

UNITED SECURITY BANCSHARES

Form S-4/A

March 12, 2004

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

PRE-EFFECTIVE AMENDMENT NO. 1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

UNITED SECURITY BANCSHARES

(Exact Name of Registrant as Specified in its Charter)

California

(State or Other Jurisdiction of
Incorporation or Organization)

6022

(Primary Standard Industrial
Classification Code Number)

91-2112732

(I.R.S. Employer
Identification Number)

**1525 East Shaw Avenue,
Fresno, California 93710
(559) 248-4944**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Dennis R. Woods
President and Chief Executive Officer
United Security Bancshares
1525 East Shaw Avenue
Fresno, California 93710
(559) 248-4944 / Fax: (559) 248-5088**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:
**Gary Steven Findley, Esq.
Gary Steven Findley & Associates
1470 N. Hundley Street
Anaheim, California 92806
(714) 630-7136 / Fax: (714) 630-7910**

Approximate date of commencement of proposed sale of the securities to the public:

As soon as practicable after the effective date of this Registration Statement and the satisfaction or waiver of all other conditions to the Merger described in the Proxy Statement-Prospectus.

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If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement becomes effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

To the Shareholders of Taft National Bank A MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

The board of directors of Taft National Bank, referred to as Taft National, has approved an agreement which provides that Taft National will merge with and into United Security Bank, which will continue as the wholly-owned subsidiary of United Security Bancshares. This document serves as both the proxy statement of Taft National and the prospectus of United Security Bancshares.

In the transaction, shareholders of Taft National will receive shares of stock in United Security Bancshares in accordance with the exchange ratio set forth in the merger agreement for each share of Taft national common stock that they own. The amount of United Security Bancshares stock received depends upon the average stock price of United Security Bancshares over a twenty day trading period shortly before the closing of the merger, but will never be less than \$20.00 worth of United Security Bancshares stock per share of Taft National, unless the merger expenses of Taft National as set forth in the merger agreement exceed \$300,000. Assuming December 11, 2003, the date the merger agreement was signed, was the determination date for the average stock price calculation and assuming Taft National's merger expenses do not exceed \$300,000, then the shareholders of Taft National would receive \$23.90 per share of Taft National common stock in shares of United Security Bancshares common stock. Assuming _____, 2004, was the determination date for the average stock price calculation and assuming Taft National's merger expenses do not exceed \$300,000, then the shareholders of Taft National would receive \$ _____ per share of Taft National common stock in shares of United Security Bancshares common stock.

We expect the transaction will be tax-free to Taft National's shareholders that do not choose to exercise dissenter's rights. Cash paid in lieu of fractional shares will be taxable. Upon completion of the merger, we expect that the shareholders of Taft National will own approximately 4.2% of the outstanding common stock of United Security Bancshares.

We will hold a special meeting at which we will ask our shareholders to approve the agreement and the proposed merger. Information about this meeting and the merger is contained in this proxy statement-prospectus. **In particular, see "Risk Factors" beginning on page _____.** We urge you to read this document carefully and in its entirety.

Whether or not you plan to attend the meeting, please vote as soon as possible to make sure that your shares are represented at the meeting. If you do not vote, it will have the same effect as voting against the merger.

Our board of directors unanimously recommends that our shareholders vote FOR the merger.

Charles Beard
Chairman of the Board

Dennis Tishma
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement-prospectus is dated _____, 2004.

Taft National Bank

**Notice of Special Meeting of Shareholders
, 2004**

To: The Shareholders of
Taft National Bank

Notice is hereby given that, under the terms of its Bylaws and the call of its Board of Directors, the special meeting of shareholders of Taft National will be held at Chicken of Oz, located at 1107 Kern Street, Suite #3, Taft, California, on day, , 2004 at 4:00 p.m., for the purpose of considering and voting upon the following matters:

1. **Approval of the Merger Agreement.** To approve the merger agreement dated December 11, 2003, attached as Appendix A to the proxy statement-prospectus and the transactions contemplated by the merger agreement.
2. **Transaction of Other Business.** To transact such other business as may properly come before the meeting and any adjournment or adjournments thereof.

The merger agreement sets forth the terms of the acquisition of Taft National by United Security Bancshares. As a result of the acquisition, all shareholders of Taft National will receive newly issued shares of United Security common stock for their shares of Taft National common stock. The transaction is also more fully described in the enclosed proxy statement-prospectus and in Appendix A.

The Board of Directors has fixed the close of business on , 2004 as the record date for determination of shareholders entitled to notice of, and the right to vote at, the special meeting of shareholders.

Since the affirmative vote of shareholders holding not less two-thirds of the outstanding shares of Taft National common stock is required to approve the merger agreement and the transactions contemplated by the merger agreement, it is essential that all shareholders vote. You are urged to vote in favor of the proposal by signing and returning the enclosed proxy as promptly as possible, whether or not you plan to attend the special meeting of shareholders in person. If you do attend the meeting you may then withdraw your proxy. The proxy may be revoked at any time prior to its exercise.

By Order of the Board of Directors

Dated: , 2004

Bob Hampton, Corporate Secretary

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Questions and Answers About the Merger

This question and answer summary highlights selected information contained in other sections of this proxy statement-prospectus. To understand the merger more fully, you should carefully read this entire proxy statement-prospectus, including all appendices and financial statements.

Q: **What am I being asked to vote on?**

A: You are being asked to vote on an agreement which, if approved, will result in Taft National being merged with and into United Security Bank, a wholly-owned subsidiary of United Security.

