



# CENTENNIAL BANK

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## **Account Disclosure**

Disclosure of Terms and Information  
Applicable to the Account Holders of  
Centennial Bank  
(The "Bank")

Includes:

- Additional Terms Applicable to IRA Certificate of Deposit Accounts
- Funds Availability Policy
- Schedule of Fees and Charges

Account Disclosure as of June 1, 2010

Member FDIC

## [ ] CERTIFICATE OF DEPOSIT - FIXED RATE

### **Compounding and crediting.**

Interest on your Certificate of Deposit is compounded monthly.

### **Minimum Balance Requirement.**

You must deposit \$1,000.00 to open this Certificate of Deposit, which is the minimum balance that must be maintained.

### **Balance Computation Method.**

We use the daily balance method to calculate the interest rate on your Certificate of Deposit. This method applies a daily periodic rate to the principal in the account each day. The daily periodic rate is 365/365 — or 366/366 in a leap year — of the interest rate.

### **Accrual of Interest on Non-Cash Deposits.**

Interest begins to accrue on the business day you deposit funds. **NOTE:** Checks deposited after 4:30 p.m. will begin to accrue interest on the next business day.

### **Transaction Limitations.**

After the Certificate of Deposit is opened, you may not make deposits into or withdrawals from the Certificate of Deposit until the Maturity Date.

### **Early Withdrawal.**

If you withdraw the principal before the Maturity Date, a penalty may be charged against your account:

- Certificates of one (1) to four (4) years may have a penalty of 90 days interest charged against your account;
- Certificates of five (5) years or more may have a penalty of 180 days interest charged against your account.

If the amount of interest payable on your Certificate of Deposit(s) as of the date of the early withdrawal is less than the amount of the early withdrawal penalty, the Bank may deduct the remainder of the early withdrawal penalty from the principal balance of your Certificate of Deposit prior to payment.

### **Mandatory Distribution Rules**

The minimum distribution rules require that in your 70½ year and every year thereafter you must make withdrawals from your IRA that are at least equal to the “minimum required distribution.” Your 70½ year is the calendar year that contains the date six months after your 70<sup>th</sup> birthday.

If you fall into this category you may take a withdrawal for the minimum distribution without penalty.

### **Renewal Policy.**

Your Certificate of Deposit will be renewed automatically on the first business day after the Maturity Date. Both principal and interest will be reinvested. The term for the renewal will be the same length as the previous term of your Certificate of Deposit, if offered. If the term is no longer offered, then the next closest term would be used. The interest rate for the renewal is the rate offered by the Bank on the date of renewal for the amount and term of the renewed Certificate of Deposit.

### **Grace Period Transactions.**

You may make a deposit, withdrawal, or change in the length of the term during the grace period. The grace period is seven (7) calendar days after the Maturity Date. The grace period ends the day you make a withdrawal or a deposit. If the grace period ends on a weekend or bank holiday, you may make a withdrawal or deposit through the first business day after the grace period ends. The interest rate paid during the grace period is the rate offered on the Maturity Date for the amount and term of the Certificate of Deposit.

**ADDITIONAL TERMS APPLICABLE TO  
CERTIFICATE OF DEPOSIT**

Unless otherwise specified, the following terms apply to all Certificate of Deposit Accounts of the Bank:

**1. PAYMENT TO OWNER.** Payment will be made to any person producing a withdrawal receipt for a Certificate of Deposit who, on comparison of his or her signature with the signature of the owner on file with the Bank, appears to be the owner or the duly authorized representative of the owner. Any payment in accordance with this paragraph shall be valid and shall discharge the Bank from all liability for the amount so paid.

**2. CERTIFICATE DOCUMENTATION IS HELD BY THE BANK IN SAFEKEEPING.**

**3. REDEMPTION DATE.** Upon notice in writing of at least thirty (30) days by mail addressed to the registered owner herein (recorded at the office of the Bank) of its intention to redeem, the Bank shall have the right to redeem this account on any interest posting date at its then face value, with accrued interest, if any. Interest shall cease on and after the redemption date on said notice.

**4. ACCOUNT CLOSURES.** Centennial Bank reserves the right to close any account at any time without notice and without penalty.

**5. AUTHENTICITY OF SIGNATURES.** The Bank reserves the right before making any payment to any person or receiving any deposit into any Certificate to require satisfactory signature guarantees or such other evidence as to the authenticity of any endorsement or the identity of any person, as the Bank may reasonably require. The Bank is not obliged under any circumstances to make any payment or accept any deposit with respect to any Certificate until it is fully satisfied as to the validity, authenticity and effectiveness of any endorsement, signature, instruction or other authorization.

**6. NOT TRANSFERABLE.** Certificates are registered with the Bank in the name of the owner. Certificates are not transferable or negotiable to any third party.

**7. COLLECTION OF CHECKS.**

**a. Processing:** In receiving checks for payment to a Certificate or collection, the Bank acts only as the collecting agent and assumes no responsibility beyond the exercise of ordinary care. The Bank is not responsible for any check lost or destroyed before final payment and any credit given for such items may be reversed at any time. The owner authorizes the Bank to accept checks for payment to the owner's Certificate or encashment when they are payable to the owner. The Bank is also authorized to endorse for any owner any check payable to the owner's Certificate. All government checks such as Social Security, tax refund, retirement or public assistance checks require the personal endorsement of the payee. The Bank will process endorsed items received after the close of the business as if they were received on the next business day. The Bank may refuse to accept any item, which is incomplete, altered or not reasonably processable through the check collection system.

**b. Returned Checks:** Any check endorsed into a Certificate which is returned to the Bank unpaid for any reason may be charged back against the Certificate or against any other funds on account with the Bank to the maximum extent permitted by law. The Bank may also charge a service charge for any item endorsed into an account or cash that is returned (See Schedule of Fees and Charges). The Bank may at its discretion automatically re-endorse into Certificate or any check returned for reason of "Insufficient Funds."

**8. NO PERIODIC STATEMENTS.** The Bank will **not** prepare or mail periodic statements of the activity of Certificate of Deposit. Owner may have the account status of their Certificate updated by presenting in person to the Bank proper identification. A computerized statement will then be printed with updated account information. The Bank may specify the times when owner may present their Certificate identification information for updating.

**9. INACTIVE ACCOUNTS.** The owner of any Certificate which is inactive (i.e. no addition to or withdrawal from the account) for at least twenty-four (24) months may be notified of such inactivity and asked if the Certificate is intentionally inactive. If the owner fails to respond to such notice by the thirty-sixth month of inactivity, the Certificate shall be considered legally dormant and shall escheat to the state.

**10. ESCHEATMENT OF UNCLAIMED PROPERTY.** California law requires that matured Certificate held by the Bank, escheat (i.e. are turned over to the State of California) when they become legally dormant. A Certificate is dormant when the Certificate holder for a period of more than three years has not: (a) increased or decreased the amount of the deposit, cashed an interest check or presented the Bank for the crediting of interest; (b) corresponded: electronically or in writing with the Bank concerning the Certificate; or (c) otherwise indicated an interest in the Bank as evidenced by memorandum, correspondence or other record on file with the Bank. A deposit or account shall not, however, escheat to the state if, during the previous three

years, the owner has owned another deposit or account with the banking organization and, with respect to that deposit or account, the owner has done any of the acts described in paragraph (1), (2), or (3), and the banking organization has communicated electronically or in writing with the owner, at the address to which communication regarding that deposit or account are regularly sent, with regard to the deposit or account that would otherwise escheat under this subdivision. For purposes of this subdivision, "communications" means account statements or statements of interest paid for federal and state income tax purposes. In the event of Escheatment, the funds in the dormant Certificate shall be paid to, and the owner may thereafter recover such funds from, the State Controller of California.

**11. TAXPAYER IDENTIFICATION NUMBER.** An owner is required by law to provide the Bank with a correct taxpayer identification number. Failure to provide the Bank with a correct tax identification number may subject the Certificate Holder to backup withholding of 28% of the interest paid and effective. Upon the failure to provide the Bank with a taxpayer identification number, the Bank may decline to issue a Certificate.

**12. RIGHT OF SET-OFF.** All sums in a Certificate at any time shall be subject to the Bank's right of set-off for liabilities owed to the Bank by any Certificate holder, to the fullest extent permissible by law.

