



**Rules and Regulations
Governing Deposit Accounts**

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RULES AND REGULATIONS GOVERNING DEPOSIT ACCOUNTS

The following provisions constitute the Rules and Regulations of Sterling Bank governing depository accounts as well as other selected services and operating procedures for accounts. It explains your relationship with Sterling Bank and your responsibility concerning your Account. Not all services, operating procedures, or eligibility requirements relating to accounts are enumerated in these Rules and Regulations. Additional terms and provisions may be provided for on the signature card, product disclosures or brochures, which you as Depositor and the Bank may from time to time execute, and which are accepted by the Bank.

Your Account is subject to applicable Federal law and the laws of the State of Texas. Changes in applicable law, rules and regulations as well as product disclosures and brochures may modify this Agreement. All deposits, items transmitted for collection and any other transactions concerning your Account are subject to applicable clearinghouse rules and the Federal Reserve Board's rules and regulations. You agree to release the Bank from any liability and hold the Bank harmless for failing to act on your instructions which the Bank reasonably believes would cause it to be exposed to risk of loss or civil or criminal liability.

To the extent there is any conflict between any statement made by one of the Bank's employees, officers or agents and these Rules and Regulations, the provisions of these Rules and Regulations shall control.

By execution of a Signature Card or by continuing to use an Account, product, package or other service provided by the Bank, you agree to all terms and conditions contained herein and any subsequent amendments, changes or modifications published from time to time that are mailed to you or posted or otherwise made available in the Bank's office. These Rules and Regulations replace any prior Rules and Regulations governing your Account. You may end this contractual agreement at any time by closing your Account. However, any outstanding obligation you may owe us will not be relieved by closing your Account.

Except as prohibited by law, Sterling Bank reserves the right to refuse to open an Account for any reason.

Section titles in this Agreement are for convenience only and are not to be construed as part of the Agreement or as a limitation on a particular section to which they refer.

You should keep a copy of this Agreement and the corresponding product information for your records.

DEFINITIONS

The following terms are used throughout this Agreement and are defined as follows:

Account means any depository account(s) you open or maintain at the Bank upon which you are an Authorized Signer or in which you have a legal or equitable interest.

ACH means Automated Clearing House.

Agreement means this document, in its entirety (inclusive of the corresponding product disclosures and brochures), as it may be amended from time to time as described herein.

ATM means Automated Teller Machine.

Authorized Signer means any person whose signature appears on the Signature Card covering an Account or whom you authorize, with or without our knowledge, to effect any transactions on your Account.

Bank, Sterling, Sterling Bank, we, our, and us means Sterling Bank, a Texas banking corporation.

CD means Certificate of Deposit.

Depositor means you or any other Authorized Signer.

EFT means Electronic Funds Transfer within the meaning of Regulation E of the Federal Reserve Board.

Federal Reserve Board means the Board of Governors of the Federal Reserve System.

IAT means International ACH transaction.

IRA means Individual Retirement Account.

ITF means In Trust For.

Item means any and all checks, drafts and other debit devices which may be charged or otherwise paid against your Account, as well as any and all checks, drafts or other credit devices which may be deposited or otherwise credited to your Account.

NSF means not sufficient funds or insufficient funds.

POD means Payable on Death.

Transactions means, as used in this Agreement and corresponding product information, deposits, withdrawals (by check or otherwise), transfers and automatic payments to or from your Account. For purposes of determining the number of transactions on your Account, the Bank may exclude certain Bank initiated transactions.

You or your(s) means the person(s) or entity who established the Account at the Bank or in whose name the Account was opened, together with any person who is an Authorized Signer. The terms “you” and “your” apply to joint owners, individually and collectively.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

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

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We will also ask to see your driver's license or other identifying documents.

SUBSTITUTE CHECKS AND YOUR RIGHTS
(IMPORTANT INFORMATION ABOUT
YOUR CHECKING ACCOUNT)

What is a substitute check?

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

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

What are my rights regarding substitute checks?

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

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other 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 we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we received your claim.

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

How do I make a claim for a refund?

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact us by telephone at **(713) 466-8300 in Houston, (214) 678-8000 in Dallas, (210) 337-0400 in San Antonio, toll-free at (888) 777-8735**, by mail at P.O. Box 40333, Houston, Texas 77240-0333, or by email at info@banksterling.com. You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question

or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include:

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

1. check number;
2. payee on the check; and
3. amount of the check.

NOTICE TO CUSTOMERS WITH WHOM WE COMMUNICATE BY PHONE

In the regular course of our business, we may monitor and record phone conversations made or received by our employees. You agree that we will have such right with respect to all phone conversations between you and our employees, whether initiated by you or any of our employees. However, we are not obligated to monitor or record phone conversations in any way.

You represent to the Bank that the telephone numbers you have provided to the Bank are your current residential and/or work telephone numbers and you agree to notify the Bank if your telephone numbers change.

OWNERSHIP OF ACCOUNT AND BENEFICIARY DESIGNATION

You may open a personal account in your name alone as owner (Single-Party Account) or you may share ownership with one or more persons (a Multiple Party Account). **The type of account you select may determine how property passes on your death. Your will or intestate succession may not control the disposition of funds held in some of the accounts discussed below.** You may choose to designate one or more convenience signers on an account, even if the account is not a convenience account. A designated convenience signer may make transactions on your behalf during your lifetime, but does not own the account during your lifetime. The designated convenience signer owns the account on your death only if the convenience signer is also designated as a P.O.D. payee or trust account beneficiary. We make no representations regarding the tax aspects or the legal consequences of opening an Account in a particular form of ownership. If you have questions about the type of ownership your Account should have, please consult your accountant or attorney. Your designation of one of the following account types on your Signature Card establishes the type of account in accordance with the Texas Probate Code.

Single Party Account Without P.O.D. (Payable on Death) Designation. The party to the account owns the account. On the death of the party, ownership of the account passes as part of the party's estate under the party's will or by intestacy.

Single Party Account With P.O.D. (Payable on Death) Designation. The party to the account owns the account. On the death of the party, ownership of the account passes to the P.O.D. beneficiaries of the account. The account is not a part of the party's estate.

Multiple Party Account Without Right of Survivorship. The parties to the account own the account in proportion to the parties' net contributions to the account. The financial institution may pay any sum in the account to a party at any time. On the death of a party, the party's ownership of the account passes as a part of the party's estate under the party's will or by intestacy. (The Bank is not required to inquire as to the source of funds received for deposit to a multiple-party account, or to inquire as to the proposed application of any sum withdrawn from an account, for purposes of establishing net contributions.)

Multiple Party Account With Right of Survivorship. The parties to the account own the account in proportion to the parties' net contributions to the account. The financial institution may pay any sum in the account to a party at any time. On the death of a party, the party's ownership of the account passes to the surviving parties. (The Bank is not required to inquire as to the source of funds received for deposit to a multiple-party account, or to inquire as to the proposed application of any sum withdrawn from an account, for purposes of establishing net contributions.)

Multiple Party Account With Right of Survivorship and P.O.D. (Payable on Death) Designation. The parties to the account own the account in proportion to the parties' net contributions to the account. The financial institution may pay any sum in the account to a party at any time. On the death of the last surviving party, the ownership of the account passes to the P.O.D. beneficiaries. (The Bank is not required to inquire as to the source of funds received for deposit to a multiple-party account, or to inquire as to the proposed application of any sum withdrawn from an account, for purposes of establishing net contributions.)

Convenience Account. The parties to the account own the account. One or more convenience signers to the account may make account transactions for a party. A convenience signer does not own (and has no beneficial interest in) the account. On the death of the last surviving party, ownership of the account passes as part of the last surviving party's estate under the last surviving party's will or by intestacy. The financial institution may pay funds in the account to a convenience signer before the financial institution receives actual notice of death of the party. The payment to a convenience signer does not affect the parties' ownership of the account.

Trust Account. The parties named as trustees to the account own the account in proportion to the parties' net contributions to the account. A trustee may withdraw funds from the account. A beneficiary may not withdraw funds from the account before all trustees are deceased. On the death of the last surviving trustee, the ownership of the account passes to the beneficiary. The trust account is not a part of the trustee's estate and does not pass under the trustee's will or by intestacy, unless the trustee survives all of the beneficiaries and all other trustees. (The Bank is not required to inquire as to the source of funds received for deposit to a multiple-party

account, or to inquire as to the proposed application of any sum withdrawn from an account, for purposes of establishing net contributions.) This definition applies only to discretionary revocable signature card trust accounts.

GENERAL INFORMATION CONCERNING ACCOUNTS

Business and Other Non-Personal Accounts. An individual depositor may open and maintain a sole proprietorship account for use by such individual in connection with an unincorporated business owned by such individual. If the Depositor is a corporation, unincorporated association, trust, partnership or sole proprietorship, each person signing the Signature Card or other account documents represents, warrants and agrees that (1) such person is fully authorized to execute the Signature Card and all other account documents in the capacity stated therein; (2) such person has furnished all documents necessary to evidence such authority; and (3) the Depositor will furnish any other documents in such form as we may request from time to time. We are not required to recognize any resolution affecting the Account that is not on our form. In addition, if the Depositor is a corporation, trust, or partnership, Depositor acknowledges, understands and agrees that the Bank is entitled to rely on and act in accordance with the authorizations provided in the resolutions, trust agreement, other trust instrument, partnership agreement or other documents evidencing such authority adopted by Depositor which have been furnished to the Bank. Depositor further agrees to promptly notify the Bank in writing of any change in the authority provided by such documents and such written notice shall be effective only upon actual receipt by the Bank.

In accordance with Chapter 277 of the Texas Finance Code, if Depositor is a business entity (sole proprietorship, corporation, partnership, etc.), Depositor agrees to notify the Bank at least annually of changes involving the business including, but not necessarily limited to, business name, physical address of business, changes in ownership or control and modification of information filed with the county clerk or the Secretary of State such as Assumed Name Certificates and Articles of Formation.