Q: **What will happen if Taft National shareholders approve the merger?**

A: If Taft National shareholders approve the merger, and all regulatory approvals are obtained, Taft National will merge with United Security Bank, a wholly-owned bank subsidiary of United Security, and Taft National will cease to operate. We expect this to take place on or about April 30, 2004.

Q:

Why is Taft National merging with United Security?

A: United Security's and Taft National's respective managements believe that their respective shareholders will benefit from the merger because the business potential for the combined companies exceeds what each company could individually accomplish. United Security and Taft National believe that their similar and complementary financial products and services in the Central Valley market will contribute to enhanced future performance, as well as providing a larger shareholder base. United Security and Taft National believe a larger shareholder base will increase shareholder liquidity and provide for increased shareholder value. Please read the section entitled "The Merger Background and Reasons for the Merger; Recommendation of the Board of Directors" for additional information.

Q: Should I send in my certificates now?

A: No. You should not send your Taft National stock certificates in the envelope provided for use in returning your proxy. You will be sent written instructions for exchanging your stock certificates only if the merger is approved and completed.

Q: What happens if I do not return my proxy card?

A: If you fail to execute and return your proxy card, it will have the same effect as voting against the merger.

Q: What risks should I consider before I vote on the merger?

A: The risks that you should consider in deciding how to vote on the merger are explained in the section of this proxy statement-prospectus entitled "Risk Factors." You are urged to read this section, as well as the rest of this proxy statement-prospectus, before deciding how to vote.

Q: How do I vote?

A: Just indicate on your proxy card how you want to vote. Sign and mail your proxy card in the enclosed envelope as soon as possible so that your shares will be represented at the Taft National special shareholders' meeting. Alternatively, you may attend the meeting and vote in person.

If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be voted in favor of the merger. If you do not sign and send in your proxy card or you abstain from voting, it will have the effect of voting against the merger.

You may attend the meeting and vote your shares in person, rather than voting by proxy. In addition, you may withdraw your proxy up to and including the day of the Taft National special

shareholders' meeting by following the directions on page and either change your vote or attend the meeting and vote in person.

Q: If my shares are held in my broker's name, will my broker vote them for me?

A: No. Your broker can only vote your shares of Taft National common stock if you provide instructions on how to vote them. You should, therefore, instruct your broker on how to vote your shares by following the directions your broker provides when forwarding these proxy materials to you. If you do not provide voting instructions to your broker, your broker will not be able to vote your shares.

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This will have the effect of voting against the merger.

Q:
How do Taft National's directors plan to vote?

A:
All of Taft National's directors have committed to vote their shares in favor of the merger. Taft National's directors collectively hold, as of the record date for the special shareholders' meeting, 79,887 shares, or approximately 29.9%, of Taft National common stock eligible to vote. The affirmative vote of 66²/₃%, or 178,322 shares, of Taft National's issued and outstanding common stock eligible to vote is needed to approve the merger.

Q:
Who can help answer my other questions?

A:
If you want to ask any additional questions about the merger, you should contact Mr. Dennis Tishma, President and Chief Executive Officer, Taft National Bank, 523 Cascade Place, Taft, California 93268, telephone (661) 763-5151.

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Summary

This summary only highlights selected information from this proxy statement-prospectus. You should carefully read this entire proxy statement-prospectus, including the appendices. These will give you a more complete description of the merger, the merger agreement and the transactions proposed. You should also refer to the section entitled "Description of United Security."

General

This proxy statement-prospectus relates to the proposed merger of Taft National Bank with United Security Bank, a wholly-owned subsidiary of United Security Bancshares. Taft National and United Security believe that the merger will create opportunities to apply their similar community banking philosophies to realize enhanced revenues through asset growth and market penetration.

Parties to the Merger (pages and)

*United Security Bancshares
1525 East Shaw Avenue
Fresno, California 93710
(559) 248-4944*

United Security is a bank holding company headquartered in Fresno, California. United Security has one subsidiary bank, United Security Bank. Through its subsidiary, United Security serves the California communities of Fresno, Firebaugh, Coalinga, Caruthers, San Joaquin and Oakhurst.

Please read the section entitled "Description of United Security" for additional information about United Security and United Security Bank.

*Taft National Bank
523 Cascade Place
Taft, California 93268
(661) 763-5151*

Taft National is a national banking association which opened for business January 8, 1983. It has an office in Taft, and added its Bakersfield office in May of 1998. Taft National serves the California communities of Taft and Bakersfield.

Please read the section entitled "Information About Taft National" for additional information.

United Security Bank
1525 East Shaw Avenue
Fresno, California 93710
(559) 248-4944

United Security Bank, N.A., predecessor to United Security Bank, originally commenced business as a national banking association on December 21, 1987. On February 1, 1999, United Security Bank was incorporated under the laws of the State of California, and on February 3, 1999, following its conversion from a national banking association, was licensed by the Commissioner of Financial Institutions and commenced operations as a California state-chartered bank. United Security Bank is a member of the Federal Reserve System. United Security Bank serves the California communities of Fresno, Firebaugh, Coalinga, Caruthers, San Joaquin and Oakhurst, through full service branches. According to the terms of the merger agreement, Taft National will merge with and into United Security Bank, and United Security Bank will be the survivor.

Special Shareholders' Meeting (Page)

Taft National will hold its special shareholders' meeting at Chicken of Oz, located at 1107 Kern Street, Suite #3, Taft, California 93268 on day, , 2004 at 4:00 p.m. At this important meeting, Taft National shareholders will consider and vote upon the approval of the merger and other matters that may properly come before the special shareholders' meeting. You may vote at the Taft National special shareholders' meeting if you owned shares of Taft National common stock at the close of business on , 2004. On that date, Taft National had 267,481 shares of common stock issued and outstanding and entitled to be voted at the shareholders' meeting. Each Taft National shareholder is entitled to one vote for each share he or she held on , 2004. The affirmative vote of at least two-thirds, or at least 178,322 shares entitled to vote, is required to approve the merger. Under the provisions of the California Corporations Code, United Security's shareholders are not required to approve the merger. Please read the section entitled "The Taft National Meeting" for additional information.

The Merger (Page)

The merger will result in Taft National being merged out of existence and into United Security Bank, a wholly-owned subsidiary of United Security, subject to shareholder and regulatory approvals, as well as other customary closing conditions. Please read the sections entitled "The Merger Structure of the Merger" and " Certain Effects of the Merger" for additional information.

The Merger Agreement (Page)

The merger agreement is the legal document that embodies the merger's terms and governs United Security's and Taft National's merger process, including the issuance of United Security common stock to Taft National's shareholders in connection with the merger. Please read the entire merger agreement which is attached to this proxy statement-prospectus as Appendix A. Also, please read the section entitled "The Merger The Merger Agreement" for additional information.

Consideration to be Paid to Taft National Shareholders (Page)

You will have the right to receive newly issued shares of United Security common stock in exchange for your shares of Taft National common stock, based upon an exchange ratio to be determined by the terms of the merger agreement. The merger agreement provides that the number of shares of United Security common stock into which a share of Taft National common stock shall be converted shall be equal to the amount determined by dividing the lesser of, (a) the average of the daily closing price of a share of United Security common stock during the 20 consecutive trading days ending at the end of the third trading day immediately preceding the closing of the merger, or (b) \$22.00, into \$5,349,620 (subject to a dollar for dollar adjustment in the event Taft National's expenses in the merger exceed \$300,000 in the aggregate) with the resulting quotient then divided by 267,481 (the number of shares of Taft National common stock outstanding as of the date of the merger agreement). Fluctuations in United Security's per share market value will change the upper value of the merger consideration. These two components will determine the amount that you will be entitled to receive for each share of Taft National common stock that you own. However, in no event will a Taft National shareholder receive less than \$20.00 in value per share of Taft National common stock unless Taft National's merger expenses as defined in the merger agreement exceed \$300,000. Further, the effect of capping United Security's stock price at \$22.00 for purposes of calculating the exchange ratio is that as the average trading price of United Security's stock rises above \$22.00 share, Taft National shareholders will receive greater than \$20.00 in value per Taft National share, assuming Taft National's merger expenses as defined in the merger agreement do not exceed \$300,000. Please read the sections entitled "Risk Factors Risks Regarding the Merger" and "The Merger Calculation of Consideration to be Paid to Taft National Shareholders" for additional information.

Regulatory Approvals (Page)

United Security has received the necessary approvals from the Federal Reserve Board, or FRB, and the California Department of Financial Institutions, or the DFI for the merger. Please read the section entitled "The Merger Regulatory Approvals" for additional information.

Votes Required; Securities Held by Insiders (Page)

Approval of the merger requires the affirmative vote of two-thirds of the outstanding shares, or 178,322 shares, of Taft National's 267,481 issued and outstanding shares of common stock. Your failure to vote in person or by proxy, or your abstention from voting entirely, will have the same effect as voting against the merger. Please read the section entitled "The Taft National Meeting."

Directors and executive officers owned approximately 79,887 shares, or 29.9%, of Taft National's outstanding shares of common stock entitled to vote. Please be aware that Taft National's directors have entered into separate agreements in which they have agreed, among other things, to vote "FOR" approval of the merger agreement. Please read the section entitled "The Merger The Merger Agreement Director Voting Agreements" for additional information.

Opinion of Taft National's Financial Advisor (Page)

In deciding to approve the merger, Taft National's Board of Directors considered, among other things, the opinion dated December 11, 2003 of James H. Avery Co., Taft National's financial advisor, regarding the fairness, from a financial point of view, of the consideration to be received by Taft National's shareholders as a result of the merger. The financial advisor determined that the merger agreement was fair to Taft National's shareholders from a financial standpoint. The advisor's written opinion is attached as Appendix C. You should read it carefully to understand the assumptions made, matters considered and limitations of the review undertaken by the advisor in providing its opinion. Please read the section entitled "The Merger Opinion of Financial Advisor" for additional information.

Recommendation of Taft National's Board of Directors (Page)

On December 11, 2003, Taft National's Board of Directors unanimously approved the merger agreement and the transactions contemplated by it. Moreover, they unanimously believe that the merger's terms are fair to you and in your best interests. Accordingly, they unanimously recommend a vote "FOR" the proposal to approve the merger agreement and the merger. The conclusions of Taft National's Board of Directors regarding the merger are based upon a number of factors. Please read the sections entitled "The Merger Reasons for the Merger," " Recommendation of the Board of Directors" and " Opinion of Financial Advisor" for additional information.

Exchange of Share Certificates (Page)

After completing the merger, holders of Taft National stock certificates will need to exchange those certificates for new certificates of United Security common stock. Shortly after completing the merger, Wells Fargo Shareowner Services, United Security's exchange agent, will send Taft National's shareholders detailed instructions on how to exchange their shares. Please do not send any stock certificates until you receive these instructions. Please read the section entitled "The Merger The Merger Agreement Exchange Procedures" for additional information.

Conditions to Closing the Merger (Page)

In addition to regulatory and shareholder approvals, United Security's and Taft National's obligations to close the merger depend on fulfilling certain conditions, unless waived, including receipt

of a tax opinion that the merger qualifies as a tax-free reorganization for federal income tax purposes and the holders of Taft National's convertible debentures shall not have converted the debentures into shares of Taft National common stock and United Security shall have paid the principal and any accrued and unpaid interest due on the debentures at the time of the closing of the merger. Please read the section entitled "The Merger The Merger Agreement Conditions to the Parties' Obligations" for additional information.

