



# CENTENNIAL BANK

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## Account Disclosure

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

This Account Disclosure contains information  
about your:

- Certificate of Deposit Account
- Variable Rate Savings Account
- Funds Availability Policy
- Schedule of Fees and Charges

Account Disclosure as of December 15, 2010

Member FDIC

## **CERTIFICATE OF DEPOSIT - FIXED RATE**

### **Compounding and Crediting.**

Interest on your Certificate of Deposit is compounded monthly unless you elect to have interest paid in one of the following ways: (1) Paid monthly into a separate Savings Account at the Bank; or (2) Paid to you monthly by check. Interest will be credited on a monthly basis.

### **Minimum Balance Requirement.**

You **must** deposit \$10,000.00 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 three (3) months to eleven (11) months may have a penalty of 45 days interest 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 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.

### **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 unless you elect to have interest disbursed (see above). 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 will 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.

## **VARIABLE RATE SAVINGS ACCOUNT (“SAVINGS ACCOUNT”)**

### **Rate Information.**

\* **Change in Interest Rate and Annual Percentage Yield:** The interest rate paid and the annual percentage yield on your Savings Account may change at any time at the banks discretion without notice.

### **Compounding and Crediting.**

Interest will be compounded on a daily basis. Interest will be credited to your Savings Account on a monthly basis. However, if you close your Savings Account before interest is credited, you will receive the accrued interest to the date you close your Savings Account. **230.4 (b) (2)**

### **Minimum Balance Requirements.**

You must deposit \$500 to open a Variable Rate Savings Account, which is also the minimum balance that must be maintained in order to earn the stated Annual Percentage Yield and Effective Interest Rate. Interest is calculated and earned until the day the balance drops below \$500.00

### **Balance Computation Method.**

We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the end-of-day principal in the Account each day. The daily periodic rate is  $365/365$  – or  $366/366$  in a leap year – of the interest rate. **230.4 (b) (3) (ii)**

### **Accrual of Interest.**

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

**230.4 (b) (3) (iii)**

### **Withdrawals.**

You may make four (4) withdrawals per calendar month. For each subsequent withdrawal you will be charged a fee of \$5.00. **NOTE:** The maximum total withdrawals are six (6) per month. The Bank reserves the right to require at least thirty (30) days’ written notice prior to any withdrawal or transfer. **230.4 (b) (6)**

## **ADDITIONAL TERMS APPLICABLE TO CERTIFICATE OF DEPOSIT AND SAVINGS ACCOUNTS**

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

### **1. PAYMENT TO OWNER AND MULTIPLE OWNERS.**

Payment will be made to any person producing a withdrawal receipt for a Certificate of Deposit or Savings Account 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. Certificates and Savings Accounts may be registered as payable to two or more persons, or their representatives, and the Bank in its sole discretion may pay the person producing a withdrawal receipt for a Certificate or Savings Account and appearing to be one of the owners, or the duly authorized legal representative of one of the owners. 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 OR SAVINGS ACCOUNTS DOCUMENTATION ARE HELD BY THE BANK IN SAFE KEEPING.**

**3. DISPUTES.** In the event the Bank receives conflicting demands or Instructions from joint signatories or joint owners of a Certificate or Savings Account, or in the event of any other dispute over the ownership or control of funds in a Certificate or Savings Account, the Bank reserves the right to take any one or more of the following actions in its sole discretion: (a) put an indeterminate hold on funds in the Certificate or Savings Account; (b) interplead the funds in any Certificate or Savings Account or (c) refuse to accept any new funds into the Certificate or Savings Account. The Bank may take or maintain any of such actions until all parties to the Certificate or Savings Account agree in writing as to the resolution of the dispute, or such dispute is resolved by court or other action. In the event that the dispute is not resolved within a reasonable time (as determined by the Bank), the Bank may in its sole discretion close the Certificate or Savings Account and deliver a check for any remaining balance payable to all owners to the address of record for such Certificate or Savings Account appearing in the Bank's files. All owner and signatories to Certificate or Savings Account hereby expressly grant such rights to the Bank and agree to defend, indemnify and hold the Bank harmless from and against all claims, causes of action, loss, damage and liability, including but not limited to attorneys fees and court costs, in the event the Bank takes any of such actions.

**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 or Savings Account 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 or Savings Account until it is fully satisfied as to the validity, authenticity and effectiveness of any endorsement, signature, instruction or other authorization.

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

**7. COLLECTION OF CHECKS.**

**a. Processing:** In receiving checks for payment to a Certificate or Savings Account 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 Savings Account 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 or Savings Account. All government checks such as Social Security, tax refund, retirement or public assistance checks require the personal endorsement of all payees. 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 or Savings Account which is returned to the Bank unpaid for any reason may be charged back against the Certificate or Savings Account 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 Savings Account any check returned for reason of "Insufficient Funds."

