



## Message from the CEO

ISSUE II VOL. I 2007



### Hello to Our Customers!

I joined First Choice Bank at the first of the year and am excited to be part of a dynamic, people-oriented bank that stresses the Bank's Motto: *Efficiency, Speed, and Certainty*. That motto sets

the stage for our performance every day and is the cornerstone for our service to our customers.

What does a banking relationship with First Choice Bank mean to you – our customer or potential customer? It means efficient, hassle-free applications administered by our professional staff, speed in getting the important decisions on financing accomplished in a manner that allows you – the customer – to make those critical business and personal decisions in the least amount of time necessary. It also means certainty that our actions will be in the best interest of our customers and our local area –

without the constraints and limitations of a corporate office in a distant state.

First Choice Bank has set an admirable goal in its mission to provide the finest service it can to our customers. It is through the personal experiences and professional background of our staff that we can state unequivocally that we understand the concerns and needs of our customers. We have met with and dealt with many of the issues that face you today and can offer our resources to make it an easier path for you.

We offer all of the amenities of larger banks such as Personal

Online Banking, personalized handling of loan applications and accounts, state of the art security for transactions, and international services – without the impersonal face of the monolith bank. Our employees are given the opportunities to make decisions and meet the needs of our customers.

Again, I am pleased to be a member of what should be your choice – First Choice Bank.

**ADRIANA M. BOEKA**

*Chief Executive Officer*

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## BANK ECONOMISTS EXPECT SOLID GROWTH IN 2007, DESPITE HOUSING DRAG



A further contraction in homebuilding will limit overall economy growth in 2007, but the U.S. economy will remain relatively strong with contained inflation, low unemployment and strong corporate balance sheets, the American Bankers Association Economic Advisory Committee (EAC) said on January 19, 2007.

“Residential construction will continue to weaken in 2007, but its drag on the economy will lessen as the year goes on,” said Scott J. Brown, EAC chair and chief economist, Raymond James Associates, Inc., St. Petersburg, Fla. He added that other sectors of the economy should continue to exhibit moderate strength.

The EAC’s consensus forecast is that the national economy will grow at an annual 2.7 percent in 2007. Lower oil prices and below-potential economic growth will help underlying inflation settle under 2.5 percent.

“With the unemployment rate edging up and inflation expectations contained, the committee expects no change in Fed policy over the next several months,” said Brown. He noted however that committee members were divided over what action the Fed might take in the second half of the year. According to the committee’s forecast, national home sales will bottom-out by the middle of 2007 with residential

construction activity continuing to decline into the second half of the year. This combination will help bring balance back into the housing market before year-end.

The EAC forecasts inflation-adjusted consumer spending to remain healthy at 2.9 percent in 2007.

“Tight labor markets should contribute to higher wage growth in the near term, while lower energy prices have boosted consumer purchasing power significantly compared to a year ago,” said Brown. “The positive impact of rising real incomes should offset the negative housing impact consumer spending,” he said.

The business sector is expected to have a good year, with

business fixed investment rising 5.9 percent, according to the forecast. Strong global growth will be another source of support with net exports adding to GDP growth for the first time since 1995.

The committee noted a number of upside and downside risks to the outlook. If the recent drop in oil prices is sustained, then the outlook for consumer spending will brighten. In addition, committee members differed on when the housing market would be stabilized and some saw risks of a more substantial correction.



# LOANS - LOANS - LOANS

FIRST CHOICE BANK – YOUR FIRST CHOICE FOR SBA EXPRESS LOAN



If you own a small business, or you are trying to start a business, you know how difficult it can be to obtain the financing you need to grow and prosper. Too often, the terms offered by other banks do not meet your credit needs, or you seem to be cut off completely from financing opportunities. We have just the product for you. Take advantage of First Choice Bank's SBA Express Loan, and get your business moving.

Although most any bank can make an SBA loan, First Choice Bank is setting the way with our innovative use of SBA Express loan program. First Choice

Bank wants to make your loan, and as an SBA Express Approved Lender, we have both the background and in depth knowledge to solve your financing needs. We understand that when your business needs financing, you need answers quickly. First Choice Bank will guide you through the application and approval process quickly and efficiently.

In many cases obtaining an SBA-backed loan is a lengthy process. The good news is that the additional authority and autonomy granted to First Choice Bank in this program not only reduces the cost of obtaining an SBA loan but also allows the bank to provide business financing under more reasonable terms and conditions which otherwise might not be possible.

The SBA Express program is ideal for small businesses that are starting, building or expanding. It offers a simple loan application procedure for term loan and revolving lines of credit for up to seven years and provides loans of up to \$350,000 with up to 50 percent of loan guaranteed under this program.

## The benefits of SBA Express loans are:

- ▶ Streamlined, reduced documentation requirements. We use our own, non-SBA loan forms and procedures to process, approve and service the loans.
- ▶ Faster approval process and

immediate access to required funds.

