

**SUPERVISORY AGREEMENT BY AND BETWEEN
UNIVERSAL BANK
AND
THE OFFICE OF THRIFT SUPERVISION**

This Supervisory Agreement (Agreement) is made and is effective this 1st day of November 2006 (Effective Date), by and between Universal Bank, West Covina, California (OTS No. 05801) (the Institution), a federally chartered savings association, and the Office of Thrift Supervision (OTS), an office within the United States Department of the Treasury, acting through its West Regional Director (Regional Director) or his designee.

WHEREAS, the OTS is the primary federal regulator of the Institution;

WHEREAS, based upon the Institution's Report of Examination dated March 3, 2006 (transmitted on July 14, 2006) (the 2006 ROE), the OTS is of the opinion that the Institution has engaged in acts and practices that are considered to be unsafe and unsound;

WHEREAS, the OTS believes that grounds exist to initiate an administrative proceeding against the Institution;

WHEREAS, the OTS believes that it is appropriate to take measures to ensure that the Institution will engage in safe and sound practices;

WHEREAS, the Institution is taking steps: (i) to augment management; (ii) to update and expand its strategic planning; and (iii) to enhance financial reporting, internal audit procedures, the internal asset review and insurance premium financing processes (collectively the "Improvement Areas");

WHEREAS, the Institution enters into this Supervisory Agreement without any adjudication on the merits and solely for the purpose of settling this matter in accordance with Rule 408 of the Federal Rules of Evidence and equivalent state provisions and without admitting or denying that such grounds exist to initiate an administrative proceeding or opinions and conclusions of OTS, except as to the OTS's jurisdiction to bring such action; and

NOW THEREFORE, in consideration of the above premises and the mutual undertakings set forth herein, the parties hereto agree as follows:

I. NEW DIRECTORS

A. The Institution shall immediately take all appropriate actions to appoint a minimum of two new directors (the "Two New Directors"), acceptable to the OTS and to its Board. To be eligible for this position, the candidates must have a demonstrated successful record of serving in appropriate and related positions in the financial services industry; and possess appropriate

background, experience, and skill relative to the position to be filled. The candidates should be independent of management.¹

1. To the extent necessary, the Institution shall submit to OTS a Notice of amendment of bylaws, articles of incorporation, or charter as appropriate to add the Two New Board members.
2. As soon as is practicable, but no later than sixty (60) days of the Effective Date, the Institution shall submit to OTS a Notice of Appointment of the Two New Directors pursuant to 12 C.F.R. § 563.570.

II. BOARD OF DIRECTORS' STUDY

A. Within forty five (45) days of later to occur of receipt of the non-objection to the Two New Directors or the date on which both of the Two New Directors are members of the Board, the Board (including the Two New Directors), shall approve and implement, a study of the Institution's organizational and management structure (the "Study"). The goals of the Study will include the development, planning and implementation of organizational and management enhancements to assist the Institution in working to continue to operate in a safe and sound manner on a long-term basis.

III. STRATEGIC PLAN

A. Within sixty (60) days of the Effective Date, the Board shall approve and submit to the AD for review and non-objection, an updated comprehensive long-term Strategic Plan covering at least a three-year period. The Strategic Plan shall establish objectives for the Institution's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, product line development and market segments that the Institution intends to promote or develop, together with specific strategies to achieve those objectives. At a minimum, the Strategic Plan must include:

1. A mission statement that forms the framework for the establishment of strategic goals and objectives;
2. An assessment of the Institution's present and future operating environment;
3. The development of strategic goals and objectives to be accomplished over the short and long term, and the resource needs (personnel, capital, fixed assets, etc.) required to implement the Strategic Plan;
4. An identification of the Institution's present and future product lines (assets and

¹ "Independent of Management" means that the person: (i) is not an officer, employee, director, or consultant of the Institution or its affiliates; (ii) is not, either by blood or marriage, related to any existing officer, employee, director, or consultant of the Institution or its affiliates; (iii) does not currently have a business or professional contractual relationship with any existing officer, employee, director, or consultant of the Institution; and (iv) to the extent not inconsistent with the foregoing, meets the criteria set forth at 12 C.F.R. Part 363 and Appendix A thereof.

