

IMPORTANT ACCOUNT INFORMATION FOR OUR CUSTOMER

DEPOSIT ACCOUNT TERMS AND CONDITIONS

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September 2009



WATERFIELD

BANK

DEPOSIT ACCOUNT TERMS AND CONDITIONS

Agreement: The following Terms and Conditions represent the legally enforceable agreement (the "Agreement") between You and Waterfield Bank ("WB"), or if WB determines not to maintain Your deposit (as described below), between You and Waterfield Financial Services, Inc. ("WFS," and in the possessive, "us," "we," or "our" with respect to WB or WFS, as the case may be) when You open a deposit account through this Banking Center, WB is a federal savings bank whose deposit accounts are insured to the fullest extent permitted by federal law by the Federal Deposit Insurance Corporation (the "FDIC"). WFS is an Indiana corporation and an affiliate of WB.

Defined Terms: Words that begin with capital letters are defined throughout these Terms and Conditions. The defined terms are set forth in parentheses and quotation marks. All defined terms should be read and interpreted in these Terms and Conditions as defined. For example, when the term "You" is used, it means the person making the deposit who will be treated as the owner of the account. Any similar or possessive wording, such as "Your," also refers to You. We may also refer to You as the "Depositor."

How It Works: By agreeing to these Terms and Conditions, you will be giving WB the authority to determine whether it will retain Your funds in a direct deposit relationship with You. If WB determines (at any time, from time to time, for any deposit or deposits, all without notice to You) not to maintain Your deposit, it will so notify WFS. By agreeing to these Terms and Conditions, You are hereby appointing WFS as Your special attorney-in-fact and agent ("Agent") to place Your deposit in a sub-account at another financial institution (a "Participating Bank") whose deposits are insured by the FDIC to the fullest extent provided by law and You are hereby providing the authority to WB to transfer Your deposit to a Participating Bank at the direction of WFS. If Your deposit is placed at a Participating Bank, WB will act as the "processing bank" for Your funds. Regardless of where Your funds reside, Your account will be accessible through, and will be serviced by, WB and Your deposit account will, at all times, be insured by the FDIC as provided by applicable law, regulation and policy.

WB will provide all deposit products, deposit processing services, ATM, other transactions, administrative and customer care services on all accounts opened through this Banking Center (the "Services") in accordance with these Terms and Conditions. Your deposit relationship will be with WB and all bank statements You receive will come from WB. If WB determines not to maintain Your deposit at WB, Your Agent, WFS, may direct that WB transfer Your funds into a sub-account at one or more FDIC insured financial institutions who also participate in the Banking Center Program at any time or from time to time in the Agent's discretion and without prior notice to You. See the FDIC Info Page for a list of Participating Banks. WB has the procedures and controls in place to make sure that Your funds are directed only to a Participating Bank. You hereby authorize and direct each Participating Bank to act in accordance with instructions given by the Agent. Regardless of which Participating Bank actually holds Your funds, Your deposit account will always be covered by FDIC insurance at that Participating Bank to the maximum extent permitted by law. The name of the Participating Bank that holds Your funds will appear at the bottom of Your monthly account statement. You may contact Customer Service if You have any questions regarding a Participating Bank or if You do not want Your funds to be placed at any particular Participating Bank.

Interest Payments: When You select the deposit product You wish to use, You will receive the interest rate as noted on this Banking Center website for that particular product, as it is updated from time to time. If WB maintains Your deposit, WB will set the interest rates for those deposit products and will be responsible for the payment of the interest earned on Your account. However, if WB does not maintain Your deposit, WFS will set the interest rate for those deposit products and will be primarily responsible for the payment of the interest earned thereon. In that case, the Participating Banks will pay a gross interest amount to WB, for the benefit of WFS, who, in turn, will instruct WB to deduct its fee and deposit the remainder into Your account. All interest that comes from the Participating Bank in which Your funds are held, will accrue in Your account at WB and will be federally insured to the extent permitted by law. There may be an occasion when the interest, if any, that may be paid by a Participating Bank on a sub-account to WB, for the benefit of WFS, will be less than the interest that You have contracted to receive from WFS. If that occurs, WFS (not WB or the Participating Bank) is solely responsible to pay You the contracted rate. Until such interest is paid into Your account, such interest will not be covered by the FDIC insurance of deposits. You hereby authorize WB to deduct and retain the amount of such fee from the interest received on behalf of WFS on each of Your deposit products and to directly remit such amount to WFS. That amount will not decrease the contractual interest rate to be paid to You on Your deposit. You acknowledge and agree that the amount of the fee may differ among each deposit product that is subject to the terms and conditions of this Agreement. Upon Your request, WB will inform You of the fee applicable to a particular deposit product (or will provide a good faith estimate thereof).

Your Application: By submitting an application for any Banking Center product or service, You certify that everything You have stated in this application is correct and agree that WB may keep this application whether or not it is approved. By submitting an application, You authorize WB to obtain a consumer credit report and to check Your employment history as part of the review of Your application. You are also authorizing WB to obtain consumer credit reports in the future when updating, renewing, collecting, or extending Your account. You agree that any deposit accounts will be opened solely at the discretion of WB in accordance with the application guidelines set forth herein, and may be closed and Your funds returned to You for any or no reason. If You do not qualify for the account(s) You requested, WB may extend to You an offer for a different deposit product with different features from those selected at the time of Your application. All accounts processed by WB and or held at Participating Banks will be governed by applicable federal law and regulation, and by the laws of the State of Maryland to the extent such law is not pre-empted by federal law. You understand that the use of these account(s) opened in connection with this offer, will constitute Your acceptance of, and subject You to, the terms and conditions that govern these account(s) as set forth below and on the WB Signature Card that You will sign. The representations that You make by virtue of Your application herein and on the WEBSITE AGREEMENT PAGE may be relied upon by WB, WFS and/or any Participating Bank.

