

For Immediate Release

Contact information:

Peter Allen: (734) 996-8821
Stephen Ranzini: (734) 741-5858 xt 226
Dean Solden (734) 433-9644

UNIVERSITY BANK AND SOLDEN DEVELOPMENT REACH AGREEMENT OVER HISTORIC HOOVER MANSION

Ann Arbor, Michigan, October 20, 2005 —University Bank® (NASDAQ: UNIB) President Stephen Ranzini and Solden Development Company President Dean Solden have reached an agreement over the historic Hoover Mansion property. University Bank has owned Hoover, LLC since June of this year. Solden had a contract with the LLC to develop condominiums on the property.

Under the agreement reached today, University Bank will be retaining the property and will move its headquarters there within the next 6-8 weeks. In District Court, Solden won two separate hearings each of which gave him the right to close on the purchase of the property. Despite having the financing to close Solden opted instead for a negotiated and amicable settlement of the dispute with University Bank.

Local businessman and developer Peter Allen helped bring the two parties together. “This is a successful resolution of this situation from these two up and coming business people in the Ann Arbor area,” said Allen. “The Mansion will be a fantastic headquarters site for University Bank, with plenty of visibility. It is a wonderful building, one of the treasures of Ann Arbor.”

Solden commented, “We would have enjoyed bringing the Mansion back to its original residential status. Our innovative residential redevelopment of the Mansion was very well received, however as time went on, it became apparent that from a business perspective, everyone would be better served moving in this direction.” Solden continued, “We have our eye on some exciting projects that we have in the pipeline. Stay tuned.”

“I’m thrilled to be moving University Bank’s headquarters to the Hoover Mansion,” said Ranzini. “It is an important landmark in Ann Arbor and we look forward to preserving the Mansion as an important community asset and maintaining it in top notch condition. In the meantime, I’m looking forward to seeing Dean’s next development project which I’m sure will add yet another of the assets he’s brought to our community. He is a very innovative and creative developer.”

About Solden Development. Solden Development Company, LLC is a real estate and senior health care company specializing in using creativity to build innovative senior housing developments. His past projects include University Living, an award winning assisted living facility in Ann Arbor, Michigan. Dean Solden will soon assume the Chairmanship of the Michigan Center for Assisted Living and sits on the Board of the

National Center for Assisted Living, which are respectively the state and national trade associations for the assisted living industry.

About University Bank. Ann Arbor based University Bancorp owns 100% of University Bank which manages over \$2.9 billion in assets. University Bank is an FDIC-insured, locally owned and managed Community Bank primarily serving the cities of Ann Arbor and Ypsilanti of Washtenaw County. The Community Banking operation focuses on local businesses, minorities and the non-profit communities. University Bank is the only financial institution headquartered in Washtenaw County to be rated "Outstanding" by the FDIC for Community Service and Community Reinvestment. Other Community Banking specialties include highly competitive deposit products for business owners, residential mortgages, commercial real estate lending and insurance, investments and money management through its wholly-owned subsidiary University Insurance & Investments, Inc. In addition to its Community Banking operations, University Bank specializes in mortgage subservicing and mortgage origination primarily serving over 170 credit unions (representing 1.8% of all credit unions nationwide) through the Bank's Houghton-based 80%-owned subsidiary, Midwest Loan Services.

Any prediction of the future is inherently not assured. Investors should read the risk factors listed on pages 21 and 22 in the Company's report on Form 10K for the year ended December 31, 2004 and any prediction in this release is intended to be covered by the Safe Harbor provisions of Section 21E of the Securities Exchange Act of 1934.