- ▶ Unlike most other programs, this can be used for working capital line of credit.
- ▶ Monthly payments are automatically deducted from your First Choice Bank business checking account.

With our knowledge, speed and commitment to SBA Express lending, First Choice Bank should be your first choice for small business loans. To find out if your business qualifies for an SBA Express loan, please call our lending department or drop us a note at:

[www.firstchoicebankca.com](http://www.firstchoicebankca.com)

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# IDENTITY THEFT IS STILL A THREAT

Your mailbox contains more than junk mail and bills. It holds information that criminals use to steal your identity. An identity theft survey sponsored by the Federal Trade Commission found 9.9 million Americans were identity theft victims in 2003 and more than 27 million new cases were reported in the last five years. There are signs of a decline developing. Approximately 500,000 fewer adults in the United States fell victim to identity fraud in 2006 than in 2005. Of America's overall adult population, 3.7 percent were victims, as compared to 4.0 percent in 2005.

## Here are some steps you can take to safeguard your identity:

- ▶ Destroy expired credit cards.
- ▶ Do not give out your password or personal identification number (PIN), and stand directly in front of the ATM when entering your PIN.
- ▶ Do not write your PIN, social security number or credit card account number on checks, or on your ATM or debit card.
- ▶ Tear up or shred pre-approved credit card offers, receipts (including ATM receipts) and other information linking your name to your account numbers.
- ▶ Don't provide personal or credit card information over the phone unless you initiate the call (such as placing a catalog order).
- ▶ Provide your social security number only when necessary.
- ▶ Cancel each credit card, ATM and debit card if you lose your purse or wallet. Obtain new cards with new account numbers.
- ▶ Report your missing driver's license to the department of motor vehicles.
- ▶ Reduce the number of identifications and credit cards you carry to what you actually need.
- ▶ Do not respond to any unsolicited e-mail or provide personal information in response to unsolicited e-mail from "your bank" or other "financial institution." Instead, go to the primary e-mail site of the institution and make an inquiry or response.

## HAPPY CHINESE NEW YEAR, THE YEAR OF THE PIG.

Chinese New Year is the longest and most important celebration in the Chinese calendar. The start of the New Year began on February 18, 2007 – The Year of the Pig.

If you were born in 1923, 1935, 1947, 1959, 1971, 1983, and 1995 – you were born under the sign of the pig. Like the pig, you are highly regarded for your chivalry and pureness of heart, and you often make friends for life.

To bring good fortune and prosperity, it is customary to greet people with "Kung Hei Fat Choi" (Happy New Year!)

# TAX BENEFITS OF HIRING YOUR SPOUSE

Wouldn't it be good to always "Be the Boss" of your significant other? In a family business, the advantages generally flow from the ability of the spouse to receive tax favored fringe benefits in his or her capacity as an employee.

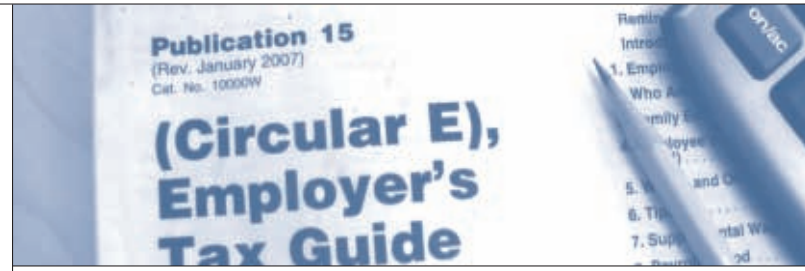
**Health insurance:** A spouse who is hired as a bona fide employee generally can be given health insurance that covers the entire family, including the owner-spouse; thereby effectively converting all family health insurance premiums into business expenses.

**Medical reimbursement plan:** The employee-spouse can use a "section 105" medical reimbursement plan to deduct insurance co-pays, noncovered prescriptions, eye glasses, dental care, orthodontics, and other medical expenses that would otherwise be confined to an itemized "Schedule A" deduction

subject to the difficult-to-reach 7.5% floor. In addition, an employee spouse would be entitled to \$50,000 of group-term life insurance premiums and disability premiums as non-taxable fringe benefits.

**Social Security benefits:** Although the wages of the spouse are subject to taxes, the spouse is able to build up Social Security and Medicare credits. Having a nonworking spouse earning compensation of approximately \$1,000 per quarter for 40 quarters will automatically qualify him or her for federal disability benefits and retirement benefits.

**Higher retirement plan contribution:** Having a spouse as an employee can help direct more retirement benefits to the owner. Since most defined contribution plans have limitations on amount of contributions per qualified



participant, you have just hired another employee to help save for your joint retirement.