TUTMA Account. This is an account established under the Texas Uniform Transfers to Minors Act (TUTMA), Chapter 141 of the Texas Property Code, whereby the funds deposited into such account, together with all earnings and additions, constitute an irrevocable gift to the named minor to be administered by the named custodian in accordance with TUTMA, the terms and conditions of which are incorporated by reference herein.

NOTICE TO COMMERCIAL CUSTOMERS ABOUT UNLAWFUL INTERNET GAMBLING

This policy statement applies to all commercial customers who open accounts.

The Unlawful Internet Gambling Enforcement Act prohibits any person engaged in the business of betting or wagering (as defined in the Act) from knowingly accepting payments in connection with the participation of another person in unlawful Internet gambling. To this end, Sterling Bank will screen and endeavor to prevent unlawful Internet gambling businesses from opening an account at the bank. Lawful Internet gambling businesses will be required to provide extensive documentation.

If your business engages in Internet gambling, you must disclose such activity, in writing, to the bank.

Sterling Bank
Compliance Department
P.O. Box 40333
Houston, Texas 77240-0333

DEPOSITS

ITEMS DEPOSITED

All deposits, collections and transactions between you and the Bank will be governed by the applicable provisions of the Texas Uniform Commercial Code, except where modified by this Agreement, Federal Reserve Board requirements, the bylaws and rules of any clearinghouse association to which Sterling (or its correspondent bank handling the item) belongs, and Sterling's Funds Availability Policy.

We may refuse, accept for collection only, or return all or part of any deposit and will not be liable to you for doing so even if such action causes outstanding checks and other items to be dishonored and returned. Refused deposits will be returned to you. We will act as your agent in collecting any items deposited to your Account in accordance with our customary practices and applicable law. The Bank will use due diligence in the selection of collecting agents but will not be liable in case of their failure or negligence or for losses in transit and each correspondent so selected shall not be liable except for its own negligence. You also agree that fees charged by third parties (such as the paying bank with respect to a collection item) may be deducted from the amount of the item prior to receipt by Sterling Bank.

You agree that the Bank, or any of its correspondents, may send checks, subject to collection, directly or indirectly, to any bank, depository, payor, or drawee in accordance with its usual custom and may accept checks, drafts, or credits as conditional payment. Credit for any Item deposited is provisional and subject to revocation if the Item is returned unpaid. No Item in the deposit shall be deemed finally paid because a portion of the deposit is deducted and withdrawn in cash.

Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect at the time of our final collection in U.S. dollars.

We are not responsible for transactions by mail or outside depository until we actually record them.

VERIFICATION OF DEPOSITS

When we accept deposits and issue receipts, such deposits and receipts are subject to subsequent verification and correction, if necessary. If we have a question about a deposit you make, we can refuse to process the deposit until our question is resolved. If you are depositing cash, we count it and verify it in your presence, or under "dual control" (which means in the presence of two bank employees). If our count differs from yours, our figure will be considered to be the correct one.

If we decide not to process the deposit, we will return it to you personally, or, at our option, by mail.

DEPOSIT CUT-OFF TIMES

Any deposit made on a business day (Monday through Friday except Bank holidays) before the cut-off time posted will be processed that day and included in your next day's balance. Transactions made after the cut-off time will be processed on the following business day and will be included in your account balance on the day after processing.

Deposits or withdrawals made on a Saturday, Sunday or Bank holiday will be processed the next business day.

There are also cut-off times for processing wire transfer requests, pre-authorized funds transfers, and telephone transfers. These cut-off times may change. Therefore, if the timing of your transfer is important to you, call the telephone number on your statement to determine the cut-off time. We will treat instructions that we receive after our cut-off time as if received on our next business day. Please see Sterling's Funds Availability Policy for additional information regarding the availability of funds from your deposit.

ENDORSEMENTS

You agree to endorse all checks deposited to your Account in accordance with the requirements of applicable law. You further agree to denote your account number directly below your endorsement. Checks and Items you want to deposit to your Account must be endorsed by all payees. We may require that any endorsement on the check other than your own be guaranteed by the other endorser's bank.

Any Item deposited to your Account that lacks an endorsement may be supplied with an endorsement, or may be deemed to be endorsed, by Sterling on your behalf. With respect to any such Item, Sterling's rights and your liabilities shall be determined as though you actually endorsed and deposited the Item. Further, any Item deposited to your Account that bears your stamped or facsimile endorsement shall be deemed to bear your actual endorsement whether such endorsement was affixed by you or by someone having no authority to supply your endorsement.

Anyone can make a deposit to your Account. We will not question the authority of a person making a deposit to your Account. When you deposit checks, we may accept them even if they are not endorsed or if they are endorsed by any signer of your Account or by your officer, employee or agent or by a stamped or printed endorsement. We may also refuse, limit or return deposits in accordance with our prudent banking judgement.

If you (1) deposit an Item upon which the endorsement has been placed outside of the area extending 1 1/2 inches from the trailing edge of the check, or (2) otherwise cause the endorsement of the first bank of deposit to be obscured, and this causes a delay in the collection or return of the Item, you will be responsible for any loss or expense we may incur. The trailing edge is defined as the left side of the Item as viewed from the front.

If you deposit a check, and the check is later returned to us because a claim has been made that the endorsement is either not complete or not authentic, we may withhold the amount of the check from your Account until either the claim is withdrawn or the check is paid.

You agree to assume responsibility and to indemnify Sterling Bank for any loss we may incur as a result of your failure to comply with the endorsement standards set forth above.

IDENTIFICATION OF ACCOUNT

Sterling Bank may rely on the account number on any deposit record received, even if the record identifies a party different from the entity identified by name in the record. Sterling has no duty to detect such inconsistency in identification.

You will be responsible for any loss caused by your failure to properly identify the Account to which a deposit is made or intended to be made or your failure to deliver the applicable deposit instrument to a Sterling Bank office location.

ITEMS RETURNED

If a deposited Item is not finally paid, we will reverse the credit to your Account or any other account of yours at Sterling. At our option and without notice to you, we may resubmit any returned Item for payment. We may process a copy or other evidence of the returned Item in lieu of the original.

NOTICE REGARDING PAYMENT OF CHECKS

Working with you to process checks presented for payment against your Account is important to us. To help this relationship run smoothly, it is important that you be aware of the order in which we pay checks. Each day, when processing checks presented for payment that are drawn on your Account, our policy is to pay them according to the dollar amount. Each day, we pay checks in descending order (largest check first). The order in which checks are paid is important if there is not enough money in your Account to pay all of the checks that are presented. The law permits us to pay checks drawn on your Account in any order. There is no policy that is favorable in every instance. Our payment policy can help ensure that your more important checks (such as your rent or mortgage payment) are paid first but may increase the overdraft or insufficient funds fees you have to pay if funds are not available to pay your smaller checks.

Considering the daily order of payment, if, at the time a check is to be paid, there are not sufficient funds in your Account to pay it, we may, at our discretion, pay the check (creating an overdraft) or return the check (NSF). The amounts of the overdraft and NSF fees have been disclosed to you previously. We encourage you to make careful records and practice good account management. This will help you avoid writing checks without sufficient funds and incurring the resulting fees.

OVERDRAFT PRIVILEGE POLICY

We are not obligated to pay an item presented for payment if your Account does not contain sufficient collected funds. However, if you maintain your Account in good standing, defined as (1) making regular deposits; (2) bringing the Account to a positive balance every thirty days; and (3) there are no legal orders outstanding, we may approve your reasonable overdrafts as a noncontractual courtesy.

We may refuse to pay an overdraft for you at any time, even though we may have previously paid overdrafts for you. You will be notified by mail of any non-sufficient funds items paid or returned that you may have; however, we have no obligation

to notify you before we pay or return any item. The amount of any overdrafts plus insufficient funds and/or overdraft fees that you may owe us shall be due and payable on demand.

We reserve the right to not approve any overdrafts against your Account until we can verify that your Account is being maintained in good standing, as defined above.

Whether we pay or return an item that is insufficient, a flat per-item handling fee will be charged to your Account as set forth in our fee schedule.

An overdraft balance in your account could occur in several ways, such as through (1) the payment of checks, electronic funds transfers, in-person withdrawals, ATM withdrawals and transfers, point of sale transactions, pre-authorized auto-debit (ACH) transactions, debit card transactions, telephone transfers, online bill payments, Internet banking transactions, or other withdrawal requests; (2) other payments authorized by you, such as deductions for loan payments or safe deposit box rentals; (3) the unpaid return of items deposited by you; (4) the imposition of bank service charges; and (5) the deposit of items which according to the bank's Funds Availability Policy, are treated as not yet "available," "uncollected," or subject to hold.

WITHDRAWALS

INSUFFICIENT FUNDS (NSF)

The Bank may assess a special charge for any overdraft of your Account or for any Item or withdrawal request drawn against your Account that we return due to insufficient funds (NSF). The Bank will not be liable for failure to pay any Item unless it is drawn against collected funds credited to the Account at the opening of business on the day that the Item is presented for payment. The Bank may, however, at its option honor an NSF Item or dishonor such NSF Item and avoid creation of an overdraft. If the Bank pays an Item that overdraws your Account, you agree to pay the amount of the overdraft together with any overdraft charge imposed by the Bank, immediately upon notice of such overdraft, at the Bank's offices, whether the overdraft was caused by you or an Authorized Signer and regardless of whether you signed or requested the withdrawal or participated in the transaction creating the overdraft or received any benefit from the withdrawal creating the overdraft. Unless the laws of the State of Texas prohibit the collection of such cost, you agree to pay all costs and expenses, including attorneys' fees incurred by the Bank in the collection of any overdraft. Whether the Bank honors or pays any Item while your Account is overdrawn or which causes your Account to be overdrawn does not in any manner obligate the Bank to honor or pay any overdraft in the future.

