

Deposit Agreement and Disclosure

New York Region

Effective February 8, 2016



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PREFERRED BANK
Deposit Agreement and Disclosure
New York Region
Effective February 8, 2016

Welcome to Preferred Bank (“Bank”).

This Deposit Agreement and Disclosure (“Agreement”) explains important terms and conditions which govern your account(s) with us. Please read this Agreement carefully and keep it with your banking records for future reference. NOTE THAT THIS AGREEMENT INCLUDES IMPORTANT CONSUMER DISCLOSURES, INCLUDING THE FUNDS AVAILABILITY DISCLOSURE, AND ELECTRONIC FUND TRANSFER DISCLOSURE.

When you sign our signature card and/or continue to have an account with us, you and each authorized signer on your accounts effectively agree to this Agreement, together with applicable schedules and disclosures, including fee, and rate disclosures. Refer to our separate personal and business schedules of fees and charges, as applicable (“Schedule of Fees and Charges for Personal Accounts,” applicable to personal accounts; and “Schedule of Fees and Charges for Business Accounts,” applicable to business accounts).

As used in this Agreement, the words “we,” “our,” “us,” and “Bank” mean Preferred Bank and the words “you” and “your” mean the owner(s) of the account(s) and any “agent” appointed by or on behalf of the owner(s) to sign on the account(s) in a representative capacity. Except to the extent otherwise defined herein, the term “business account” and “commercial account” shall mean an account that is not primarily established for personal, family or household purposes. The term “personal account” and “consumer account” shall mean an account that is primarily established for personal, family or household purposes. The word “items” as used in this Agreement includes a check, draft, demand draft, preauthorized draft, or other order or instruction for the payment, transfer or withdrawal of funds including a withdrawal slip, deposit slip/adjustment, automatic transfers, electronic transactions, and miscellaneous charges to your Account. An item also means any other document created or authorized in your name that would be a check or draft but for the fact that it has not been signed. Except to the extent otherwise indicated in this Agreement, the term “may” shall mean that you authorize us to take action or not to take action, at our sole discretion without resulting liability to you.

This Agreement applies to all accounts you have with us. This Agreement supersedes any previous deposit account agreement and applicable disclosures with us.

**ACCOUNT OWNERSHIP AND BENEFICIARY
DESIGNATION**

These rules apply to this account depending on the form of ownership and beneficiary designation, if any, specified on the account records. We reserve the right to refuse some forms of ownership on any or all of our accounts. You agree to provide us with documentation acceptable to us designating each authorized signer with respect to your account(s) and

related services. *Note: Because decisions concerning whether an account should be held in a particular capacity may have significant legal, tax and estate planning consequences, consultation with your attorney or tax advisor is recommended.*

Individual Account – This account is issued to one person who does not intend (merely by opening this account) to create any survivorship rights to any other person.

Joint Account – This account is owned by the named parties as joint tenants, and the Bank may release the entire account to any owner during the lifetime of all owners. The Bank may honor checks or orders drawn by, or withdrawal requests from, any owner during the lifetime of all owners. Upon the death of any of the owners, the Bank may treat the account as the sole property of the survivor(s), subject to our right to setoff and security interest in the account. In addition, the Bank may honor checks or orders drawn by, or withdrawal requests from, the survivor after the death of any owner.

Tenancy in Common Account – This account is owned by the named parties as tenants in common. Upon death of any party, the ownership interest of that third party passes to the estate of that party and is subject to our right to setoff and security interest in the account.

Custodian for Minor – This account shall be governed by the provisions of the New York Uniform Transfers to Minors Act, as amended from time to time. The account is controlled by the custodian, but the account is held by the Bank for the exclusive right and benefit of the minor, and the custodian may not pledge the account as collateral for any loan to you. If the custodian resigns, is removed or dies, we will recognize the designated successor custodian. The custodian can designate a person or entity as a substitute or successor custodian to act when a transfer event occurs, or the current custodian resigns, becomes legally incapacitated or dies.

Payable on Death (POD) Account – One or more parties may open this account, and the account may be revocable. The balance may be paid to any or all the account owners during their lifetime. When all account owners have died the account is owned by the surviving P.O.D. payee(s). A P.O.D. payee must survive the death of all account owners to receive any interest in the account funds. When there is more than one surviving POD payee, each payee's interest in the funds will be deemed to be in equal shares, as tenants in common, unless otherwise expressly reflected in records of the Bank and as provided by applicable state law.

Totten Trust Account – A Totten Trust Account is an informal trust account, reflected on our records, but without a written trust agreement. One or more parties may open this account. The balance may be paid to any or all the account owners during their lifetime. When all account owners have died the account is owned by the surviving Totten Trust beneficiaries. A beneficiary must survive the death of all account owners to receive any interest in the account funds. When there is more than one surviving beneficiary, each beneficiary's interest in the funds will be deemed to be in equal shares, unless otherwise expressly

reflected in records of the Bank and as provided by applicable state law.

Trust & Other Fiduciary Accounts – Legal title to the account is owned by the signing party(ies) as trustee, custodian, guardian, executor, administrator, conservator, or other fiduciary for the named beneficiary(ies) under a separate trust agreement, employee benefit plan, court order or other fiduciary arrangement. Certain beneficiaries may, in turn, be acting as trustee or fiduciary for others. The signer(s) certify that they are authorized to manage funds in this account.

You may be asked to provide a copy of relevant pages of the trust agreement, execute trustee's certificate of trust, or other documents so that we can verify that the persons who sign are designated as fiduciaries.

ACCOUNT OWNERSHIP TYPES FOR COMMERCIAL ACCOUNT HOLDERS

Business accounts may be available to both profit or non-profit businesses and associations.

Corporate, partnership, limited liability or other statutory business entity account – These business accounts are established pursuant to statutory organizational requirements.

Fictitious Business Name Account – If the name in which the account is held is fictitious, the account holder represents he or she has the right to use that name and has fulfilled all legal requirements for using and or doing business under that name.

Organization Account – Such an account is issued in the name of a legal entity, such as a club or league. We reserve the right to require the governing body of the legal entity to give us a separate authorization telling us who is authorized to act on its behalf. We may honor such an authorization until we actually receive written notice of a change from the governing body.

ACCOUNT STRUCTURE

We may structure your account to consist of two sub-accounts to take advantage of an interpretation of federal regulations. The sub-accounts, a checking account, and money market account, will be used to allow for the transfer of funds between the accounts, subject to federal regulations. This structure will occur solely on our books and will not be visible to you, nor will it affect your account in any way. Also, this will not affect the FDIC coverage of your account.

ACH AND WIRES

We offer automated clearing house (ACH) origination and wire transfer services subject to the terms of our separate service agreements. From time to time, you may be a party to an ACH entry or a wholesale (wire) funds transfer, which may be credited or debited to your account. Article 4-A of the New York Uniform Commercial Code governs (wire) funds transfers, as well as non-consumer ACH credit entries and those consumer ACH credit and debit entries that may be excluded from the Electronic Funds Transfer Act and its implementing Regulation E (referred to herein as "payment orders"). The term "payment order(s)

includes payment orders, as defined in Section 4-A-103 of the New York Uniform Commercial Code. We reserve the right to choose any wire transfer system to affect your payment orders.

Provisional Credit. Credit given by us to you with respect to a payment order is provisional until we receive final settlement for such entry through a Federal Reserve Bank. If we do not receive final settlement, you are hereby notified and agree that we are entitled to a refund of the amount credited to your account in connection with the payment order, and the party (the originator of the entry) making payment to you will not be deemed to have paid you the amount of the payment order. Further, we will notify you of the receipt of payments in the periodic account statements we provide you. You acknowledge that we will not give next day notice to you of receipt of a payment order.

Form and Accuracy. All payment orders must be provided to us, which may be required to be in a form prescribed by us, presented either in-person, by facsimile to the number approved by Bank, or e-mail to the address approved by Bank. If you will communicate payment orders using our online banking services, all payment orders must also be consistent with the separate agreement.

You assume the sole responsibility for providing us with accurate transaction information in the form and format that we require. We are not responsible for confirming such information, or for failing to detect and reject duplicate payment orders. If you provide us with a payment order that is incorrect in any way, you agree that we may charge your accounts for the transaction whether or not the error could have been detected by us. We are not obligated to detect errors in your transfer or payment instructions. If you determine that a payment order has been sent erroneously, you should notify us within a reasonable time, not to exceed 90 days.

Inconsistent Information. We advise you that any receiving financial institution (including us) of a payment order is entitled to rely on any account or bank number you have provided even though that account or bank number may identify a party different from the person or entity you have described by name in any transfer order.

Security Procedures. You may agree with us to the use of certain procedures and security devices (referred to individually and collectively, "Security Device(s)") designed to verify the authenticity of payment orders. In this regard, application of the procedures and Security Devices to authenticate a payment order will be collectively referred to as the "Security Procedures" in this Agreement. If we take any action not provided in the Security Procedures in connection with any payment order, such additional action shall not be deemed to become a mandatory part of the continuing Security Procedures. You understand and agree that we will use the Security Procedures to verify the authenticity of payment orders and that the Security Procedures are not designed to, and are not used for the purpose of, detecting errors in transmission or content of payment orders, including discrepancies between account names and numbers.

Before requesting a payment order to Bank, You will review the Security Procedures and determine whether the Security Procedures will provide a commercially reasonable method for verifying whether a payment order is yours. As part of the review, you will consider the size, type, and frequency of payment orders you normally make or anticipate making, along with such other factors as you may deem relevant or appropriate.

Commercially Reasonable Procedures. If the size, type or frequency of payment orders made by you change such that the Security Procedures in use by you no longer provide a commercially reasonable method of providing security against unauthorized payment orders, You shall immediately notify us.

Supplemental Security Devices. Bank may offer to you or require you to use additional authentication tools or methods from time to time. If you choose not to implement supplemental authentication tools, your access to some or all of the services may be limited. The term “Security Devices” will include any supplemental authentication tools that are used by you. Your continued use of any modified Security Procedures will evidence your agreement that the modified Security Procedures are commercially reasonable for you.

You Are Responsible for Verified Payment orders, Even if Unauthorized. If we act on a payment order in compliance with the Security Procedures, then you will be obligated on the payment order, and it will be treated as your payment order, whether or not authorized by you.

You Are Responsible for Payment orders Actually Authorized. Regardless of whether or not we complied with the Security Procedures, any payment order received by us will be treated as yours and will bind you if the payment order is delivered to us directly or indirectly by any authorized representative, or if you would otherwise be legally bound by the payment order, regardless of whether the payment order was erroneous in any respect or that any loss would have been prevented if we had complied with the Security Procedures.

Safeguarding. You will use and safeguard the Security Devices and Security Procedures. In connection with such safeguarding obligations, you will implement and maintain physical, technical, and administrative controls and procedures sufficient to prevent impermissible or unauthorized access to or use of the ACH and Wire Service, Security Device or Security Procedures. You assume all risks associated with disclosure of any part of the Security Procedures, including a Security Device, to third parties. You agree to limit disclosures of Security Devices to those third parties, employees or agents you will authorize to access the services on your behalf, or who have a specific need to know.

Delay or Refusal. We may delay or refuse to execute any payment order. We may do so for any reason or for no reason. We may provide notice to you of such delay or refusal, but are not obligated to do so. We may delay or refuse processing of a payment order, for example, if: (A) processing would or may exceed the available funds in your affected

account; (B) the payment order is not authenticated to our satisfaction or we believe the payment order may not have been authorized by you; (C) the payment order contains incorrect, inconsistent, ambiguous, or missing information; (D) processing would or may involve funds which are subject to lien, security interest, claim, hold, dispute, or legal process prohibiting withdrawal; (E) processing would or may cause a violation of any laws or rules applicable to you or to us; (F) for any reason determined by us in our sole discretion; or (G) for any other reason under the Agreement.

Recall, Cancel or Amend. If you inform us that you wish to recall, cancel or amend a payment order after it has been received by us, we may, but will not be required to, use our reasonable efforts to assist you to do so; however, we shall not be liable for any loss, cost or expense suffered by you if we do not, or are unable to, amend, cancel or recall a payment order. You hereby agree to indemnify us against any loss, liability, claim or expenses (including legal fees) we may incur in connection with assisting you to recall, cancel or amend a payment order, and you agree to immediately reimburse us for any monies paid by us associated with such losses, liability, claims or expenses incurred by us.