Closing the Merger (Page)

If all required regulatory and shareholder approvals are received as planned, and if the conditions to the merger have either been met or waived, United Security and Taft National anticipate that the merger will close on or about April 30, 2004. However, neither United Security nor Taft National can assure you whether or when the merger will actually close. Please read the section entitled "The Merger The Merger

Agreement The Closing" for additional information.

Termination of the Merger (Page)

United Security and Taft National can mutually agree to terminate or extend the merger agreement. Either United Security or Taft National can terminate the merger agreement in the event of a material breach or the occurrence of certain other events, including receipt of an offer from a third party.

United Security and Taft National have agreed that in the event the merger agreement is terminated because of a material breach, the non-breaching party will be entitled to receive \$200,000 from the breaching party. Additionally, a fee of \$300,000 must be paid by Taft National if it completes an alternative merger or similar proposal within twelve months following a termination of the merger agreement by either Taft National or United Security because of certain events specified in the merger agreement. Please read the section entitled "The Merger The Merger Agreement Termination" and " Discussion with Third Parties" for additional information.

Federal Income Tax Consequences (Page)

We have received a tax opinion that the merger will be treated as a tax-free merger under federal tax law so most Taft National shareholders, Taft National and United Security will not recognize any gain or loss. If you exercise your dissenter rights, your tax treatment will be different. Please read the section entitled "The Merger Certain Federal Income Tax Consequences" for additional information.

The tax laws are complex. Therefore, you should consult your individual tax advisor regarding the federal income tax consequences of the merger to you. You should also consult your tax advisor concerning all state, local and foreign tax consequences of the merger.

Accounting Treatment (Page)

United Security must account for the merger as a purchase. Under this method of accounting, the assets and liabilities of the company acquired are recorded at their respective fair value as of completion of the merger, and are added to those of the acquiring company. Financial statements of the acquiring company issued after the merger takes place reflect these values, but are not restated retroactively to reflect the historical financial position or results of operations of the company that was acquired. Please read the section entitled "The Merger Accounting Treatment" for additional information.

United Security Bank's Management and Operations After the Merger (Page)

After the merger, United Security Bank's present directors will remain the directors and the current executive officers will remain the executive officers. Please read the section entitled "The Merger Certain Effects of the Merger" and " Interests of Certain Persons in the Merger" for additional information.

Interests of Certain Persons in the Merger That Are Different From Yours (Page)

The directors and executive officers of Taft National have financial interests in the merger over and above those of Taft National shareholders. The President and Chief Executive Officer of Taft National, Mr. Tishma, and the Chief Credit Officer of Taft National, Mr. Morris, have agreements with Taft National that provide for the payment of money to them in the event of a merger if they are not retained by the company purchasing Taft National. In satisfaction of the agreements with Messrs. Tishma and Morris, United Security has offered each of them a one year employment agreement at their current base compensation level. The merger agreement also requires United Security to pay all outstanding principal and accrued but unpaid interest on five subordinated convertible debentures, each in the face amount of \$100,000. Five directors of Taft National are each the holder of one of the debentures. The five directors are, Robert Colston, Charles E. Beard, Bob Hampton, John Hollingworth and Glen Lloyd. Finally, as a condition to the merger, the directors and officers will receive continuing insurance protections under the existing directors' and officer's liability insurance policy of Taft National. You should consider these interests in deciding how to vote. Please read the section entitled "The Merger Interests of Certain Persons in the Merger" for additional information.

Differences in Your Rights as a Shareholder (Page)

As a Taft National shareholder, your rights are currently governed by Taft National's Articles of Association and Bylaws and by the national banking laws. If you do not exercise your dissenters' rights, you will receive United Security common stock in exchange for your Taft National common stock, and you will become a United Security shareholder. Consequently, your rights as a United Security shareholder will be

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governed by United Security's Articles of Incorporation and Bylaws and by the California Corporations Code, rather than national banking laws. Therefore, the rights of United Security shareholders differ from the rights of Taft National shareholders in certain respects. Please read the section entitled "Comparison of Shareholder Rights" for additional information.

Dissenters' Rights (Page)

Holders of Taft National common stock who vote against the merger, or who give written notice to Taft National prior to the meeting that they dissent from the merger, and who have fully complied with all applicable provisions of Section 214a of Title 12 of the United States Code, including making a written demand for dissenter's rights and surrendering their certificates to United Security Bank for endorsement within 30 days of completion of the merger, have the right to receive from United Security the value of the Taft National shares as of the date of the meeting based upon a valuation by a committee of three persons. If the appraisal is unsatisfactory, a dissenting shareholder may appeal to the Office of the Comptroller of the Currency, whose determination of value shall be final and binding. The Office of the Comptroller of the Currency does not permit the appraisal value of the dissenting shares to include appreciation or depreciation as a result of the merger. Please read the section entitled "The Merger Dissenters' Rights of Taft National Shareholders" and Appendix B for additional information.

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Dividends

United Security has paid quarterly cash dividends since its first full year of operation. United Security has paid cash dividends of \$0.115 per share on January 23, 2002, and cash dividends of \$0.13 per share on April 24, 2002, July 24, 2002, October 23, 2002, January 22, 2003 and cash dividends of \$0.145 on April 23, 2003, July 23, 2003, October 22, 2003 and January 21, 2004.

Resale of United Security Common Stock by Former Taft National Shareholders (Page)

United Security common stock that you receive in the merger will be freely transferable, unless you are considered an affiliate of Taft National. Please refer to the section entitled "The Merger Resale of United Security Common Stock" for additional information.