THIRD-PARTY WITHDRAWALS

Some customers arrange with a third party to have their bills paid automatically. As part of these arrangements, some customers give authority to third parties to issue checks on their Accounts without having the customer sign them (signature-less checks). If you have made this type of arrangement, and we pay a check written by this third party, we have no obligation to reimburse you for our payment of any check issued by this third party. We may ask you for a copy of your agreement with this third party, but we have no obligation to require a copy of the agreement as long as it appears to us that you have authorized the debits to your Account.

WHEN CHECKS AND OTHER AUTHORIZED ITEMS ARE DEBITED

Generally, we debit your Account for the checks you write on the day we receive them (the day they are presented to us in the process of collection). We may also debit your Account:

- At a later time, if the check is difficult to process because it is a photocopy, or because the endorsement or the information encoded on the check is obscured, missing, or inconsistent; or
- At an earlier time, if another bank informs us by any method that it is processing a check you wrote (and the check itself will be forwarded to us at a later time); or
- At an earlier time, if the maker's bank informs us by any method that a check you deposited is being returned unpaid (before we actually receive the returned check).

Whenever we debit your Account, the resulting balance in your Account is the balance we use in making decisions to pay or return checks you have written. Once we have calculated your balance based on this information, we have no obligation to calculate it again in the same 24-hour period.

MULTIPLE SIGNATURES

The Bank may, at its option and subject to assessment of a fee, elect to accept Depositor's instructions requiring that two authorized signatures be applied to a check as a condition of paying the check. Such instructions, if accepted and acknowledged in writing by Bank, will only be honored as to any two authorized signers, and only on items greater than a specified dollar amount. The Bank will not be bound by any other restrictive or selective multiple signature requirements, irrespective of language on the face of the check. Accounts requiring multiple signatures will be subject to the standard fee for such accounts. This service is not available through the branches operating under the trade name of Bank of the Hills.

GOOD FAITH DISBURSEMENT

You agree that we may disburse funds from your Account in good faith reliance on documentation presented to us which purports to give any individual or entity the right to receive such disbursements (including a power of attorney) or other information we consider reliable, and we shall not be liable to you for any such good faith disbursements.

INCOMPLETE AND CONDITIONAL ITEMS

If you write any Item that is incomplete or conditional (such as "void after 90 days" or "not valid over \$500"), you agree that we may pay such Item, in our sole discretion, and may charge the Item to your Account, even if it is incomplete or the condition has not been met. Depositor further agrees that the Bank will not be liable for payment of such Item.

POSTDATED ITEMS

If you write a postdated check, we may pay it and charge it against your Account even if it is presented for payment prior to the date written on the check. If a check has not been paid, you may notify us not to pay the check before its payable date by requesting a stop payment in accordance with the Bank's current stop payment policy. See Stop Payment Rights and Responsibilities below.

STALE-DATED ITEMS

We are not required to pay any Item presented more than six months after its date. However, we may pay such Item if we do so in good faith. We are acting in good faith as long as there is not a stop payment order in effect when we pay the Item.

FACSIMILE SIGNATURES

If, on the Signature Card or by a separate agreement in a form accepted by the Bank and duly executed, you authorize us to honor Items signed with the use of any facsimile signature or other non-manual form of signature ("facsimile signature"), you acknowledge that the use of such signature is solely for your benefit and convenience. You accept sole responsibility for maintaining security over any device for affixing such signature. Such signature will be effective as your signature or endorsement, regardless of whether the person affixing the signature was authorized to do so. Depositor shall indemnify and hold the Bank harmless against any and all loss, cost, damage or expense suffered or incurred by the Bank arising out of the misuse or unlawful or unauthorized use by any person of said facsimile signature whether or not you have been negligent.

NOTICE OF INTENDED WITHDRAWAL

Ordinarily, you may withdraw funds from your Account without giving us prior notice. However, under Federal law we must reserve the right to require you to give us seven (7) days' prior notice of your intent to withdraw funds from any interest bearing account opened under this Agreement (savings, money market and NOW products). While the Bank reserves the right, it is not our general policy to exercise it.

TRANSACTION LIMITATIONS

Withdrawals and transfers from savings and money market accounts are restricted to six (6) per statement cycle, which can be made by check, draft, debit card or similar order made by you and payable to a third party including Automated Clearing House (ACH) and transactions made with a Point-of-Sale (POS) card. In determining whether you have exceeded the permitted number of transactions, Sterling Bank uses the date the check or other transaction clears your Account (rather than the date appearing on the checks or other transactions). Because of Federal restrictions imposed on these accounts, we may return Items drawn on your Account or you may incur excessive withdrawal or debit fees for Items which are in excess of the prescribed amounts. In establishing such Account with the Bank, you must comply with Federal restrictions or we are required to close your Account or convert it to a non-interest-bearing checking account. The number of transfers or withdrawals made in person, by ATM, by mail or by messenger is not limited. These limitations do not apply to transfers from an Account to make payment on a loan with us or to withdrawals instituted by telephone (via check mailed to you).

AUTHORIZED SIGNERS

You agree that the Bank may act on the instructions of designated Authorized Signers on transactions or other matters involving your Account and may continue to do so until advised otherwise by you in writing. You further agree that the Bank may honor and charge against your Account any Item signed, drawn, accepted, endorsed or authorized by the Authorized Signers without inquiry as to the circumstances of issue or disposition of the proceeds and without regard to

whom such Item is payable or to who endorsed the Item. You understand that the terms of this Agreement apply to any Authorized Signer and agree that you are responsible for any transactions involving your Account that are performed by an Authorized Signer.

TELEPHONE AND ELECTRONIC TRANSFERS

Transfers of funds from one account to another account with us, by telephone or any electronic access device, if otherwise permitted or arranged for, may be made by the same persons and under the same conditions generally applicable to withdrawals made in writing for such accounts.

With regard to telephone transfer transactions, you agree that the Bank may act on the instructions of any designated Authorized Signers.

You agree to establish a personal identification number utilizing the Sterling Touch/Bank of the Hills Help Line within five (5) business days from the date you open your Account. Failure to do so constitutes lack of ordinary care on your part. You further agree to keep your personal identification number (PIN) strictly confidential and your failure to do so waives all liability on the part of the Bank for any unauthorized transfers.

TERMINATION OF DEPOSITORY RELATIONSHIP

It sometimes happens that continuing to maintain a depositor's account is not in the mutual best interest of the depositor or the Bank. Therefore, we reserve the right to terminate your Account at any time. Likewise, you may close your Account at any time. If the Bank closes your Account, we may, but are not obligated to, provide advance notice in writing of our intention to do so. Such communication will be mailed to the last known address as reflected on the books and records of the Bank. If the Bank closes your Account because we believe you have mishandled it, we will not give advance notice.

Furthermore, for security reasons, we may require you to close your Account and open a new Account in the event (1) a forgery or fraud or unauthorized transaction has been reported or committed involving your Account; (2) Account checks are lost or stolen; or (3) any other provision of our Agreement with you is violated. After the Account is closed, we have no obligation to accept deposits or pay any outstanding checks or other debit items presented against the closed Account.

An Account becomes dormant when there has been no customer-generated activity on the account for one (1) year. If your Account becomes dormant, we reserve the right to hold your statements on that Account. Your Account may be closed automatically after a three (3) year period of dormancy. Your Account may be closed automatically if the balance reaches zero and/or remains at zero for one (1) month. If you are concerned about the possibility that your Account may be closed due to inactivity or zero balance, please maintain contact with us by calling the customer service number on your statement so that we can manage your Account accordingly.

Your Account may be closed in one (1) of the following ways:

- The funds in your Account may be transferred to a Sterling

Bank deposit account that is opened or maintained for you at that time; or

- We may mail you a Cashier's or Official Check for the account balance (less any service fees, claims, set-offs or other amounts you owe the Bank); or
- We may mail you a notice if there is no money in the Account or if the Account is overdrawn.

If an interest bearing account is closed before interest is credited, the Bank need not pay interest which has accrued but has not been credited to your Account. After your Account is closed, the Bank has no obligation to accept deposits or pay any outstanding checks. You agree to release the Bank from any liability and hold the Bank harmless for refusing to honor any check drawn on a closed account.

CREDIT INFORMATION

You agree that we may request consumer credit reports from one or more credit reporting agency in connection with your application and the administration of your Account. You further agree that we may verify any information you provide in connection with your Account such as employment and prior banking relationships. You further authorize us to exchange information concerning you or your Account with (and answer questions and requests from) others, such as merchants and credit reporting agencies. We may also share information about you with our affiliated companies.

CASHING CHECKS FOR NON-CUSTOMERS

All non-accountholders are required to affix their thumbprint on checks presented for payment, or in exchange for the purchase of an Official Check, Cashier's Check, Traveler's Check, or U.S. Savings Bond, regardless of amount. The non-account holder must press their right thumb on the touch pad and apply their thumbprint on the check near the memo and signature line. The Bank does not retain files of the thumbprint signature; however, it will be shared with law enforcement officials in the case of a fraud or other criminal investigation. This service is not available through the branches operating under the trade name of Bank of the Hills.

POWERS OF ATTORNEY AND CONVENIENCE SIGNER ACCOUNTS

We are not obligated to accept or honor, and we reserve the right in our sole and absolute discretion to refuse to accept or honor, a delegation of authority to another person to act on your behalf including a power of attorney executed pursuant to the Texas Probate Code, with or without cause and at no liability to you. We reserve the right, in our sole and absolute discretion, to require additional information, documentation, or actions from you that are sufficient, in our sole discretion, to satisfy any questions or concerns we may have regarding a power of attorney form submitted to us. If we elect, at our option, to pay checks or permit a withdrawal or transfer based upon an order from your attorney-in-fact or other agent at a particular time, we will not be obligated to permit any additional withdrawals or transfers signed by the same attorney-in-fact or other agent at any other time. You agree to indemnify and hold the Bank harmless for any transactions conducted in reliance upon a power of attorney. If we accept a power of attorney, we may continue to recognize the authority of your attorney-in-fact until we

receive written notice of revocation or termination, including revocation resulting from death, and have had a reasonable time to act upon it. We also reserve the right to restrict the types or sizes of transactions we will permit an attorney-in-fact to conduct, on a case-by-case basis. Regardless of the specific terms contained in a power of attorney, you must notify us in writing if you decide to revoke a power of attorney.

