

## **NOMINATING COMMITTEE CHARTER ADOPTED AS OF MARCH 24, 2004**

### **Purpose**

The purpose of the Nominating Committee (the “Committee”) of the Board of Directors (the “Board”) of United PanAm Financial Corp. (the “Company”) is to:

Recommend to the Board the director nominees to be proposed by the Company for election at each annual meeting of shareholders;

Assist in the identification, evaluation and nomination of potential candidates for membership on the Board and make recommendations regarding overall Board composition;

Recommend performance criteria and conduct evaluations of Board performance; and

Recommend to the Board director nominees for each committee.

### **Committee Membership**

The Committee shall consist of two or more members of the Board, with the exact number to be determined by the Board. All members of the Committee shall qualify as independent directors (“Independent Directors”) as defined under the rules of The Nasdaq Stock Market (or its successor). All members of the Committee shall also qualify as “non-employee directors” within the meaning of Rule 16b-3(b)(3) promulgated under the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and shall satisfy any other necessary standards of independence under the federal securities laws.

All members of the Committee will be appointed by, and shall serve at the discretion of, the Board. Each member shall be elected annually to one-year terms by majority vote of the Board at the first meeting of the Board to be held following the annual meeting of shareholders. Vacancies on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy. No member of the Committee shall be removed except by majority vote of the independent directors then in office. The Board may elect a member of the Committee to serve as the chair of the Committee. If the Board does not elect a chair, the members of the Committee may designate a chair by majority vote of the Committee membership.

### **Meetings and Procedures**

The Committee shall meet at least annually or more frequently as circumstances require. Following each meeting, the Committee shall deliver a report on the meeting of the Board. Meetings may be regularly scheduled in advance. The chair of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee. Except as otherwise set forth herein, the Committee is governed by the same rules regarding meetings (including meetings by conference telephone or other communications equipment), actions without a meeting, notice, waiver of notice, and quorum and voting requirements as are

applicable to the Board. The Committee shall keep written minutes of its meetings or written actions taken without meetings, which minutes and actions shall be maintained with the books and records of the Company.

### **Committee Authority and Responsibilities**

The responsibilities and authority of the Committee are to:

1. Recommend to the Board the director nominees to be proposed by the Company for election at each annual meeting of shareholders.
2. Actively seek individuals qualified to become board members, in compliance with the board composition and selection criteria outlined in Appendix A. The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors, which advisors will report directly to the Committee.
3. Consider and make recommendation to the Board concerning the appropriate size and needs of the Board and the size, membership and chairing of the Board committees.
4. Oversee the Board's annual review of the performance of its directors and consider the performance and qualifications of each director (which criteria will include the nature and amount of each director's participation in Board and committee affairs, as well as whether the Board collectively has the necessary diversity of skills, backgrounds and experience to meet the Company's ongoing needs).
5. Periodically review the compensation paid to non-employee directors for annual retainers (including Board and committee Chairs) and meeting fees, if any, and make recommendations to the Board for any adjustments; it being understood that the fixing of compensation of directors for serving on the Board or on any committee will be determined by the Board, as set forth in the Company's bylaws, and the Committee will make recommendations only.
6. Form and delegate authority to subcommittees consisting of one or more members of the Committee; *provided however* that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.
7. Periodically review and reassess the adequacy of this charter and recommend any proposed changes to the Board for approval. This charter shall be included as an appendix to the Company's proxy statement unless a copy has been included in the past 3 years or unless the charter is amended prior to that time, in which case the revised charter shall be filed as an appendix to the Company's proxy statement at its next scheduled annual meeting. Alternatively, the charter may be posted on the Company's Website.
8. Periodically review and assess its own performance. When conducting this review, the Committee shall address all matters that the Committee considers relevant to its

performance, including, among other matters, whether the Committee fulfilled the purpose set forth in this charter, whether the Committee has adequate authority to fulfill its purposes, evaluation of any shortfalls or deficiencies and recommendations for improvement, the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner. The Committee shall submit any recommended changes to the Board, including changes to the Board's policies and procedures or authority granted to the Committee.

## APPENDIX A

### **Board Composition and Selection Criteria**

#### **A. Composition of Board**

A principal goal of the Board is to optimize the availability of independent perspectives in order to give advice to the Chief Executive Officer and management, to increase the quality of Board oversight and to lessen the possibility of conflicts of interest. Accordingly, the Board should consist predominantly of non-management directors, that is, those directors who are not and have not been employees of the Company in the past three years. The Chief Executive Officer of the Company reports directly to the full Board.

