

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	Order No.: CN 08-09
)	
United Community Financial Corp)	Effective Date: August 12, 2008
Youngstown, Ohio)	
OTS Docket No. H3075)	

ORDER TO CEASE AND DESIST

WHEREAS, UNITED COMMUNITY FINANCIAL CORP, Youngstown, Ohio, OTS Docket No. H3075 (Company), by and through its Board of Directors (Board) has executed a Stipulation and Consent to Issuance of Order to Cease and Desist (Stipulation); and

WHEREAS, the Company, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Central Region (Regional Director), is authorized to issue consent Orders to Cease and Desist where a savings and loan holding company has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Operations.

1. As of the Effective Date of this Order, the Company shall not incur nor increase its debt position without prior notice and approval by the Regional Director.

2. Within forty-five (45) days of the Effective Date the Company shall submit a debt reduction plan to the Regional Director for approval. The debt reduction plan shall include, but not be limited to, realistic plans to reduce the outstanding debt obligations of the Company in a timely manner. Following Regional Director's approval the Board shall immediately implement the debt reduction plan.

3. As of the Effective Date of this Order, the Company shall not repurchase any Company Stock, without the prior written approval of the Regional Director.

4. The Company shall not pay any dividends, without the prior written approval of the Regional Director.

Changes to Board or Management.

5. The Company must notify the Regional Director of the proposed addition of any individual to its board of directors or the employment of any individual as a senior executive officer or changing of responsibilities of any senior executive officer at least 30 days before such addition or employment or change becomes effective, as required by 12 C.F.R. § 563.560(a)(2) and 12 U.S.C. § 1831i.

Golden Parachute Payments.

6. The Company is restricted from making any "golden parachute payment" (including severance payments and agreements relating thereto), within the meaning and subject to the restrictions of 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359, except as may be permitted under the above-mentioned statute and regulation.

Effective Date, Incorporation of Stipulation.

7. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

8. This Order shall remain in effect until terminated, modified or suspended, by written notice of such action by OTS, acting by and through its authorized representatives.

Time Calculations.

9. (a) Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be calendar based, unless otherwise noted; and

(b) The Regional Director may extend any of the deadlines set forth in the provisions of this Order upon written request by the Company that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

10. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

(a) To OTS:

Thomas A. Barnes, Regional Director

Office of Thrift Supervision, U.S. Department of the Treasury

1 South Wacker Drive, Suite 2000

Chicago, Illinois 60606

Facsimile: (312) 917-5002

(b) To Company:

Douglas M. McKay, COB

United Community Financial Corp

275 Federal Plaza West
Youngstown, Ohio 44503
Facsimile: (330) 742-0532

No Violations Authorized.

11. Nothing in this Order or the Stipulation shall be construed as allowing the Company, its Board, officers or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____ /s/_____
Thomas A. Barnes
Regional Director, Central Region

Date: See Effective Date on page 1

1. Jurisdiction.

(a) The Company is a “savings and loan holding company” within the meaning of 12 U.S.C. § 1813(w)(3) and 12 U.S.C. § 1467a. Accordingly, the Company is “a depository institution holding company” as that term is defined in 12 U.S.C. § 1813(w)(1);

(b) Pursuant to 12 U.S.C. § 1818(b)(9), the “appropriate Federal banking agency” may initiate cease-and-desist proceeding against a savings and loan holding company in the same manner and to the same extent as a savings association for regulatory violations and unsafe and unsound acts or practices; and

(c) Pursuant to 12 U.S.C. § 1813(q), the Director of OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against such savings and loan holding companies. Therefore, the Company is subject to the authority of OTS to initiate and maintain an administrative cease-and-desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

2. OTS Findings of Fact.

Based on its February 25, 2008 examination of the Company, OTS finds the Company has engaged in unsafe and unsound practices, as reflected through the fact that the Company does not have an effective and definite contingency plan for securing cash resources.

3. Consent.

The Company consents to the issuance by OTS of the accompanying Order to Cease and Desist (Order). The Company further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

4. Finality.

The Order is issued by OTS under 12 U.S.C. § 1818(b) and upon the Effective Date it shall

be a final order, effective and fully enforceable by OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers.

The Company waives the following:

(a) The right to be served with a written notice of OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;

(b) The right to an administrative hearing of OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;

(c) The right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and

(d) Any and all claims against OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes or otherwise.

6. OTS Authority Not Affected.

Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar or otherwise prevent OTS from taking any other action affecting the Company if at any time OTS deems it appropriate to do so to fulfill the responsibilities placed upon OTS by law.

7. Other Governmental Actions Not Affected.

The Company acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 6 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Company that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than

OTS.

8. Miscellaneous.

(a) The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order;

(b) If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise;

(c) All references to OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;

(d) The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order;

(e) The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters; and

(f) The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by OTS, acting through its Regional Director or other authorized representative.

9. Signature of Directors/Board Resolution.

Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Company to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval