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Risk Factors

In addition to the other information included in this proxy statement-prospectus or incorporated by reference, you are urged to carefully consider the following factors before making a decision to approve the merger.

Risks Regarding the Merger

Combining United Security and Taft National May Be More Difficult Than Expected

If United Security and Taft National are unable to successfully integrate their businesses, operating results may suffer. Both United Security and Taft National have operated and, until completion of the merger, will continue to operate independently of one another. It is possible that the integration process could result in the loss of key employees, disruption of United Security's and Taft National's ongoing business or inconsistencies in standards, controls, policies or procedures. These could negatively affect both United Security's and Taft National's ability to maintain relationships with customers and employees, or achieve the anticipated benefits of the merger within the time period expected, if at all. As with any merger of financial institutions, there may also be disruptions that cause customers, both deposit and loan, to take their business to competitors. No guarantees exist that Taft National's integration within United Security's operations will be successful.

You Will Not Know in Advance the Value of the Merger Consideration You Will be Entitled to Receive

The merger agreement provides that the number of shares of United Security common stock into which a share of Taft National common stock shall be converted shall be equal to the amount determined by dividing the lesser of, (a) the average of the daily closing price of a share of United Security common stock during the 20 consecutive trading days ending at the end of the third trading day immediately preceding the closing of the merger, or (b) \$22.00, into \$5,349,620 (subject to a dollar for dollar adjustment in the event Taft National's expenses in the merger exceed \$300,000 in the aggregate) with the resulting quotient then divided by 267,481 (the number of shares of Taft National common stock

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outstanding as of the date of the merger agreement). Fluctuations in United Security's per share market value will change the value of the merger consideration. These two components will determine the amount that you will be entitled to receive for each share of Taft National common stock that you own.

Taft National's shareholders will receive at least \$20.00 worth of United Security stock for each share of Taft National stock (without adjustments) and Taft National's shareholders may receive more. Using examples, assuming December 11, 2003, the date the merger agreement was signed, was the determination date for the average stock price calculation and assuming Taft National's merger expenses do not exceed \$300,000, then the shareholders of Taft National would receive \$23.90 per share of Taft National common stock in shares of United Security common stock. Assuming _____, 2004, was the determination date for the average stock price calculation and assuming Taft National's merger expenses do not exceed \$300,000, then the shareholders of Taft National would receive \$ _____ per share of Taft National common stock in shares of United Security common stock. Adjustments will be made to the minimum total value of United Security shares that Taft National's shareholders receive if Taft National's expenses for the merger as set forth in the merger agreement, exceed \$300,000. In that case, it is possible that Taft National's shareholders could receive less than \$20.00 of United Security stock for each share of Taft National stock. For example, if Taft National's merger expenses are \$400,000, exceeding the \$300,000 limit by \$100,000, then Taft National's shareholders would receive no less than \$19.63 of United Security stock for each share of Taft National stock. Applying the December 11, 2003 and _____, 2004 determination dates to these examples, Taft National's shareholders would receive \$23.45 and \$ _____ of United Security shares, respectively.

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Because of the time period spanning the computation of the exchange ratio and per share value of your shares of Taft National common stock, you will not know in advance the number of shares of United Security common stock that you will receive until the merger is completed.

Please read the sections entitled "The Merger Calculation of Consideration to be Paid to Taft National Shareholders."

Risks Regarding United Security Common Stock

Limited Market for United Security Common Stock

United Security common stock has only traded on the Nasdaq NMS under the symbol "UBFO" since June 5, 2001. Additionally, United Security had 5,530,613 shares issued and outstanding as of January 1, 2004 owned by 646 shareholders of record. Of that amount, 2,086,122 shares are held by directors, executive officers and other insiders and an additional 329,805 shares are owned by United Security's 401(k) plan and employee stock ownership plan, or ESOP. Thus, for all practical purposes, the shares of United Security common stock held by United Security's directors, executive officers, other insiders, the 401(k) plan and the ESOP do not trade. United Security cannot assure you that the stock you receive in the merger may be resold at the frequency or at the prices occurring before the merger. Please read the section entitled "Markets; Market Prices and Dividends" for additional information.

United Security Can Issue Common Stock Without Your Approval, Diluting Your Proportional Ownership Interest

United Security's articles of incorporation authorize it to issue 10,000,000 shares of common stock. Currently, United Security has 5,530,613 shares of common stock issued and outstanding, with up to an additional 243,164 additional shares to be issued in the merger. United Security also has 83,000 shares reserved under various stock option plans covering its directors, officers and employees at exercise prices ranging between \$11.33 and \$17.50. Consequently, any shares of common stock that United Security issues after the merger with Taft National will dilute your proportional ownership interest in United Security, unless you participate in the future offerings.

United Security intends to seek acquisitions of other banks where it believes that those acquisitions will enhance shareholder value or satisfy other strategic objectives. United Security can make future acquisitions, if any, by issuing additional shares of its common stock or other securities convertible into or exercisable for its common stock. As of the date of this proxy statement-prospectus, United Security has not entered into any agreements to acquire other banks, bank holding companies or any other entities. Please read the section entitled "Description of United Security Description of Capital Stock" for additional information.

The Price of United Security Common Stock May Decrease, Preventing You from Selling Your Shares at a Profit

The market price of United Security common stock could decrease and prevent you from selling your shares at a profit. The market price of United Security common stock has fluctuated in recent years. Since June 12, 2001, United Security's common stock market price has ranged from a low bid price of \$14.94 per share to a high bid price of \$29.50 per share, as adjusted for stock dividends. Fluctuations may occur, among other reasons, due to:

operating results;

market demand;

announcements by competitors;

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economic changes;

general market conditions; and

legislative and regulatory changes.