liabilities) that will be utilized to accomplish the Institution's strategic goals and objectives, with consideration of the risks presented by each operation and line of business;

5. An evaluation of the Institution's internal operations, staffing requirements, Board and management information systems, and policies and procedures, for their adequacy and contribution to the accomplishment of the goals and objectives developed under the Strategic Plan;
6. A financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the Strategic Plan (including quarterly financial projections with the assumptions upon which the projections were based); and
7. Systems to monitor the Institution's progress in meeting the strategic goals and objectives.

B. Within fifteen (15) days of receipt of the AD's notice of objection, if any, to any aspect of the foregoing Strategic Plan, the Institution shall submit a revised Plan to the AD addressing any such objections or comments of the AD.

C. Once the Strategic Plan is submitted pursuant to this Agreement and all objections from the AD, if any, have been satisfactorily resolved, the Institution may not amend, suspend, or revoke the Plan without the prior written non-objection from the AD.

D. Immediately upon receipt of the AD's non-objection to the Strategic Plan, the Institution shall implement the Plan and ensure that all directors, officers, and employees adhere to it.

IV. IMPROVEMENT AREAS

A. Within sixty (60) days of the Effective Date, the Board shall advise OTS of the measures taken to ensure that the Institution has the processes, personnel, and control systems necessary for the following operational areas:

1. Financial Reporting. All official and regulatory reports filed by the Institution must accurately reflect the Institution's condition as of the date that such reports are submitted and must be prepared in accordance with the Thrift Financial Report Instruction Manual (March 2006).² The Board shall also take actions to improve the quality and consistency of the Institution's internal financial and management reports.

2. Internal Audit. The Institution must adhere to an independent, internal audit program sufficient to:

- i) detect irregularities and weak practices in the Institution's operations;

² See <http://www.ots.treas.gov/docs/4/4210039.pdf>.

- ii) determine the Institution's level of compliance with all applicable laws, rules and regulations;
 - iii) evaluate the Institution's adherence to established policies and procedures;
 - iv) evaluate the effectiveness of policies, procedures, controls, and management oversight relating to accounting and financial reporting;
 - v) determine whether the Institution is filing accurate and correct Thrift Financial Reports and other regulatory reports;
 - vi) track, through successful completion, the status of management responses and corrective actions to audit findings;
 - vii) ensure adequate audit coverage in all areas; and
 - viii) establish an annual audit plan using a risk based approach sufficient to achieve these objectives.
- a. The Board, through its Audit Committee, shall ensure that the audit function is supported by an adequately staffed department or outside firm, with respect to both the experience level and number of the individuals employed.
- b. The Board shall ensure that the audit program is independent. The persons responsible for implementing the internal audit program shall report directly to the Audit Committee, which shall have the sole discretion and authority to direct their activities. All reports prepared by the audit staff shall be filed directly with the Audit Committee and not through any intervening party, although such reports may be filed simultaneously with the affected personnel so that they may submit comments to the Audit Committee for its consideration in connection with the reports.

3. Internal Asset Review. The Institution must timely and independently identify problem assets. The Board shall consider the following in connection with its problem assets:

- a. The standards set forth in Section II.G of Appendix A to the Safety and Soundness Standards at 12 C.F.R. Part 570;
- b. Examination Handbook Sections 260 and 201 (Portfolio Risk Management: Internal Loan Review, Management Information Systems, and Internal Controls);
- c. Appendix A to Examination Handbook Section 2610 (Interagency Policy Statement on the Allowance for Loan and Lease Losses (ALLL) dated December 21, 1993); and
- d. OTS CEO Memo # 140 (Effective Internal Asset Review Systems)³ dated May 17, 2001 and the Interagency Policy Statement attached thereto.

³ All CEO Memorandum as well as other guidance contained in Regulatory and Thrift Bulletins may be found on the OTS's website at <http://www.ots.treas.gov>.