Tax ID No: Your Social Security Number ("SSN") or Taxpayer Identification Number ("TIN") must be supplied when opening an account.

Substitute W-9: Under penalties of perjury, You certify to us that:

1. The SSN or TIN number You have provided to WB is Your correct taxpayer identification number (or You are waiting for a

- number to be issued to You), and
2. You are not subject to backup withholding because:
 - a. You are exempt from backup withholding, or
 - b. You have not been notified by the Internal Revenue Service ("IRS") that You are subject to backup withholding as a result of a failure to report all interest or dividends, or
 - c. the IRS has notified You that You are no longer subject to backup withholding, and
 3. You are a U.S. Person (including a U.S. resident alien).

The IRS does not require Your consent to any provision of this document other than the certifications required to avoid backup withholding. For an explanation of this IRS form, You may refer to "Taxpayer Identification Number and Certification on Form W-9," by clicking on this link to the IRS website: www.irs.gov/pub/irs-pdf/fw9.pdf.

Amendments: By confirming that You agree to these Terms and Conditions and the Website Agreement, Your application will be processed by WB. You further agree that WB may act in reliance upon the signatures on the Signature Card(s) in the payment of funds and in the transaction of all other business related to Your account. By executing the Signature Card, You are acknowledging that Your account is subject to these Terms and Conditions and the Website Agreement, including all amendments thereto. Amendments to these Terms and Conditions, which may affect Your account, may be made by WB from time to time and communicated to You by posting such changes on this website or by mailing such changes to You. Your continuing use of the account after 30 days after any such posting or 30 days after the date we mail such changes to You, shall indicate Your acceptance of such changes. If You do not wish to accept any such amendment to these Terms and Conditions, You must close Your account within 30 days after such change(s) are posted on this website or are mailed to You. Copies of these Terms and Conditions, as amended from time to time, are provided (for viewing or printing from this Banking Center website) to You upon, and subsequent to, the opening of an account.

Your Warranties to WB and WFS: The information You are providing to WFS is true, correct and complete. We are not obliged to take any steps to confirm or authenticate any instructions given by You and we will act on them without getting further confirmation.

You understand that if You provide us with incorrect information or if there is any error or fraud in Your instruction, once we are informed by You of such error, we will make all reasonable efforts to reverse or delete such instructions, but You accept full responsibility for losses resulting from any of Your errors, duplication, ambiguities or fraud in the information that You provide. In addition, if any information You provide is untrue, inaccurate, not current or incomplete, we may recover from You any costs or losses incurred as a direct or indirect result of the inaccurate or incomplete information.

You represent and warrant to us that You are of the age of majority in the State in which You live, are legally competent to enter into this contract to have WB or WFS open a deposit account for You, and You have the right to authorize and permit WFS to act as Your agent to transfer Your funds as herein described..

You assure us that by disclosing the information to us and by authorizing us to use such information to deposit, transfer and return the funds, You are not violating any third party rights.

You agree to promptly update Your account records using this Banking Center if Your name, address, telephone number or e-mail address or other personal information changes.

You warrant that You will not use this website or the Services for any purpose that is unlawful or is not permitted, expressly or implicitly, by the terms of this Agreement or by any applicable law or regulation.

You represent and warrant to us that You will have enough money in Your accounts to make any funds transfer You request that WB or WFS makes on Your behalf through this Banking Center.

Assignment of Account: You may not assign this Agreement to any other party. WB or WFS may assign this Agreement to any successor or other person or entity or to any future, directly or indirectly, affiliated company without Your prior knowledge or consent. WB may also assign or delegate certain of its rights and responsibilities under this Agreement to independent contractors or other third parties without Your prior knowledge or consent. As noted above, the Agent may transfer Your funds between Participating Banks from time to time, without Your prior knowledge or consent. You will be notified of any such change on Your monthly account statement.

Account Ownership: WB offers a variety of products. Please refer to the "Account Features" page for bank product descriptions. Please be aware that not all products listed may be available through this banking center. The ownership definitions below will apply to the offered products:

Personal Accounts

Individual Accounts: If You open and maintain an account in Your name only, even though a designation as "agent" or "trustee" may be added, WB will consider it as an individual account or individual ownership. Payment after Your death may be made to Your Personal Representative or heirs and shall be subject to the applicable laws relating to devise and descent, including laws relating to inheritance and succession taxes.

Joint Accounts: Joint account ownership is established at the time the account is opened. WB must be supplied with all signatures within 30 days of account opening or the account reverts to an individual account. After the account is established and the Signature Card is on file, ownership cannot change during the life of the account without the written consent of all owners. NOTE: The death of an accountholder or a court order is considered an exception to this policy.

Multiple Party Accounts: Multiple Party Accounts are accounts in which more than one individual has an interest, contingent interest, or authority to act at any one time. Such accounts may be JOINT ACCOUNTS (all persons named in the account are "owners"), POD/ITF ACCOUNTS ("owners" have a current interest with the other individuals named as beneficiaries, ITF or POD payees to receive the amount remaining in the account if any, upon death of the last surviving original owner; hence, Payable On Death/POD/In Trust For/

ITF), or TRUST ACCOUNTS (all named Trustees possess the authority to act and are fiduciaries for the beneficiaries of the trust). All joint owners, original owners and POD/ITF payees, Trustees and beneficiaries must be named on the account title. Any or all of the "owners" or Trustees of these accounts may make deposits and withdrawals from the account. Each joint owner, original owner or trustee appoints the other as his or her attorney-in-fact with the power to deposit to, or withdraw from, the account or endorse any check, draft, note or other instrument payable to the other joint owner, original owner or trustee of the account for deposit to the account. WB also has the right to endorse any checks or drafts, or other orders of payment made payable to any of the owners or trustees and deposit the same into the respective account. Rights of survivorship exist between joint owners. Payment to a surviving owner shall be subject to the applicable laws relating to inheritance and succession taxes, including any rules and regulations pertaining thereto. Upon the death of the last survivor of all persons named on the account, including beneficiaries or POD/ITF payees, the funds remaining on deposit will be paid to the duly authorized Personal Representative or upon proper proof of no such representative to the heirs-at-law entitled thereto.