WIRE TRANSFERS, ACH AND IAT TRANSACTIONS

This agreement is subject to Article 4A of the Uniform Commercial Code – Fund Transfers. If you originate a funds transfer for which Fedwire is used and you identify by name and number a beneficiary financial institution, an intermediary financial institution or a beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You agree to be bound by Automated Clearing House Association rules. In part, these rules provide that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If we receive a credit to the Account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

STATEMENTS AND ERROR NOTIFICATION

NOTICES

We will send statements and any other notices to you at the address shown in our files. If your Account has more than one signer, notice to any one of you will be effective as to all of you. You promise to inform us promptly in writing of any change in your address. We may recognize a change of address provided by any Authorized Signer on an Account. If you fail to notify us of a change of address, or for any other reason a statement is returned to us, we may destroy the statement and any accompanying Items ninety (90) days after the statement date without incurring any liability to you. Alternatively, we may, at our discretion, accept address corrections from the United States Postal Service.

PROMPT REVIEW OF ACCOUNT STATEMENTS

We may mail or otherwise make account statements available to you. If you request that we hold your mail, you agree that we have made your statements and Items available to you as of the date the account statement was issued. You agree that, if we mail a statement to you, we are responsible only to mail your statement to the last known address to us. If you have not notified us in writing of an address change, we may allow the United States Postal Service to forward your statement. You agree that your failure to provide us with a good address is the lack of ordinary care on your part.

You must promptly review statements and any accompanying items and notify us in writing of any error, unauthorized signature, lack of signature, alteration or other irregularity. If someone other than you reviews your statements, you must still review the statement for any errors, unauthorized signatures, lack of signatures, alterations, or any other irregularities, because you will be responsible for the wrongful acts of your employees and agents. If someone other than you writes checks on your Account, processes Items for deposit to your

Account, reviews or has access to your statements or checks, has access to your mail or any other information regarding your Account, you understand and agree to follow prudent audit and oversight procedures to protect against unauthorized activity on your Account.

If your statement contains any errors (except errors involving electronic funds transactions governed by Regulation E or Regulation Z), you agree to notify us of any such errors or improper charges within fifteen (15) days of the date on which we mailed to you the affected statement or otherwise made the statement available to you. If you do not so notify the Bank, you are prohibited from bringing any action against the Bank that is in any way related to the errors.

NOTIFICATION OF FORGERY OR ALTERATION

If we honor an Item drawn on your Account that contains a forged signature or endorsement or is altered in any way, you agree to notify us of such forgery or alteration within fifteen (15) days from the date on which we mailed to you the affected statement containing the altered Item; or, if the Item was not provided to you, then fifteen (15) days from the date that we made available to you the account statement that contained a description of the forged or altered Item. If you do not notify us within the time deadlines set forth in this paragraph, we will not be liable for any loss, damages, costs or expense of any kind related, in any way, to the forgery or altered Item. Additionally, you agree that, in any subsequent action against the Bank, you are prohibited from asserting a claim based on any additional forgery or alteration by the same person that occurs more than fifteen (15) days after the Bank mailed or made available to you the account statement that contained a description of that person's first forged or altered Item drawn on your Account. Failure to report a forgery or alteration within the time frames set forth above shall be deemed conclusive proof that you failed to exercise ordinary care and reasonable promptness in examining the statements and Items of the affected account and in notifying the Bank of the forgery or alteration. An Item description appearing in an account statement shall be deemed sufficient for purposes of this paragraph if it contains the Item's number (or other identifier), amount, and date paid. After the fifteen (15) days have passed, we will not be responsible for any unauthorized signature by the same wrongdoer and you will bear all losses resulting therefrom. Nothing in this Agreement shall constitute a waiver of any of the Bank's statutory or contractual defenses.

We will review your claim as quickly as possible. We may provisionally credit your Account during our review, although we have no obligation to do so. If we do, we may withdraw the credit if our review reveals a failure by you to review your statements and canceled checks, or any negligence or lack of attention to your Account by you. We will also not reimburse you for unauthorized uses of your Account that directly or indirectly benefit you. We will not be liable for incidental, special or consequential damages, including loss of profits and lost opportunity or for attorney's fees incurred by you, even if we were aware of the possibility of these damages or are deemed to have breached this Agreement or any duty we may owe to you.

Many businesses carry special insurance for these risks. If you do, we require that you file your claim with your insurance company first before making any claim against us. Your claim against us will be considered only after we have reviewed your insurance company's decision. Our liability to you, if any, will be reduced by the amount your insurance company is obligated to pay you.

RIGHT TO TRUNCATE (CHECK IMAGING)

At any point in the check clearing process, checks can be converted to electronic media. The Bank will retain your canceled checks and will not return them with your Account statement. You will receive, instead, images of your canceled checks with your Account statement. You understand that the Bank (or its agents) will destroy the original canceled checks after a reasonable period of time as determined by the Bank in its sole discretion. You agree that by maintaining the original check or a copy thereof on your behalf during such time period, the Bank has made the check available to you in a reasonable manner. You may request a copy of any canceled check and a service charge may be imposed for each copy provided. If for any reason the Bank cannot return a copy of your check or satisfy your needs through other means during the time that the original check is maintained by the Bank according to the Bank's policy, you agree that the Bank will not be liable unless the check was not properly payable and such liability shall not be for more than the face amount of the check or your actual damages, whichever is less.

You continue to be responsible for notifying us in writing of any unauthorized signature, lack of signature, alteration or other irregularity within the time periods described herein.

SAFEGUARDING YOUR ACCOUNT

PROTECTING YOUR CHECKS

You agree to safeguard your stock of unissued checks. Should the security of your unissued checks be compromised, you agree to notify us within one business day. You agree that it shall be deemed conclusive proof that you failed to exercise ordinary care if your failure to safeguard your checks contributes to the presentment of an Item against your Account containing a forged signature or a forged endorsement. You hereby acknowledge that the Bank will require the immediate closing of any account on which we have reason to believe lost or stolen checks may be drawn.

NO ILLEGAL ACTIVITY

You agree not to use your Account for or in connection with any illegal activity.

COMPARATIVE NEGLIGENCE

If your failure to exercise ordinary care substantially contributes to the forgery or alteration of an Item which is paid against your Account, you will be precluded from asserting such forgery or alteration against us. If we assert such a preclusion, and you establish that our failure to exercise ordinary care substantially contributed to the loss resulting from the payment of the forged or altered Item(s), the loss shall be allocated between you and the Bank on a comparative basis. In other words, your acts and omissions which substantially contribute to the presentment and payment of any forged or altered Item(s) will be compared to the acts or omissions of

the Bank to determine who should bear the loss or whether the loss should be allocated between you and the Bank. Notwithstanding this comparative negligence standard, the Bank will not be liable if Items are forged or altered so that the forgery or alteration could not have been detected by a Bank exercising ordinary care.

BANK'S DUTY OF CARE

Due to the large volume of Items we must process, Sterling Bank does not manually review Items under our internally-derived review threshold. Instead, Items under such threshold are processed by automated means. You agree that we will not be considered to have failed to exercise ordinary care or failed to act in a commercially reasonable manner if we examine Items pursuant to a manual or other procedure that represents a random sampling of Items drawn on all accounts or that meet certain minimum criteria for which we may establish for inspection. Our review criteria is regularly compared to other banks and may be changed from time to time without prior notice to you. If we pay a forged or altered Item (including situations where the forgery or alteration was obvious), and we did not examine the Item due to the use of our criteria for inspection, the Bank shall be deemed to have exercised ordinary care and acted in a commercially reasonable manner, so long as we have acted in accordance with our policies and procedures and our policies and procedures did not vary unreasonably from general banking practice.

CHECKS AND FORM STOCK

All checks, withdrawal forms and deposit slips must be on forms obtained through us or which we approve in advance. You are responsible for verifying the accuracy of all information shown on such forms. Our liability, if any, for printing errors on forms obtained through us, is limited to the cost of replacement of the printed checks. We are not responsible for errors or losses you may incur due to improper printing on forms not obtained through us or not approved by us in advance. We may refuse to accept for deposit or to process any Item that is presented on a form that cannot be processed or photographed using equipment we use in our normal operations. We recommend that you use check stock with anti-fraud security features.

STANDARD OF CARE

Internal fraud can be a serious problem for businesses. We strongly recommend that our commercial and business customers routinely review their internal controls for fraud prevention. These controls might include, but are not necessarily limited to:

- Separate bank account responsibilities. The individual responsible for reconciling bank statements should be different from the individual who issues checks.
- Reconcile statements as you receive them. If a problem exists, you should notify us immediately.
- Require statements to be opened by an owner. If fraud exists, the wrongdoer often tries to hide his/her fraudulent activities by intercepting any mail which might reveal his/her activities.
- Watch for checks cashed out of sequence and checks made out to cash. These are the classic red flags for embezzlement.
- Store your check supply under lock and key. Secure your working supply when not in use. Stolen checks are a common method of embezzlement.

- Have an owner periodically perform accounting duties such as reconciling the account or making a deposit. This will often deter embezzlers.
- Review your transaction activity for unexpected fluctuations. For example, compare the percentage of cash deposits to total deposit size. Most businesses will maintain a constant average. A large fluctuation might indicate embezzlement.
- Destroy any checks that you do not intend to use.

You agree that you will be deemed to have failed to use ordinary care with respect to your Account if you do not take commercially reasonable precautions, such as those listed above, against the possibility of an employee or other insider committing fraud in connection with your Account.

If you are a commercial or business Account holder, you acknowledge and agree to your duty to exercise ordinary care in safeguarding checks, access devices, PINs, passwords, User IDs, Account statements, Account numbers, and other documents or instruments that may contain your sensitive financial information, with regard to your employees in accordance with the requirements of the Texas Business and Commerce Code Sections 3.405 and 3.406.