**Other employee perks:** Often small business owners will want to hire their spouses to get them onto the travel and entertainment budget more easily. Please note under Treasury Department regulations, a taxpayer may not deduct travel expenses paid or incurred for a spouse (or dependent) unless the spouse or other individual is a bona-fide employee of the employer, the travel is for a bona-fide business purpose, and the expenses of the

spouse or other person are otherwise deductible.

Aside from the several tax benefits discussed above for hiring your spouse, there may be disadvantages that may affect you. Please consult your tax advisor before you hire the employee that is really your boss!

**RYAN S. WONG**

*CPA, MBT, tax partner of Thong, Yu, Wong & Lee, LLP and former IRS tax auditor.*

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## WHAT'S A CONTRACT?<sup>1</sup>

As a real estate and business transactional lawyer, I often help my clients determine whether they have entered into a valid contract. Sometimes, my clients enter into a written agreement (with or without legal advice). They are the simple cases. Other situations are more complex, the "agreement" failed to be documented, was ambiguous or was changed orally during the course of the agreement. They are the more difficult cases.

What is a contract? And, how can you protect yourself from misunderstandings and disputes that may arise from a contract? One of the most critical ways to prevent a later dispute is to make sure that all parties have as close an understanding of the terms as possible. For that purpose, I try to encourage my clients to have

all contracts in writing. Please note that there are some contracts under the law that have to be in writing, for example, real estate contracts or contracts that cannot be performed in one year.<sup>2</sup> However, many other forms of oral contracts are enforceable. The problem with oral contracts, however, is that everyone remembers the underlying arrangement differently, particularly if there is a dispute.

A contract, simply put, is an agreement to do or not to do something, in return for something of value. Each of us enters into a contract, albeit verbal, every single day, and perhaps several times a day. You enter into a contract every time you agree to do something in the context of a relationship for some benefit.

*Continued on page 4*



### **First Choice Bank Executive Team**

*Front (L to R): Adriana M. Boeka - Chief Executive Officer*

*Alexander Lu - President/Chief Operating Officer*

*Back (L to R): Yolanda S. Su - EVP/Chief Operations Administrator*

*Peter J. Lin - SVP/Controller*

*Sandy Hwang - EVP/Chief Credit Officer*

# WHAT'S A CONTRACT?<sup>1</sup>

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By telling a friend of mine that I'll see her at the movies later today, I am creating a verbal contract (and she is relying on my being there) in return for feeling good about spending some time with a friend. When I fail to do something in a social situation, i.e., I don't show up at the movies, there may be consequences but they are relatively minor by comparison. My friend gets mad at me, she stops asking me to the movies . . . but, most likely she won't sue me or ask me for money. In a business setting, a failure to perform a contract may result in very severe consequences. Generally, if your business is relying on someone else's performance, most likely, you would want to be able to hold someone accountable for any loss that results from a failure to perform.

It is virtually impossible to be foolproof and ensure that no

problems arise in a contractual relationship. There are ways to minimize problems. I try to impress upon my clients the need to document all understandings in writing as clearly and as specifically as possible. Some of my clients feel uncomfortable discussing too many specific issues, particularly those involving money, with their business counterparts. However, a business relationship is like dating, things only get worse if issues and expectations are not clarified up-front. To help my clients with the level of detail that need to be discussed with their business counterparts, I will inquire about the following issues:<sup>3</sup>

1. Goals. What is the goal of the business relationship? What are the expectations?
2. Services/Goods. What is each party providing? What services or goods are being provided?
3. Timing of Performance. What are the critical timing issues on the performance of each party? When are the services or goods to

be delivered? When are the payments to be made? What are the deadlines?

4. Price/Cost. What are the prices or the "benefits" being exchanged for performance? Are there other costs, i.e., out-of-pocket costs that need to be included?

5. Payment Terms. How and when will the payments be made?

6. Length of Contract. What is the period of contract? Any other timing issues, i.e., extension?

7. Default. What action or inaction would give rise to a situation when a party has defaulted?

8. Resolution. How will any disputes be resolved? Will you rely on suing or being sued in the courts? Or, would you want some form of arbitration or mediation process?

9. Consequences and Damages. What are the consequences of a party not performing or curing a default? Should there be damages agreed up-front?

There are most likely other terms

that need to be included and that are specific to the agreement concerned. However, if my clients are not able to answer the issues outlined above, chances are, they were not discussed and there are areas of potential ambiguities. To avoid potential ambiguities, please consult your own counsel and seek his/her advice before entering into a contract. While legal fees are expensive, it is much more cost effective to prevent a problem than to litigate later.

**SAN SAN LEE**

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<sup>1</sup> Note: The content of this article is not intended to be the dissemination of legal advice. All readers should consult their own counsel and seek advice before entering into any agreement or contract.

<sup>2</sup> Please consult your counsel on the different types of contracts.

<sup>3</sup> The issues are intended to be used as a guideline only and should not be relied upon. You should always consult counsel before entering into any form of a contract, written or oral.



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