Fiduciary Accounts (Including Trust Accounts): If You are a fiduciary, affixing Your signature on the Signature Card certifies that You are authorized to execute the signature on the card in the capacity so stated. You also agree to furnish documents or agreements as shall be needed or requested by WB to evidence Your capacity and authority relating to the opening and maintenance of the account.

Custodian Accounts - Uniform Transfers to Minors: You may make a transfer of money to a minor (child under the age of 18) and name a custodian, usually a parent, to assume the responsibility of making deposits and withdrawals for the minor's use. This account will be construed according to the provisions of the Uniform Transfers to Minors Act under Maryland law.

Business Accounts

Corporations – Partnerships – Organizations: If Depositor is any of the aforementioned, every person affixing his or her signature on the Signature Card represents and agrees that he or she is fully authorized to execute said Signature Card and to exercise the privileges incident thereto. Depositor shall be required to furnish Waterfield Bank with properly completed corporate resolution, partnership agreements or other documents as shall be needed or that WB may request to evidence corporate, partnership or organization action relating to the opening and maintenance of the account(s), the authority of the individuals to deal therewith and any changes therein.

Sole Proprietorship: If Depositor is a sole proprietor (sole owner) of an unincorporated business, affixing his or her signature on the Signature Card certifies that he or she is fully authorized to execute the card as the sole owner and to exercise the privileges incidental thereto; that no other person has any ownership or interest therein; and, that all transactions are conducted in the Depositor's own name. Upon the death of the Depositor, the funds remaining on deposit will be paid to the duly authorized Personal Representative or, upon proof of no such representative, to the heirs-at-law entitled thereto. Payment shall be subject to the laws relating to inheritance and succession taxes, including any rules and regulations pertaining thereto.

Deposits and Collections: Items received for deposit or collection shall be subject to all agreements, federal law and regulation and the law of the State of Maryland (to the extent not pre-empted by federal law), and applicable automated clearing house rules. Minimum initial deposit amounts are set for all accounts. Additional deposits, with the consent of WB, may be made in any amount by delivery methods, including but not limited to, mail or wire. In receiving items for deposit or collection, WB acts only as Your collection agent and assumes no responsibility beyond the exercise of due care in a commercially reasonable manner. WB will not accept third party checks for deposit. Deposits received after the posted cut off time (4:00 p.m. Eastern Time) shall be deemed received the next business day, and all items are credited subject to final payment in cash or solvent credits. Deposits of checks or items returned to WB unpaid by the financial institution they were drawn on will be charged to Your account or be paid by You. If there are special fees for collecting deposits, You promise WB that You will pay them. Any credit given on items shall be subject to charge back upon nonpayment within the period allowed by law. A "hold" or "float" may be placed on such funds (see **Funds Availability Policy**).

Withdrawals: If You have a money market account, although You may normally make withdrawals from Your account at any time, under federal regulations WB can require You to give the bank 7 days prior notice of any withdrawal. Under federal regulations, You are limited to a total of no more than 6 withdrawals, including transfers and payments, in any monthly statement period by certain methods. These methods are by preauthorized or automatic transfers and payments or by telephone agreement, order or instruction. WB does not necessarily offer any or all of these methods of withdrawal from Your account. If You exceed these limits, WB may assess an excessive transfer fee, refuse to permit the excessive withdrawal(s), terminate Your preauthorized, automatic, or third party transfer and payment privileges, convert Your account to a transaction account, stop paying interest on Your account, and/ or close Your account. However, You can make unlimited transfers, but only for the purpose of repaying loans and associated expenses at WB, for inter-account transfers in person at any branch office of WB, or at an ATM from Your money market demand account to Your other accounts held at WB, for cash or check withdrawals made in person, by mail, messenger, ATM or telephone (via check mailed to You).

Closing Account: You can close an account at any time for any reason upon written notice to WB. WB can also close (and You give WFS the right to cause a Participating Bank to close) Your account at any time. If WB does so, it will mail You a notice and a check for the final balance to the last known address of record less any applicable early closing fee. Closing a time deposit account by You prior to maturity is subject to an interest penalty. Closing any account within 180 days after date of opening may be subject to a service charge. **NOTE:** It is also WB's policy to close without notice accounts maintaining a zero balance for 90 days.

Penalty for Early Withdrawals: Certificates of Deposit ("CD") and any interest due thereon are payable upon maturity. Subject to applicable federal regulations, a penalty may be imposed for early withdrawal of any or all deposited funds before maturity from a time deposit account. The penalty for a CD with an original term of 1 year or less is calculated as follows: amount of principal withdrawn x certificate rate x number of days from date of issue to current date/365. The penalty for a CD with an original term of 1 year or more is calculated as follows: amount of principal withdrawn x certificate rate x 180 days/365.

Stale Dated and Post Dated Checks: WB can refuse to process or pay checks which are dated beyond the date of attempted negotiation (a "post dated check") or which are more than 6 months old (a "stale dated check") unless the check has been certified. If a stale dated check is paid in good faith, Your account will be charged the amount of the check. You agree not to post date checks.

Overdrafts: WB may return a check or item issued against Your account that is ascertained to be drawn against insufficient funds,

uncollected funds or otherwise not good or payable. If You write a check for more money than which is in an account, You will be overdrawn and WB may return the check unpaid. Because extra work is involved, You may be required to pay a fee for each check returned. You also may be required to pay a fee for each day Your account remains overdrawn.

