



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

DIVISION OF CONSUMER  
AND COMMUNITY AFFAIRS

January 17, 2014

Patricia A. Robinson, Esq.  
Wachtell, Lipton, Rosen & Katz  
51 West 52<sup>nd</sup> Street  
New York, New York 10019-6150

Dear Ms. Robinson:

This letter refers to the application filed by Umpqua Holdings Corporation, Portland, ("Umpqua"), holding company of Umpqua Bank ("Bank"), Roseburg, both of Oregon, pursuant to section 3(a)(5) of the Bank Holding Company Act of 1956, as amended, to merge with Sterling Financial Corporation, and thereby indirectly acquire its subsidiary bank, Sterling Savings Bank ("Sterling Bank"), both of Spokane, Washington. Based on staff's review of the current record, the following additional information is required. Please provide a complete, detailed response to each of the following questions. Supporting documentation, as appropriate, should be provided.

1. Provide any analysis the Bank has conducted of its 2011 and 2012 HMDA data<sup>1</sup>, with respect to its volume of applications from Asian-American, African-American and Hispanic individuals in the Bank's ten largest markets, including each market noted by the commenters. Please also provide the Bank's analysis of the causes and reasons for its volume of applications from these populations. In addition, discuss the actions the Bank has taken or plans to take to increase the volume of applications from these groups, including specific outreach and marketing activities conducted by the Bank to attract applications from predominantly minority geographies in its assessment areas and any changes contemplated to those activities after consummation of the proposal.
2. Please provide any analysis the Bank has conducted of its 2011 and 2012 HMDA data with respect to its volume of applications from LMI borrowers and from LMI geographies in the Bank's ten largest markets, including each market noted by the commenters. Please also provide the Bank's analysis of the causes and reasons for its volume of applications from these populations and geographies. In

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<sup>1</sup> HMDA data refers to combined Home Purchase, Refinancing, and Home Improvement Loan products.

addition, discuss the actions the Bank has taken or plans to take to increase the volume of applications from these groups, including specific outreach and marketing activities conducted by the Bank to attract applications from these populations and geographies in its assessment areas and any changes contemplated to those activities after consummation of the proposal.

3. Please provide the information requested in Questions 1 and 2 above, for Sterling Bank.
4. In its December 20, 2013, response to the Federal Reserve's December 11, 2013 request for additional information ("December 20 Response"), Umpqua states that the Bank has conducted an analysis related to denial reasons for LMI and minority applicants. Please provide documentation of this analysis, as well as underlying data for the review. The Board will look to understand the Bank's analysis of the decision-making on credit applications from minority and LMI borrowers, including nondiscriminatory underwriting criteria (e.g., credit history, loan-to-value, and debt-to-income ratio, etc.) for those individual lending decisions.
5. Provide an analysis of the reasons for the denial of LMI and minority applicants by Sterling Bank for the bank's 2011 and 2012 HMDA data. Your response should provide the underlying data used in the analysis.
6. Confirm that the reference to "Umpqua Bank" found in the last paragraph on page 8 of the public portion of the December 20 Response is correct and should not instead be a reference to "Sterling Bank."
7. The December 20 Response states that Umpqua plans to integrate Sterling Bank's compliance testing program into the overall compliance management system for the combined organization following consummation of the proposed transaction. Provide a detailed description of Sterling Bank's compliance testing program, as well as any other compliance systems, processes, and policies of Sterling Bank which Umpqua plans to integrate into the combined organization. Your response should also describe how and when Umpqua plans to integrate Sterling Bank's compliance testing program into the combined organization.

Please address your response to Peggy Naulty of my staff. However, to facilitate more timely distribution of the information within the Federal Reserve System, please reply via secure email to [peggy.naulty@frb.gov](mailto:peggy.naulty@frb.gov) and [bao.nguyen@frb.gov](mailto:bao.nguyen@frb.gov), and send the original and four copies to Elisa Johnson at the Federal Reserve Bank of San Francisco within eight business days. In addition, in responding to this request, restate the questions above and provide a copy of the public portion of your response to the commenters. Any information for which you desire confidential treatment should be so labeled and separately bound in accordance with 12 CFR 261.15.

If you have any questions regarding this letter, please call Peggy Naulty of the Board's Division of Consumer and Community Affairs at (202) 452-2088.

Sincerely,

A handwritten signature in dark ink, appearing to read "Phyllis Harwell". The signature is fluid and cursive, with the first name "Phyllis" written in a larger, more prominent script than the last name "Harwell".

Phyllis Harwell  
Assistant Director

cc: Melissa Vanouse, Manager

Elisa Johnson, Manager  
Federal Reserve Bank of San Francisco

Matthew R. Lee, Esq., Executive Director (public portion only)  
Inner City Press/Fair Finance Watch

John Taylor, President and Chief Executive Office (public portion only)  
National Community Reinvestment Coalition