The trading price of United Security common stock may continue to fluctuate in response to these factors and others, many of which are beyond United Security's control. We strongly urge you to consider the likelihood of these market fluctuations before deciding how to vote for the merger. Please read the section entitled "Markets; Market Prices and Dividends" for additional information regarding the trading prices of United Security common stock.

Risks Regarding the Businesses of United Security and Taft National

United Security and Taft National Face Lending Risks

The risk of loan defaults or borrowers' inability to make scheduled payments on their loans is inherent in the banking business. Moreover, United Security and Taft National focus primarily on lending to small- and medium-sized businesses. Consequently, United Security and Taft National may assume greater lending risks than other financial institutions which have a smaller concentration of those types of loans, and which tend to make loans to larger businesses. Borrower defaults or borrowers' inability to make scheduled payments may result in losses which may exceed United Security's and Taft National's allowances for loan losses. Furthermore, should United Security and Taft National be required to fund currently unfunded loan commitments and letters of credit at higher than anticipated levels, there may be an increased exposure to loan losses, necessitating higher loan loss provisions. Other than these unfunded loan commitments and letters of credit, neither United Security nor Taft National have any off balance sheet exposure. These risks, if they occur, may require higher than expected loan loss provisions which, in turn, can materially impair profitability, capital adequacy and overall financial condition. Please read the sections entitled "Description of United Security Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Information About Taft National Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

United Security and Taft National Are Limited in the Amount They Can Lend to Any Individual Borrower

United Security, through its subsidiary, United Security Bank, and Taft National are limited in the amount that they can lend to a single borrower. Accordingly, the size of the loans which they can offer to potential customers is less than the size of loans that their competitors with larger lending limits can offer. Legal lending limits also affect United Security Bank's and Taft National's ability to seek relationships with larger and more established businesses. Through previous experience and relationships with a number of other financial institutions, participations in loans which exceed lending limits are sometimes sold. However, United Security and Taft National cannot assure you of any future success that they may have in attracting or retaining customers seeking larger loans or that they can successfully engage in participation transactions for those loans on favorable terms. For additional information, please read the sections entitled "Description of United Security Business Competition" and "Information About Taft National Banking Services Competition."

An Increase in Classified Loans May Hurt Performance

Some of the loans that United Security and Taft National make may, with the passage of time, pose a higher risk of becoming uncollectible. These loans may be classified and require a larger than anticipated amount of loss reserves which, in turn, may reduce United Security's and Taft National's liquidity, earnings and ultimately their capitalization and financial condition. Classified loans as of

December 31, 2003, of United Security and Taft National were 40.7% and 59.8% of capital respectively. United Security and Taft National continually evaluate the credit risks associated with loans that indicate a higher than normal risk of collectability. United Security and Taft National believe that they have adequately provided for the related credit risks of their respective loans. However, their respective loan portfolios are vulnerable to adverse changes in the economy and in the particular industries in which their borrowers operate. Accordingly, United Security and Taft National cannot assure you that the level of their classified loans will not increase in the future. For additional information, please read the sections entitled "Description of United Security Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Information About Taft National Management's Discussion and Analysis of Financial Condition and Results of Operations."

Declines in Real Estate Values Could Materially Impair Profitability and Financial Condition

Approximately 69% and 52% respectively, of United Security's and Taft National's loans are secured by real estate collateral. A substantial portion of the real estate securing these loans is located in Central California. Real estate values are generally affected by factors such as:

the socioeconomic conditions of the area where real estate collateral is located;

fluctuations in interest rates;

property and income tax laws;

local zoning ordinances governing the manner in which real estate may be used; and

federal, state and local environmental regulations

Management and the Boards of Directors of United Security and Taft National monitor the concentrations of loans secured by real estate, which are within pre-approved limits. However, declines in real estate values could significantly reduce the value of the real estate collateral securing United Security's and Taft National's loans, increasing the likelihood of defaults. Moreover, if the value of real estate collateral declines to a level that is not enough to provide adequate security for the underlying loans, United Security and Taft National will need to make additional loan loss provisions which, in turn, will reduce their profits. Also, if a borrower defaults on a real estate secured loan, United Security and Taft National may be forced to foreclose on the property and carry it as a nonearning asset which, in turn, may reduce net interest income. For additional information, please read the sections entitled "Description of United Security Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Information About Taft National Management's Discussion and Analysis of Financial Condition and Results of Operations."

Interest Rates and Other Conditions Impact Profitability

United Security's and Taft National's profitability depends on the difference between the rates of interest they earn on their loans and investments, and the interest rates they pay on deposits and other borrowings. Like other financial institutions, United Security's and Taft National's net interest income is affected by general economic conditions and other uncontrollable factors, like the monetary policies of the FRB, which influence market interest rates. Accordingly, the ability to adjust the interest rates on investments, loans and deposit products in response to changes in market interest rates may be limited for a period of time. Consequently, United Security's and Taft National's inability to immediately respond to changes in market interest rates can have either a positive or negative effect on net interest income, capital, liquidity and financial condition. United Security and Taft National cannot assure you that any positive trends or developments that they have experienced will continue, or that they will not experience negative trends or developments in the future. Finally, in response to negative economic trends, the FRB has lowered interest rates 13 times since the beginning of 2001. The benchmark overnight federal funds rate (the rate banks charge each other for overnight borrowings) currently

stands at 1.00%, one of the lowest levels in four decades. Declines in this key rate affect other rates which United Security and Taft National charge their borrowers and pay depositors, impacting United Security's and Taft National's net interest margins. Due to the mix and composition

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of United Security's and Taft National's assets and liabilities, changing interest rates may adversely impact their net interest incomes and margins. For additional information, please read the section entitled "Supervision and Regulation United Security Bank and Taft National Impact of Monetary Policies."