Stop Payment of Check: You have the right to request a stop payment on any check not certified but drawn by You on an account. Stop payment may be placed on an official check when You sign an Indemnification Agreement to WB stating the item was lost, stolen or destroyed. Your request must be received in such a manner as to give WB reasonable time to act on the request and to notify all affected parties. WB reserves the right to charge a fee for this service and to require You to indemnify WB and the Agent for any loss it may incur. You should understand that a stop payment may not be legally effective and cannot be honored if the check has been deposited, cashed or assigned by the payee. WB will not, and has no duty to, investigate the propriety or justification of a stop payment on a check and will be indemnified by You against all claims of any third party relating thereto.

Service and Maintenance Charges: For each account, whether active or not, You agree to pay such service and maintenance charges as WB imposes from time to time. You authorize WB to deduct or debit such charges (as well as any other fees and charges that are owed to WB) from Your accounts (whether such accounts are held by WB or by another Participating Bank). WB shall not be liable for any checks, drafts, notes, acceptances or other instruments that are dishonored because of insufficient funds resulting from the deduction or debiting of these charges. WB and WFS will post, advertise or otherwise notify You 30 days in advance via this Banking Center website on the RATES AND FEES PAGE or by mail, of any significant changes or new policies in regard to service and maintenance charges that may occur from time to time.

Tax Reporting: Interest income may be taxable to You. Interest will be reported to the Internal Revenue Service at the end of the calendar year. The earned amount will be reflected on Your IRS Form 1099 showing the account number and TIN or SSN of the primary Depositor.

Statements and Change of Address: Statements of account and other notices may be mailed periodically to Your last known address. Accordingly, You should advise WB of any change in Your address promptly. The statement will reflect Your account record as maintained at WB and will be deemed correct unless within 30 days from the time WB mails the statement (unless a longer period is required by federal law), You notify WB of any errors or forgeries related to the statement of account. If the statement of account is returned for an incorrect address, further mailing may be suspended until WB receives a correct mailing address. It is important that Your address is kept current. If You do not receive a statement or notice of the interest paid on an account (such as an IRS Form 1099) at the end of the year, You should contact WB to verify it has the correct address on its records for Your accounts.

Dormant Accounts: Under applicable state law, the money in Your account will be considered abandoned and payable to the State of the last address we have for You in our records if a specified period of time has passed and You do not:

- make a deposit or withdrawal; or
- inquire about or take any other action in connection with Your account.

In addition, if You do not initiate activity in Your account for a substantial period of time, WB will treat Your account as being dormant. In that event, You agree that, unless prohibited by law, WB may charge dormant account fees on Your account in addition to other charges. In addition, WB may stop sending You periodic statements.

Right to Offset Monies Owed WB: If You owe WB money, then WB shall have the right to offset any account You have with WB and/or with any Participating Bank, including a multiple party account, to pay the debt except when prohibited by law.

Legal Proceedings – Liens: If You become involved in legal proceedings, the use of Your account may be restricted in the event WB is presented with appropriate documents from proper judicial or other authorities. Your account may also become subject to attachment or seizure to satisfy tax or other liens properly obtained. You agree to indemnify WB from any legal claim involving Your account if we followed Your instructions or acted properly in handling Your account. We reserve the right not to pay interest on amounts subject to garnishment, levy or other legal process.

Monitoring and Recording Telephone Calls: We may monitor or record phone calls for security purposes and to ensure that you receive courteous and efficient service. You consent in advance to any such recording. We need not remind you of our recording before each phone conversation.

Special Requirements: WB will not honor any requests, instructions or directions from You or on Your behalf with respect to multiple signature or multiple authorization requirements for access to Your account or for any other matters with respect to Your account (referred to as "special requirements"). WB may allow any of the persons designated as authorized signers on the Signature Card or other records WB maintains for this account to sign checks or other items to withdraw funds or otherwise to authorize transactions or other matters with respect to this account. WB is not bound by any special requirements, whether or not WB knows about them or whether or not You include them in Signature Cards, resolutions, or other documents provided by or delivered to WB in connection with this account. WB has no duty to monitor Your account for compliance with any special requirements. WB has no liability for not complying with any special requirements.

Notice: The provisions applicable to Your account may be revised or amended at any time and, when required by law, WB will provide 30 days notice prior to the change. Notice of the change will be mailed to the last known address or email address of record provided by You or will be posted on this Banking Center website and/or included in Your statement of account. All such changes will become effective when posted on this Banking Center website or 5 business days after mailing or emailing, unless otherwise required by law and You will be deemed to have agreed to such terms if You have not notified WB of Your objection and closed Your account that is subject to the change within 5 business days after the date of posting, mailing or emailing. The amount of any fees charged by WB in connection with Your accounts and related account services are set forth in a separate fee schedule available at this Banking Center's website. WB, upon 30 days' notice prior to the effective date, may adjust this fee schedule. Any provision to the Terms and Conditions that is changed due to bank regulatory authority requirements shall be effective immediately upon posting on the Banking Center website without further notice. Your account will also be subject to all provisions of the Maryland Uniform Commercial Code,

agreements between WB and any correspondents or collecting depository institutions, the Signature Card that You have signed, and any rules and regulations concerning Services, Accounts or Fees which have been or may be adopted by WB.

Severability: In the event any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable, the remaining provisions shall remain valid and enforceable.

Information Authorization: You agree that WB reserves the right to obtain and retain financial information regarding Your account from a merchant or financial institution to resolve payment-posting problems.

Disputes: In the event of a dispute with WB or the Agent, You and WB or the Agent (as applicable) agree to resolve the dispute by looking to this Agreement. You agree that this Agreement, as it is amended from time to time in the future, is the complete and exclusive statement of the agreement between You, WB and the Agent which supersedes any proposal or prior agreement, oral or written, and any other communications between You, WB and the Agent relating to the subject matter of this Agreement. If there is a conflict between what one of WB's or WFS' employees says and the terms of this Agreement, the terms of this Agreement shall control. You agree that You will resolve any dispute or claim You have under this Agreement by means of binding arbitration under the rules of commercial arbitration of the American Arbitration Association ("AAA") to be heard in Orange County, California, by a single qualified independent arbitrator selected by the AAA.

