

**UNITED SECURITY BANCSHARES
UNITED SECURITY BANK
COMPENSATION COMMITTEE CHARTER**

Purpose

The primary purpose of the Compensation Committee (the "Committee") is to aid the Board of Directors of United Security Bancshares and the Board of Directors of United Security Bank (either board shall be referred to as the "Board") in discharging its responsibilities relating to the compensation of the Companies' executive officers, including the chief executive officer of United Security Bancshares ("Company"). The Committee has overall responsibility for reviewing, evaluating and approving the Companies' compensation plans, policies and programs. Subject to the terms of any existing employment contracts, the Committee shall have sole responsibility of establishing the compensation of executive officers, including the base salaries of the executive officers, establishing the performance based targets for performance based incentive plans, establishing all equity compensation including equity incentive based compensation, and establishing the terms of any employment contract with an executive officer. The Committee shall also have responsibility to review, approve, amend, and/or make recommendations to the Board relating to such other executive officer compensation, benefit, pension or welfare plans or programs. The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement.

Membership

The Committee shall be composed of at least three (3) members of the Board of the Company each of whom shall: (a) meet the independence requirements of the NASDAQ Stock Market listing standards and any other applicable laws, rules and regulations governing independence, as determined by the Board; (b) qualify as "non-employee directors" as defined in Section 16 of the Securities Exchange Act of 1934; and (c) qualify as "outside directors" under Section 162(m) of the Internal Revenue Code.

Structure and Frequency of Meetings

The chairperson of the Committee will preside at each meeting of the Committee and in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The Committee shall hold at least two regular meetings each year, and such additional meetings as may be required.

Duties and Responsibilities

The Committee shall have the duties, responsibilities and authority to:

- Establish the Companies' executive compensation policies and programs to meet the objectives of (i) motivating and rewarding executive officers for the achievement of corporate and financial objectives, (ii) recruiting and retaining outstanding executive officers by offering them competitive compensation (ie. compensation that is competitive with comparable positions at peer companies) and (iii) aligning the interests of the executive officers with the long-term interests of shareholders.
- Annually review and determine (i) the annual compensation, including salary, bonus, incentive and other compensation of the chief executive officer, and (ii) corporate goals and objectives relevant to compensation of the chief executive officer, evaluate

performance in light of these goals and objectives, approve compensation in accordance therewith and provide a report thereon to the Board.

- Annually review and approve the amounts and terms of base salary, incentive compensation and all other compensation for the Companies' executive officers, and report the Committee's determination to the Board. In determining compensation, factors which the Committee considers may include, among others, the following: overall performance in the fiscal year, income and earnings per share, various expense control criteria, deposit growth, loan production, customer satisfaction, customer retention sales and referral revenues, development and expansion of the Company's product lines, market areas and strategies, and merger and acquisition activity.
- Prepare, or oversee the preparation of, and approve the annual Committee report on executive compensation for inclusion in the Company's proxy statement.
- Review executive officer compensation in reference to Section 162(m) of the Internal Revenue Code, as it may be amended from time to time, and any other applicable laws, rules and regulations.
- Annually review employee compensation strategies, benefits and equity programs.
- Recommend to the Board the compensation for directors (including retainer, committee and committee chair fees, stock options and other similar items, as appropriate).
- As to executive officers, review and approve all employment agreements, severance arrangements and change in control agreements and provisions when, and if appropriate, as well as any special supplemental benefits.
- Review and make recommendations to the Board with respect to incentive based compensation plans and equity based plans, establish or review criteria for the terms of awards granted to executive officer participants under such plans, and approve all grant awards under such plans to executive officers in accordance with such criteria.
- Regularly report to the Board on the Committee's activities.
- Obtain advice and assistance, as needed, from internal or external legal, accounting, search firms, compensation specialists or other advisors, including the retention, termination and negotiation of terms and conditions of the assignment.
- Perform any other activities consistent with this Charter, the Company's Bylaws and governing law as the Committee or the Board deem appropriate.
- Delegate responsibility to subcommittees of the Committee as necessary or appropriate.

Authority

The Committee shall be given the resources and assistance necessary to discharge its responsibilities, including unrestricted access to the Companies' personnel and documents. The Committee shall also have the authority to engage outside advisers as it deems necessary or appropriate. The Committee shall have sole authority to retain and terminate any consultant or firm retained to advise the Committee on matters within its area of

responsibility, including sole authority to approve such firm's or consultant's fees and retention.

Compensation Committee Charter

The Committee shall review this Charter periodically for adequacy and recommend to the Board any necessary changes.

Annual Performance Review

The Committee shall conduct an annual evaluation of its performance in carrying out its responsibilities hereunder.