United Security Is Limited in its Ability to Pay Cash Dividends

While United Security and United Security Bank have paid quarterly cash dividends for the last five years, United Security depends on dividends from United Security Bank, and if the merger is closed, from the profit contribution of Taft National to United Security Bank, in order to pay cash dividends to its shareholders. Moreover, the amount and timing of any dividends is at the discretion of United Security's board of directors. Please refer to the section entitled "Description of United Security Description of Capital Stock" for additional information. Also, please read the sections entitled "Supervision and Regulation United Security Bank Holding Company Liquidity" and " Limitations on Dividend Payments" for additional information.

United Security's Future Growth May Be Limited If it Is Not Able to Raise Additional Capital

Banks and bank holding companies are required to conform to regulatory capital adequacy guidelines and maintain their capital at specified percentages of their assets. These guidelines may limit United Security's ability to grow and could result in banking regulators requiring increased capital levels or reduced loan and other earning asset levels. Therefore, in order to continue to increase its earning assets and net income, United Security may, from time to time, need to raise additional capital. United Security cannot assure you that additional sources of capital will be available or, if they are, that the additional capital will be available on economically reasonable terms. Currently, United Security is "well capitalized" and has no plans to raise additional capital to facilitate the merger with Taft National or for any other purpose. For additional information, please read the sections entitled "Supervision and Regulation United Security Bank and Taft National Risk-Based Capital Guidelines" and "Description of United Security Trust Preferred Securities Offerings."

United Security Has a Continuing Need to Adapt to Technological Changes

The banking industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. The effective use of technology allows a bank to:

better serve its customers;

increase operating efficiencies through reduced operating costs;

provide a wider range of products and services to their customers; and

attract new customers.

Future success of United Security and Taft National partially depends upon their ability to successfully use technology in providing products and services that will satisfy customers' demands for convenience, as well as to create additional operating efficiencies. Larger competitors already have existing technological infrastructures and substantially greater resources to invest in technological improvements. Neither United Security nor Taft National can assure you that it will be able to effectively implement new technology-driven products and services as they develop, or be successful in marketing those products and services to their current and prospective customers.

United Security and Taft National Compete Against Larger Banks and Other Institutions

United Security and Taft National compete for loans and deposits with other banks, savings and thrift associations and credit unions located in their service areas, as well as with other financial services organizations such as brokerage firms, insurance companies and money market mutual funds. These competitors aggressively solicit customers within their market area by advertising through direct mail, the electronic media and other means. Many of their competitors have been in business longer, have established customer bases and are substantially larger. These competing financial institutions offer services, including international banking services, that United Security and Taft National can only offer

through correspondents, if at all. Additionally, their larger competitors have greater capital resources and, consequently, higher lending limits. Finally, some of their competitors are not subject to the same degree of regulation. For additional information, please read the sections entitled "Description of United Security Business Competition" and "Information About Taft National Banking Services Competition."

Current Banking Laws and Regulations Affect Activities

United Security and Taft National are subject to extensive regulation. Supervision, regulation and examination of banks and bank holding companies by regulatory agencies are intended primarily to protect depositors rather than stockholders. These regulatory agencies examine bank holding companies and commercial banks, establish capital and other financial requirements and approve acquisitions or other changes of control of financial institutions. United Security's and Taft National's ability to establish new facilities or make acquisitions requires approvals from applicable regulatory bodies. Changes in legislation and regulations will continue to have a significant impact on the banking industry. Although some of the legislative and regulatory changes may benefit United Security and Taft National, others may increase their costs of doing business and assist their nonbank competitors who are not subject to similar regulation. For additional information, please read the section entitled "Supervision and Regulation."

Taft National Regulatory Agreement

Taft National has been the subject of enforcement proceedings by bank regulators. Specifically, on March 21, 2001, Taft National entered into a formal written agreement with the Office of the Comptroller of the Currency. The agreement generally prohibits certain operations or practices deemed objectionable by the OCC and required Taft National to take several affirmative actions. Taft National understands that the OCC believes that Taft National has not sufficiently reduced criticized assets and has not improved the quality of Taft National's loan portfolio as required in the regulatory agreement. In particular, as part of Taft National's efforts to reduce criticized assets and improve the loan portfolio quality, the OCC has required Taft National to hire an additional senior lending officer. Taft National has been unable to locate and hire a qualified lending officer despite earnest efforts to do so. Taft National also continues to strive to improve the overall loan portfolio quality. Except for those two instances on which it is continuing to work, Taft National believes it is in compliance with the regulatory agreement. However, the ultimate determination of compliance is made by the OCC, and until such time as Taft National is released from the formal agreement, it may be subject to further enforcement proceedings by the OCC. For additional information, please read the section entitled "Information About Taft National Taft National Regulatory Agreement."

A Warning about Forward Looking Statements

Certain statements contained in this proxy statement-prospectus or in documents incorporated by reference, including, without limitation, statements containing the words "believes," "anticipates," "intends," "expects," and words of similar import, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward looking statements, including among others those found in "Questions and Answers About the Merger," "Summary," and "The Merger" involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the combined companies to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

In particular, we have made statements in this document regarding expected cost savings to result from the merger, the anticipated accretive effect to earnings of the combined enterprise, an improved ability to compete with larger competitors, restructuring charges expected to be incurred in connection with the merger, and the operation of the combined companies. With respect to estimated cost savings, we have made assumptions about the anticipated overlap between the costs of the two banks for data processing and other operations, the amount of general and administrative expenses, the costs of converting Taft National's data processing to United Security Bank's systems, the size of anticipated reductions in fixed labor costs, the effort involved in aligning accounting policies and the transactional costs of the merger. The realization of the anticipated cost savings is subject to the risk of possible inaccuracy of the foregoing assumptions.