No Waiver: Neither WB nor WFS shall be deemed to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by an authorized representative of WB or WFS as applicable. No delay or omission on the part of WB or the Agent in exercising any rights or remedies shall operate as a waiver of such rights or remedies or any other rights or remedies. A waiver on any one occasion shall not be construed as a bar or waiver of any rights or remedies on future occasions.

Captions: The captions of all of the sections of these Terms and Conditions are for convenience only and shall not control or affect the meaning or construction of any of the provisions for this Agreement.

Governing Law: This Agreement shall be governed by federal law, where applicable, and by the laws of the state of Maryland.

Contact: To contact WB in writing, please direct inquiries to this institution in care of:

Waterfield Bank, Attn: Customer Service Center
P.O. Box 19503, Irvine, CA 92623-9928

PRIVACY POLICY

Important Notice About Customer Information: Waterfield Bank (WB) and its affiliate Waterfield Financial Services (WFS), recognize and value each and every customer relationship. Customers such as you have entrusted us not only with your finances, but also with your personal information. To protect and maintain this relationship, we have adopted the following Privacy Principles as a commitment to you, our valued customer.

Recognition of Your Expectation of Privacy: WB and WFS recognize that you expect privacy and security for your personal and financial affairs. We understand the need to safeguard our sensitive information about you that you have entrusted to us. We maintain standards and procedures designed to prevent misuse of this information.

Use, Collection, and Retention of Customer Information: WB and WFS collect, retain, and use information about you only where we reasonably believe that it will help administer our business or provide products, services, and other opportunities to you. We collect and retain information about you only for specific business purposes, and we will tell you why we are collecting and retaining it upon your request. We use information to protect and administer your records, accounts, and funds; to comply with certain laws and regulations; to help us design or improve our products and services; and to understand your financial needs so that we can provide you with quality products and superior service.

Sources of Information WB and WFS Collect: To assist us in making informed decisions about extending services to our customers, we may collect nonpublic personal information about you from several sources:

- Information that you have provided on applications or other forms via the internet, by telephone or other means;
- Information about your transactions with us or others; and
- Information about you that we obtain from consumer credit reporting agencies, real estate appraisers, and employers.

Nonpublic Personal Information Means: (1) Personally identifiable financial information; and (2) Any lists, description, or other grouping of consumers (and publicly available information pertaining to them) that is derived using any personally identifiable financial information other than publicly available information.

Maintenance of Accurate Information: WB and WFS have procedures in place to help us assure that your financial information is accurate, current, complete and in accordance with commercial standards. We also have procedures in place to respond to your requests to correct inaccurate information in a timely manner.

Security Procedures to Protect Information: WB and WFS have procedures that limit employee access to personally identifiable information to those employees with a business reason to know such information about you. We educate our employees about the importance of confidentiality and customer privacy through standard operating procedures, special training programs, and our policies on business ethics. We maintain security standards and procedures to help prevent unauthorized access to confidential information about you.

Sharing of Nonpublic Personal Information within the Bank and Affiliates and Nonaffiliated Third Parties: Within WB and WFS, the primary purposes for which we share your nonpublic information is to develop or improve the products and services currently offered to our customers. Your customer information allows us to respond quickly and efficiently to inquiries and to protect the security of your accounts with us. As part of our efforts to offer you the best and most current banking opportunities, we may contact you with information about new services and special marketing promotions. If you would like to be taken off our mailing list or email list, please submit your request to Waterfield Bank.

WB and WFS do not disclose nonpublic personal information about you to any nonaffiliated third parties except as permitted by federal law. The confidentiality of your nonpublic personal information will continue to be maintained consistent with this privacy notice even if you decide to close your account(s), your account becomes inactive, or when you otherwise cease to do business with us.

WB and WFS work with a variety of nonaffiliated third parties in order to bring you the best quality financial services possible. We disclose information about you as necessary to fulfill these third party service agreements. For example, we may disclose information about you to third parties that assist us in servicing or maintaining your loan or deposit account, or other business relationship, such as printing checks or billing you for loan payments. We may also disclose information about you to governmental entities, such as sending annual income statements to the IRS, and to other third parties, such as credit reporting agencies, or in response to subpoenas.

WB and WFS may also disclose information we collect or generate to companies that perform marketing services on our behalf or to other financial institutions, such as insurance providers, with whom we have joint marketing agreements. These companies must agree to strict confidentiality provisions to assure the protection of your information. Because we already limit the sharing of your nonpublic personal information as outlined above, no action is necessary on your part to limit such sharing.

Disclosure of Our Privacy Principles To You: WB and WFS want you to understand our commitment to your personal privacy and our use of information. For this reason, we have prepared these Privacy Principles. The above information should answer most of the important questions that you may have about how we gather, protect, and use information. If you have additional questions, please respond to us in writing and we will provide a prompt reply.

These Privacy Principles apply only to individuals. We reserve the right to change them, along with related provisions from time to time and will provide adequate notice to you should a change occur.

ELECTRONIC FUNDS TRANSFER (EFT) DISCLOSURE

This Electronic Funds Transfer ("EFT") Disclosure covers all EFTs You can make to or from Your account, regardless of the Service You use on this Banking Center website. Examples of EFTs include direct deposit of funds, ATM deposits, point of sale transactions, and automated transfers.

Direct Deposit: With proper authorization, Social Security benefits and other types of pay or benefits may be directly deposited to Your savings or checking account.

Automatic Transfers: Automatic transfers may be made between Your accounts at WB as permitted by federal banking regulations or any other governing body having jurisdiction over WB or as permitted by rules as adopted by WB. A fee may be assessed for this service.

Notice of Varying Amounts: If Your account is set up for automatic payments or deposits through the ACH ("Automated Clearing House") network or similar service, it is the originator's responsibility to notify You of any changes in the payment amount required.

