

UNITED PANAM FINANCIAL CORP.
AUDIT COMMITTEE CHARTER
ADOPTED AS OF MAY 11, 2000, AMENDED MARCH 24, 2004

Purpose

The Audit Committee is appointed by the Board of Directors of United PanAm Financial Corp. (the “Company”). The purpose of the Audit Committee is to oversee and monitor:

- the integrity of the financial statements of the Company and the systems of internal accounting and financial controls,
- the independent auditor’s qualifications, independence and compensation,
- the performance of the Company’s internal audit function and independent auditors, and
- the compliance by the Company with legal and regulatory requirements. In addition, the Audit Committee shall provide a link for communication among the outside auditors, management and the Board.

The Audit Committee shall prepare the Audit Committee Report to be included in the Company’s annual proxy statement in accordance with all applicable rules and regulations of the Securities and Exchange Commission (the “Commission”).

Committee Membership

The Audit Committee shall consist of no fewer than three members each of whom shall be a member of the Board of Directors. The members of the Audit Committee shall qualify as independent directors (“Independent Directors”) as defined under the rules of The Nasdaq Stock Market (or its successor). Each member shall also meet the criteria for independence set forth in Section 10A-3(b)(1) of the Securities Exchange Act of 1934 (the “Exchange Act”). Further, the members of the Audit Committee shall not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years and each member shall be able to read and understand fundamental financial statements including the Company’s balance sheet, income statement and cash flow statement. At least one member of the Audit Committee shall be a financial expert as defined by the rules and regulations of the Commission.

The members of the Audit Committee shall be nominated by the Board and 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 Audit 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 Audit Committee shall be removed except by majority vote of the Independent Directors then in office. The Board may elect a member of the Audit Committee to serve as the chair of the Audit Committee. If the Board does not elect a chair, the

members of the Committee may designate a chair by majority vote of the Audit Committee members.

Meetings and Procedures

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. Following each meeting, the Audit Committee shall deliver a report on the meeting to the Board. The Audit Committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions.

Meetings may be regularly scheduled in advance. The chair of the Audit Committee or a majority of the members of the Audit Committee may also call a special meeting of the Committee. 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 Audit 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.

Prior to the filing of any audit report with the Commission, the Audit Committee shall meet with the independent auditor to discuss: (i) all critical accounting policies and practices to be used in the audit; (ii) all alternative treatments of financial information within Generally Accepted Accounting Principles that have been discussed with management of the issuer, including (a) ramifications of the use of such alternative disclosures and treatments and (b) the treatment preferred by the independent auditor; and (iii) all other material written communications between the independent auditor and management of the issuer, including, but not limited to, any management letter or schedule of unadjusted differences. In addition, the independent auditor shall communicate with the Audit Committee all matters required by Generally Accepted Auditing Standards.

Committee Authority and Responsibilities

The Audit Committee shall have the sole authority to appoint or replace the independent auditor (subject, if applicable, to shareholder ratification). The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

The Audit Committee may form and delegate authority to subcommittees consisting of one or more members of the Audit Committee; *provided however* that the Audit Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Audit Committee as a whole.

The Audit Committee shall preapprove the engagement of the auditor to audit the Company's and its subsidiary's financial statements and all services related to all audit, review and attest reports performed by the independent auditor, including, but not limited to, providing comfort letters and services related to statutory audits required for insurance companies. In

addition, the Audit Committee shall preapprove all other permissible non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor. The Audit Committee may delegate authority to one or more members of the Audit Committee the authority to grant preapprovals of permitted non-audit services, provided that decisions of such member or members to grant pre-approvals shall be presented to the full Audit Committee at its then next scheduled meeting and the Audit Committee reviews the scope of service provided, the cost of such service, and whether or not the service provided could adversely impact the independence of the auditor in performing its independent audit functions. The Audit Committee shall not be required to preapprove permissible de minimus non audit services if: (i) the aggregate amount of such de minimus services constitutes no more than five percent (5%) of the total amount of revenues paid by the audit client to its accountant during the fiscal year in which the services are provided; (ii) such services were not recognized at the time of engagement of the issuer to be nonaudit services and (iii) such services are promptly brought to the attention of the Audit Committee and prior to completion are approved by either the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors and to whom authority to grant such approvals has been delegated by the Audit Committee.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Audit Committee 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 should be filed as an appendix to the Company's proxy statement at its next scheduled annual meeting.

The Audit Committee shall periodically review and assess its own performance. When conducting this review, the Audit Committee shall address all matters that the Audit Committee considers relevant to its performance, including, among other matters, whether the Audit Committee fulfilled the purpose set forth in this charter, whether the Audit 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 Audit Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Audit Committee were adequate for the Audit 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.

The Audit Committee, to the extent it deems necessary or appropriate, shall:

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements and disclosures made in management's discussion and analysis.
3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
4. Review and discuss quarterly reports from the independent auditors on:
 - (a) All critical accounting policies and practices to be used.
 - (b) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
 - (c) Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
5. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
7. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

8. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
9. Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal controls.

Oversight of the Company's Relationship with the Independent Auditor

10. Review and evaluate the lead partner of the independent auditor team.
11. Review the independent auditor's annual letter pursuant to Independent Standards Board Standards No. 1, outlining all relationships that may impact their independence.
12. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Company. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and internal auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.
13. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
14. If the Company considers hiring employees or former employees of the independent auditor who participated in any capacity in the audit of the Company, recommend to the Board hiring policies.
15. Discuss with the national office of the independent auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency.
16. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

Oversight of the Company's Internal Audit Function

17. Review the appointment and replacement of the senior internal auditing executive.
18. Review the significant reports to management prepared by the internal auditing department and management's responses.
19. Discuss with the independent auditor and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.

Compliance Oversight Responsibilities

20. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act relating to the discovery of an illegal act has not been implicated.
21. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics. The Board of Directors will review reports and disclosures of insider and affiliated party transactions and will refer any such transactions to the Audit Committee for approval. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.
22. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
23. Discuss with management any material changes in the financial condition of the operations of the Company and ensure that such changes are disclosed to the public on a rapid and current basis as contemplated by Section 13(l) of the Exchange Act.
24. Review any audit opinion that contains a going concern qualification and ensure that a public announcement is released to the media not later than seven calendar days following the filing of such audit opinion in a public filing with the Securities and Exchange Commission (and giving prior notice to NASDAQ) as contemplated by NASDAQ Rule 4350(b).
25. Review all off-balance sheet transactions, arrangements and obligations (including contingent obligations) and, with the assistance of management, determine which arrangements have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors and ensure disclosure in the Company's quarterly and annual reports.

26. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
27. Discuss with the Company's legal counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.

Limitation of Audit Committee's Role

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.