At all times, a majority of the Board shall consist of Independent Directors (as previously defined), that is, those directors that do not possess any material relationship with the Company as determined by the Board on an annual basis pursuant to Part C below.

#### **B. Size of Board**

The Board should be comprised of a sufficient number of directors to enable the Board to properly perform its responsibilities and achieve its governance objectives and goals. The Board should be a group small enough to permit substantive discussions of the whole Board in which each director can participate meaningfully and large enough that committee work does not become unduly burdensome. In addition, the Board seeks a broad range of skills, expertise, industry knowledge and contacts useful to the Company's business.

#### **C. Director Independence**

A director is independent when he or she has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a material relationship with the Company, other than as a director, as determined by the Board. The

Committee is responsible for annually reviewing with the Board the appropriate criteria and standards for determining director independence consistent with all applicable legal requirements and the rules of The NASDAQ Stock Market and the rules and regulations of the Commission under the Exchange Act.

#### **D. Selection of New Directors**

The goal of the Committee is to maintain a strong and experienced Board by continually assessing the Board's business background, current responsibilities, level of independence, community involvement and expected period of time available for service. Other important factors to be considered by the Committee in the selection of nominees for the position of non-management director include current knowledge and contacts in the Company's industry and other industries relevant to the Company's business, ability to work together as an effective group and ability to commit adequate time to serve as a director.

The Committee is responsible for annually reviewing with the Board the appropriate skills and characteristics required of Board members in the context of the current composition of the Board and the Board's goals for nominees to the Board. The Board is responsible for selecting and recommending nominees for election by the Company's shareholders and for making interim appointments of directors in accordance with the Company's bylaws. The Board delegates the screening process to the Committee under the direction of the Chairman of the Committee and with input from the Chairman of the Board and the Chief Executive Officer of the Company. The Chairman of the Committee may authorize the Chief Executive Officer or any other representative of the Board, speaking on behalf of the Board, to extend invitations to join the Board to new director candidates.

#### **E. Director Education and Orientation**

All directors are expected to be knowledgeable about the Company and its industry. This knowledge is gained from attendance at Board meetings, regular meetings with management of the Company, reading of appropriate industry, corporate governance and directorship literature and attendance at educational seminars. Management may also conduct orientation sessions for new directors.

#### **F. The Chairman of the Board**

The Company's bylaws do not prohibit the same person from holding the offices of Chairman of the Board and Chief Executive Officer. The Board believes that the decision as to whether the Chief Executive Officer or a non-management director should chair the Board will vary depending on the situation of the Company, the Chief Executive Officer and the Board. It may be beneficial for the Chief Executive Officer to serve also as the Chairman of the Board or it may be beneficial to split the positions. The Board retains the flexibility to make the decision at any time, based on circumstances at that time.

## **G. Term of Directors**

The Board does not favor a formal rotation process or term limits for non-management directors. The Board believes it is important to monitor overall Board performance and to have a process for bringing in new members, to address changing needs of the Company and to bring fresh perspectives to the challenges facing the Company as circumstances warrant.

## **H. Age Limits**

For the same reasons discussed in Part G. above, the Board does not have an age limit for directors or a mandatory retirement policy. The Board believes that it should have the flexibility to appoint or retain qualified Board members, regardless of age.

## **I. Nomination Process**

As part of each annual evaluation of the Board's performance, the Committee will reassess the mix of skills, experience, contacts and other qualities for the Board. The Committee will consider nominees for directors from its members, other Board members as well as management. The Committee will make an initial determination as to whether to conduct a full evaluation of each candidate. The initial determination is based on whatever information is provided to the Committee with the recommendation of the prospective candidate, as well as the Committee's own knowledge of the prospective candidate. The preliminary determination is based on the need for additional Board members to fill vacancies, or expand the size of the Board or the likelihood that the prospective nominee can satisfy the factors set forth in subsection D above. If the Committee determines, in consultation with other Board members as appropriate, that additional consideration is warranted, it may request a third-party search firm to gather additional information about the prospective nominee's background and experience and report its findings to the Committee. The Committee will then recommend to the Board the directors to be nominated for shareholder election.

The Committee will also consider any nomination of directors made by the Company's shareholders, provided that any such nomination from shareholders complies with the procedures set forth in the Company's bylaws and the notice of director nomination meets all the requirements contained in the bylaws, which includes the requirement that the notice contain the information required pursuant to Regulation 14A under the Exchange Act.