FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of UNITI BANK BUENA PARK, CALIFORNIA (INSURED STATE NONMEMBER BANK)	)	ORDER TO CEASE AND DESIST Docket FDIC-08-395b

Uniti Bank, Buena Park, California ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), dated January 29, 2009, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it had reason to believe that the Bank had engaged in unsafe or unsound banking practices. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

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ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from the following unsafe and unsound banking practices, as more fully set forth in the Joint FDIC and California Department of Financial Institutions ("CDFI") Report of Examination ("Joint ROE") dated June 9, 2008:

(a) operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;

(b) operating with a board of directors which has failed to provide adequate supervision over and direction to the active management of the Bank;

(c) operating with an inadequate loan valuation reserve;

(d) operating in such a manner as to produce low earnings;

(e) operating with inadequate provisions for liquidity;

(f) operating with inadequate internal routine and controls policies;

(g) operating with excessive interest rate risk exposure;

(h) operating with inadequate funds management procedures; and

(i) operating in violation of Section 763 of the California Financial Code, which requires that funds deposited in other institutions not exceed 10 percent of shareholder equity, allowance for loan losses, capital notes, and debentures.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. The Bank shall have and retain qualified management.

(a) Each member of management shall have qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Management shall include a chief executive officer with proven ability in managing a bank of comparable size, and experience in improving liquidity, funds management, earnings, and other matters needing particular attention. Management shall also include a senior lending officer with significant appropriate lending, collection, and loan supervision experience and experience in upgrading a low quality loan portfolio. Each member of management shall be provided appropriate written authority from the Bank's Board to implement the provisions of this ORDER.

(b) The qualifications of management shall be assessed on its ability to:

(i) comply with the requirements of this ORDER;

(ii) operate the Bank in a safe and sound manner;

(iii) comply with applicable laws and regulations; and

(iv) restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, liquidity, and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall notify the Regional Director of the FDIC’s San Francisco Regional Office (“Regional Director”) and the Commissioner of the CDFI ("Commissioner") in writing when it proposes to add any individual to the Bank's Board or employ any individual as a senior executive officer. The notification must be received at least 30 days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual or individuals to be added or employed.

(d) Within 60 days after the effective date of this ORDER, the Bank’s Board shall obtain an independent study of the management and personnel structure of the Bank to determine whether additional personnel are needed for the safe and profitable operation of the Bank. Such a study shall include, at a minimum, a review of the duties, responsibilities, qualifications, remuneration of the Bank's directors and officers, and the overall structure of the executive management team. The Bank shall formulate and a plan to implement the recommendations of the study. The plan shall be acceptable to the Regional Director and the Commissioner as determined at subsequent examinations.

2. (a) Within 30 days from the effective date of this ORDER, the Bank's Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged-off, and recovered loans; investment activity; operating policies; and individual committee actions. The Bank's Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within 30 days from the effective date of this ORDER, the Bank's Board shall develop or revise, adopt and implement a comprehensive policy for determining the adequacy of the allowance for loan and lease losses. For the purpose of this determination, the adequacy of the reserve shall be determined after the charge-off of all loans or other items classified "Loss." The policy shall provide for a review of the allowance at least once each calendar quarter. Said review should be completed at least 10 days prior to the end of each quarter, in order that the findings of the Bank's Board with respect to the loan and lease loss allowance may be properly reported in the quarterly Reports of Condition and Income. The review should focus on the results of the Bank's internal loan review, loan loss experience, trends of delinquent and non-accrual loans, an estimate of potential loss exposure of significant credits, concentrations of credit, and present and prospective economic conditions. A deficiency in the allowance shall be remedied in the calendar quarter it is discovered, prior to submitting the Report of Condition, by a charge to current operating earnings. The minutes of the Bank's Board meeting at which such review is undertaken shall indicate the results of the review. Upon completion of the review, the Bank shall increase and maintain its allowance for loan and lease losses consistent with the allowance for loan and lease loss policy established. Such policy and its implementation shall be satisfactory to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

3. (a) Within 30 days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets classified "Loss" and one-half of the assets classified "Doubtful" in the Joint ROE dated June 9, 2008 that have not been previously collected or charged off. Elimination of these assets through proceeds of other loans made by the Bank is not considered collection for the purpose of this paragraph.

4. (a) Within 60 days from the effective date of this ORDER, the Bank shall revise, adopt, and implement written lending and collection policies to provide effective guidance and control over the Bank's lending function. Such revisions shall incorporate the recommendations of the June 9, 2008 ROE. Such policy shall be acceptable to the Regional Director and the Commissioner at subsequent examinations and/or visitations.

5. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and fully implement a written three year strategic plan inclusive of a comprehensive budget for all categories of income and expense. The plan and budget required by this paragraph shall include formal goals and strategies, consistent with sound banking practices, to improve the Bank's net interest margin, increase interest income, reduce discretionary expenses, and improve and sustain earnings of the Bank. The plan shall include a description of the operating assumptions that form the basis for and adequately support major projected income and expense

components. Thereafter, the Bank shall formulate such a plan and budget by Novermber 30 of each subsequent year.

(b) The plan and budget required by subparagraph 5(a) of this ORDER, upon completion, shall be submitted to the Regional Director and Commissioner for their review and opportunity for comment.

(c) Following the end of each calendar quarter, the board of directors shall evaluate the Bank's actual performance in relation to the plan and budget required by subparagraph 5(a) of this ORDER and shall record the results of the evaluation, and any actions taken by the Bank, in the minutes of the board of directors meeting at which such evaluation is undertaken.

6. Within 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law, as more fully set forth in the Joint ROE dated June 9, 2008. In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable laws and regulations.

7. Within 60 days from the effective date of this ORDER, the Bank shall revise, adopt, and implement policies governing interest rate risk exposure to the Bank. The policy shall, at a minimum, establish a target ratio for rate sensitive assets to rate sensitive liabilities, and shall require the board of directors to periodically monitor the Bank's interest rate risk exposure. Thewritten policy shall define the terms "rate sensitive assets" and "rate sensitive liabilities." Such policies shall be in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

8. Within 60 days from the effective date of this ORDER, the board of directors shall revise, adopt and implement an asset/liability management policy. At a minimum, such policy shall address the deficiencies cited in the June 9, 2008 Joint ROE and establish procedures

to monitor, as well as a plan to reduce the bank's dependence on volatile funding sources, including local deposits which are susceptible to pricing. In addition, within 90 days from the effective date of this ORDER, the net non-core funding dependence ratio shall be reduced to not more than 30 percent; within 180 days from the effective date of this ORDER, the net non-core funding dependency ratio shall be reduced to no more than 27.5 percent; and by December 31, 2009, the net non-core funding dependency ratio shall be reduced to not more than 25 percent. Within 120 days from the effective date of this ORDER, the Bank shall have and thereafter maintain a liquidity ratio of not less than 20 percent as calculated quarterly from a daily average. The requirements of this paragraph shall not be construed as standards for future operations, and the Bank's volatile liability dependency ratio and liquidity ratio shall be maintained at a level consistent with prudent banking practices.

9. Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement a policy for the operation of the Bank in such a manner as to provide adequate internal routine and control policies consistent with safe and sound banking practices. Such policy and its implementation shall be satisfactory to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

10. The Bank shall not pay cash dividends without the prior written consent of the Regional Director and the Commissioner.

11. During the life of this Order, the Bank shall file written quarterly progress, within 30 days of the end of each quarter; the Bank shall furnish written progress reports to the Regional Director and the Commissioner detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports shall include a copy of the Bank's Report of Condition and the Bank's Report of Income. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the

Regional Director and the Commissioner have released the Bank in writing from making further reports.

12. Within 10 days of the effective date of this ORDER, the Bank's board of directors shall establish a committee of the board of directors of the Bank charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. The committee shall report monthly to the full board of directors of the Bank and a copy of the report and any discussion relating to the report or the ORDER shall be noted in the minutes of the Bank's board of directors' meetings. The establishment of this committee shall not diminish the responsibility or liability of the entire board of directors of the Bank to ensure compliance with the provisions of this ORDER.

13. Following the effective date of this ORDER, the Bank shall send to its shareholder(s) or otherwise furnish a description of this ORDER in conjunction with the Bank's next shareholder communication and also in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Accounting and Securities Section, Washington, D.C. 20429, at least 15 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

This ORDER will become effective upon its issuance by the FDIC. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

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Pursuant to delegated authority.

Dated at San Francisco, California, this 30th day of January, 2009.

J. George Doerr
Deputy Regional Director
Division of Supervision and Consumer Protection
San Francisco Region
Federal Deposit Insurance Corporation