In addition to the risks discussed in "Risk Factors," the following factors may also affect the accuracy of forward looking statements in this proxy statement-prospectus:

demographic changes;

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changes in business strategy or development plans;

the availability of capital to fund the expansion of the combined business; and

other factors referenced in this proxy statement-prospectus or the documents incorporated by reference.

Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. United Security and Taft National disclaim any obligation to update any such factors or to publicly announce the results of any revisions to any of the forward-looking statements contained in this proxy statement-prospectus to reflect future events or developments.

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Markets; Market Prices And Dividends

Taft National Common Stock

The common stock of Taft National is not listed on any national stock exchange, but is listed on the Over-the-Counter (OTC) Bulletin Board under the symbol of "TFNB.PK." As of March 1, 2004, there were approximately 198 shareholders. The management of Taft National is not aware of any dealers that make a market for Taft National common stock.

There is and has been very little trading in Taft National common stock. On December 10, 2003, the last trading day prior to the announcement of the merger, the bid price of Taft National common stock was \$10.80. There have been no trades in the common shares of Taft National since November 25, 2003, at which time 1,562 shares traded at \$10.00 per share. Since 2001, all trades in Taft National common stock have been at \$10.00 per share. No cash or stock dividends have been declared since 1998.

United Security Common Stock

The following chart summarizes the approximate high and low bid prices and dividends declared per share for United Security. United Security common stock has been quoted on the Nasdaq-NMS and traded under the symbol "UBFO" since June 5, 2001. Before that date, United Security common stock was traded on the over-the-counter marker under the symbol "UBFO.OB." The information in the following table is based upon information provided by the National Association of Securities Dealers for prices on the Nasdaq-NMS. Bid quotations reflect inter-dealer prices, without adjustments for mark-ups, mark-downs, or commissions and may not necessarily represent actual transactions.

	United Security Common Stock	
	High Bid	Low Bid
2002		
First Quarter	\$ 17.50	\$ 16.13
Second Quarter	\$ 18.25	\$ 16.60
Third Quarter	\$ 18.00	\$ 15.00
Fourth Quarter	\$ 19.74	\$ 15.50
2003		
First Quarter	\$ 21.73	\$ 16.29
Second Quarter	\$ 27.64	\$ 18.53
Third Quarter	\$ 26.59	\$ 19.00
Fourth Quarter	\$ 27.69	\$ 24.17
2004		
First Quarter through _____, 2004	\$ _____	\$ _____

The following table sets forth the closing price per share of United Security common stock on the Nasdaq-NMS as of December 10, 2003, the last trading day before the date on which United Security and Taft National announced the execution of the merger agreement, and as of _____, 2004, the last practicable date prior to the date of this proxy statement-prospectus.

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Market Price Per Share as of	United Security Common Stock
December 10, 2003	\$ 26.74
, 2004	\$

You should obtain current market quotations for United Security common stock. The market price of United Security common stock will probably fluctuate between the date of this proxy statement- prospectus, the date on which the merger is completed and after the merger. Because the market price of United Security common stock is subject to fluctuation, the number of shares of United Security common stock that you may receive in the merger may increase or decrease.

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Selected Financial Data

United Security and Taft National are providing the following information to aid you in your analysis of the financial aspects of the merger. The following charts show financial results actually achieved by United Security and Taft National.

United Security

United Security derived its annual historical financial data for 2003 and 2002 from the audited consolidated financial statements included at the end of this proxy statement-prospectus. In the opinion of United Security's management, all adjustments, consisting solely of recurring adjustments, necessary to fairly present the data at those dates and for those periods have been made.

Taft National

Taft National derived its annual historical financial data for 2003 and 2002 from its audited financial statements included at the end of this proxy statement-prospectus. In the opinion of Taft National's management, all adjustments, consisting solely of recurring adjustments, necessary to fairly present the data at those dates and for those periods have been made.

Comparative Historical Financial Data for United Security (Unaudited)

Year Ended December 31,

2003	2002	2001	2000	1999
------	------	------	------	------

(in thousands, except per share data and ratios)

SUMMARY OF EARNINGS:

Net interest income	\$ 19,667	\$ 17,200	\$ 16,652	\$ 17,397	\$ 13,995
Provision for credit losses	1,713	1,963	1,733	1,580	1,025
Noninterest income	6,271	5,368	4,277	2,538	2,781
Noninterest expense	11,855	10,860	9,818	8,648	7,898
Net Income	\$ 7,706	\$ 6,833	\$ 6,193	\$ 6,257	\$ 4,923

FINANCIAL POSITION:

Total assets	\$ 506,588	\$ 519,316	\$ 450,928	\$ 356,832	\$ 281,531
Total net loans and leases	338,716	343,042	331,163	256,802	195,233
Total deposits	440,444	423,987	368,651	271,862	238,863
Total shareholders' equity	45,036	40,561	36,059	33,749	28,316

PER SHARE DATA:

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Year Ended December 31,

	Year Ended December 31,									
Net Income Basic	\$	1.41	\$	1.27	\$	1.14	\$	1.16	\$	0.95
Net Income Diluted	\$	1.40	\$	1.25	\$	1.11	\$	1.12	\$	0.89
Book value per share	\$	8.17	\$	7.50	\$	6.68	\$	6.23	\$	5.41

SELECTED FINANCIAL RATIOS: