

"High-quality affordable housing transforms lives and builds up communities," said SVP Jim Mather. "We are proud to provide financing for some of the leading developers of affordable housing to make a difference in neighborhoods across the West Coast." ●

Union Bank's Acquisitions Expand Footprint in Northern California and the Pacific Northwest.

In the second quarter of 2010, Union Bank expanded its footprint in key markets where the Community Development Finance (CDF) division operates, acquiring Tamalpais Bank—based in San Rafael, California—and Frontier Bank—based in Everett, Washington. Both of these acquisitions resulted from purchase and assumption agreements completed with the Federal Deposit Insurance Corporation, which had served as a receiver at both of the banks that were acquired.

These acquisitions will dovetail with the growth of the CDF group in Northern California and the Pacific Northwest.

“Union Bank has become a more visible affordable housing lender in the Pacific Northwest over the past two years, providing financing for a number of projects with some of the region’s most respected developers,” said VP Bryan Friend, the CDF market manager in the Pacific Northwest. “The acquisition of a new platform of more than 50 retail branches in Washington and Oregon will work in conjunction with our division’s plans to continue to expand in the regional affordable housing arena.” ●

CDF Spotlight

Interview with Julius Robinson

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programs. In each case, Union Bank is committed to maintaining a similar level of charitable giving and an equal, if not greater, amount of volunteerism. We reaffirmed our long-standing commitment to the greater Marin County community by continuing to serve as the presenting sponsor of the 2010 “Heart of Marin” awards. In Washington, we upheld that same commitment when we immediately contributed \$25,000 to the United Way of Snohomish County.

Partnership and volunteer service go hand in hand. On average, our employees dedicate a full working day

each year volunteering alongside our neighbors and customers. That is a partnership we want to continue to grow as we expand our geographic footprint.

How do you personally get involved in the community?

I enjoy giving back as a mentor for youth. In addition, I serve on the boards of Students Rising Above, the United Negro College Fund, and the Bayview Hunters Point Center for Arts and Technology. ●

CDF-Financed Developments Recognized in Readers' Choice Awards.

This year’s prestigious *Readers' Choice Awards*, presented by Affordable Housing Finance Magazine, recognized a number of developments financed by Union Bank, including 10th and Mission Family Housing, the overall winner. Providing more than 135 apartments for low-income residents, the 12-story 10th and Mission property is the first affordable housing high-rise built in San Francisco in 20 years. The property’s success has helped dispel the notion that high-rises are not an appropriate building model for low-income families.

“Union Bank was proud to help finance the creation of the 10th and Mission Family Apartments with \$37.65 million of tax-exempt bonds,” said SVP Annette Billingsley, head of CDF. “This innovative development serves as a model for high-quality, high-density affordable housing in an urban area that can be replicated across the country.”

Other CDF projects that were selected as *Readers' Choice Awards* finalists were:

- **Alta Torre Apartments**
BRIDGE Housing
- **Fox Courts**
Resources for Community Development
- **St. Martin's Apartments**
Catholic Charities of the Archdiocese of Washington, DC.

CDFNEWS

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CONTACT THE TEAM

Union Bank's CDF group employs an expert staff with decades of experience in finance, and a passion for community development. Members of the CDF team help their customers work through the often complex financial and regulatory issues to make affordable housing development possible. For more information please email cdinfo@unionbank.com or contact a member of the team by phone directly.

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Union Bank is excited to welcome five new members to the CDF team

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Ted Holman

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Finance
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Finance
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Financing subject to credit and collateral approval. Other restrictions may apply. Terms and conditions subject to change.