**8. PERIODIC STATEMENTS (CERTIFICATES OF DEPOSIT).** The Bank will **not** prepare or mail periodic statements of the activity of Certificate of Deposit. Owner(s) may have the account status of their Certificate(s) 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 owners may present their Certificate(s) identification information for updating.

**9. PERIODIC STATEMENTS (SAVINGS ACCOUNTS).** The Bank will prepare and mail quarterly statements on the activity of Savings accounts. Owners may have the account status of their Savings account(s) updated by presenting in person to the Bank their Savings form(s) and proper identification. A computerized statement will then be printed with updated account information. The Bank may specify the times when owners may present their Savings Account for updating.

**10. INACTIVE ACCOUNTS.** The owner of any Certificate or Savings Account 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 or Savings Account is intentionally inactive. If the owner fails to respond to such notice by the thirty-sixth month of inactivity, the Certificate or Savings Account shall be considered legally dormant and shall escheat to the state.

**11. ESCHEATMENT OF UNCLAIMED PROPERTY.** California law requires that matured Certificates or Savings Account held by the Bank, escheat (i.e. are turned over to the State of California) when they become legally dormant. A Certificate or Savings Accounts is dormant when the Certificate or Savings Account holder for a period of 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 Savings Account; 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 or Savings Account shall be paid to, and the owner may thereafter recover such funds from, the State Controller of California.

**12. 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 or Savings Account to backup withholding of 28% of the interest paid. Upon the failure to provide the Bank with a taxpayer identification number, the Bank may decline to issue a Certificate or Savings Account.

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

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

**15. SEVERABILITY.** Whenever possible, each provision of a Certificate or Savings Account 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 or Savings Account will be valid.

**16. 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 or Savings Account, 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.

**17. INTEGRATED AGREEMENT.** The Certificate or Savings Account receipt and the Account Disclosure contain the entire agreement of the parties with respect to the Certificate or Savings Account 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 or Savings Account.

**18. 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.

**19. NOTICES.** All notices and other communications relating to Certificate or Savings Account 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.

**20. 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 Country 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.

#### **FUNDS AVAILABILITY POLICY**

**THE TYPES OF CERTIFICATES AND SAVINGS ACCOUNTS THAT CENTENNIAL BANK OFFERS ARE NOT SUBJECT TO FEDERAL REGULATION "CC" EXPEDITED FUNDS AVAILITY ACT.**

**THE STATE OF CALIFORNIA HAS A SIMILAR LAW FOR EXPEDITED FUNDS AVAILABILITY. UNDER THIS LAW OUR TIME CERTIFICATES OF DEPOSIT ARE EXEMPT BUT OUR SAVINGS ACCOUNTS ARE COVERED.**

**THEREFORE THE FOLLOWING IS OUR FUNDS AVAILABILITY POLICY FOR OUR SAVINGS ACCOUNTS.**

For determining the availability of your savings account deposits, every day is a business day except Saturdays, Sundays and federal holidays.

Longer delays may apply in certain circumstances as provided by law.

In some cases, we are not able to make all the funds you deposit by check immediately available to you according to regulations. Depending on the type of check deposited, and the amount of the check, funds may not be available until the second business day after the day of your deposit. However, the first \$100.00 of your deposit(s) will be available on the first business day after your deposit(s).

If we are not going to make all your funds from your deposit immediately available, we will notify you at the time you make your deposit and we will 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 action after you leave the premises, we will mail you the notice by the day after we receive your deposit. If you will need the funds from a deposit right away, please ask us when the funds will be available.

In addition, funds deposited by check maybe delayed for a longer period of time under the following circumstances:

1. Checks totaling more than \$5,000.00 are deposited on any one day.
2. Checks totaling more than \$100.00 on any one day deposited to a new account during the first 30 days.
3. We have reason to believe a check will not be paid.
4. You redeposit a check that has been returned unpaid.
5. There is an emergency, such as a failure of communications or computer equipment, or any emergency condition beyond the control of the bank.

We will notify you if we delay your availability to withdraw funds for any of these reasons, and we will advise you when the funds will be available. The funds will generally be available no later than seven to nine business days after the day of deposit unless we have reasonable cause to doubt collectability of the item.

Notwithstanding the above provisions, all items are subject to final collection by the bank.

The regulation does not require a financial institution to accept a check for deposit.

## **SCHEDULE OF FEES AND CHARGES**

### **Basic Charges**

Checks returned for insufficient or uncollected funds .	\$25.00
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