IDENTITY THEFT AND ACCOUNT FRAUD

You may not realize it, but identity theft is the top consumer fraud complaint reported to Federal authorities. The steps outlined below can limit someone's ability to steal your identity.

Protect Your Social Security Number, Bank Account Numbers, Credit Card Numbers, Account Passwords, Personal Identification Numbers (PINs), and Other Personal Information.

Don't provide financial and other personal information in response to an unsolicited phone call, fax, letter or email no matter how official the request may appear. You should never divulge your social security number, password, or account number unless you initiate the contact with the person or company. This includes email solicitations you may receive for loans, prescription refills, etc. If the person initiating contact with you claims to represent Sterling Bank, a law enforcement agency, Social Security Administration, Internal Revenue Service, or some similar organization and asks you to verify (reveal) confidential information, immediately report the incident to the organization the caller claims to represent.

- Be especially careful with your social security number. Don't carry your social security number in your wallet or purse. Leave it in a secure place. Provide your social security number only when absolutely necessary.
- Never write your PIN on your ATM card or on a piece of paper in your wallet.
- Pre-print as little personal information on your checks as possible and never have your social security number or driver license number pre-printed on your checks.

Protecting Your Incoming and Outgoing Mail

Deposit outgoing mail, especially something containing personal financial information or checks, in a U.S. Postal Service's collection box, hand it to a mail carrier, or take it to a local post office instead of leaving it in your doorway or home mailbox.

Promptly remove mail from your mailbox after it has been delivered. If you are going to be traveling out of town, have your mail held at your post office or ask someone you know and trust to collect your mail. Envelopes left in your mailbox may contain checks, credit card applications and other items that can be very valuable to a fraud artist.

Properly Dispose of Items Containing Financial or Personal Information

Thieves known as “dumpster divers” pick through garbage looking for credit card applications and receipts, canceled checks, bank statements, expired charge cards and other documents or information they can use to counterfeit or order new checks and cards. Shred, cut, or tear such items before discarding them. This is especially important for credit card solicitations and convenience/vacations checks.

Pay Attention To Your Bank Statements and Credit Card Bills

Check your bank account and credit card statements as soon as they arrive. Contact Sterling Bank immediately at **(713) 466-8300 in Houston, (214) 678-8000 in Dallas, or (210) 337-0400 in San Antonio, and toll free at (888) 777-8735** if there is a discrepancy or if you notice something suspicious such as an unauthorized withdrawal. Also contact us if your statement doesn't arrive on time as this could be a sign that someone has stolen account information and changed your mailing address. Contact your credit card company for similar discrepancies noted on your credit card statements.

Practice Home Security

Safely store extra checks, credit cards, and documents that list your social security number, bank statements and similar valuable items. Be extra careful if you have housemates or if you let workers into your home.

Promptly Report Stolen or Compromised Information

Identity thieves can use information from credit cards, checks, social security cards, and even health insurance cards in a stolen or lost wallet or purse to establish new accounts in your name. If your wallet or purse is stolen:

- Notify Sterling Bank immediately if your stolen item contained bank account information including account numbers, ATM cards, debit cards, or checks. Close all compromised checking and savings accounts and open new ones.
- File a report with the police immediately. You will want to provide a copy of this report to the bank as well as your credit card company or insurance company.
- Report your driver license as missing to the Texas Department of Public Safety.
- Cancel each credit and debit card. Get new cards with new numbers. Call the fraud departments of the major credit reporting agencies and ask them to put a fraud alert on your account and add a victim's statement to your file requesting that creditors contact you before opening new accounts in your name.
- Ask the three (3) primary credit bureaus (Equifax, Experian and TransUnion) for copies of your credit reports. Review your reports carefully to make sure no additional fraudulent

accounts have been opened in your name or unauthorized changes have been made to your existing accounts. In a few months, order new copies of your credit reports to verify your corrections and changes, and to make sure no new fraudulent activity has occurred.

- Change the locks on your home and car if your keys are lost or stolen.

Deal Only With Legitimate, Reputable Businesses

Try to do business with companies you already know or that have been recommended. Do your research before giving money or personal information to an unfamiliar merchant (or charity or any other organization). Beware of a letter, phone call, or unsolicited advertisement from an unfamiliar lender or loan broker with what appears to be a fantastic offer.

Beware of "Deals" Requiring Money Up-Front

Be skeptical of any offer that is "free" or otherwise hard to believe and that, as a precondition, requires you to pay money (perhaps for a supposed "fee" or "tax") up front. They are likely to be schemes to trick you into sending money or providing bank account information in exchange for promises of goods or services that will never be delivered. Moreover, be very skeptical of any transaction that requires you to wire funds outside of the banking system or outside of the United States.

It is Sterling Bank's business practice not to solicit customer information over the telephone, by mail, fax or Internet. In the event that you receive a call from someone representing themselves as a Sterling banker who asks for personal information such as your account number, social security number, password, PIN, or date of birth, please contact us immediately through our website, by visiting any of our banking offices, or by calling **(713) 466-8300 in Houston, (214) 678-8000 in Dallas, (210) 337-0400 in San Antonio, or toll-free at (888) 777-8735.**

FRAUDULENT ACTIVITY

As it pertains to accounts on which there has been reported or perceived fraud, Sterling Bank, in its sole discretion, may choose not to provide account information by phone (balance verification, transaction history, etc.) or perform deposit verification by phone.

STOP PAYMENT RIGHTS AND RESPONSIBILITIES

Under the Uniform Commercial Code, you have the right to stop payment of a check drawn against your Account. You may stop payment on any check you have written and on any automated debit by notifying us orally or in writing. Any written stop payment order must be dated and signed. We will process oral stop payments in the same manner as if such request was received in writing. Both oral and written stop payments are effective for six (6) months. We will honor a stop payment order that has been obtained through an alternate arrangement agreed by us in writing (such as Internet banking).

If we are to have any chance of intercepting and returning the check, it is essential that you provide complete and accurate information. Your stop payment order must describe

the check or other Item involved, by identifying the amount of the check or Item, the date on which the check or Item was written, the person to whom the check or Item was payable and the check number. **We must receive the stop payment order at such time and in such manner as to afford us the reasonable opportunity to act on the stop payment order prior to any action by us with respect to the check or item involved.** You agree that one and one-half (1-1/2) business days to act upon such request is a reasonable amount of time. Please note that if we are able to stop payment on your check, you may still be liable to the payee or to a third party for the check amount. You agree to indemnify and reimburse us for any losses, damages, suits, judgments and expenses resulting from nonpayment of any check or other Item drawn on your Account for which a stop payment order is requested. Both oral and written stop payment orders are effective for six (6) months (180 days), unless renewed in writing. At the time each stop payment order is made, you will be charged the stop payment charge currently in effect.

We may pay an Item after any stop payment order placed on it expires.

If we inadvertently pay the check when the stop payment should have been effective, we will reverse any Bank service charges which result, including the stop payment fee. In addition, we will reimburse you for your losses, up to the amount of the check, as long as you are able to prove to our satisfaction that you do not owe the money to the person to whom you wrote the check. We may also try to recover that amount from the party who received the funds and you agree to cooperate in such recovery effort. However, if you are unable to prove to our satisfaction that you do not owe the money, we will not be obligated to reimburse you for the check amount. In any event, our liability for paying an Item subject to a proper and timely stop payment order is limited to the actual loss suffered, up to the amount of the Item, unless payment was due to our gross negligence or willful and intentional disregard of your order.

STOP PAYMENTS ON CASHIER'S CHECKS AND OFFICIAL CHECKS

Effective January 1, 1996 under certain circumstances, we may stop payment of Cashier's Checks or official checks (referred to in paragraph as a "Bank Check") purchased by you and issued by us. If a Bank Check is lost, stolen or destroyed, we may, in our sole discretion stop payment on that Bank Check if we receive a written declaration of loss and indemnification in a form acceptable to us. We may delay issuing a replacement Bank Check or otherwise reimbursing you the amount of the Bank Check for a period of up to ninety (90) days following its issuance in accordance with the Texas Business and Commerce Code.

REQUIREMENTS FOR TAXPAYER IDENTIFICATION NUMBERS

As a condition of opening any Account, we require the taxpayer identification number (social security number or employer identification number) of the applicable Account-holder. For you to open an interest-bearing account, your taxpayer identification number must be certified to us by the owner of the taxpayer identification number as required by

Federal regulations. If such taxpayer identification number is not so certified, but you certify to us that you are applying to the Social Security Administration for a social security number or to the Internal Revenue Service (IRS) for an employer identification number, then you may open an interest-bearing Account upon providing proper documentation of such application. If we do not receive the social security number or employer identification number within 60 days, we will begin withholding from your interest payments to satisfy your tax liability as required by applicable law. Alternatively, we may, at our sole discretion, elect to close your account if the appropriate taxpayer identification number has not been received by and certified to us within 30 days from the date your account is opened.

The provisions of this paragraph shall be inapplicable to certain foreign persons who certify their foreign status and provide certain documentation to us as required by Federal regulations.

SERVICE CHARGES

You agree to pay to us service charges and related fees in the amounts and at the rates stated in our Schedule of Fees and Charges in effect from time to time. We reserve the right to change our fees at any time, with notice to you as required by law. These charges and fees may be deducted from any of your Accounts. We will not be liable for dishonoring checks if there are insufficient available funds in your Account to pay them after we have collected charges due us.

We also reserve the option, in our business judgement, to waive, reduce, or reverse charges or fees in individual situations. Should we elect to waive, reduce or reverse charges or fees assessed on an Account, we are not obligated to do so in the future.

INTEREST-BEARING ACCOUNTS

All of our interest-bearing transaction and savings accounts earn a variable rate of interest. Interest rates are set from time to time by us and are subject to change without notice. Unless otherwise stated, these rates may, without limitation, be increased or decreased at our discretion. You may obtain current rates by telephoning us or visiting one of our office locations.