Right to Stop Payment: If You have arranged in advance to make regular payments out of an account, You can stop payment on these pre-arranged payments by written request, or from the REQUESTS PAGE of this Banking Center website. Stop payment requests must be received 3 business days or more prior to the next scheduled payment.

Liability for Failure to Make Transfers: If WB does not complete a transfer to or from Your account on time or in the correct amount or fails to stop a pre-arranged payment according to an agreement with You, WB may be liable for Your losses or damages. There are, however, exceptions. For instance, WB will not be liable:

- If, through no fault of WB, You do not have enough money in an account to make the transfer.
- If circumstances beyond WB's control (such as fire or flood) prevent the transfer, despite reasonable precautions WB has taken.
- There may be other exceptions stated in other agreements between WB and You.

If we do not provide a funds transfer instruction on time, if we cause an incorrect amount to be removed from Your account or if we cause funds from Your account to be transferred to any account other than Your account or the recipient's account specified in the applicable funds transfer instruction, we will be responsible for returning the improperly transferred funds and/or for directing any misdirected funds to the proper account or intended recipient's account. We are liable only for any losses and damages arising from our gross negligence or willful misconduct or if we breach a representation or warranty set forth on this website. However, our liability to you is limited. See "Limits of WB's or WFS' Responsibilities" below.

Payment Not Final Until Received: Credit given by WB to You with respect to an Automated Clearing House ("ACH") credit entry or similar electronic credit is provisional until WB receives final settlement. You are hereby notified and agree that WB is entitled to a refund of the amount credited to You in connection with such entry, i.e., non-settlement, and the party making payment to You, i.e., the originator of the entry, via such entry shall be deemed to have not paid You the amount of such entry.

Next Day Notice: Under the operating rules of the National Automated Clearing House Association ("NACHA") which are applicable to ACH transactions involving Your account, WB is not required to give next day notice to You of receipt of an ACH item, and WB will not do so. However, WB will notify You of the receipt of payments in the periodic statements provided to You.

Choice of Law: WB may accept on Your behalf payments to Your account which have been transmitted through one or more Automated Clearing Houses and Your rights and obligations with respect to such payments shall be construed in accordance with and governed by the laws of the state of Maryland and applicable federal law as provided by the operating rules applicable to ACH transactions involving Your account.

Limits on EFTs: EFTs may be made only to persons with a U.S. payment address. EFTs may also be made to persons located in the Armed Forces postal codes. You may not make an EFT of alimony, child support, taxes, or other governmental fees or court-directed payments.

Statements, Receipts: You will receive a receipt when You initiate an electronic fund transfer at any electronic terminal (e.g., at the ATM) if required by law. Also, Your electronic funds transfers will be indicated on the periodic statements WB provides or makes accessible to You for the accounts with WB that are involved in the transaction. In any case, a statement will be provided at least quarterly for accounts not classified by WB as inactive. WB may also provide or make accessible to You statement information electronically or by some other means. You agree to notify WB promptly if You change Your address or if You believe there are any errors or unauthorized transactions on any statement or in any statement information.

Verifying Certain Electronic Deposits: If You have arranged to have pre-authorized recurring electronic deposits made to any of Your accounts at least once every 60 days from the same person or company, You may call toll free 1-877-204-5019 to find out whether or not the deposit has been made. WB will ask You for reasonable identification prior to releasing any information.

Notice for Varying Amounts: If You have arranged for pre-authorized recurring electronic payments that may vary in amount to be made from any of Your accounts, the person or company You are going to pay will tell You, at least 10 days before each payment is scheduled to be made, 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.

Disclosure of Information to Others: WB may disclose information about Your accounts as follows:

- To consumer reporting agencies.

- In connection with audits or any sale or transfer of Your accounts or any sale, merger, consolidation or other extraordinary corporate transaction involving WB or a division thereof.
- For fraud, security or risk control.
- To help complete a transaction You initiate, including information requested to verify the existence or condition of an account.
- To resolve disputes or inquiries You may have about Your accounts.
- With Your consent or at Your direction.
- When disclosure is required by law, such as pursuant to court order, subpoena, legal process or government agency examination or investigation, or to protect or enforce WB's or WFS's rights.
- To companies that perform services for WB or WFS in connection with Your accounts, such as credit reporting agencies, data processing and software companies and collection agencies.
- As otherwise necessary to service Your account, or as permitted or required by law and applicable regulation or policy.
- In response to a request from WB, the Agent, any affiliate of WB or a Participating Bank.

See WB's "Privacy Policy" for more information about how WB uses customer information and Your choices regarding such use.

In Case of Errors or Questions About Your Electronic Transfers: If You believe Your account statement or an electronic fund transfer receipt is wrong, if You have a question or need more information about an electronic fund transfer or believe WB made an error in processing an electronic fund transfer, You should telephone, use **Secure Bank Mail** (accessible on this Banking Center's toolbar) or write a letter to WB. WB must hear from You no later than 60 days after You receive the FIRST statement on which the problem or error appeared.

You may contact WB in writing at: Waterfield Bank, Attn: Customer Service Center, P.O. Box 19503, Irvine, CA 92623-9928

You should tell WB Your name and account number, the dollar amount and date of the suspected error, describe the error on the transfer that You are unsure about, and explain as clearly as possible why You believe it is an error and/or why more information is needed.

If You orally contact WB, WB may require that You send WB the complaint or question in writing within 10 business days after such oral contact or receipt of requested information. WB will tell You the results of its investigation within 10 days after the first contact from You and will correct any error promptly. If WB needs more time, however, it may take up to 45 days to investigate any complaint or question. If WB decides to do this, it will provisionally credit Your account within 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 WB to complete the investigation. If WB asks You to put the complaint or question in writing and WB does not receive it within 10 business days, it may not credit Your account. For errors involving new accounts, point-of-sale, or foreign initiated transactions, WB may take up to 90 days to investigate Your complaint or question. For new accounts, WB may take up to 20 business days to credit Your account for the amount You think is in error.