**13. WAIVER.** The Bank shall not, by reason of having waived in any instance any term of a Certificate, be considered to have waived the same or similar term, or any other terms or provisions of the Certificate, in any other instance.

**14. SEVERABILITY.** Whenever possible, each provision of a Certificate shall be interpreted so as to be effective and valid under applicable law. If any provision is found to be prohibited or invalid under applicable law, only that provision will be ineffective and the remaining terms of the Certificate will be valid.

**15. ATTORNEYS FEES.** In the event that the Bank or the owner commences any legal, equitable or appellate action arbitration or proceeding, including, without limitation, an action for declaratory relief or any other form of relief, in order to enforce, interpret, reform, rescind or in any other manner effect the provisions of a Certificate, the prevailing party shall be entitled to reasonable attorney's fees which may be set by the court in the same action, or in a separate action brought for that purpose, in addition to any other relief to which the party may be entitled.

**16. INTEGRATED AGREEMENT.** The Certificate and the Account Disclosure contain the entire agreement of the parties with respect to the Certificate and no other promise made by the owner or the Bank and their respective employees, officers, representatives or agents, shall be valid and binding, unless contained in a writing amending the Certificate.

**17. AMENDMENTS.** From time to time the Bank may amend the terms and conditions of the Certificate and this Account Disclosure, upon reasonable notice to you in writing or by any other method permitted by law, in order to conform to the bylaws or policies of the Bank or to the requirements of any regulatory authority.

**18. NOTICES.** All notices and other communications relating to Certificate shall be in writing and shall be considered to have been given when personally delivered, or upon placement in the U.S. mail, first class, postage prepaid, addressed as follows: If to the owner in the records of the Bank; if to the Bank, at 18837 Brookhurst Street, Suite 100, Fountain Valley, CA 92708. Any addressee may alter the address to which communications are to be sent by giving notice of such change of address.

**19. ARBITRATION.** Owners and the Bank agree that, in the event of any dispute, which the parties are unable to resolve amicably, Owner and the Bank will submit the dispute to binding arbitration before JAMS/In-dispute, whose decision will be final and binding on the parties. Owner and the Bank waive any right to have a dispute resolved by jury trial. Arbitration will be held at Orange County, California, or at the Los Angeles office if JAMS/In-dispute does not maintain an Orange County office. Arbitration will be conducted pursuant to the California Arbitration Act, Code for Civil Proc. Sec. 1280 et seq in effect at the time of the dispute. The parties shall have all rights to discovery, including depositions. The parties shall share equally in the cost of arbitration unless prohibited by law, in which event the Bank shall pay all costs of arbitration. The party prevailing in an arbitration proceeding shall recover its arbitration costs from the non-prevailing party.

**THE TYPES OF CERTIFICATES OFFERED BY  
CENTENNIAL BANK ARE NOT SUBJECT TO  
REGULATION CC EXPEDITED FUNDS AVAILABILITY  
ACT THE LAW IS CODIFIED IN TITLE 12, CHAPTER 41  
OF THE U.S. CODE AND TITLE 12, PART 229 OF THE  
CODE OF FEDERAL REGULATIONS**

**SCHEDULE OF FEES AND CHARGES**

**IRA Fees**

Annual Trustee Fee .....	\$15.00
Transfer Out Fee .....	\$25.00
Termination Fee .....	\$25.00

**Basic Charges**

Checks returned for insufficient or uncollected funds .....	\$25.00
Replacement of Lost Certificate of Deposit Account.....	\$10.00
Stop Payment Orders.....	\$25.00
Withdrawals from Savings Accounts in excess of four (4) per calendar month (per withdrawal) .....	\$ 5.00

**Transfer of Funds (Charges Are Per Transaction)**

Outgoing wire transfer .....	\$35.00
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**Miscellaneous Charges**

Registered/Certified Mail .....	Cost + \$ 3.00
Overnight Mail/Courier .....	Cost + \$ 3.00
Special Courier/Messenger .....	Cost + \$ 5.00
Photocopying, per page .....	\$ .50
Records research, per hour (minimum one hour) .....	\$30.00
Copies of records, per page .....	\$ 3.00