4. Insurance Premium Financing (IPF). The Institution shall mitigate the risk in its IPF line of business. Within this time frame (see ¶ IV(A)), the Board must notify the AD of the actions the Institution has taken to address the concerns of the OTS identified in the ROE.

V. DIRECTOR RESPONSIBILITY

A. Notwithstanding the requirements of this Agreement that the Board submits various matters to the OTS for the purpose of receiving non-objection, such regulatory oversight does not derogate or supplant each individual director's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of the Institution at all times, including compliance with the determinations of the Regional Director as required by this Agreement.

VI. DEFINITIONS

A. All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of this Agreement shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, Federal Deposit Insurance Act (FDIA) or OTS Memoranda. Any such technical words or terms used in this Directive and undefined in the Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

VII. SUCCESSOR STATUTES, REGULATIONS, GUIDANCE, AMENDMENTS

A. Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

VIII. SUBMISSION OF DOCUMENTS TO OTS/COMPLIANCE WITH PLANS, POLICIES AND PROCEDURES

A. When required by this Agreement to submit documents to OTS, the Institution shall submit them as follows:

<i>The original to:</i> Michael E. Finn Regional Director, West Region Office of Thrift Supervision 2001 Junipero Serra Blvd., Ste 650 Daly City, CA 94014-1976	<i>With a copy to:</i> Timothy J. Lane Assistant Director, West Region Office of Thrift Supervision 1551 N. Tustin Ave., Ste 1050 Santa Ana, CA 92705
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B. During the term of this Agreement, any plans, policies, and procedures that have been submitted to OTS for its approval or non-objection, and have been approved or deemed to

be not objectionable by OTS, shall not be amended or rescinded without the prior written approval of the Regional Director.

IX. DURATION, TERMINATION OR SUSPENSION OF AGREEMENT

A. This Agreement shall:

1. Become effective upon its execution by the OTS, through its authorized representative whose signature appears below; and
2. Remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director or the Regional Director (including any authorized designee thereof).

B. The Regional Director in his sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

X. TIME LIMITS

A. Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

XI. EFFECT OF HEADINGS

A. The Section headings herein are for convenience only and shall not affect the construction hereof.

XII. SEPARABILITY CLAUSE

A. In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his sole discretion determines otherwise.

XIII. NO VIOLATIONS OF LAW, RULE, REGULATION OR POLICY STATEMENT AUTHORIZED; OTS NOT RESTRICTED

A. Nothing in this Agreement shall be construed as:

1. Allowing the Institution to violate any law, rule, regulation, or policy statement to which it is subject; or
2. Restricting the OTS from taking such action(s) as are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action affecting the Institution or any of its current or former institution-affiliated parties that the OTS determines to be appropriate.

XIV. SUCCESSORS IN INTEREST/BENEFIT

A. The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the parties hereto and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim under this Agreement.

XV. SIGNATURE OF DIRECTORS

A. Each Director signing the Agreement attests, by such act, that he or she voted in favor of a Board resolution authorizing the execution of this Agreement by the Institution.

XVI. INTEGRATION CLAUSE

A. This Agreement represents the final written agreement of the parties with respect to its subject matter and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter. However, as noted herein, all Plans and Policies required by this Agreement shall, upon modification consistent with the direction of the Regional Director, become part of this Agreement and any deviation from them shall be deemed a violation of this Agreement.

XVIII. ENFORCEABILITY OF AGREEMENT

A. The Institution represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. The Institution acknowledges that this Agreement, is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. §1818.

IX. COUNTERPARTS

A. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director and the Institution, in accordance with a duly adopted resolution of its Board, hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

UNIVERSAL BANK

By: Michael E. Finn
Regional Director
Date: The Effective Date shown on page 1

By: Frank Chang
Name: Frank Chang
Title: President
Date: The Effective Date shown on page 1

Director	15/	Chun-Hsung Chang
Director	15/	Neil Cadman
Director	15/	Percy Duran
Director	15/	David Robinson
Director	15/	Thomas J. Hauptert
Director	15/	Frank Chang
Director	15/	Visman Chow