WB will tell You the results of its investigation within 3 business days after completing the investigation. If WB decides that there was no error, WB will send You a written explanation. You may ask for copies of the documents that WB used in its investigation.

Your Liability for Unauthorized Electronic Funds Transfers (Consumer Accounts Only):

If You tell WB within 2 business days after You learn of the loss or theft of Your access codes involving a consumer account, You can lose no more than \$50.00 if someone used them without Your authority.

If You do NOT tell WB within 2 business days after You learn of the loss or theft of Your access codes, and WB can prove that it could have stopped someone from using them without Your authority if You had told WB, Your liability is limited to \$500.00.

Also, if Your statement for a consumer account shows payments covered by this Agreement that You did not make or authorize, tell WB at once. If You do not tell WB within 60 days after the statement was mailed to You, You may not get back any money lost after the 60 days if WB can prove that it could have stopped someone from taking the money if You had told WB in time. If a good reason (such as a long trip or hospital stay) kept You from telling WB, WB will extend the time periods for a reasonable period of time.

Notify WB Immediately for Unauthorized Transactions or Lost or Stolen PIN: Tell WB AT ONCE if You believe Your Personal Identification Number ("PIN") has been lost, stolen or otherwise compromised or used without Your authorization. Be sure to keep Your PIN to Yourself; this number is an important means of protection for You. Do not write it on Your personal computer or any computer materials, or any other access device. Never lend it to anyone. Contact WB immediately if You believe that an unauthorized person has obtained access to Your PIN. The telephone is the fastest way to alert WB that someone may be using Your PIN without permission. You may call WB at 1-877-204-5019.

Limits of WB's or WFS' Responsibilities: In connection with the Services, WB, or WFS, as the Agent, will act pursuant to Your instruction, which incorporates by reference the Terms and Conditions and the Website Agreement of this Banking Center. If Your instructions are, in WB's or WFS's sole judgment (as applicable), incomplete, contradictory or confusing, WB or WFS (as the case may be) may take no action and seek Your further instruction, clarification, consent or a court order, and WB or WFS will not be liable to You in that event.

When WB or WFS (as applicable) interacts with other financial institutions on Your behalf we may use transfer and security procedures agreed between us and the other financial institution. You agree that Your transfer instructions constitute authorization for us to complete the transfer, regardless of the actual process used. WB or WFS (as applicable) may authorize any financial institution at which You have an account to accept funds and transfer instructions without verifying the instructions under the established security procedures. WB or WFS (as the case may be) may authorize such financial institutions to charge and debit Your accounts based solely on these communications.

If funds transfer instructions identify a bank or beneficiary by name and account number, the relevant financial institution may execute those instructions by reference to the number only, even if the number does not correspond to the name. You understand that such financial institutions may not investigate discrepancies between names and numbers. In addition, You agree that WB or WFS, as

applicable, has no responsibility to investigate discrepancies between names and numbers. WB or WFS, as applicable, have other limitations on their liability to You under other provisions of these Terms and Conditions. We urge You to read the Terms and Conditions carefully so You understand them before You agree to them.

ALL SERVICES ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS. NEITHER WB NOR WFS, (ACTING IN ANY CAPACITY HEREUNDER) CAN ASSURE YOU THAT ANY FILES OR OTHER DATA YOU DOWNLOAD FROM THIS WEBSITE WILL BE FREE OF VIRUSES, DESTRUCTIVE ELEMENTS OR CONTAMINATION. EXCEPT AS EXPRESSLY SET FORTH ON OUR WEBSITE OR IN THIS AGREEMENT, WB AND WFS DISCLAIM ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS. WB AND WFS MAKE NO WARRANTY OR REPRESENTATION REGARDING THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE SERVICES, OR THAT THE SERVICES WILL MEET ANY USER'S REQUIREMENTS, BE UNINTERRUPTED, TIMELY, SECURE OR ERROR FREE. NEITHER WB NOR WFS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES OF ANY KIND RESULTING FROM THE USE OF OR THE INABILITY TO USE THE SERVICES, INCLUDING DAMAGES FOR LOSS OF PROFITS, USE, DATA OR OTHER INTANGIBLES, EVEN IF WB OR WFS HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Business Days: Our business days are Monday through Friday. Federal holidays are not business days.

FUNDS AVAILABILITY POLICY

The following information is a disclosure of WB's policy regarding the availability of the funds You deposit into account with WB. The policy is to make funds from Your deposits available to You according to the type of deposit You make. The term "check" as used in this policy does not include a non-cash item, an item payable in medium other than United States money, or a check drawn on or payable through a bank's office located outside the United States. Deposits of these items are outside of the scope of this policy.

Your Ability to Withdraw Funds from Your Account: Funds from Your deposits generally will be available to You on the first business day, second business day, or fifth business day after WB receives Your deposit. If there is a delay in the availability of Your funds, You may not withdraw the funds in cash and the funds will not be used to pay checks You have written.

Determining the Availability of a Deposit: The length of any delay is counted in business days from the day of Your deposit. Every day is a business day except Saturdays, Sundays and Bank holidays. If You make a deposit before 4 p.m. Eastern time on a business day when WB is open, WB will consider that day to be the day of Your deposit. However, if You make a deposit after the applicable cut-off time, or on a day that WB is not open, WB will consider that the deposit was made on the next business day WB is open. Finally, if You mail WB a deposit and WB receives Your deposit on a business day when WB is open, WB will consider the deposit made on the business day WB receives Your deposit. However, if WB receives Your deposit that You mailed to WB when WB is not open, WB will consider that the deposit was made on the next business day WB is open. The length of the delay varies depending on the type of deposit and is explained in the following chart:

Description of Deposit	When Funds Can Be Withdrawn by Cash or Check
Wire Transfers, ACH Deposits, Cash Deposits	Same day
ACH deposits originated by you through WB's external transfer service	\$100 on the first business day after the business day of deposit; remaining funds on the fifth business day after the business day of deposit
US Treasury checks that are payable to You; checks drawn on WB.	The first business day after the business day of deposit.
Federal, State and Local government checks that are payable to You; Cashier's, Certified, or Official checks that are payable to You; Postal money orders that are payable to You.	The first business day after the business day of the deposit.
Any deposit totaling more than \$5,000 made on any one business day	\$100 on the first business day after the business day of deposit; \$5,000 on the fifth business day after the business day of deposit; remaining funds on the tenth business day after the business day of deposit
Any deposit made into a new account (account established for less than 30 days)	The fifth business day after the business day of deposit
Local checks*	\$100 on the first business day after the business day of deposit; remaining funds on the second business day after the business day of deposit.
Nonlocal checks*	\$100 on the first business day after the business day of deposit; remaining funds on the fifth business day after the business day of deposit

*To see whether a check is a local or a nonlocal check, look at the first four digits of the routing number on the check. [Some checks are marked "payable through" and have a four or nine-digit number nearby. For these checks, use this four-digit number (or the first four digits of the nine-digit number), not the routing number on the bottom of the check, to determine if these checks are local or nonlocal.] Once You have determined the first four digits of the routing number, the chart below will show You when the funds from the check will be available. If You deposit both categories of checks, \$100 from the checks will be available on the first business day after the business day of Your deposit, not \$100 from each category of check.

First four digits from Routing number	When funds are available	When funds are available if a deposit is made on a Monday
Local Numbers 0220 0223 0410 0412 0420 0421 0422 0423 0430 0432 0433 0434 0440 0441 0442 0515 0519 2420 2421 2422 2423 2442 2515 2519 0720 0724 0740 0749 0813 0830 0839 0863 2740 2813 2830 2839 2863	\$100 on the first business day after the business day of Your deposit. Remaining funds on the second business day after the business day of Your deposit.	Tuesday Wednesday
All other Numbers	\$100 on the first business day after the business day of Your deposit. Remaining funds on the fifth business day after the business day of Your deposit.	Tuesday Monday of following week

Longer Delays May Apply: Funds You deposit by check may be subject to an extended hold and delayed for a longer period under the following circumstances:

- WB has reason to believe a check you have deposited may be returned unpaid.
- You re-deposit a check that has been previously returned unpaid.
- You have overdrawn Your account repeatedly in the last six months.
- There is an emergency, such as a failure of communication or computer equipment.

WB will notify You in writing if it delays Your ability to withdraw funds for any of these reasons. You will receive a "Notice of Delayed Availability" which will tell You the specific reason for the extended hold and when the funds will be available for withdrawal. Funds subject to an exception hold will generally be available to You no later than the tenth business day after the business day of your deposit. You should ask if You need to be sure when a particular deposit will be available for withdrawal.

Business Days: Our business days are Monday through Friday. Federal holidays are not business days.

Substitute Checks and Your Rights: 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 WB may be substitute checks. This notice describes the rights You have when You receive substitute checks from WB. The rights in this notice do not apply to original checks or to electronic debits to Your account. However, You have rights under other law with respect to those transactions.

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 WB withdrew the wrong amount from Your account or that WB 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 law. 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 WB receives Your claim and the remainder of Your refund (plus interest if Your account earns interest) not later than 45 calendar days after WB receives Your claim. WB may reverse the refund (including any interest on the refund) if it later is able to demonstrate that the substitute check was correctly posted to Your account.

If You believe that You have suffered a loss relating to a substitute check, please contact us at:

Waterfield Bank
 Customer Service Center
 P.O. Box 19503
 Irvine, CA 92623-9928

You must contact WB within 40 calendar days of the date that it 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. WB 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: (identifying information, for example the check number, the name of the person to whom You wrote the check, and the amount of the check).

TRUTH-IN-SAVINGS DISCLOSURE

The following disclosure applies to all accounts opened through this Banking Center and held by WB:

Interest Rates: Interest rates are determined by WB. Rates are quoted weekly for all accounts where applicable. Interest rates and annual percentage yields may change at any time solely at WB's discretion without notice to You. The current interest rate(s) and annual percentage yield(s) on the various accounts and minimum balances to earn each rate, are shown on the current RATES AND FEES PAGE. The interest rate being paid on Your account(s) is shown on Your monthly statement.

Compounding of Interest: Compounding is determined by the type of account opened and interest payment method chosen.

Interest Paid: If WB maintains Your deposit, WB will be responsible for the payment of interest thereon. However, if WB does not maintain Your deposit, and if WFS places Your deposit with a Participating Bank, WFS is primarily responsible to pay You the contractual rate of interest on Your deposit. In that case, the Participating Banks will pay a gross interest amount to WB, for the benefit of WFS, who, in turn will instruct WB to deduct WFS' fee and deposit the remainder into Your account. There may be an occasion when Your funds have been deposited in a sub-account at a Participating Bank and the interest, if any, that may be paid by a Participating Bank on that sub-account to WB, for the benefit of WFS, will be less than the interest that You have contracted to receive from WFS. If that occurs, WFS (not WB or the Participating Bank) is solely responsible to pay You the contracted rate. Until such interest is paid into Your account, it will not be covered by the FDIC insurance of deposits. If WB maintains Your deposit, WB will compute the interest that will be paid to You. Otherwise, the interest that will be paid to You will be computed by WFS. To determine the interest earned for that day, WB or WFS (as the case may be) uses the daily balance method of computing interest, which applies a daily periodic rate of 1/365th to the full collected amount of principal in the account each day, less the amount of any items for which WB or WFS (as the case may be) has not begun to accrue interest as described below. WB or WFS (as the case may be) then adds together the interest earned for each day in the statement period to determine the amount of interest to pay You for that statement period. Interest begins to accrue on Your account no later than the business day WB or the Participating Bank receives credit for the deposit of non-cash items, such as checks.