We are not obligated to pay interest on dormant accounts. By the term "dormant," we mean that there have been no withdrawals, automatic transfers of funds or deposits other than the crediting of interest and we have not heard from you for a period of twelve (12) consecutive months.

RESEARCH

There may be times when you need us to do special research or photocopying for you (for example, if you need copies of your paid checks for tax reasons, and we must photocopy them from our records). If your request requires us to do extensive work, as we determine, we will charge you. If you ask us to, we will estimate these costs for you before we start. We reserve the right to require payment in advance for research costs.

GOVERNMENT REGULATIONS REGARDING LARGE CURRENCY TRANSACTIONS

Government regulations require us to report transactions involving currency in excess of \$10,000 to the IRS. We have this obligation even if the transactional activity is spread out over several transactions in one day, or if two or more transactions that exceed \$10,000 occur on different days but are processed by us on the same day. This can happen if you make one deposit after the cut-off hour on one day, and then make a second deposit the following day.

The regulations also categorize the “structuring of a transaction in an attempt to avoid reporting” as an illegal criminal act. If any person acting alone or in conjunction with, or on behalf of, another person conducts or attempts to conduct one or more transactions in currency, in such a manner and in an attempt to avoid the reporting of currency transactions stated above, that person or persons may be guilty of structuring.

If this type of activity occurs or appears to occur in your deposit account, the Bank has the right, and could elect, to close your Account and stop doing business with you.

BANK’S RIGHT OF SET-OFF AND SECURITY INTEREST

You may not pledge the Account as collateral to secure any indebtedness without our prior express written consent.

You agree that your Account is subject to all of our rights of set-off, whether legal or equitable, and you grant to us pursuant to the Texas Uniform Commercial Code a security interest in, and contractually assign and pledge to us, any and all monies found on deposit with us or placed in our custody to secure any and all indebtedness and obligations of the Depositor to the Bank, of whatever kind, whether past, present or future, no matter how such indebtedness arises. Consequently, we may at any time, in our sole discretion and without any prior notice to you, apply all or any part of your Account to any indebtedness, matured or unmatured, direct or indirect, secured or unsecured, absolute or contingent, joint or several, due or to become due, whether as maker, endorser, guarantor, or otherwise, then owed to us by you. This set-off can occur as soon as the grace period, provided for by agreement or law, has expired. An obligation is not required to be accelerated or matured for a default to authorize set-off of a depositor’s obligation against such depositor’s Accounts. We will not exercise this right if the loan is a home equity loan.

If your Account is a multiple party account, you agree that we have the right to set-off against the entire balance of your Account for any debt owed to us by any of the other parties to such multiple party account. If an Item is presented against a multiple party account after the drawer’s death, or if any joint owner is indebted to us, we are authorized to pay such Items and to exercise our right of set-off against the Account after such joint owner’s death without regard to any rights that a surviving joint owner, trust account, or pay on death beneficiary may have to the funds on deposit in the Account.

If you are a sole proprietor, we may also set-off and charge any of your personal accounts. If you are a general partnership, we may also set-off and charge the personal account of any general partner. We are not required to give you advance

notice of our intent to take this action. If we do set-off and charge any of your Accounts, we will place a written notice in the mail notifying you no later than the following day. We will not exercise this right when the debt is a consumer loan.

CLAIMS AND DISPUTES CONCERNING YOUR ACCOUNT

If we receive notice of any adverse claims from joint Account-holders, Authorized Signers or third parties to the funds in your Account, or if we have reason to believe that there is or may be a dispute over matters such as the ownership of the account or the authority to withdraw funds, we may, in our sole discretion, (1) continue to rely on current Signature Card, existing or newly-furnished resolutions or other account documents; (2) freeze all or part of the funds until the dispute is resolved to our satisfaction and return checks or other items presented against your Account; or (3) interplead such funds with a court to determine each party's entitlement to such funds. You agree to reimburse us for all costs we incur (including, without limitation, court costs and attorneys' fees). Such costs may also be deducted from funds in any of your Accounts or those that have been interpled with the court.

PAYMENTS FOLLOWING DEATH OF AN ACCOUNTHOLDER

Under certain circumstances, payment may be paid to the heirs or personal representative of a deceased party. The Bank may require letters testamentary or other appropriate documentation, duly issued and received by the Bank within a maximum of ninety (90) days of the date of issuance, for us to consider payment to such representatives. In the event we receive written notice from a personal representative pursuant to §442 of the Texas Probate Code, we shall be entitled to rely on all figures supplied and representations made by such personal representative.

RECLASSIFICATION OF FUNDS

As permitted by applicable banking regulations and solely for internal bank recordkeeping purposes, a portion of your Account balance may, from time to time, be reclassified through the creation of sub accounts. This reclassification will not affect your available balance, interest earnings, FDIC insurance, or bank statement. The bank may periodically transfer funds between these sub accounts. On a sixth transfer during a calendar month, any funds in the savings sub account will be transferred back to the checking sub account. If your Account is one on which interest is paid, your interest calculation will remain the same. Otherwise, the savings sub account will be non-interest bearing. The savings sub account will be governed by the rules governing our other savings accounts.

YOUR FINANCIAL PRIVACY AT STERLING BANK

At Sterling Bank, maintaining our customers' trust and confidence is of utmost importance. Congress enacted the Gramm-Leach-Bliley Act (Financial Services Modernization Act) which requires banks and other providers of financial services and products to provide written notice of their privacy policies. Most recently, Federal law was amended to provide consumers the opportunity to limit some but not all marketing from the Sterling family of companies. Federal law also requires us to give you this notice to tell you about your choice

to limit marketing from the Sterling companies. You may limit the Sterling companies, such as credit card companies, insurance, investment advisors (MBM Advisors, Inc.) and securities affiliates, from marketing their products or services to you based on your personal information that they receive from other Sterling companies. This information includes your income, your account history, and your credit score. While this disclosure requirement is new, our commitment to protecting your privacy is not. We will continue to safeguard the privacy of the information you have entrusted to us.

This notice provides you with information on how Sterling Bank collects and uses your personal customer information. The notice also details how we maintain the confidentiality and accuracy of certain information. Additionally, this notice details how you can limit the sharing of your nonpublic personal information with affiliates of the Sterling companies.

INFORMATION WE COLLECT

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our affiliates or others; and
- Information we receive from a consumer reporting agency.

INFORMATION WE DISCLOSE

We may disclose the following kinds of nonpublic personal information about you:

- Information we receive from you on applications or other forms, such as your name, address, social security number, assets and income;
- Information about your transactions with us, our affiliates or others, such as your account balance, payment history and parties to transactions; and
- Information we receive from a consumer reporting agency, such as your creditworthiness and credit history.

We may disclose nonpublic personal information about you to the following types of third parties:

- Financial service providers, such as mortgage bankers, securities broker-dealers and insurance agents;
- Non-financial companies, such as retailers, direct marketers, airlines and publishers; and
- Others, such as non-profit organizations.

We may also disclose nonpublic personal information about you to nonaffiliated third parties as permitted by law.

DISCLOSURE TO COMPANIES PROVIDING MARKETING SERVICES

We may disclose all of the information we collect, as described above, to companies that perform marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements.

DISCLOSURE TO COMPANIES IN OUR CORPORATE FAMILY

Unless you tell us not to, we may share with companies in our corporate family information about you including:

- Information we obtain from your application, such as your name, address, social security number, assets and income;
- Information we obtain from a consumer reporting agency, such as your creditworthiness and your credit history;

- Information we obtain to verify representations made by you, such as your open lines of credit; and
- Information we obtain from a person or company regarding its employment, credit, or other relationship with you, such as your employment history.

Companies in our corporate family who may receive this information are:

- Financial service providers, such as mortgage bankers, broker-dealers, credit card companies, insurance agents, investment advisors and securities affiliates; and
- Non-financial companies, such as retailers, direct marketers, airlines and publishers.

YOUR CHOICE TO OPT OUT OF DISCLOSURE TO NON-AFFILIATED THIRD PARTIES

If you prefer that we not disclose nonpublic personal information about you to nonaffiliated third parties or affiliated parties, you may opt out of those disclosures, that is, you may direct us not to make those disclosures (other than disclosures permitted by law) by completing the *Opt Out* and mailing it to: **Sterling Bank, Opt Out Request, Attention: Deposit Operations Support, P.O. Box 40333, Houston, Texas 77240-0333 or on the web at <http://www.banksterling.com>.**

If you have already made a choice to limit disclosure of nonpublic personal information to nonaffiliated third parties, you do not need to act again.

YOUR CHOICE TO OPT OUT OF DISCLOSURE TO OTHER STERLING COMPANIES

If you prefer that we not disclose information about you to other Sterling companies, you may direct us not to make these disclosures by completing the *Opt Out* and mailing it to: **Sterling Bank, Opt Out Request, Attention: Deposit Operations Support, P.O. Box 40333, Houston, Texas 77240-0333 or on the web at <http://www.banksterling.com>.** Your choice to limit these marketing offers will apply for five years from when you tell us your choice. After five years, you will receive a renewal notice from us that will allow you to continue to limit our affiliate marketing.

If you have already made a choice to limit marketing offers from the Sterling companies, you do not need to act again until you receive the renewal notice.

ACCURACY OF CUSTOMER INFORMATION

We believe it is vitally important that the information we maintain about you is as accurate as possible. We maintain internal controls and procedures to ensure the accuracy of your information. Should you have a question or concern about the accuracy or completeness of your information, please contact us and we will take immediate steps to correct the information or amend our records.

INFORMATION SECURITY

We restrict access to nonpublic personal information about you to only those employees who need such information to perform their job responsibilities. In addition, we maintain physical, electronic and procedural safeguards that comply with federal regulations and standards to guard your nonpublic personal information.

FORMER CUSTOMERS

If you decide to close your account or should your relationship with us be terminated for some other reason, we will continue to treat and safeguard your information as described in this notice.

CONSUMER COMPLAINT PROCESS

Sterling Bank is chartered under the laws of the State of Texas and by state law is subject to regulatory oversight by the Texas Department of Banking. Any consumer wishing to file a complaint against Sterling Bank should contact the Texas Department of Banking through one of the means indicated below:

In Person or U.S. Mail:

2601 North Lamar Boulevard, Suite 300
Austin, Texas 78705-4294

Telephone:

877-276-5554

Fax:

512-475-1313

Email: consumer.complaints@banking.state.tx.us

Website: www.banking.state.tx.us

ATM AND NIGHT DEPOSITORY USER PRECAUTIONS

ATMs are a fast and easy way to withdraw cash, check account balances, transfer funds and more. If ATMs are to continue as a convenient way to conduct financial transactions, you must make electronic banking security a priority. For your safety when using an ATM, please remember the following tips:

Keeping Your ATM/Debit Card Secure

- Treat your ATM/Debit Card like cash. Always keep your card in a safe place. It's a good idea to store your card in a card sleeve. The sleeve protects the card's magnetic stripe and helps ensure that the card functions properly.
- Your ATM/Debit Card will only work with your personal identification number or PIN. Memorize your code. Keep your PIN a secret. Never write it on your card or store it with the card. Never tell your code to anyone. And never let someone else enter your code for you.
- Take your ATM receipt with you. Do not leave it at or near the ATM.
- Do not give out any information about your ATM/Debit Card over the telephone. No one needs to know your secret code. Not even your financial institution.
- Do not lend your ATM/Debit Card to anyone.
- Do not display your cash; pocket it as soon as the ATM transaction is complete and count the cash later when you are in the safety of your own car, home or other secure surrounding.
- Report a lost or stolen card at once. Promptly report a lost or stolen card to reduce the chance that it will be used improperly.
- Check your receipts against your monthly statement to guard against ATM fraud. You get a receipt every time you make an ATM transaction. Verify each transaction by checking the receipts against your monthly account statements.

Security at Walk-Up ATMs

- Always observe your surroundings before conducting an ATM transaction. If you are driving to an ATM, park as close as possible to the terminal. Observe the entire area from the safety of your car before getting out. If you see anyone or anything that appears to be suspicious, leave the area at once.
- If an ATM is obstructed from view or poorly lit, go to another ATM. Report the problem to the financial institution that operates the ATM.
- When possible, take a companion along when using an ATM, especially at night.
- Minimize time spent at the ATM by having your card out and ready to use. If the ATM is in use, give the person using the terminal the same privacy you expect. Allow them to move away from the ATM before you approach the terminal.
- Stand between the ATM and anyone waiting to use the terminal so that others cannot see your secret code or transaction amount. Once you have completed your transaction, take your money, card and receipt and immediately move away from the terminal.
- Look for possible fraudulent devices attached to the ATM. If the ATM looks different or appears to have any attachments over the card slot or PIN pad, do not use the ATM and if possible, contact the financial institution.
- If you see anyone or anything suspicious while conducting a transaction, cancel your transaction and leave immediately.
- If anyone follows you after making an ATM transaction, go immediately to a crowded, well-lit area and call the police.

Security at Drive-Up ATMs

- Keep your engine running, the doors locked and the windows up at all times when waiting in line at a drive-up ATM.
- When possible, leave enough room between cars to allow for a quick exit should it become necessary.
- If an ATM is obstructed from view or is poorly lit, go to another ATM. Report the problem to the financial institution that operates the ATM.
- Before rolling down the window to use the ATM, observe the entire area around the ATM. If you see anyone or anything that appears to be suspicious, drive away from the area at once.
- Minimize time spent at the ATM by having your card out and ready to use. Once you have completed your transaction, take your money, card and receipt and immediately drive away from the terminal. If you see anyone or anything suspicious while conducting a transaction, cancel your transaction and leave immediately.
- If anyone follows you after making an ATM transaction, go immediately to a crowded, well-lit area and call the police.

Security at Night Depositories

- Maintain strict control over your keys to the Night Depository.
- Minimize time spent at the Night Depository by preparing your deposit and deposit bag in advance at your home or business. If the Night Depository is in use, give the person using the depository the same privacy you expect. Allow them to move away from the depository before you

approach it.

- Always observe your surroundings before utilizing the Night Depository. If you are using a walk-up depository, park as close as possible to the facility. Observe the entire area from the safety of your car before getting out. If you see anyone or anything that appears to be suspicious, leave the area at once. When possible, take a companion along when using the Night Depository.
- Look for possible fraudulent devices attached to the Night Depository. If the Night Depository looks different or appears to have any attachments over the deposit slot, do not use the Night Depository and, if possible, contact the Bank. If the Night Depository appears to be out of order, do not leave your deposit in any alternative deposit receptacle at that location. Contact the Bank.
- When using a drive-up Night Depository, keep your vehicle engine running, the doors locked, and all of the windows up until and after you safely drop your deposit or deposit bag into the depository. Before rolling the window down, observe the entire area around the Night Depository. If you see anyone or anything suspicious, leave the area immediately.
- Always double check to be sure the deposit envelope or deposit bag has dropped completely into the Night Depository and that the chute has cleared and closed completely before leaving the Night Depository.
- If anyone follows you after using the Night Depository, go immediately to a crowded, well-lit area and call the police.

You can improve electronic banking security by following the guidelines detailed above each time you conduct an ATM or Night Depository transaction. If you have any questions about ATM or Night Depository security, do not hesitate to ask. By working together, we can help electronic banking continue as a convenient and easy way to conduct your financial transactions.

ELECTRONIC TRANSFERS, PAYMENTS AND DIRECT DEPOSITS

Consumer Liability. Tell us AT ONCE if you believe your card and/or code has been lost or stolen. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account plus your maximum overdraft line of credit. If you tell us within two business days, you can lose no more than \$50 if someone used your card and/or code without your permission. If you believe your card and/or code has been lost or stolen, and you tell us within two business days after you learn of the loss or theft, you can lose no more than \$50 if someone used your card and/or code without your permission.

If you do NOT tell us within two business days after you learn of the loss or theft of your card and/or code, and we can prove we could have stopped someone from using your card and/or code without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows transfers that you did not make, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking money if you had told us

in time.

If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time periods.

Contact in event of unauthorized transfer. If you believe your card and/or code has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, call us at **(713) 466-8300 in Houston, (214) 678-8000 in Dallas, (210) 337-0400 in San Antonio, or toll free at (888) 777-8735 or write to us at: P.O. Box 40333, Houston, TX 77240-0333.**

Business Days. For purposes of these disclosures, our business days are Monday through Friday. Holidays are not included.

Transfer Types and Limitations. You may use your ATM card and personal identification number (PIN) to:

- Withdraw cash from your checking and/or savings account(s);
- Make deposits to your checking and/or savings account(s);
- Transfer funds between your checking and savings accounts whenever you request;
- Transfer funds from Execu-Check (overdraft protection) line of credit to checking account(s);
- Pay for purchases at places that have agreed to accept the ATM card;
- Pay bills directly by telephone from your checking or savings account in the amounts and on the days you request; and
- Get information about the account balance of your checking and/or savings account(s). Some of these services may not be available at all terminals.

Electronic Check/Draft Conversion.

You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to pay for purchases and/or pay bills. Your authorization to make these types of electronic funds transfers may be expressed in writing or implied through the posting of a sign by the merchant.

Limitations on Frequency of Transfers.

- Transfers from a money market account to another account or to third parties by preauthorized, automatic, or telephone transfers are limited to six per statement cycle; and
- Transfers from a savings account to another account or to third parties by preauthorized, automatic, or telephone transfer are limited to three per quarterly statement cycle.

Limitations on Dollar Amounts of Transfers.

- You may withdraw up to \$400 from our terminals per day using your ATM card; and,
- You may buy up to \$1,500 worth of goods or services per business day (Saturday, Sunday and Monday are treated as one business day) using your ATM card in our point-of-sale transfer service. The daily limit at the branches oper-

ating under the trade name of Bank of the Hills is \$3,000.
Fees. We will charge you \$1 for each withdrawal made from an ATM we do not own and operate. This fee is in addition to network or other fees imposed by the owner of the ATM. The fee assessed by the branches operating under the trade name of the Bank of the Hills is \$1.50.

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

- Where it is necessary for completing transfers; or
- In order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant; or
- In order to comply with government agency or court orders; or
- If you give us your written permission.

Documentation.

- **Terminal transfers.** You can get a receipt at the time you make any transfer to or from your account using one of our ATM or point of sale terminals (POS).
- **Preauthorized credits.** If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can call us at (888) 777-8735 to find out whether or not the deposit has been made.
- **Periodic statements.** You will get a monthly account statement from us for your checking account(s). You will get a monthly account statement from us for your savings account(s), unless there are no transfers in a particular month. In any case, you will get a statement at least quarterly.

Right to Stop Payment and Procedure for Doing So. If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here's how:

Call us at (713) 466-8300 in Houston, (214) 678-8000 in Dallas, (210) 337-0400 in San Antonio, or toll-free at (888) 777-8735, or write us at P.O. Box 40333, Houston, TX 77240-0333, in time for us to receive your request three business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call. We will charge you \$25 for each stop payment order you give.

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

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

Our Liability for Failure to Make Transfers. If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some

exceptions. We will not be liable, for instance:

- If, through no fault of ours, you do not have enough money in your account to make the transfer;
- If the transfer would go over the credit limit on your overdraft line;
- If the ATM terminal where you are making the transfer does not have enough cash;
- If the terminal or system was not working properly and you knew about the breakdown when you started the transfer;
- If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken; or
- There may be other exceptions stated in our agreement with you.

Error Resolution Notice:

In case of errors or questions about your electronic transfers, telephone us at **(713) 466-8300 in Houston, (214) 678-8000 in Dallas, (210) 337-0400 in San Antonio, or toll-free at (888) 777-8735 or write to us at P.O. Box 40333, Houston, TX 77240-0333** as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number (if any);
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information; and
3. Tell us the dollar amount of the suspected error. If you tell us orally, we may require that you send us your complaint in writing within 10 business days.

