

CDF NEWS

A Bridge-Builder in West Coast Affordable Housing Financing

The Oregon state line lies just half a day's drive north of San Francisco, but when it comes to financing affordable housing, California and the Pacific Northwest can seem worlds apart. Much of the complex affordable housing development process is guided by financial regulations and funding resources that vary in each state, a fact that has traditionally limited ties among developers and other providers across regional lines. Union Bank's Community Development Finance (CDF) group is aiming to change that.

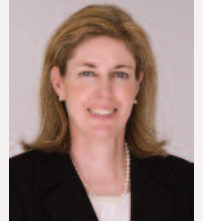


Since Union Bank expanded its presence in Oregon and Washington through last year's acquisition of Frontier Bank, the CDF group has been leveraging its relationships in both California and the Pacific Northwest to benefit partners in both regions. By facilitating the sharing of knowledge and insight among groups that may not be aware of each other, CDF helps to promote a virtuous cycle within the industry that strengthens all parties involved.

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NOTES

I have now completed 16 months as head of the Community Development



Finance division at Union Bank. While this has been a challenging period for our industry, it has also been a time of strong growth for our talented team. I could tell from the day I accepted this position that I work with an exceptional group of affordable housing bankers, representing a remarkably diverse set of backgrounds and experiences. The passion and energy they bring to their jobs each day is indescribable.

With those strengths as a backdrop, I feel fortunate to lead such a capable team through these turbulent times. The fiscal woes afflicting state capitals and Washington, D.C., show no sign of easing, but our clients demonstrate a resiliency and tenacity that are truly admirable. I am convinced that this industry will continue adapting to these challenges and emerge even stronger than it is today. Meanwhile, as a strong and well-capitalized institution, Union Bank will continue its long tradition of providing excellent service and unmatched reliability.

Annette Billingsley

Annette Billingsley
Senior Vice President & Division Head

Partner Grand Openings: Winter and Spring

Carquinez Apartments

BRIDGE Housing
Richmond, CA

Geary Senior

BRIDGE Housing
San Francisco, CA

Grove Park

Jamboree Housing Corporation
Garden Grove, CA

New Tacoma

Mercy Housing
Tacoma, WA

Peninsula Station

MidPen Housing
San Mateo, CA

Regency Towers

Thomas Safran & Associates
Inglewood, CA

Rittenhouse Square

Thomas Safran & Associates
Los Angeles, CA

Rohlffs and Concordia Manor

EAH Housing
Napa, CA

Rose Street

Housing Resources Group
Seattle, WA

Village Green

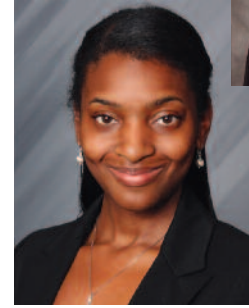
Wakeland Housing &
Development Corporation
San Diego, CA

CDF Spotlight

Ted Holman is a vice president and relationship manager in CDF's Walnut Creek, CA office.

Perica Bell is an assistant vice president and relationship manager in the group's Los Angeles office.

Both joined the team in 2010.



What initially attracted you to the CDF group?

Ted: I've always worked in finance, but before CDF I didn't always have the opportunity to support community building outside my volunteer work as a coach and tutor. Being here allows me to use my experience and skills while also contributing to a larger public purpose.

Perica: When I was in college, I focused on biology because I liked the idea of using science to help people. In my career I focus on real estate transactions and I get the same positive feeling from knowing we're helping our affordable housing clients build homes for people who truly need them.

Ted: Perica and I were also attracted by Union Bank's strong reputation. We recognized that it was a market leader in terms of its staff and the quality of projects it finances. We voted with our feet, and here we are.

In your time so far, what strikes you as the most compelling features of the CDF team?

Perica: To me, it's remarkable to be working with such an experienced and diverse team. For instance my manager, Vice President and Southern California Market Manager Johanna Gullick, has been a general contractor and an architect in

addition to being on the city side, the banking side, and the affordable housing development side. There are others with extremely varied backgrounds as well. Overall, it's a dynamic group that works very hard to meet the needs of our clients.

Ted: CDF's team really stands out to me as well. We don't create widgets to sell—our assets here are our people. The team has a deep knowledge of real estate in general as well as our specific niche of the market, and they're all here because they believe in what we're doing.

What is the most rewarding aspect of your role with the CDF group?

Perica: I came to CDF from an affordable housing developer in Orange County, so having been on the client side I really enjoy helping the bank build strong relationships with solid, high-quality partners. It's also rewarding to know that the end product of our work is something really valuable to people.

Ted: Exactly. During the day, we look like any other financial professionals. But we also get these wonderful moments when we go to grand openings, see the buildings we've helped create, and meet the families who will benefit from them. That's always the high point, and a reminder that what we do is completely worthwhile. ●

Even in Uncertain Times, CDF is a Reliable Housing Partner

Many financial institutions have responded to the volatile economic environment by severely curtailing their investments in affordable housing – but Union Bank is not among them. The CDF division continues to provide financing for high-quality

Hayworth House Apartments

Not long ago, the Hayworth House Apartments, in affluent West Hollywood, CA, were slated for demolition to make room for luxury apartments. But after the plan

loan for the project. By the time construction is scheduled to be completed in February 2012, the 48 units will have new kitchens, bathrooms and refinished wooden floors; upgraded electrical, plumbing and ventilation systems; and two new elevators to improve accessibility. In addition, a community garden and two new community rooms will host classes and social gatherings for residents, all at no charge.

Hayworth House prior to renovation.



Rendering of Hayworth House following renovation.

Vista Grande Apartments

In San Diego, CDF provided a total of \$17.6 million in financing to Wakeland Housing and Development Corporation for the rehabilitation of Vista Grande Apartments. Vista Grande is a 49-unit development for families with low and very low incomes. The \$10.9 million in loans and \$6.7 million in tax credit equity will help Wakeland add new kitchens and baths to the units as well as a new roof, stairs and landscaping. A new 1,500-square foot community center will include a computer lab and adjacent playground.

Wakeland was also the recipient of a Union Bank Foundation Cornerstone Award, which helps emerging developers build operating capacity.

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affordable housing projects throughout the West Coast, including a growing presence in the Pacific Northwest. In 2010 alone, CDF successfully completed 28 transactions that will create 2,279 new and renovated housing units.

Three recent projects illustrate Union Bank's ongoing commitment to affordable housing. Notably, Union Bank provided each project with both debt and equity financing, serving as a convenient "one-stop shop" for client housing providers – another way Union Bank stands apart from others in the field.

fell through, the West Hollywood Community Housing Corporation (WHCHC) stepped in to purchase and renovate the property to create affordable housing for low-income seniors.

Forging a new partnership, Union Bank provided WHCHC with \$8.2 million in tax credit equity and a \$7.7 million construction



Open space at Vista Grande Apartments in San Diego, where a 1,500-square-foot community center and outdoor recreation center are slated to be built.



Rendering of 9th & Stewart project in downtown Seattle.

9th & Stewart

The 9th & Stewart development is one of our more distinctive recent projects. Located on the property of the 100-year-old Gethsemane Lutheran Church in downtown Seattle, the 50-unit development will provide housing to low-income tenants, including 10 units reserved for the formerly homeless and another 10 units for those with disabilities. Speaking to the *Seattle Times*, a church leader said, “It’s an unheard-of situation, that a church could combine affordable housing on top of its own building.”

Union Bank provided an \$8.5 million tax credit equity investment and a \$7.4 million construction loan for the project, which utilizes a Joint Development Agreement between Gethsemane Lutheran Church and Compass Housing Alliance. The 9th & Stewart project marks CDF’s first combined debt and equity transaction in the Pacific Northwest.

“These successful projects reflect just a sample of our recent closings, and illustrate the hard work the entire team devotes to serving communities by financing much-needed affordable housing throughout the West Coast,” said Division Head Annette Billingsley. ●

“It can be hard to cross-pollinate across regions, because you’re dealing with very different funding and organization structures,” said **Bryan Friend**, vice president and Seattle-based relationship manager. “But there is always value in having affordable housing providers share best practices and lessons learned. Even though each state operates differently, non-profit developers have a lot of issues in common.”

A recent example illustrates the CDF group’s role bridging the divide between many West Coast affordable housing firms.

Hoping to better navigate this difficult economic climate, Capitol Hill Housing, a Seattle affordable housing provider, was considering a recapitalization of several

“I called Eden and they were thrilled to help out,” Klein said. “We brought Chris and two staff members down, and they met for the entire day.”

Persons said the meeting was a hit. “I found the meeting with Eden Housing to be very informative, and it helped to give me a road map through these difficult times,” he said. “It made me a stronger manager of affordable housing.”

Terese McNamee, Eden Housing’s chief financial officer, said her firm and Capitol Hill were a good fit. “We had just worked through a large portfolio and could share our experience, helping them to evaluate some of the issues they were raising,” McNamee said. “It was valuable for us to get to know Capitol Hill.”

Union Bank is really a relationship bank. Helping to establish these relationships builds up the groups the bank works with.

— Terese McNamee
Chief Financial Officer, Eden Housing

properties in its portfolio. Chris Persons, the firm’s executive director, relayed his interest to Friend and **Jonathan Klein**, vice president and Northern California and Pacific Northwest market manager. Klein immediately thought of a longtime CDF partner in Northern California that had recently completed a similar recapitalization. Hayward-based Eden Housing had a lot to offer Capitol Hill.

