

August 31, 2001

Dear Shareholder:

Enclosed are some very important documents that you need to review to make a decision regarding your investment in University Bancorp.

University Bancorp is offering rights to our shareholders with the opportunity to purchase one share of our common stock at \$1 per share for each share that you currently hold. The day we announced the offering, the stock was bid at \$2 per share on the NASDAQ SmallCap Market. The enclosed press release summarizes more of the various terms and opportunities the rights give you, however we strongly encourage you to review the Offering Prospectus which is enclosed, dated August 14, 2001. You must act prior to the end of October or your rights will expire. If you wish to purchase the shares you are entitled to buy, you should fill out the enclosed subscription form.

Joe and I and members of our family intend to exercise our rights to buy shares totaling about \$1,500,000 in the offering and we encourage your careful attention to your opportunity to buy stock in this offering.

As always, if you have any questions, please call Stephen at (734) 741-5858 xt 226, or send Stephen an email at "ranzini@university-bank.com".

Best wishes,

Stephen Lange Ranzini
President & CEO

Joseph Louis Ranzini
Chairman