Screening. We may screen payment orders that would result in debits or credits to your account for compliance with applicable laws, rules, and regulations. Where we believe a credit to your account may be subject to being blocked or frozen under the OFAC-administered sanctions laws of the United States or of sanctions laws of another country, or may be otherwise suspicious or illegal, we may block (or “freeze”) the funds and deny you access to them for a reasonable time sufficient to allow us to resolve the matter.

ADJUSTMENTS

We may make adjustments to your account from time to time. This may be due, for example, to the return of a check you deposited which was unpaid or if a deposited or paid check is posted in the wrong amount.

AMENDMENTS AND TERMINATION

We reserve the right to amend, modify, add to, or delete (collectively referred to herein as “change(s)”) the terms or conditions of this Agreement without prior notice to you, except as required by law. Your continued use of a service or an account constitutes your acceptance of the change. Changes may include a deletion, modification, or amendment of an existing term or the addition of a new term not otherwise contemplated when you entered into this Agreement or opened your account(s). Any change will take effect immediately, unless stated otherwise in any notice we make available to you.

Applicable law or regulations may require the Bank to notify you of a change, addition or deletion to this Agreement, in which case the Bank may do so by written or electronic means.

APPROPRIATE ACCOUNT USAGE

Do not use a personal account as a business account. If you do, it may be reclassified as a business account, and we reserve the right to change your personal deposit account type to a business deposit account type.

AUTHORIZED SIGNERS

An authorized signer is someone to whom you give all rights you have now or in the future to make withdrawals and deposits, and to otherwise transact on your account and receive account information. Merely by designating an authorized signer you do not give any ownership rights in the account. Any one of the authorized signers may sign checks or withdrawal orders and give us instructions regarding the account. However, if there is a conflict, we reserve the right to require all authorized signers to sign a check, withdrawal order, or other instruction on the account.

Even if the authorized signers on an account change, we may continue to honor checks, withdrawal orders, and other instructions by authorized signers until we are notified in writing not to do so.

BUSINESS DAYS

For the purpose of this Agreement, our business days are Monday through Friday, excluding Saturdays, Sundays, and legal holidays.

CASH REPORTING REQUIREMENT

The Bank Secrecy Act (“BSA”), a federal law, requires all financial institutions to report currency transactions of more than \$10,000 to the Financial Crimes Enforcement Network (“FinCEN”). In addition, we may report to FinCEN multiple cash transactions which together total more than \$10,000 in any one-day. In order to better comply with the law, we may maintain a log of all sales of bank checks or drafts, cashier’s checks, money orders or traveler’s checks for \$3,000-\$10,000 in currency. We may also report to the FinCEN or other government agency transactions that may be structured to avoid the reporting requirement and other transactions that appear to involve illegal activity. In order to satisfy the BSA’s requirement, we may, and, in many cases, must request certain information about the individual presenting the transaction, as well as the organization or individual for whom the transaction is being conducted. This includes the individual’s/organization’s full name, permanent street address, social security number, identification number (such as a driver’s license or passport), date of birth (if applicable), and business, occupation or professions.

CHANGE OF ADDRESS OR NAME

You are required to notify the Bank in writing of any change of address or change of name. Generally, each account holder is responsible for submitting their own signed change of address request, however, we may act on a signed change of address request from any one joint account holder. The address is changed only for the accounts you specify and does not affect your other account relationships with us unless you specify that you want the address changed for those accounts as well. The Bank is only required to attempt to communicate with you using the address you have provided to the Bank. If sent statements or other Bank documents are returned indicating an incorrect address, and we are not notified of the new address after 90 days, you authorize us, at our discretion, to block your account until we can verify your correct address.

CHECK PRINTING

We offer checks in a number of styles and at various prices. The cost of any checks purchased through us will be automatically charged to your account. Refer to our Schedule of Fees and Charges for Personal Accounts or Schedule of Fees and Charges for Business Accounts, as applicable, for details. If you arrange for the printing of your own checks, you agree to using check stock and ink on your checks that will meet any technical specifications we provide to you, including as a means of ensuring that your checks will convert or can be used. If you use checks that do not meet our specifications, you are liable for any costs or losses that may result from our inability to process these checks. You agree not to print special limitations on checks, withdrawal orders or other items drawn on your account, such as “void over \$100” or “paid in full” or “void after 90 days.” If you do print any special limitations, you agree that we are not bound by such limitations. You authorize us to pay such items without regard to the stated limitation(s). You further agree to indemnify us and hold us harmless for any claims or losses arising out of our refusal to honor said restrictions.

CHECKS PRESENTED IN PERSON FOR PAYMENT BY A NON-ACCOUNT HOLDER

The Bank may also require identification acceptable to the Bank and not prohibited by law, including a fingerprint of the person presenting the check or other fraud prevention methods. You agree that the Bank may refuse to honor payment for checks presented for payment in person by a non-account holder, if the person refuses to pay the fee or provide the identification requested by the Bank. You agree that none of the foregoing will be deemed to be wrongful dishonor by us.

CHECK PROCESSING

We have automated collection and payment procedures. These automated procedures rely primarily on information encoded on each check or item in magnetic ink. In paying or processing a check, we may rely on the information encoded on the check’s magnetic ink character recognition (MICR) line, according to general banking standards, whether or not that information is consistent with the other information on the check. You will reimburse us for any loss or expense we incur because you issue or deposit a check containing altered or extra information in the MICR line. You agree that automated check processing is reasonable and that you have responsibility for preventing and reporting forgeries, alterations, and other unauthorized use of your account. We do not fail to exercise ordinary care by posting or paying checks without sight examination of checks.

We will not be obligated to monitor items deposited to, or drawn against, accounts held by a trustee or other fiduciary to determine whether a trustee or fiduciary is acting consistently with or in breach of any fiduciary duty. When we take an item for processing by automated means, “ordinary care” does not require that we examine each item. “Ordinary care” requires only that we follow standards prevailing in the area in which we are located and that do not vary unreasonably from the general standards followed by similarly situated financial institutions. A mere clerical error, or an honest mistake, is not considered a failure of

the Bank to perform any of our obligations. The Bank's own policies and procedures are used solely for our internal reasons and do not establish a higher standard of care for the Bank other than that which is provided by law or regulation.

The Bank is not responsible for the neglect, mistake or fault of another financial institution or person, including for the loss or destruction of an item or misrouting of an item in transit or in the possession of others. If a deposited item is lost or misrouted and we gave you provisional credit for that item, you agree that we may charge back to your account or obtain a refund from you of the amount of the item if we do not receive payment for the item, even if the item is not timely returned.

CHOICE OF LAW

Except as stated herein or as otherwise may be required by applicable law, the provisions of this Agreement are governed by the bylaws of the Bank, federal laws and regulations, the laws and regulations of the state of New York (excluding choice of law rules), and applicable local clearinghouse rules, as amended from time to time. In addition, our rights under this Agreement may be limited by laws, rules or regulations; to the extent this is so, this Agreement is modified to the extent needed to prevent representing that a transaction confers or involves rights, remedies, or obligations which we do not have or which are prohibited by law.

CLOSING OR SUSPENDING ACCOUNTS

The Bank may, at any time and in our sole discretion, close, suspend or terminate your account or any service we are providing to you. We may do so for cause or without cause. We may deliver the balance after an account is closed by any means chosen by us, including mailing a check for the balance by U.S. Postal Service, sent postage prepaid, to your last address as shown on our records. We may remit the balance by check payable to the name on the account as shown on our records, even if contrary evidence of account ownership has been given to us. We will provide you with notice before or after taking this action, unless prior notice is required by law, in which case we will provide you with such notice as is required by law.

Except to the extent otherwise agreed with us, you may close your account at any time upon notice to us, unless your account has a scheduled maturity date, subject to any applicable early withdrawal penalty. You will remain liable for the payment of accrued fees on the account and for checks in the process of collection, as well as any other obligations relating to actions or inaction prior to account closure. If you close an account, it may be subject to accrued or prorated fees or charges.

You agree to reimburse us immediately upon request for any overdrafts that arise after an account is closed, whether closed by you or by us.

We may honor any account holder's or authorized signer's request to close or suspend an account or transaction. At our discretion, we may require the signatures of all account holders and/or authorized signers before permitting the withdrawal of funds or the closing or suspension of an account.

Without limiting any of the foregoing, you authorize us, in our sole discretion, to “freeze” or place a hold on the balance in your accounts at the Bank if we suspect that there is irregular activity or we receive conflicting instructions involving your accounts. Should the Bank place a “freeze” on your accounts to reasonably investigate our concerns, you agree that we shall not be liable to you for any claims you might have, including but not limited to claims of wrongful dishonor.

We may dishonor any check, withdrawal order, item or transaction presented for payment after an account is closed or frozen by you or by us. At our option, we may honor checks, withdrawal orders, items or transactions after an account is closed or frozen if the transaction was guaranteed by us under any check guarantee program or was part of an electronic fund transfer system, if you fail to place a stop payment order for any outstanding checks or other items or if we otherwise elect to honor the transaction in our discretion. You shall remain responsible and liable for such checks, items, and transactions.

If an interest bearing account is closed for any reason before accrued interest is actually paid, interest may not be paid for the last interest period.

COMPLIANCE WITH LAWS, RULES, AND REGULATIONS

You agree to comply with all laws, rules, and regulations applicable to you, to your activities and to your use of our services. This includes your agreement to comply with (to the extent applicable to you and your actions) federal anti-money laundering laws, sanctions laws administered by the Office of Foreign Assets Control, currency transaction or Bank Secrecy Act reporting and recordkeeping requirements, and any state counterpart of the same. Upon request by us, you must inform us about and disclose to us the identity of all persons who have a beneficial interest in you (if you are a non-natural person) and in your transactions.

You represent and warrant that you will not use, and agree not to use, your account or any service we provide to you for any unlawful purpose. For example, you represent, warrant and agree not to accept or make payments in connection with the participation of any person (including yourself) in unlawful Internet gambling. You acknowledge that “restricted transactions” (as defined in the Unlawful Internet Gambling Enforcement Act and its implementing regulations) are prohibited from being processed through your accounts or your relationships with us. We reserve the right to deny transactions or authorization from merchants apparently engaging in the Internet gambling business or identifying themselves through card transaction records or otherwise as engaged in that or any other illegal or improper business. Further, we reserve the right to block or close any account which we believe may be involved in any such restricted transactions.

You represent and warrant that you are not, and you agree to take no action that would result in your being deemed or treated as, a money service business under any applicable state or federal law, except to the extent that you have specifically and in writing previously informed us that you are a money service business. Notwithstanding the foregoing,

we reserve the right to refuse to open or to continue to maintain any deposit account.

You covenant, and represent and warrant that the foregoing is true and correct, as of the opening of your account and again each time you make a deposit or withdrawal or otherwise use a service offered by us. You agree to provide us with evidence showing that you are in compliance with the above, reasonably satisfactory to us, upon our request.

CONVERTING ACCOUNT

We may either close or convert your account to another type of account when we consider it appropriate or necessary to do so. For example, we may close, revoke privileges, or convert your account to another account type if you make frequent transactions on a money market or savings account, if your account frequently has debits against uncollected funds, if your account has excessive deposit activity or if you use a personal account for business purposes. If we convert your account, we will send you information about your new account.

CREDIT VERIFICATION

From time to time we may obtain credit information about you from check or credit reporting agencies and/or other means. We may do so at the time you open an account, request a service, at any time while your account is open, or the service is available, or after your account or service is closed, or as otherwise permitted by law. For example, new accounts are subject to verification through Chex Systems, Inc. (the "Reporting Agency") and may be declined based in whole or in part on information obtained in a report from the Reporting Agency. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at Chex Systems, Inc. If we decline to open an account or otherwise provide deposit services, the Reporting Agency will have played no part in our decision and would be unable to supply specific reasons why we would have denied the account or services. You have a right to a free copy of your report from the Reporting Agency, if you request it no later than 60 days after you receive notice of a declined account or service. In addition, if you find that any information contained in a report received by you is inaccurate or incomplete, you have the right to dispute the matter with the Reporting Agency. The Reporting Agency's full name, address and phone number is as follows:

Chex Systems, Inc.
Attn: Consumer Relations
7805 Hudson Road, Suite 100
Woodbury, MN 55125
Phone: 800-428-9623

Accounts not maintained in a satisfactory manner at the Bank are subject to closure by the Bank and are reported to Chex Systems, Inc.

**CUSTOMER IDENTIFICATION NOTICE UNDER THE USA
PATRIOT ACT
IMPORTANT INFORMATION ABOUT PROCEDURES FOR
OPENING A NEW ACCOUNT**

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means to you: When you open an account, we will ask for your name, address, date of birth, tax identification number (TIN) and other information that will allow us to identify you. We may also ask to see driver's license or other identifying documents for account owners (and possibly authorized users).

We may further ask you for specific information regarding the nature of anticipated activity, the sources of your funds, the purposes of transactions, the relationship you have with persons to whom you send funds and persons who send funds to you, the anticipated frequency of such transactions, the ultimate beneficiaries of funds you send and receive, and other questions that may help us clarify the nature and purpose of transactions. We may close accounts if we are unable to understand the purpose of the account, the structure of the organization, the authority of the signers, the documentation provided or the general risk associated with the establishment of the account. We may elect not to disclose the specific reason for our action.

Owners for fiduciaries, partnerships, corporations, and fictitious business names or other business names may also be asked at account opening and from time to time to provide us with valid documentation of trust agreements (or certification of trust), court orders, partnership agreements, certificates of limited partnership, articles of incorporation, and filed fictitious business name statements, in addition to any other documents deemed necessary by us.

DEATH OR INCOMPETENCE

You agree to immediately notify us about the death or court-declared incompetence of any owner or authorized user on your account. Until we receive such notice in writing, and have a reasonable opportunity to act on it, we may continue to honor items drawn on your account by the authorized user(s). We may suspend, refuse, and reverse any transactions or deposits (for example, automatic federal direct deposits of benefit payments belonging to the decedent) if any owner or authorized signer dies or is declared by a court to be incompetent. However, even with knowledge, we may pay checks drawn on the account for ten (10) days after the date of death. Refer to the discussion below regarding the treatment of "Direct Deposits".

**DEPOSITS TO ACCOUNTS; PROVISIONAL CREDIT AND
COLLECTION ITEMS**

You authorize us to accept a check for deposit to your account from anyone. We are not required to question the authority of the person making the deposit. Joint accounts include accounts held as joint

tenancy or tenancy-in-common. A joint account holder authorizes the other account holder(s) to indorse items in that person's name and to cash the items or deposit them into the joint account, with or without an indorsement. You will be responsible for any loss because of your failure to identify your account properly by name and number on any deposit item. We may accept for deposit to your account all checks made payable or indorsed by you as an individual payee or joint payee, regardless of whether those checks bear your indorsement, subject to our verification and final inspection. You guarantee to us the payment of all such deposited checks. All deposits are subject to later verification, adjustment, and collection by us. We may refuse any deposit (whether in cash or by check or other charge) to an account, limit the amount of any deposit, or return all or any part of a deposit to you without prior notice, whether the deposit is attempted to be made by you or anyone else on your behalf. We reserve the right to return to you any check or other charge that we receive for deposit to your account, if we decide not to handle that check or other charge. If we make this decision, we will send a notice by the next business day after we receive it.

Any check or other charge posted for credit to your account is subject to final payment by the payor bank. If we credit your account for a check or other charge, we may charge back that item at any time, if we do not receive payment for the item. We act as a collection agent for you when we receive a check for deposit or when we cash a check for you, and are not responsible for the negligent actions or inactions of other financial institutions during the collection process. You assume all risk of loss of a check in transit. You authorize us to reverse any credit given and any interest accrued for a deposited check that is lost in transit, and we may recover from any account you maintain with us the funds given to you for a cashed item that is lost in transit. We may deduct the amount of a check or other charge deposited to an account from the applicable account balance if we receive notice that the check has not been paid. You agree that we can notify you of the return as part of the account statement or other communication method (including electronic communication). We reserve the right to charge the applicable account if a check deposited to the account is dishonored, returned or not paid even if we have not sent you notice of the dishonor, return or nonpayment. We also reserve the right to charge a dishonored, returned or unpaid check or other charge against the applicable account even if the check or other charge is dishonored or returned late, the dishonor or return does not comply with applicable laws, rules or regulations (including any clearinghouse rules), or we could have made a claim for reimbursement on the check or other charge from the bank on which the check was drawn or from another bank. We may charge a dishonored, returned or unpaid check or other charge against the applicable account even if the charge results in an overdraft.

You authorize us to present a check again for payment, after it has been returned or dishonored, without telling you that the check was returned unpaid or that we are presenting it again. You also authorize us to process and deliver to you a photocopy or other image of a returned check or other returned item, in lieu of the original, whether it is charged back to your account or automatically presented again, and whether or not the original check is available.

You authorize us to charge your account for the amount of the check and for any returned item fee for each deposited or cashed check returned unpaid, even if there is a delay in notifying you or in returning the unpaid check (or photocopy or other image) to you. If we present a returned check again, there is a charge. You authorize us without notice to you to charge a check back to your account even if you have already used the funds, if we receive an affidavit of forged indorsement or alteration, or similar document, and we have no obligation to investigate the accuracy of such affidavit or similar document. You acknowledge that we may not return a check to you if we cannot recover its full amount from your accounts.

All transactions received after our “daily cut-off time” on a business day, or received on a day which we are not open for business, may be treated and recorded as if initiated on the next business day that we are open. The Bank’s daily cut-off times may vary by location—for New York locations, the cutoff time will be no earlier than 2 p.m. Check with your branch for that branch’s daily cut-off time. If the daily cut-off time is not stated, the cut-off time will be at close of business day of the branch.

Any items, other than cash, accepted for deposit (including items drawn “on us”) will be given provisional credit only until collection is final (an actual credit for deposit of, or payable in, foreign currency will be at the exchange rate imposed on us on the day of the credit or deposit). Handling an item as a “collection item” means that instead of accepting an item for deposit, we send the item directly to the issuer’s financial institution for payment. If the item is returned unpaid, we will return the item to you. Refer to our Schedule of Fees and Charges for Personal Accounts or Schedule of Fees and Charges for Business Accounts, as applicable, for details. We are obligated only to use ordinary care in collecting items on your behalf.

You agree that the Bank has sole discretion to determine whether to accept a check or item for deposit or collection. If we do credit your account for a collection item, but do not receive final payment for a check or if the check is later returned, we may charge your account for the check plus any interest earned and associated fees. You agree to be responsible for all fees and charges assessed in the collection process. Refer to our Schedule of Fees and Charges for Personal Accounts or Schedule of Fees and Charges for Business Accounts, as applicable, for details. We may notify you that a check is not a deposit, but rather a collection item, as soon as practicable after we determine to handle the check as a collection item. This may include after you have left a branch office, for example. Items drawn on an institution located outside the United States are handled on a collection basis only. Collection items may be credited to your account, however you agree that availability of these funds may be delayed by us until we receive final payment. You waive any notice of nonpayment, dishonor, or protest regarding any items purchased or received by us for credit to your account or for collection. A check or item accepted for collection will not be deemed accepted for deposit for purposes of Regulation CC and is not governed by the Bank’s funds availability policy.

Deposits received at unstaffed facilities (such as night depositories) will be credited on the day funds are removed and processed by us.

We are not responsible for transactions initiated by mail until we actually receive them. Deposit receipts do not necessarily indicate the correct balance in the account or the amount being deposited. Any credit to an account is subject to final verification, payment, and adjustment by us from time to time. This may be due, for example, to the return of a check you deposited which was unpaid or if a deposit is posted in the wrong amount.

DIRECT DEPOSITS

If, in connection with a direct deposit plan, we deposit or credit any amount in your account which should have been returned to the state or federal government or any other third party for any reason, you authorize us to deduct the amount from your account or from any other account you have with us without prior notice and at any time, except as prohibited by law. You also authorize us to use any other legal remedy to recover the amount of our liability.

DISPUTED OWNERSHIP

If a dispute arises over control of or access to your account, or if we receive conflicting instructions from you (including any owner, joint account holder, contracting officer and/or other authorized user on your account), or in the case of a corporate or partnership or association/LLC account, conflicting board resolutions or partnership authorizations or member instructions, we may require, but are not obligated to require, the signatures of all authorized users on checks, withdrawals, or other transactions. We may also thereafter “freeze” the account until we get evidence satisfactory to us that either the dispute is resolved or there is general agreement on payment of the funds in the account.

During the time that we require additional signatures or freeze the account, you authorize us to do one or more of the following:

- Return checks unpaid, marked “Refer to Maker” or otherwise at our discretion;
- Continue to pay checks and other withdrawals when the instructions to do so are given to us by the owner of the account according to our records;
- Commence an action in interpleader, giving the disputed funds to a court so that it can decide who has the right to control the funds. We will not be liable to you for any costs, claims, damages, or other expenses that result from the payment or non-payment of checks or other request for payment of the deposited funds. We will charge the account for our costs and expenses (including attorneys’ fees) in commencing an action in interpleader or may seek recovery of such costs and expenses from the funds deposited in the interpleader action.

You agree to assume all liability for, and you agree to indemnify, defend, and hold us harmless from and against any and all losses, damages, claims, costs or expenses (including attorneys’ fees and costs) incurred

by us as a result of any dispute that arises under this Section. In addition to the foregoing rights, you authorize us in our sole discretion to elect to close your accounts pursuant to this Agreement.

ESCHEAT NOTICE; DORMANT ACCOUNTS

The funds in your account may be transferred to the appropriate state, if no activity occurs in the account within the time period specified by state law.

We may consider accounts with no activity for a requisite period to be dormant. We may, but are not obligated to, try to contact you before we classify the account as dormant. A dormant account will continue to be charged a normal monthly service charge. We may, but are not required to, hold statements on accounts that are in a dormant status until the account has been removed from dormant status. You authorize us to, at our discretion, refuse to permit withdrawals from an account that has become dormant until we are satisfied that we are dealing with the true owner or authorized user of the account.

If an account or other property is inactive for three (3) years or more (or other escheat period or as required by escheat law as may apply to the account or property), we may comply with what we in good faith believe to be any legal requirement to turn the balance over to the state of New York or to another jurisdiction. As required by New York law, we will publish a notice of abandoned property annually, which will include the names and addresses of persons with unclaimed property held by the Bank. To the extent required by law, we will send an individual notice to your last known address before we turn your account or other property over to the state. A fee will be imposed against your account for this notice. Refer to our Schedule of Fees and Charges for Personal Accounts or Schedule of Fees and Charges for Business Accounts, as applicable, for details. If your mail has been returned to us as undeliverable, we may not send you an individual notice. If you discover that an account of yours has been turned over to the state, you may reclaim your funds by submitting proof of ownership to the State Comptroller's office in Albany or to such other comparable authority as may be responsible for escheated funds.

FACSIMILE OR MECHANICAL SIGNATURES

Many customers use a facsimile or other mechanical signature, including a stamp, referred to herein as ("facsimile signature") to authorize transactions, provide and authorize instructions and to indorse or otherwise complete other documents. If you use any form of facsimile signature in connection with any account, you agree to deliver a sample to us before you begin using it, and to execute and deliver agreements in a suitable form, if we so require. If you use a facsimile signature for any of these purposes, you are responsible for any such transactions, instruction or indorsement that appears to us to bear a signature that resembles the signature of a person authorized to sign on your account. When you use a facsimile signature in connection with any account, you agree you shall have the sole responsibility for maintaining security of the facsimile signature or device by which it is affixed, and you shall bear the entire risk for unauthorized use thereof, whether or not you are

negligent, except as may be required by law. You agree that we may rely on facsimile signatures that resemble the appropriate original or any signature specimen given to us and that appears to have been made through an authorized medium, regardless of how the facsimile signature came to be placed on the item. We may rely on facsimile signatures, even if they were placed on checks without your knowledge or consent. We may pay checks bearing facsimile signature, regardless of the persons to whom they are drawn or paid. A facsimile signature that resembles an authorized signer's signature or any facsimile signature specimen is not considered a forgery or an unauthorized signature, and such a facsimile or automated signature shall be effective as your signature or indorsement, without regard to color variation, whether or not you have been negligent. You further agree to indemnify, defend, and hold us harmless from and against any and all losses, damages, claims, costs or expenses (including attorneys' fees and costs) incurred by us as a result of the unlawful use, unauthorized use, or misuse by any person of any such facsimile signature or the device by which it is affixed. This means that we are not responsible for any misuse of a facsimile signature we believe you authorized.

FDIC INSURANCE

We are a member of the Federal Deposit Insurance Corporation (FDIC). At this time, the standard deposit insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. For current information relating to deposit insurance coverage, you may contact the FDIC toll-free at (877) 275-3342 or visit the FDIC website at www.fdic.gov.

FEES

A schedule of some fees associated with our personal and business deposit accounts is provided in our current schedules. Refer to our Schedule of Fees and Charges for Personal Accounts or Schedule of Fees and Charges for Business Accounts, as applicable, for details. The schedule that applies to your account is part of the contract between you and us. You agree to pay the fees we charge, and you give us the right to collect any fees, as earned, directly from any of your account balances. From time to time we may list fees for some non-account services (such as wires, cashier's checks, travelers' checks and so on). We may change these non-account fees at any time without notice. You can get current information about non-account services and fees that apply at any of our banking offices.

FORCE MAJEURE

The Bank is not liable for failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, equipment failure, war, emergency conditions, terrorist action, Act of God or other circumstances beyond our reasonable control.

FOREIGN CURRENCY AND INSTRUMENTS

You may not write checks or other withdrawal orders on your account which order payment in a foreign currency.

The processing and collection of foreign instruments are not subject to

United States laws and regulations. We may refuse to accept for deposit or collection a check, draft or other item that is payable in a currency other than U.S. dollars or that is drawn on a bank or a branch of a bank located outside of the United States (a “foreign instrument”). If we accept a foreign instrument for deposit or collection, you bear all the risks associated with the collection process and foreign currency fluctuation (exchange rate risk). A foreign instrument may be returned unpaid much later (sometimes several months after we process the foreign instrument) than instruments that are drawn on banks located in the United States. You bear all the risks of a late return. We may decide not to credit a foreign instrument to your account until we receive the proceeds in cleared funds from the paying bank. If we do provide credit, such credit is provisional and we may reverse the credit at any time if the foreign instrument is returned unpaid or is initially paid but then subsequently returned for fraud or any other reason. You agree that we may use the current exchange rate and we may charge your account for the full value of the foreign instrument, including any applicable fees, which may result in a loss to you. You are responsible for all fees incurred including exchange rate, our collection fee, and other charges assessed by the payor bank. You understand that foreign instruments sent for collection are sent solely for you and at your risk and that we are not liable for any event in the collection process which is beyond our control including a default by any banks or agents involved in the collection process or for loss of the foreign instrument in transit.

FUNDS AVAILABILITY POLICY

Your Ability To Withdraw Funds

Our policy is to make funds from your cash and check deposits available to you on the first business day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once they are available, you can withdraw the funds in cash, and we will use the funds to pay checks that you have written.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If you make a deposit before 4:30 p.m. on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 4:30 p.m. or on a day we are not open, we will consider that the deposit was made on the next business day we are open. Some locations may have later cut-off times.

Longer Delays May Apply

In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit funds may not be available until the second business day after the day of your deposit. The first \$200 of your deposits, however, may be available on the first business day.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to

take this action after you have left the premises, we will send you the notice by the day after we receive your deposit.

If you will need the funds from a deposit right away, you should ask us when the funds will be available:

In addition, funds you deposit by check may be delayed for a longer period or made available on a collection basis under the following circumstances:

- We believe, in good faith, that a check you deposit will not be paid for any reason;
- You deposit checks totaling more than \$5,000 on any one day;
- You redeposit a check that has been returned unpaid;
- You have overdrawn your account or other accounts you hold with us on three separate and distinct occasions in the last six months; or
- There is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

Special Rules for New Accounts

If you are a new customer, the following special rules will apply during the first 30 days your account is open.

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state, and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,000 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the second business day after the day of your deposit.

Funds from all other check deposits will be available on the eleventh business day after the day of your deposit.

Holds on Other Funds (Check Cashing)

If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

Holds on Other Funds (Other Account)

If we accept for deposit a check that is drawn on another bank, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

HEADINGS/TERMS

The headings in this Agreement are for convenience only and are not part of these terms.

HOLD HARMLESS AND INDEMNITY

Except as otherwise stated in this Agreement or as specified by applicable law, we will be liable to you only for damages arising directly from our intentional misconduct or gross negligence. "Ordinary care" requires only that we follow standards that do not vary unreasonably from the general standards followed by similarly situated banks. Our policies and procedures are general internal guidelines for our use and do not establish a higher standard of care for us that is otherwise established by the laws governing your account. A mere clerical error or an honest mistake will not be considered a failure by us to perform any of our obligations.

Except to the extent limited by applicable law, we are not liable for loss, damage, harm or expense ("Loss") from: (a) any inaccuracy, act or failure to act of any person not within our reasonable control; (b) the failure of other financial institutions to accept or perform in connection with checks or other charges; or (c) your negligence or breach of this Agreement.

Our liability for any act or failure to act is limited to your direct Loss (and interest on that loss, if required by law, at the average Federal Funds rate at the Federal Reserve Bank of New York for the period). Except if specifically imposed by statute that cannot be waived between parties, **WE ARE NOT LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, PUNITIVE OR SPECIAL DAMAGES**, such as loss or damage from subsequent wrongful dishonor from our acts or omissions, even if we are aware of the possibility of the same.

In addition to any other rights we may have under this Agreement or any related agreement, or at law or in equity, you agree that you will indemnify, defend, and hold harmless the Bank and our directors, officers, shareholders, employees and agents, against any and all third party suits, proceedings, claims, demands, causes of action, damages, expenses (including reasonable attorneys' fees and other legal expenses), liabilities and other losses ("Indemnified Losses") that result from or arise out of: (a) the wrongful acts or omissions of you, or any person acting on your behalf (including without limitation your authorized processor, if any), in connection with your use of your accounts or services we offer to you, including, without limitation: (i) the breach by

you of any provision, representation or warranty; (ii) the negligence or willful misconduct (whether by act or omission) of you, your customers, your authorized processor (if any) or any third party on behalf of you; (iii) any misuse of the account or services by you, or any third party within the control or acting on behalf of you; or (iv) the failure by you to comply with applicable state and federal laws and regulations applicable to you; (b) any act or omission of ours that is in accordance with this Agreement or instructions from you; (c) actions by third parties, such as the introduction of a virus that delays, alters or corrupts the transmission of information to us; or (d) any loss or corruption of data in transit from you or your authorized processor to us.

INDORSEMENTS

You warrant that all indorsements on items deposited to your account are genuine and further warrant that you are authorized to negotiate and/or deposit any items that contain no indorsements. We are authorized to supply your indorsement to any item taken for collection, payment, or deposit to your account. Also, we are authorized to collect any unindorsed item made payable to you without first supplying your indorsement, provided the item was deposited to your account, but may, at our option, require your personal indorsement prior to accepting an item for deposit.

We may require that each payee personally indorse any items, including government checks, insurance company items, or other special types of checks. You agree to indemnify, defend, and hold us harmless from and against any and all losses, damages, claims, costs or expenses (including attorneys' fees and costs) incurred by us in connection with your failure to indorse an item exactly as it is drawn or for any item that is alleged to have a forged, missing or unauthorized indorsement.

We are not bound by any restrictions you make on the face of a check or in the indorsement of any items unless we agree in writing to them.

We reserve the right to refuse items that bear or require more than one indorsement, including the indorsements of individuals who are not known to us. If you wish to deposit or cash a check which has been previously indorsed by one or more individuals, we reserve the right to require all indorsers to be present before we accept the item or to require that their indorsements be guaranteed by their financial institution.

To the extent legally permitted, each co-owner of an account appoints the other co-owner as his or her attorney-in-fact with full power to indorse the name of any co-owner on any item for deposit, or to deposit without indorsement any such item, into the account or cash the item.

JOINT ACCOUNTS

If your account is a joint account, any one of the account holders may, without notice to the other account holders, initiate withdrawals or close the account, and, in the case of checking accounts, write checks against the account or request stop payment. Unless the Bank receives written notice signed by another account holder not to pay or deliver any joint deposit, or addition or accrual, the Bank shall not be liable to any account

holder for continuing to honor checks or other orders drawn by, or withdrawal requests from, any owner.

Each joint account holder is jointly and severally liable to us for any and all overdrafts to the account. Except as otherwise expressly agreed by us, we are not obligated to honor any transaction that would result in an overdraft to the account. Our honoring of any transaction that results in an overdraft to the account does not obligate us to honor such transactions in the future, or provide notice of your discontinuance of honoring such transactions.

LARGE CASH WITHDRAWALS

We may require reasonable advance notice for large cash withdrawals. We may also refuse to honor a request to withdraw funds in cash from your account or to cash a check (including a cashier's check or other official item) at a branch if we believe that the amount is unreasonably large or that honoring the request would cause us an undue hardship or security risk. We may require that such withdrawals be made at one of our cash vaults by an armored courier, acceptable to us and at your sole risk and expense. We are not responsible for providing for your security in such transactions.

LEGAL PROCESS

You authorize us to accept and act on any legal process that we believe to be valid without any liability by us to you, whether served in person, by mail, by facsimile transmission or electronic communication, and whether at locations other than the branch or office at which the account, property, or records are held or in one state for property or records held in another state. "Legal process" includes a subpoena, restraining order, injunction, writ of attachment or execution, levy, garnishment, or other legal order relating to you or your account. If we are permitted, we will use good faith efforts to send you notice of any legal process received by us, but this Agreement does not require us to do so.

The Bank has a legal process cut-off time. If we receive legal process against your account before our cut-off time for legal process which requires us to attach, garnish or turn over your funds, and you do not have enough funds in the account to cover the legal process, we may return checks or other items presented against your account the previous business day and apply the funds to satisfy the conditions of the legal process.

If any legal process directs us to attach, garnish or turn over funds or other property, then, depending on the type of order, we either immediately deliver the funds or property or hold them for a legally permitted period. For joint accounts, in certain instances, the Bank may be required by service of legal process to remit funds held in the joint account to satisfy a judgment entered against, or other valid debt incurred by, any account holder. We do not pay interest on the funds during the period we hold them. If we use funds from a time deposit account, we may impose an early withdrawal penalty.

You authorize us to charge your account a legal process fee for each order. Refer to our Schedule of Fees and Charges for Personal Accounts or Schedule of Fees and Charges for Business Accounts, as applicable, for details. You agree to pay our fees and expenses for research and copying of documents and all other expenses, including administrative expenses, we incur in responding to any legal process related to your account. These may include attorneys' fees. You authorize us to deduct these fees and expenses from any of your accounts without prior notice to you.

Any legal process requiring us to attach, garnish or turn over your funds shall be subject to the Bank's right of setoff and security interest in the account. We are not liable to you for not paying items because we have withdrawn funds from your account or in any way restricted your access to funds because of a legal process or our setoff.

LIMITATION ON TIME TO SUE

Unless a shorter time is prescribed in another provision of this Agreement, an action or proceeding by you to enforce an obligation, duty, or right arising under this Agreement or under applicable law with respect to your account must be commenced within one year after the cause of action accrues.

LOST/STOLEN/DESTROYED CASHIER'S CHECKS

You do not automatically have the right to stop payment on cashier's checks you purchase from us. If a cashier's check is lost, stolen or destroyed, please contact us for the procedures to obtain reimbursement or have the cashier's check reissued. In general, you must complete a declaration of loss form describing the cashier's check and how it was lost, stolen or destroyed. We will then wait ninety (90) days from the date the check was issued before we pay your claim. If ninety (90) days has already passed, we will act on your claim within a reasonable time. If the check is presented during the ninety (90) day waiting period, we may pay the item to a person entitled to enforce the check. If this happens, we will not pay your claim.

If we determine that any such instrument is presented by or on behalf of a person who may be a holder in due course or who may otherwise have the right to obtain payment of the cashier's check from the Bank, we may, without notice to you, pay the cashier's check, even though you may have paid us a fee to not honor the cashier's check.

LOST ITEMS AND DELAYED RETURNS

We act only as a collection agent for you when we receive a check for deposit or which we cash for you. If that check or other item is lost, stolen or destroyed in the process of collection, we may reverse the credit for any deposit or charge your account for the cashed check or item. You are responsible for the condition of a check or item when you issue it, or present it for deposit to your account. If a check or item is returned or payment is delayed as a result of any writing or marking that you or a third party placed on the front or back of the check or item, you will be responsible for any costs or liabilities incurred as a result.

MONITORING, RECORDING AND RETAINING

You authorize us (but we are not obligated) to monitor, record electronically and retain telephone conversations and electronic communications between you (including your purported authorized representatives) and us. Accordingly, you agree on behalf of yourself, and your employees and agents that we may monitor and record your telephone and electronic communications in connection with your account at any time, without further notice. You agree that we may produce the telephonic or electronic recordings or computer records as evidence in any proceedings brought in connection with the Agreement, and you hereby acknowledge the validity and enforceability of such telephonic or electronic recordings.

NOTICES

Except as otherwise provided in this Agreement, all notices and other communications by you to us shall be in writing and, addressed to:

Preferred Bank
601 South Figueroa Street
29th Floor
Los Angeles, CA 90017

or at such other address as we may specify in writing. Notices and communications to you may be mailed or sent to you electronically at the statement, email or mailing address shown for you in our records. Any notice or communication sent by us to you will be deemed given and effective when sent or otherwise made available to you, or as otherwise stated in the notice or communication. Certain notices and communications may be provided to you by telephone, facsimile or electronic transmission at the telephone number, facsimile number or other location or number as shown in our records.

Any notice, instruction, or other communication sent by you to us will be effective when we have actually received and have had a reasonable time to act on the notice, instruction, or other communication. Notwithstanding anything to the contrary herein, we may rely on all notices, instructions, and other communications sent to us via facsimile or electronic transmission as though they are originals. Without limiting the foregoing, we are entitled to rely on any notice, instruction, or other communication believed by us in good faith to be genuine or to have been signed or authorized by your authorized representative.

If there are multiple authorized signers, we may send communications to any one or more of them (unless otherwise agreed by us). You assume the risk of loss in the mail or in electronic transit.

If we hold mail for you and a statement or other communication is not picked up within 90 days, we may send it to you at the address shown in our account records or destroy it. If two (2) consecutive statements and/or notices are returned to us by the Postal Service for any reason, we may hold subsequent statements and notices of every kind until we receive forwarding information from you, and we may destroy such statements and notices if you do not claim them within sixty (60) days from the date of sending.

You may instruct us to change the physical or electronic address to which we send communications, which will be effective after we have had a reasonable time to react. We may also change the mailing address of record we have for you if we receive an address change notice from the U.S. Postal Service.

Electronic Communications and Electronic Agreements

An electronic communication is a notice, disclosure, statement document or other communication or message that we provide to you via electronic means in a format that allows visual text or images to be displayed on equipment such as a computer, mobile phone screen or other electronic equipment. **You agree that we may at our option use electronic communications to provide you with any information, notice, disclosure, statement, document or other communication or message from us to you, including communications that we are required by law to provide to you in writing.** We may at any time terminate paper delivery of communications and substitute electronic communications in lieu of the paper communication.

You agree that we may use electronic communication to enter into agreements and contracts between ourselves and you and otherwise to establish terms and conditions for products and services you receive from or through us. When we choose to exercise this option to electronically contract, the particular electronic communication from us to you will include notice to the effect that the electronic communication is being used for the purposes of establishing an agreement, contract or terms and conditions. Electronic agreements may be provided to you through such things as hyperlinks or “click-through” agreements on our web site. Your consent to or agreement with the electronic communication in these circumstances may occur by your clicking “agreed” or similar terms, or by your subsequent use of a product or service, or otherwise as may be specified in the communication or as otherwise provided by applicable law (subject to any limitations set forth in the communication). Your signature and agreement may be obtained by us electronically and includes mouse clicks, key strokes, your use of passwords or other authentication systems, or as is otherwise set forth in the particular electronic communication.

You agree that an electronic communication from us to you may be used by us to serve as and fulfill any need for written notice for purposes of any requirement that a document be provided to you in a written or paper form. You agree to provide us with an e-mail address when requested, and to keep the e-mail address(es) that you provide to us up to date. We may use any e-mail address of yours that appears on our records to send any electronic communication to you.

You agree not to contest the authorization for, or validity or enforceability of, our electronic records and documents, or the admissibility of copies thereof, under any applicable law relating to whether certain agreements, files or records are to be in writing or signed by the party to be bound thereby. Records and “signed” documents, if introduced as evidence on paper in any judicial or other proceedings, will be admissible to the same extent and under the same conditions as other documentary business records. Upon our request, you agree to manually

sign or place your signature on any paper original of any record or “signed” document which we provide to you containing your purported signature.

Additional Electronic Notification Provisions for Consumer Disclosures

Owners of personal accounts have certain rights under law to receive consumer disclosures about their accounts in a non-electronic form, unless you affirmatively consent to the receipt of consumer disclosures electronically and have not withdrawn your consent. If you are a consumer, we will not substitute electronic communications in lieu of written consumer disclosures unless your consent is first obtained electronically in accordance with applicable law. This restriction does not apply to all electronic communications from us to you, only those that include consumer disclosures under applicable law.

ORDER OF PAYMENTS

Order of Payments. This paragraph describes, generally, how we post transactions to customers’ accounts. The law permits us to pay transaction items drawn on your account in any order. The order in which we post your transactions is important if there is not enough money in your account to pay all of the transactions presented on one day. Please note that this posting order may change from time to time, and we shall provide notice 30 days prior to a change in the posting order. Our order of posting depends on a number of factors, including when a transaction occurs, whether it has already been approved by us or has become final, the order in which it is presented, the amount, system availability, potential risk of loss to us, and the type of transaction in question, among other variables. However, we generally post certain types of transactions before other types. Transactions are generally posted each business day in the following order:

- **First:** Subject to our funds availability policy described elsewhere in this Agreement, deposits or incoming transfers received before the deposit cut-off time that day.
- **Second:** Electronic and over-the-counter (OTC) transfers and withdrawals from your account. These transactions are then sorted by transaction type. For example, ATM and point-of-sale (POS) transactions are posted before OTC transactions, OTC transactions are posted before wires, and wires are posted before ACH debits. Depending upon your account, there may be other transaction types that are posted before or after these transaction types. If the transaction type is the same for more than one transaction, we post those transactions from lowest to highest dollar amount. Contact us for more information.
- **Third:** Checks received by us in check number order, with lower numbered checks posting before higher numbered checks. If a check does not have a check number, it will be paid from lowest to highest dollar amount, following checks containing check numbers.
- **Fourth:** Our fees and charges.

Although this represents our general policy, there are several exceptions to the above-stated order. For example, we reserve the right to change

the order of payment without notice if we suspect fraud or possible illegal activity affecting your account. Furthermore, we may post any transaction earlier or later in the process than indicated.

Our order of posting your transactions may not be the order in which they occur, and the order in which transactions are posted and cleared can affect the total amount of fees that you incur.

There is no particular order that is favorable to you in every instance. There are advantages and disadvantages for any order of payment. In some cases your more important transactions (which may be those with higher dollar amounts) may get paid later in this sequence or may not be paid at all depending upon your account balance. Using the above-noted sequencing method is our way of trying to be neutral.

To avoid an overdraft or the possibility of a transaction being returned or rejected for insufficient funds, customers should take steps to ensure their account(s) have sufficient funds to cover all transactions, fees and charges. Please be aware that the order in which we pay transactions may create multiple overdrafts or returned or rejected transactions during a single banking day.

OTHER AGREEMENTS

You may have other agreements with us which, by their terms, supersede this Agreement in whole or in part.

OVERDRAFT PRACTICES

Overdraft Practices. An overdraft occurs when you do not have sufficient funds in your account to cover a transaction, but we pay it anyway.

We would like to take this opportunity to remind you that you should not overdraw your account. When you overdraw your account, our resulting fees and charges can be very expensive. By not overdrawing your account, you can avoid these fees.

This section contains a description of our overdraft practices:

Ad Hoc Overdraft Practices. From time to time, if you do not have sufficient funds in your account to cover a transaction, we may in our discretion on an ad hoc basis pay the transaction into overdraft. Ad hoc overdraft decisions typically involve the exercise of a Bank employee's judgment in making a specific decision about whether to pay or return a transaction. Ad hoc overdraft decisions are typically performed as an irregular and infrequent accommodation and based on the employee's knowledge of a particular customer and not on a pre-determined or formulaic basis.

Our ad hoc overdraft payment practices apply to the following types of transactions: checks and ACH debits. This means that for these types of transactions, we may in our discretion on an ad hoc basis decide to pay the transaction into overdraft rather than return or reject the transaction for insufficient funds.

We charge an Overdraft Fee for each check or ACH debit that we pay into overdraft on an ad hoc basis. We charge a Returned Item Fee for checks and ACH debits that are returned for insufficient funds rather than paid into overdraft. For current fee information, please refer to our Schedule of Fees and Charges for Personal Accounts or Schedule of Fees and Charges for Business Accounts, as applicable, for details.

You should consider using the alternative described below. This alternative may better serve your particular needs and may also save you money.

Linking Accounts. Link your main checking account to another Preferred Bank deposit account you own, such as your savings account, and, in the event that your checking account becomes overdrawn, available funds will be automatically transferred from your savings account to your checking account. We do not charge a fee for these transfers. Other restrictions may apply. For more information, call us at (888) 673-1808.

POST-DATED, STALE DATED, AND OTHER CHECKS

Processing checks is a highly automated service, and we use commercially reasonable efforts to process them. We may pay checks drawn on an account even if one or more of the following are true: the check is dated after the date we pay it; the check is presented to us for payment more than six months after the date on the check; a stop payment previously requested has expired; the check contains language that purports to make it void before the time it was paid; or the check contains other language that purports to establish conditions under which it may be paid.

Unless you give us and we agree to honor a special “notice of post-dated check,” we may charge your account for an item that is otherwise properly payable from the account, even though we pay the check before the date on it. You can provide this special notice to the Bank verbally, but it must be received by us so as to give us a reasonable opportunity to act on it before final payment of the item. In placing your notice of post-dated check, you must describe the check by giving the date, the check number, the exact amount of the check and the name of the payee in order for us to return the item if it is presented for payment before the date on the check. Within fourteen (14) days of your verbal notification not to pay a post-dated item, we require that you provide notice to us in writing. We have a special form for this purpose. If you do not put your notice in writing, then your notice of post-dated check will expire at the end of the fourteen (14)-day period. If you put your notice in writing to us, then your notice of post-dated check will remain in effect for a total of six (6) months. If you wish to continue your notice of post-dated check for additional six (6)-month periods, you must renew your notice before the current notice of post-dated check expires. We will impose a fee for each notice of postdated check and each renewal. We may pay the item as of its date, even if you have given us a notice of post-dated check. If you do not want the item to be payable as of its date, you must provide us with a stop payment order in time for us to act on it before the date of the item.

Upon presentment of an item for payment more than six (6) months after its date, you agree that we may, in our sole discretion and without notice or inquiry to you, charge your account for the item. However, we are not obligated to do so. You agree that our obligation of good faith does not require us to make any inquiry of you or require us to give you notice prior to the payment of an item more than six (6) months after its date. Our payment of the item will be in good faith absent written notice from you in the form of a timely received stop payment order. If you want to ensure that we do not pay a stale-dated item, you should place a stop payment order on the item.

POWER OF ATTORNEY

Under certain types of account ownership, you may authorize another person as your agent and attorney-in-fact to act on the account (“agent”). You shall be bound by and responsible for the actions of your agent, even if the agency relationship is not indicated on the check, withdrawal order or other instruction. Prior to accepting the authority of your agent, we may require the appointment to be in a form satisfactory to us. Unless prohibited by law, we may reasonably refuse to honor a power of attorney or agency that you grant to others for any reason. We may require you or your agent to present the original form. In some cases, we may require that the agent confirm in an affidavit that the powers have not been revoked or terminated. We may continue to rely on the instructions and actions of your agent until we receive written notice in accordance with applicable law and this Agreement that the agent’s authority has been terminated, and we have had time to act upon it. You must tell us of any changes involving the power of attorney. We will not be liable to you or anyone else if we, in good faith and without actual knowledge that the power of attorney is deficient or has terminated for any reason, act on the written instructions of your attorney-in fact. We may charge you a fee to cover our costs to review any power of attorney document other than the form we provide.

PREVENTING FRAUD

To help you protect your account, you should consider using some or all of the following preventative measures: reconciling your statements as you receive them, watching for out-of-sequence checks and checks made payable to cash, and reviewing your transaction activity for unexpected fluctuations. Business customers should consider assigning responsibilities for opening mail, reconciling bank statements and issuing checks to different individuals. Do a thorough background check on agents, bookkeepers, accountants or other employees who may be handling any part of your banking and/or who have access to your confidential records. You must contact us immediately if you discover any irregularities.

You should be cautious about giving someone your account number. If you give your account number to a third person and authorize that third person to initiate one or more transactions on your account, you may be liable for all transactions initiated by the third person even if you did not intend to authorize a particular transaction.

Positive Pay is an additional fraud prevention service offered by Preferred Bank, which customers may elect to use. This service allows

the business customer to transmit a list of checks that are written on their account to the Bank. The Bank, in turn, compares the list to incoming items presented for payment. In cases where there is a discrepancy, the business customer is notified and can make an “Accept” or “Return” decision.

RELATIONSHIP

Our relationship with you concerning your accounts is that of debtor and creditor. No fiduciary, quasi-fiduciary or similar special relationship exists between yourselves and us.

RELEASING ACCOUNT INFORMATION

You authorize us to release information regarding the current status and history of your account to others, in certain circumstances in accordance with applicable law. For example, we may release information: (1) where it is necessary or helpful to complete a transaction; (2) to verify the existence and condition of your account for a third party, such as a merchant or another financial institution; (3) to comply with the law or a court order; (4) when an inquiry is made regarding whether your account has sufficient funds to cover a check drawn on your account; (5) with your authorization; (6) for other legitimate business purposes and (7) as otherwise permitted by law.

The Bank, from time to time, enters into agreements with third parties to provide bank-related services for the Bank. The services provided by the third parties may include check processing services, data processing services or other bank-related services. You authorize us to release information regarding your account to such third party service providers in connection with the service providers providing bank-related services for the Bank. For consumer customers, also refer to our separate privacy policy for our information use and sharing practices.

REMOTELY CREATED CHECK AND ELECTRONIC ITEMS

A remotely created check is a writing not signed by the customer that is created by a third party under the purported authority of the customer for the purpose of charging the customer’s account with a financial institution. A remotely created check is also known as a demand draft. A remotely created check must contain the customer’s account number and may contain the customer’s printed or typewritten name, a notation that the customer authorized the draft, or the statement ‘no signature required’ or words to that effect.

If you voluntarily give information about your account (such as our routing number and your account number) to someone and authorize them to draw against your account, we may charge your account and pay any items, including remotely created checks initiated by the person to whom you gave the information. You also agree that we may pay an electronically created item even though the item was not created from an original paper check, whether presented in the form of a remotely created check or an electronic item. You authorize us to continue to honor items or debits from a payee previously authorized by you, until you instruct us to cease to do so, whether or not the payee is acting within the scope of your initial authorization, subject only to such liability as may be imposed upon us by law. If you want us to stop honoring items from a

payee previously authorized by you, you must tell us in writing. Until you notify us that such items are not authorized, we can continue to pay them and will not be liable to you even though the items are not in accordance with any authorization you may have given.

This does not, however, obligate us to honor remotely created checks or similar items or entries. We may refuse to honor remotely created checks or similar items or entries without cause or prior notice, whether or not we have honored or dishonored similar items or entries previously.

You agree that we are under no obligation to verify whether the name and account number shown on the remotely created checks are consistent. If any information on a remotely created checks is incomplete, inaccurate, or in error, you agree that we may, at our sole discretion, either pay the remotely created checks and charge your account for the item as drawn or refuse to honor the remotely created checks and, without prior notice to you, return the item unpaid. You further agree to indemnify and hold the Bank harmless for losses resulting from our honoring or dishonoring any such debit.

REPORTING OR RECORDKEEPING REQUIREMENTS

In order for the Bank to conduct certain financial transactions, we are required to obtain certain information about the individual conducting the transaction. We are also required to obtain information about the organization or individual for whom the transaction is being conducted. This includes the individual's/organization's full name, permanent street address, social security number and/or employer identification number, identification number (such as driver's license or passport), date of birth (if applicable), and business, occupation or profession. If this information is not provided, we may be required to refuse to handle the transaction.

RESERVE ACCOUNT

You agree that you will, if requested by us at any time, establish one or more reserve accounts to be maintained with us in type (including time deposits) and amount satisfactory to us, to serve as collateral for and to secure your obligations to us under the Agreement. We may restrict or prohibit your access to any reserve account(s) and the funds on deposit in them, and we may hold such accounts following termination of the Agreement for a period of time sufficient to protect us against loss. We may increase or decrease the required reserve account amount from time to time, upon notice to you and you agree to provide immediately available funds to cover a reserve amount requested by us. In addition, we may transfer funds from another account of yours, or use funds payable to you or owed by us to you under the Agreement, and credit such funds to a reserve account if a deficiency exists between the available funds in your reserve account(s) and the amounts specified by us as the required reserve amount.

RETURNED ITEMS OR DEBITS

If a check or other item (or image of a check or other item) that we cash for you or which you deposit to your account is returned to us as unpaid for any reason, we may charge your account for the amount of the check or other item, interest earned and a handling fee. This may include,

among other circumstances: (a) checks and electronic debits that are returned because the maker of the check (or payee of the debit) had insufficient funds in its account; or (b) checks/debits that were paid originally and later are returned to us accompanied by an affidavit which states that the item(s) or debit(s) are unauthorized or any indorsement is forged or unauthorized, or that the item or debit has been altered in any way. We may charge your account for the amount of these items without questioning the truth of such claim of forgery, alteration or unauthorized status. We may also debit your account for any interest you may have earned on the amount of the item.

If any check or other item deposited in your account or electronically originated debit of funds is returned to us through the Federal Reserve, a clearing house or one of the other normal return channels, we may accept that return and charge the transaction back against your account without regard to whether the payor or receiving institution returned the check or entry before its return deadline.

We may, at our option, notify you by telephone if an item or other transaction has been returned unpaid. If you authorize us to redeposit or re-transmit the transaction on your behalf, you waive any right to receive a written notice of the returned transaction and you authorize us to charge back the transaction to your account if it is returned unpaid again for any reason.

RIGHT TO SETOFF

Subject to applicable law, we may, but are not obligated to, use the funds in your accounts to pay debts and obligations that you owe us which are not paid when due. This is referred to as a "setoff." If we exercise this right of setoff, we shall comply with all applicable laws. We will notify you promptly of the action taken. Generally, you agree that all sums in deposit accounts will be subject to our right of setoff for liabilities owed to us by any one or more of the account owners, including any other person who is a joint account owner; or any partnership of which you are a general partner; or any other person or entity with whom you are a co-obligor, or have agreed to act as surety or guarantor, or for whose debts you are liable or may be contingently liable. You authorize us to use account funds to pay your debts and obligations to us even if the setoff results in an early withdrawal penalty or the dishonor of checks. If your account is a checking or money market account and if we exercise our right of setoff, our duty to pay any checks presented for payment on your account during the business day preceding the day on which the setoff occurs may be terminated, and you agree that we may return those checks unpaid. If we do return checks, we also will charge you a non-sufficient funds fee for each returned check.

If the debt arises from a note, "any due and payable debt" includes the total amount of which we are entitled to demand payment under the terms of the note at the time we charge the account, including any balances for which we properly accelerated the due date under the note.

We will not be liable for the dishonor of any check or draft when the dishonor occurs because we charge and deduct an amount you owe us

from your account. You agree to hold us harmless from any claim arising as a result of our exercise of our right to repayment.

This right of setoff does not apply to this account if: (a) it is an IRA or a tax-deferred retirement account; (b) the debt is created by a consumer credit transaction under a credit card plan; or (c) the debtor's right of withdrawal only arises in a representative capacity.

SAFEGUARDING BLANK AND CANCELLED CHECKS

You agree to safeguard your blank and cancelled checks and to take reasonable steps to prevent unauthorized access to or use of your checks. This means that you will store them under proper control in a secured, locked location accessible only to authorized signers. You further agree to notify us immediately if one or more of your blank checks are lost or stolen. You agree to accept all responsibility for any failure to safeguard your blank checks.

SAMPLE SIGNATURES

To determine the authenticity of your signature, we may refer to the signature card or to a check or other document upon which your signature appears. We may use an automated process to reproduce and retain your signature from a check based on the format and other attributes of checks we offer to customers. If you create your own checks, or obtain them from someone else, and we cannot accurately verify your signature on a check by comparing it with a check that posted to your account, you are responsible for any losses that may result from our inability to use that check to verify your signature.

SECURITY INTEREST

You grant us a security interest in your accounts to secure the repayment of any obligation that you incur under the Agreement. The security interest provided under the Agreement is in addition to any other security interest we may have in your accounts or other assets. This security interest will survive termination of the Agreement.

SEVERABILITY

If any provision of this Agreement is determined to be void or invalid, the remainder of the Agreement shall remain in full force and effect. No provision of this Agreement shall be deemed to deny (and any term to the contrary is modified so as not to deny) protections, rights or privileges that under state or federal law are required to be made available to consumers or to personal accounts, except that any modification of your protections, rights and privileges under this Agreement will be effective to the extent (but only to the extent) that the relevant state or federal law allows us and you to agree to modify them.

SIGNATURES GENERALLY, FORGERIES, MISSING SIGNATURES, AND ALTERATIONS

The authorized signatures for an account are noted on the account signature card. Any one of the authorized signers may sign checks or withdrawal orders and give us instructions regarding the account.

We do not offer accounts on which two or more signatures are required for a withdrawal or other instruction on a check or other charge. If you

indicate on your signature card or other account opening documents that more than one signature is required, this indication is for your own internal procedures. It is not binding on us. We may attempt on occasion to enforce any multiple signature requirement, but we may cease to do so at any time without prior notice to you. We may act on the instruction or pay out funds from your account if the check or other charge is signed or authorized by (or otherwise authenticated as being the act of) any owner or by any authorized signer (including when acting alone). We have no liability to you if we do this. However, if there is a conflict, the Bank reserves the right to require all authorized signers to sign a check or withdrawal order.

If your negligence contributes to an item being altered, changed or forged, we will not be responsible if we pay the item in good faith and in accordance with the reasonable commercial standards of our business. If anyone disputes the payment of an item because it was altered, changed, forged, bore an unauthorized signature or was otherwise improper, we may not credit the amount to your account until the dispute has been resolved.

The Bank normally investigates any claim that a transaction is unauthorized. Unless a law, rule or regulation provides otherwise, such a claim is deemed not to have been made until submitted in writing to us. You agree to fully cooperate in our investigation of such a claim. Your cooperation may include among other things, at the Bank's discretion: (1) a requirement that you submit a declaration under penalty of perjury describing your claim; (2) a report filed with the appropriate police and/or investigatory authority; (3) providing documentation in support of your claim within thirty (30) days that the Bank requests them from you; and (4) if your claim arises from employee fraud or embezzlement, the Bank will require you to make a claim against any insurance coverage that you might carry for such a claim. Our liability to you will be reduced by the amount your insurance company pays you for any claim you tendered to it. Any failure to cooperate in the Bank's investigation may result in our decision not to honor your claim. We may, although we are not required to do so, provisionally credit your account pending the final outcome of the investigation. If we determine, in our sole discretion, that the debit to your account was not improper, then we may reverse any provisional credit made to your account.

STATEMENTS

With certain exceptions, we make account statements available to account holders. You agree to promptly examine your statements as soon as we make them available to you. If items are not returned with your statement, upon your request, the Bank will make a reasonable effort to promptly provide you with a copy or image of any item in our possession. Unless otherwise agreed, you waive any right to receive any original item after it is paid.

You assume full responsibility for monitoring and reviewing the activity of your account, including the work of your employees, agents and accountants (as applicable). You agree to notify us immediately if you think there is an error or an unauthorized transaction shown on your statement, including, forgeries, alteration or unauthorized items. If you

fail to notify us promptly, but no later than 60 days following the statement mailing date or the date we make the statement available to you, then you agree that you cannot assert any error, problem or unauthorized transaction or forged, altered or unauthorized item against us. You further agree that if you fail to notify us within a 30 day period, then you are precluded from asserting against us the error, problem, unauthorized transaction or forged, altered or unauthorized item and any subsequent forged, altered or unauthorized item from the same wrongdoer. This 60 and 30 day limitation is without regard to whether we did or did not use ordinary care and does not otherwise restrict any right we have under law or other agreements with you. If you are a consumer customer and suspect a problem with a substitute check, notify us of your suspicions. For these purposes, the terms “consumer” and “substitute check” are used as defined in Federal Reserve Board Regulation CC. See the “Substitute Checks and Your Rights” disclosure in this Agreement for information on rights you may have with respect to substitute checks, including how long you may have to contact us if you believe you have suffered a loss from a substitute check and what you may need to do to make a claim.

If you do not receive your scheduled statement, it is your obligation to notify the Bank of that fact.

STOP PAYMENTS

If you want to stop payment on a check you have written, you may place a written stop payment order at a banking branch office before it is finally paid by us. Any authorized signer on the account may furnish a stop payment order.

You must furnish us with the date, the check number, the exact amount of the check and the name of the payee in order for us to stop payment on the item. If you provide us with any incorrect information, we will not be responsible for our failure to stop payment on the check. We will not be responsible for a stop payment order if we do not have a reasonable opportunity to act on it before final payment of the item.

You may not stop payment on a check guaranteed by us.

You may furnish the stop payment order orally or in writing. If you give us an oral stop payment order, then it will be effective for fourteen (14) days. The stop payment order will expire at the end of fourteen (14) days unless you give us written notice of the stop payment order. We have a special form for this purpose. Upon confirming the order in writing, the order will remain in effect for six (6) months and must be renewed by you every six (6) months to remain in effect. If you do not renew the stop payment order when it expires and the item is presented for payment, we may pay the item and charge it to your account. There is a charge for each stop payment order and renewal order requested. Refer to our Schedule of Fees and Charges for Personal Accounts or Schedule of Fees and Charges for Business Accounts, as applicable, for details.

In some cases, we may pay an item even if a stop payment request is in effect. If we, or another person or entity, is determined by us to be a “holder in due course” of the item, we may pay the item.

If we pay a check which has a valid stop payment order on it with correct information, we may be responsible to you for up to the face amount of the item if you establish that you have suffered a loss because we paid the item. You agree to assign to us all of your rights against the payee and/or any other holder of your check. You also agree to cooperate fully with us in any legal actions that we subsequently take against such persons.

Anyone holding the check, including the Bank, may be entitled to enforce payment against you despite the stop payment order. You agree to indemnify, defend, and hold us harmless from all costs (including attorneys' fees), actions, damages, claims and demands related to or arising from our action in stopping payment on the check.

SUBSTITUTE CHECKS AND YOUR RIGHTS: IMPORTANT INFORMATION ABOUT YOUR CHECKING ACCOUNT

What Is a Substitute Check?

To make check processing faster, federal law permits banks to replace original checks with "substitute checks." These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other laws with respect to those transactions

What Are My Rights Regarding Substitute Checks?

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other laws.

If you use this procedure, you may receive up to \$2,500 of your refund (plus interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if

your account earns interest) not later than 45 calendar days after we received your claim.

We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

How Do I Make a Claim for a Refund?

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact us at (888) 673-1808. You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include—

- A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check and the following information to help us identify the substitute check: check number, the name of the person to whom you wrote the check, and the amount of the check.

TAXPAYER IDENTIFICATION NUMBER

We are required to obtain a taxpayer identification number (“TIN”) for each account you open or maintain with us. The TIN for an individual is usually a social security number (SSN). The taxpayer identification number for a business is usually an employer identification number (EIN). The taxpayer identification number for a sole proprietorship may be either a SSN or an EIN. We must obtain this number even if you are not required to file tax returns. This number is included on reports we must file with state and federal tax authorities about interest we pay you.

U.S. persons, including resident aliens may be required to complete a Form W-9 to certify their TIN and backup withholding status. To establish that you are not a U.S. citizen or other U.S. person (including a resident alien individual), we may require you to (among other things) complete a Form W-8. We may report interest in cases where it is not mandated for us to do so. We are not responsible for your action or inaction in selecting or completing a form, and no information in these matters that may be supplied by us to you should be relied upon by you. In all tax matters, you should consult your own tax advisor. **You agree to notify us and submit a new Form W-9 or W-8, as applicable, within 30 days if any certification made on the form becomes incorrect.**

If you fail to provide your TIN and certify that it is correct, or if you fail to certify that you are not subject to backup withholding or if the IRS notifies us that you have furnished an incorrect taxpayer identification number, then federal tax rules may require us to re-solicit your TIN and/or withhold a percentage of interest paid to you. We forward amounts withheld to the IRS. If there are any fines, penalties, or charges assessed upon us due to any incorrect name/TIN mismatch or error not caused by us, you agree to reimburse us for the fine, penalty, or charge, and we may charge your account for the same.

When an account earns interest, we may report the interest paid and the amount withheld to the IRS (and to the New York State Department of Tax and Finance, if your mailing address is in New York). You will receive a copy of the information reported to the tax authorities.

TRANSACTION LIMITATIONS

Federal law limits certain types of withdrawal and transfer transactions you can make out of a savings and money market account. During any monthly statement cycle, you may not make more than six (6) withdrawals or transfers to another account of yours or to a third party by means of a preauthorized or automatic transfer or telephone order or instruction, computer transfer, or by check, draft, check card or similar order to a third party.

If you exceed these limits, we may close the account, impose a fee and/or change the account to a non-interest bearing demand deposit account.

Additional transaction limitations on your particular account may apply. Consumers please refer to your Truth in Savings Disclosure applicable to the account you have selected.

We reserve the right to at any time require not less than seven (7) days notice in writing before each withdrawal from an interest-bearing account or from any other savings account as defined by Regulation D. Demand deposit accounts, regardless of whether they earn interest, are not subject to this 7-day notice requirement.

TRANSFER AND ASSIGNMENT

This account may not be transferred or assigned without our prior written consent.

WAIVERS

We may delay enforcing our rights under this Agreement without losing them. Any waiver by us shall not be deemed a waiver of other rights or of the same right at another time. You waive diligence, demand, presentment, protest and notice of every kind, except as otherwise set forth in this Agreement.

WITHDRAWALS

Unless otherwise clearly indicated to the contrary, any one of you who signs in the space designed for signatures on the signature card, including any agents, may withdraw or transfer all or any part of the account balance at anytime on forms approved by us. The fact that we may honor withdrawal requests, which overdraw the finally collected

account balance, does not obligate us to do so, unless required by law. Withdrawals will first be made from collected funds, and we may, unless prohibited by law or our written policy, refuse any withdrawal request against uncollected funds, even if our general practice is to the contrary. We reserve the right to refuse any withdrawal or transfer request, which is attempted by any method not specifically permitted, which is for an amount less than any minimum withdrawal requirement, or which exceeds any frequency limitations. We may limit the amount of cash that can be withdrawn each day. Even if we honor a nonconforming request, repeated abuse of the stated limitation may eventually force us to close this account. We will use the date a transaction is completed by us (as opposed to the day you initiate it) to apply the frequency limitation. Additional withdrawal limitations may be disclosed elsewhere.

DEBIT CARD, TELEBANC, AND PREAUTHORIZED TRANSFERS, INCLUDING CONSUMER ACCOUNT ELECTRONIC FUND TRANSFER ACT DISCLOSURES

The following governs the use of electronic funds transfer services, including the Preferred Bank Visa enhanced debit card (“Debit Card”), Telebanc service, and preauthorized transfers (as applicable).

Debit Card Transfer Types – When you use a Debit Card with your personal identification number (PIN), you authorize us to accept deposits, make transfers and permit withdrawals and advances from or deposits and payments to your accounts with us. All Debit Cards remain the property of the Bank, and are non-transferable.

You may use your Debit Card to:

- (1) Withdraw available cash from your linked savings or checking accounts;
- (2) Transfer funds between your linked checking and savings accounts;
- (3) Initiate point-of-sale (POS) transactions – Using your Debit Card and PIN, pay for purchases at merchant locations that have agreed to accept the Debit Card. Currently, this would include merchants that display the Accel Exchange and Plus network symbols. In addition, a Debit Card may be used, with a PIN, with a signature or without either, for POS transactions to purchase goods and services at any merchant location that displays the Visa logo. However, we are not responsible for the refusal of any merchant to accept or honor a Debit Card;
- (4) Obtain a cash advance at financial institutions that accept Debit Cards with the Visa logo; and
- (5) Learn the balance in your linked checking or savings accounts (Note: the information may not reflect recent transactions, and may include funds which are not available for immediate withdrawal).

Some of these services may not be available at all ATMs, terminals, or merchant locations. When you use your Debit Card at any electronic terminal operated by another institution or company, the amount, frequency, and type of transactions may be subject to limitations or fees imposed by the operator of the terminal, in addition to those disclosed herein.

Electronic Check Conversion – You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to:

- (1) Pay for purchases; and
- (2) Pay bills.

Frequency Limitations – Regulation D limits certain types of withdrawal and transfer transactions you can make out of a savings and money market account. During any monthly statement cycle, you may not make more than six (6) withdrawals or transfers to another account of yours or to a third party by means of a preauthorized or automatic transfer, facsimile or telephone order or instruction, computer transfer, or by check, draft, Debit Card or similar order to a third party. If you exceed these limits, we may close the account, impose a fee and/or change the account to a non-interest bearing demand deposit account.

For specific transaction limitations on your particular account, please refer to your Truth in Savings Disclosures applicable to the account you have selected.

Dollar and Other Limitations

- (1) You may withdraw up to \$510 each 24-hour period when you use the Debit Card at an ATM;
- (2) You may purchase up to \$2,500 (personal accounts) \$5,000 (business accounts) in point-of-sale (POS) transactions processed through the Accel Exchange and Plus networks each day;
- (3) You may purchase up to \$2,500 (personal accounts) \$3,000 (business accounts) in transactions processed through the Visa network each day; and
- (4) Transfers between your checking and savings accounts are limited to the available balance of the account from which money is withdrawn.

The 24-hour period provided in this section is measured from midnight to midnight, each day.

Fees – When you use an ATM or terminal not owned by us, you may be charged a fee by the ATM or terminal operator or through the networks used (and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer). Refer to our Schedule of Fees and Charges for Personal Accounts or Schedule of Fees and Charges for Business Accounts, as applicable, for additional fee details.

Debit Card Activation – If your Debit Card requires activation, you agree to make a reasonable effort to activate the Debit Card immediately. Debit Cards not activated promptly may be subject to cancellation. You also agree to promptly sign on the portion of the Debit Card designated for this purpose.

Refusal to Accept Debit Card – We will not be responsible for the decision of any other entity or person to not accept the Debit Card for

payment or for the acts of others in processing or failing to process any Debit Card transaction, whether valid or fraudulent, except as required by law.

Transaction Holds – When you use your Preferred Bank Debit Card to pay for goods or services, certain merchants may ask us to authorize the transaction in advance. When we do, we commit to make the requested funds available when the transaction finally settles, and may place a temporary hold on your account for the amount requested by the merchant. Until the transaction finally settles, or we determine that it is unlikely to be processed, the funds subject to the hold will not be available to you for other purposes (e.g., to cover checks, ATM withdrawals, or other transactions). Occasionally, a merchant may incorrectly estimate the amount of a transaction or fail to notify us that a transaction has been cancelled (e.g., because you later decide to pay by check).

Merchant Disputes – Since your Debit Card is not a credit card, if you have a dispute with the merchant regarding the quality, price, warranty or otherwise of the goods or services you purchase with your Debit Card, you may have to settle your dispute with the merchant directly. We are not responsible for a merchant's actions, including any misrepresentations by a merchant.

Illegal Transactions – You agree not to use your Debit Card for any illegal transactions, including but not limited to illegal Internet gambling.

Foreign Currency Transactions – If a Debit Card is used to conduct a transaction in a currency other than U.S. dollars, then the merchant, network or card association that processes the transaction may convert any related debit or credit into U.S. dollars in accordance with its current policies and may impose fees or charges as part of this process. Visa currently uses a conversion rate that is either: (a) selected from a range of rates available in the wholesale currency markets (note: this rate may be different from the rate that Visa receives), or (b) the government-mandated rate. Visa and others may impose fees or charges and add them to the price of the conversion. The conversion rate may be different from the rate in effect on the date of the transaction or date posted on the account. You agree to pay the converted dollar amount to us, as well as the International Service Assessment (“ISA”) charges, a fee equal to up to 5% of the transaction amount, which may change from time to time.

PIN-Less Transactions Outside of Visa – In addition to Visa network processed transactions, the Debit Card is enabled to allow non-Visa network transaction processing. This means you may use your Debit Card on a PIN debit network (“PIN Debit Network”). Not all PIN Debit Network transactions require a PIN to authenticate transactions. At this time, the PIN Debit Network for which such transactions are allowed are the Accel Exchange and Plus networks. Examples of the types of actions that you may be required to make to initiate a Visa network transaction on the Debit Card include signing a receipt, providing a Debit Card number over the phone or via the Internet, or swiping the Debit Card through a POS terminal. Examples of the types of actions you may be

required to initiate a transaction on a PIN Debit Network include initiating a payment directly with the biller (possibly via telephone, Internet, or kiosk locations), responding to a logo displayed at a payment site and choosing to direct payment through that network, and having your identity verified using known information derived from an existing relationship with you instead of through the use of a PIN. Refer to the paragraph titled “Consumer Liability” in this Disclosure for details regarding Visa’s Zero Liability Policy.

Telebanc – You may use the Telebanc functionality to:

- (1) Access limited account information on your linked accounts;
- (2) Verify whether a check has been paid; and
- (3) Transfer funds between linked accounts.

Access to the Telebanc functionality will require use of a Personal Identification Number. All telephone transfer service transactions are covered by our rules and regulations governing the linked accounts. At this time, there is no service fee required to use the Telbanc feature. Transfers are subject to your linked account having sufficient available balances.

Documentation

Terminal Transfers – You can get a receipt at the time you make any transfer to or from your account using automated teller machines or at point-of-sale terminals.

You should retain a copy of the receipt from the electronic transfer machine so you can compare it with your account statements. The telephone transfer service transactions will appear on your monthly statement.

Preauthorized Credits – If you have arranged to have direct deposits made to your account at least once every sixty (60) days from the same person or company, you can call us at (888) 673-1808 to find out whether or not the deposit has been made.

Periodic Statements – You will get a monthly account statement unless there are no transfers in a particular month. In any case you will get the statement at least quarterly.

Contact in Event of Unauthorized Transfer – If you believe your Debit Card or Personal Identification Number has been lost or stolen, call or write us at the phone number and address listed below.

Call us at:	or Write us at:
(888) 673-1808 or	Preferred Bank
(800) 554-8969 (after hours)	601 South Figueroa Street
	29th Floor
	Los Angeles, CA 90017

You could also call the number or write to the address listed above if you believe a transfer has been made using the information from your check without your permission.

Change in Terms; Termination of Service – We may change the terms, terminate or suspend your use of some or all of our electronic fund transfer services at any time, with or without cause and without affecting your outstanding obligations herein. If you ask us to terminate your account or the use of any Debit Card, you will remain liable for subsequent transactions performed by you or any authorized user.

Electronic Fund Transfer Act (EFTA) Disclosure Applicable to Personal accounts – The provisions of the following Section apply only to electronic fund transfers to or from accounts established primarily for personal, family, or household purposes. These provisions do not apply to any transactions that are not covered under the Electronic Fund Transfer Act or Regulation E.

Preauthorized Payments.

Right To Stop Payment And Procedures For Doing So – If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here's how: Call us at (888) 673-1808 or write us at Preferred Bank, 601 South Figueroa Street, 29th Floor, Los Angeles, CA 90017, in time for us to receive your request three (3) business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within fourteen (14) days after you call. We will charge you the stop payment fee listed in our Schedule of Fees and Charges for Personal Accounts for each stop payment order you give.

Notice Of Varying Amounts – If these regular payments may vary in amount, the person you are going to pay will tell you, ten (10) days before each payment, when it will be made and how much it will be. You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set.

Liability For Failure To Stop Payment Of Preauthorized Transfer – If you order us to stop one of these payments three (3) business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

Consumer Liability – Tell us AT ONCE if you believe your Debit Card or Personal Identification Number has been lost or stolen, or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account. If you tell us within two (2) business days after you learn of the loss or theft of your Debit Card or Personal Identification Number, you can lose no more than \$50 if someone used your Debit Card or Personal Identification Number without your permission.

If you do NOT tell us within two (2) business days after you learn of the loss or theft of your Debit Card or Personal Identification Number, and we can prove we could have stopped someone from using your Debit Card or Personal Identification Number without your permission if you had told us, you could lose as much as \$500. For unauthorized Debit

Card transactions of individual New York resident cardholders, your liability will continue to be limited to \$50, provided you comply with the 60 day notification period described in the following paragraph.

Also, if your statement shows transfers that you did not make, including those made by card, code or other means, tell us at once. If you do not tell us within sixty (60) days after the statement was sent to you, you may not get back any money you lost after the sixty (60) days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time periods.

Visa's Zero Liability Policy – If the Debit Card is used in a transaction that is processed through a VISA, Interlink, or Plus network, including ATM transactions, then the Visa Zero Liability Policy may apply. The VISA Zero Liability Policy does not apply to transactions not processed by VISA or certain commercial card transactions. If the VISA Zero Liability Policy applies, upon notification from you of unauthorized transactions, we will limit your liability for those transactions to zero and will provide you with provisional credit for those transactions within five business days from receipt of notification; provided that you provide us with written confirmation of those transactions. Subject to limits provided under the Electronic Fund Transfer Act, we may withhold provisional credit, to the extent allowed under applicable VISA rules or otherwise allowed by law, if we determine that the circumstances or account history warrant the delay. For purposes of this Section and the VISA Zero Liability Policy, the term “unauthorized transaction” excludes any transaction not otherwise subject to the VISA Zero Liability Policy, as set forth in the applicable VISA operating regulations, as amended from time to time. The Visa Zero Liability Policy does not apply if we determine that you were grossly negligent or fraudulent in the handling of your account or Debit Card.

Financial Institution's Liability – If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

- (1) If, through no fault of ours, you do not have enough money in your account to make the transfer;
- (2) If the transfer would go over the credit limit on your overdraft line, if applicable;
- (3) If the automated teller machine where you are making the transfer does not have enough cash;
- (4) If the terminal or system was not working properly and you knew about the breakdown when you started the transfer;
- (5) If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken;
- (6) If the transfer will go over the withdrawal limit of your Debit Card;
- (7) If your Debit Card has been reported lost or stolen, has expired, is damaged so that the machine cannot read the encoding strip or because your PIN has been repeatedly entered incorrectly; and

(8) There may be other exceptions stated in our agreement with you.

Confidentiality – We will disclose information to third parties about your account or the transfers you make:

- (i) where it is necessary for completing transfers, or
- (ii) in order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant, or
- (iii) in order to comply with government agency or court orders, or
- (iv) if you give us your written permission.

Error Resolution – In Case of Errors or Questions About Your Electronic Funds Transfers

Call us at:

(888) 673-1808

or Write us at:

Preferred Bank

601 South Figueroa Street

29th Floor

Los Angeles, CA 90017

as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than sixty (60) days after we sent the FIRST statement on which the problem or error appeared.

- (1) Tell us your name and account number;
- (2) Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information; and
- (3) Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within ten (10) business days.

We will determine whether an error occurred within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to forty-five (45) days to investigate your complaint or question. If we decide to do this, we will credit your account within ten (10) business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within ten (10) business days, we may not credit your account.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to ninety (90) days to investigate your complaint or question. For new accounts, we may take up to twenty (20) business days to credit your account for the amount you think is in error. We will tell you the results within three (3) business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

Debit Card Use By Business Accounts – The error resolution and liability provisions applicable to consumers accounts provided pursuant to the EFTA do not apply to business accounts. This is the case despite any contrary statements made on periodic statements or other documents you may receive from us. Use of your Debit Card or PIN is controlled by you. All use of a Debit Card will be deemed to be an act of and the responsibility of yours, whether or not the Debit Card is or is not a valid Debit Card. Use of the Debit Card(s) or a PIN is controlled by you and we have no obligation or responsibility to limit Debit Card use to individuals specified as “authorized signers” on a signature card for any account or to other individuals specifically identified by you as authorized to use a Debit Card or corresponding PIN. Unless your liability may be limited as described under the Visa Zero Liability Policy, you will be liable for all losses, costs or expenses that you incur as a result of the use of your Debit Card, PIN, access device or other electronic transaction, unless the laws governing your account require a lesser liability. Under no circumstances will we be liable for any special or consequential damages involving business accounts. The owners of business accounts assume sole responsibility for any unauthorized use of the account’s Debit Cards, and/or PIN, and/or any other access device or other electronic transaction, and shall indemnify, defend and hold the Bank harmless from all claims, actions, proceedings, losses and damages related to or arising out of any unauthorized transaction.

You agree to pay us for all transactions for which you are liable under this Agreement, and authorize us to charge any account of yours with us for the same.

Your liability for all transactions under this Agreement will continue until the later of:

1. The time that all Debit Cards are returned to us, or
2. You instruct us to cancel all Debit Cards and we have had a reasonable opportunity to cancel all Debit Cards.

Except to the extent provided under the “Your Limited Liability” Section below, you understand that loss or theft of a Debit Card, or any unauthorized use of a Debit Card, is no basis for you to avoid liability for a Debit Card transaction, whether before or after you inform us of loss or theft of the Debit Card. We may, from time to time, require closure of an account or accounts and re-issuance of one or more Debit Cards as a means of preventing further losses, and you agree to bear all costs associated with the same. You expressly acknowledge that issuance of the Debit Card(s) provided pursuant to this Agreement creates an inherent risk of unauthorized use.

Your Limited Liability – If your Debit Card is used in a VISA network transaction, including an Interlink or Plus transaction, then special lower liability limits may apply (“VISA Zero Liability Policy”). If the VISA Zero Liability Policy applies, upon notification from you or a cardholder of unauthorized transactions, we will limit your liability for those transactions to zero, provided that you provide us with written confirmation of those transactions. For purposes of this “Limited

Liability” Section and the VISA Zero Liability Policy, the term “unauthorized transaction” excludes all of the following: (i) any transaction by a business co-owner, cardholder or any person authorized by you, or other person with an interest in or authority to transact business on the account; (ii) any transaction by a cardholder that exceeds the authority given by you; and (iii) any transaction not otherwise subject to the VISA Zero Liability Policy, as set forth in applicable VISA rules, as amended from time to time. Without limiting the foregoing, the VISA Zero Liability Policy for unauthorized transactions, also may not apply if:

- (i) Your notification of unauthorized VISA network transactions is not received by us within 60 calendar days of the mailing date of the first statement showing any unauthorized VISA transactions;
- (ii) You or a cardholder was grossly negligent or fraudulent in the handling of the Debit Card or account;
- (iii) The transaction was authorized; or
- (iv) The transaction was not a VISA, Interlink or Plus network transaction.

Our Liability – Bank will not be liable for failure to detect or prevent any unauthorized use of a Debit Card or for invalid transactions using fraudulent Debit Cards. We will not be responsible for monitoring Debit Card use or usage patterns. WE WILL NOT BE LIABLE FOR SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, WHETHER ARISING UNDER ANY CLAIM IN CONTRACT OR TORT OR OTHERWISE, EVEN IF WE OR OUR AGENTS MAY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. Without limiting the foregoing, there may be other instances where we will not be liable to you, including for our failure to complete any transaction under any of the following instances:

- (i) If, through no fault of ours, you do not have enough money in the affected account to complete a transaction;
- (ii) The terminal where the transaction is initiated is damaged or not working properly;
- (iii) Circumstances beyond our control (such as flood, terrorism, power failure, computer breakdown) prevent the transaction;
- (iv) The funds in any account are subject to legal process, an uncollected funds hold, security interest or other claim;
- (v) An account is frozen because of a delinquent loan or a dispute, or we receive inconsistent instructions regarding a Debit Card or an account from persons purporting to act on your behalf.

ATM/NIGHT DEPOSIT FACILITY USER PRECAUTIONS

As with all financial transactions, please exercise discretion when using an automated teller machine (ATM) or night deposit facility. For your own safety, be careful. The following suggestions may be helpful.

1. Prepare for your transactions at home (for instance, by filling out a deposit slip) to minimize your time at the ATM or night deposit facility.

2. Mark each transaction in your account record, but not while at the ATM or night deposit facility. Always save your ATM receipts. Don't leave them at the ATM or night deposit facility because they may contain important account information.
3. Compare your records with the account statements you receive.
4. Don't lend your Debit Card to anyone.
5. Remember, do not leave your Debit Card at the ATM. Do not leave any documents at a night deposit facility.
6. Protect the secrecy of your Personal Identification Number (PIN). Protect your Debit Card as though it were cash. Don't tell anyone your PIN. Don't give anyone information regarding your Debit Card or PIN over the telephone. Don't write your PIN where it can be discovered. For example, don't keep a note of your PIN in your wallet or purse.
7. Prevent others from seeing you enter your PIN by using your body to shield their view.
8. When you make a transaction, be aware of your surroundings. Look out for suspicious activity near the ATM or night deposit facility, particularly if it is after sunset. At night, be sure that the facility (including the parking area and walkways) is well lighted. Consider having someone accompany you when you use the facility, especially after sunset. If you observe any problem, go to another ATM or night deposit facility.
9. Don't accept assistance from anyone you don't know when using an ATM or night deposit facility.
10. If you notice anything suspicious or if any other problem arises after you have begun an ATM transaction, you may want to cancel the transaction, pocket your Debit Card and leave. You might consider using another ATM or coming back later.
11. Don't display your cash; pocket it as soon as the ATM transaction is completed and count the cash later when you are in the safety of your own car, home, or other secure surrounding.
12. At a drive-up facility, make sure all the car doors are locked and all of the windows are rolled up, except the driver's window. Keep the engine running and remain alert to your surroundings.

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(888) 673-1808

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