“Union Bank is really a relationship bank,” she continued. “Helping to establish these relationships builds up the groups the bank works with and helps them be successful.”

By thinking broadly and connecting organizations, Klein said, CDF can better serve its customers. “Thanks to these partnerships, we can help share the best ways to address the challenges that everyone is facing.” ●

Market Manager Keynotes Sustainability Summit

Johanna Gullick, vice president and Southern California market manager, delivered a keynote address to a major housing conference at UCLA in November.

Speaking to the Mayoral Sustainable Housing and Transportation Summit, hosted by the Los Angeles Business Council, Gullick outlined Union Bank's "qualified optimism" about the market for sustainable affordable communities in the region.

Despite high housing costs and unemployment, Gullick said she was encouraged by signs of improved health among lenders and developers, and the region's strong commitment to sustainability.

"Let's not forget the positive cascade effect of continued investment in affordable developments," she said. "Every dollar spent by a housing agency attracts \$5 of private investment, creating homes people can afford, creating jobs, and creating an overall positive impact to our communities."

Other speakers at the summit included Los Angeles Mayor Antonio Villaraigosa, California Senate President Pro Tempore Darrell Steinberg, and U.S. HUD Assistant Secretary Raphael Bostic. ●

In Brief

National Honors for CDF and CDF-Financed Project

A national consulting firm honored CDF and a CDF-financed project at a December awards presentation. Novogradac & Company LLP gave a Development of Distinction Honorable Mention to Union Bank and its partners for overcoming significant obstacles to finance the rehabilitation of Rohlffs Manor, a 355-unit "aging in place" development in Napa, CA.

As Novogradac noted, Union Bank stepped in to support the project after its original investor abruptly backed out, and persevered despite hurdles stemming from the fact that the site had been built as three separate facilities, each with different financing and regulatory restrictions.

A separate Development of Distinction award went to Turnagain Apartments in Fallbrook, CA for innovative HUD financing. Community HousingWorks acquired the 80-unit complex and performed an extensive green rehabilitation using HUD funding and Low-Income Housing Tax Credits financed by the CDF group.

CDF Project Wins Blueprint Award

The rehabilitation of Villa Monterey, a 45-unit affordable housing apartment complex in Stockton, CA, won a 2010 San Joaquin Valley Blueprint Award. The property was renovated by owner Visionary Home Builders with \$10 million in debt and equity financing from CDF.

Three CDF Projects Win Federal Grants

The Federal Home Loan Bank of San Francisco has awarded Affordable Housing Program grants to three CDF projects whose applications were sponsored by Union Bank.

- **\$970,000 to Canby Woods Senior Housing in Reseda, CA:** Thomas Safran & Associates
- **\$610,000 to St. Joseph's Apartments in Oakland, CA:** BRIDGE Housing
- **\$560,000 to Station District Family Housing Phase II in Union City, CA:** MidPen Housing

Longtime CDF Partner Celebrates 40th Anniversary

MidPen Housing, a leading Bay Area affordable housing developer, recently celebrated its 40th anniversary. MidPen and Union Bank have teamed up on 14 debt and equity projects over more than a dozen years.

MidPen was founded in November 1970 by a group of Stanford University academics and technology pioneers (including David Packard, a co-founder of HP) concerned about the lack of affordable housing in the

region. Since then, the Foster City, CA-based group has developed more than 6,600 homes in 100 communities, establishing itself as a leader in providing creative and innovative affordable housing solutions that foster opportunity and dignity among residents.

"We congratulate our partners at MidPen on reaching this impressive milestone," said Division Head Annette Billingsley, who participated in a video tribute to the group.

"MidPen's integrity, financial strength and development savvy truly set the standard in the industry."

Last summer, MidPen started construction on Fair Oaks Plaza, an affordable senior housing development in Sunnyvale, CA financed in part by Google's purchase of \$19 million in Low-Income Housing Tax Credits. CDF syndicated and managed the investment on Google's behalf. ●

CDFNEWS

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CONTACT THE TEAM

Union Bank's CDF group employs an expert staff with decades of experience in debt and equity financing and a passion for community development. Members of the CDF team help customers navigate complex financial and regulatory issues to create affordable housing with an emphasis on smart growth and environmental sustainability. For more information, please email cdfinfo@unionbank.com or contact a member of the team directly.

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Team News

Union Bank's CDF group is pleased to welcome **Brian Roberts**, vice president and relationship manager, back to the division's Southern California team. Brian is rejoining the division after a one-year appointment to the bank's Real Estate Special Assets Department. ●

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