We will determine whether an error occurred within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will 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 us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

The information that follows describes the terms and conditions that apply to recurring automatic transactions and certain ACH and telephone transfers to and from your Sterling Bank deposit account(s). It is applicable to any existing automatic or ACH transaction you may have and any automatic or ACH transaction or telephone transfer agreement that you may authorize in the future. When transactions are initiated electronically rather than by a paper instrument, such as a check or draft, they are called electronic fund transfers.

There are two types of electronic fund transfers, internal deposit transfers (when you transfer money from one of your deposit accounts to another deposit account) and preauthorized payments (when payments are made to Sterling Bank or

entities other than Sterling Bank).

Recurring or nonrecurring deposits, payments and transfers to and from your checking, savings and money market accounts may be made through pre-authorized electronic fund transfers. Some transfers may be made under a telephone transfer agreement. When you authorize such a transfer, make certain that you reveal your account information only to a legitimate entity for a purpose you authorize.

The following are some facts that you should know about these transactions and transfers, including your legal rights and responsibilities.

Confirmation of Direct Deposits and Wire Transfer Deposits: Sterling Bank will not give you next day notice of receipt of an ACH or wire transfer deposit to your Account, but will provide such notice to you on your next periodic account statement. If you have arranged to have Direct Deposits made to your Account, and you have not received notices from the person making the deposit telling you that it has been made, you can call us to find out whether or not the deposit has been made.

Automated Clearing House (ACH): When you ask us to send or receive funds through ACH, we will ask you to complete a Bank form first. However, you may also enter into an agreement with another business that allows it to access your Account electronically through ACH (either by debit or credit). That other party is responsible to you for making the transfers in the right amount, on the right day, and to or from the right Account.

When Payment is Final: ACH debits and credits are provisional until we receive final payment. This means that the transfer could be revoked up to 60 days later in some cases. This 60 day maximum applies if a consumer pays you by electronic means, such as by a credit card or debit card. The law gives consumers certain rights to dispute the payment and recall the payment. If a transfer is revoked, we have the right to debit or credit your Account accordingly.

The company making an electronic transfer to your Account may tell you every time it sends a credit to your Account. If they don't tell you, you can call us anytime to find out when a transfer has been credited to your Account. If you want to find out in advance when your Account will be debited, and how much it will be, you should contact the originator.

Deposits to Deceased Accountholders: The right to receive certain recurring direct deposits made to your Account ceases after death. Sometimes when the source of the deposits is unaware of the recipient's death, deposits continue after death. The depositor, usually a government agency, may then demand that the Bank return any sums directly deposited during the month of and after death, including single deposits which the deceased and second person on a joint account may have been receiving. The Bank must honor such a demand and may debit your Account for all amounts returned to the depositor. If the transaction creates an overdraft, the remaining accountholders will be required to repay the Bank. The Bank will use all legal means necessary to seek reimbursement for these amounts.

Number of Transfers: The number of preauthorized automatic transfers and telephone transfers from savings and money

market accounts is limited by Federal Reserve Board Regulation D. There is no limit on the number of preauthorized and telephone transfers made into all savings and money market accounts.

Variation of Payment: If you authorize us to make regular payments to another party from your Account and if **any** of these payments varies from the amount you originally authorized or from the amount of your last payment, the party you are paying will tell you the amount of the payment and the date it will be made 10 days before it is to be made. You may tell the party to give you this notice only when the amount of the payment will differ by more than a certain amount of your last payment (for example, if the payment will differ from the last payment by more than \$10) or when the amount of the payment will fall outside certain limits that you set (for example, if the payment will be over \$40).

How to Stop ACH Transfers from Debiting Your Account: Contact in writing the recipient of the transfer and request that they discontinue debiting your Account and initiate the stop payment with Sterling Bank by calling us at least three (3) business days before the preauthorized transfer date providing that the amount has not changed. We will prevent the transfer from charging your Account. Once the stop payment has been initiated, you must send written instructions and authorization within fourteen days (14) of the request. If we do not receive written authorization, we may remove the stop payment request. In order for Sterling Bank to stop a transfer, we need:

- Your name;
- The account number;
- The exact amount of the transfer;
- The person or company to whom payment would be made; and
- The date that the transfer is scheduled.

We must have this information on each transfer that you want stopped.

If We Fail to Complete an ACH Transfer: If you have followed all of the required procedures and we do not complete a transfer to or from your Account on time, or in the correct amount, we will be responsible to you for your losses and damages. However, there are some exceptions to this:

- If you do not have enough money in your Account to make the transfer;
- If the transfer would cause an overdraft;
- If legal process (such as a levy or court order) instructs us to withhold the funds in your Account;
- If your Account is closed or frozen;
- If any part of our electronic system is not working properly;
- If circumstances beyond our control (such as fire, flood, earthquake, act of war or terrorism) prevent the transfer; or
- In the event an IAT becomes subject to review as a possible target of OFAC sanctions.

FUNDS AVAILABILITY DISCLOSURE

This policy statement applies to all deposit accounts.

Our policy is to make funds from your cash and check deposits

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

Please remember that even after we have made funds available to you, and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and Federal banking holidays. If you make a deposit before 6:00 p.m. on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 6:00 p.m. or on a day we are not open, we will consider that the deposit was made on the next business day we are open. Note: The cut-off time for branches operating under the trade name of Bank of the Hills is 3:00 p.m. Deposits received after 3:00 p.m. at such branches will be considered made on the next business day.

If you make a deposit at an ATM before 10:00 a.m. on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit at an ATM after 10:00 a.m. or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

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

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

Longer Delays May Apply: In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the fifth business day after the day of your deposit. The first \$100 of your deposits, however, will be available on the first business day.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit. If you will need the funds from a deposit right away, you should ask us when the funds

will be available.

In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

- We believe a check you deposit will not be paid;
- You deposit checks totaling more than \$5,000 on any one day;
- You redeposit a check that has been returned unpaid;
- You have overdrawn your Account repeatedly in the last six months; or
- There is an emergency, such as failure of computer or communications equipment.

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

Special Rules for New Accounts: If you are a new customer, the following special rules will apply during the first 30 days your Account is open.

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

NOTICE OF NEGATIVE INFORMATION (PRE-SHARING)

Federal law requires us to provide the following notice to customers before any "negative information" may be furnished to a nationwide consumer reporting agency. "Negative information" means information concerning delinquencies, late payments, insolvency, or any form of default. This notice does not mean that we will be reporting such information about you, only that we may report such information about customers who have not done what they are required to do under our agreement.

After providing this notice, additional negative information may be submitted without providing another notice. **We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.**

LEGAL PROCESS, GARNISHMENT, SEIZURE, WRIT OR NOTICE OF LEVY

If we are served with restraining orders, writs of attachment or execution, subpoenas, tax levies, garnishments or other legal process (collectively, "Legal Process") that we believe in good faith are valid, the Bank must comply. Unless prohibited by law, we may notify you when we receive Legal

Process related to your Account as long as you have an existing Account. If you have closed your Account before we receive the Legal Process, we may not notify you that we have received Legal Process; however, we will still comply with the Legal Process insofar as it requires us to do so even though your Account is closed. A fee will be deducted from your Account whenever the Bank is served with Legal Process regarding the Account. However, where we are allowed to charge the party causing issuance of the Legal Process, we will actually charge the issuing party and not you. If you have an ATM or debit card linked with your Account, access may not be permitted during the time your Account is affected by the Legal Process. We may accept service of any Legal Process by mail or facsimile transmission, even when the law requires that we be personally served.

DISPUTE RESOLUTION - WAIVER OF JURY TRIAL

NON-JUDICIAL RESOLUTION OF DISPUTES

Maintaining good relations with our customers is very important to us. We ask you to contact us immediately if you have a problem with one of your accounts with us or a service we provide to you. Often a telephone call to us or a visit to one of our offices will resolve the matter quickly and amicably. However, if you and we are not able to resolve our differences informally, you agree by opening or maintaining a deposit account with us or by accepting a service from us which is described in this brochure, such as our safe deposit box service, that any dispute between you and us, regardless of when it arose, will be settled, at the option of you or us, using the following procedures.

YOU UNDERSTAND AND AGREE THAT TO THE FULLEST EXTENT PERMITTED BY LAW YOU INTENTIONALLY AND KNOWINGLY WAIVE THE RIGHT TO TRIAL BY JURY TO RESOLVE ANY DISPUTE BETWEEN YOU AND US ARISING OUT OF, OR RELATED TO, THIS AGREEMENT.

DISPUTES

A dispute is any unresolved disagreement between you and us which relates in any way to accounts or services described in this brochure, to your use of any of our staffed banking locations or our automated teller machines, or any other method you may use to access us. It includes any claim or controversy of any kind that arises out of or is in any way related to these accounts, services or agreements. It includes claims based on broken promises or contracts, torts (injury caused by negligent or intentional conduct), breach of fiduciary duty or other wrongful actions. It also includes statutory, common law and equitable claims. A "dispute" subject to binding arbitration as provided for in this Arbitration Agreement.

DISPUTE RESOLUTION

MEDIATION IS A MEANS OF SETTLING A DISPUTE THROUGH ACTIVE PARTICIPATION OF A THIRD PARTY MEDIATOR WHO WORKS TO FIND POINTS OF AGREEMENT AND ASSISTS THE PARTIES IN DISPUTE TO RESOLVE OR SETTLE THEIR DISPUTE. MEDIATION DIFFERS FROM ARBITRATION IN WHICH AN ARBITRATOR ACTS MUCH LIKE A JUDGE. EITHER YOU OR WE CAN REQUEST THAT A DISPUTE BE SUBMITTED TO MEDIATION. THE PARTIES TO ANY MEDIATION UNDER THIS

AGREEMENT AGREE TO EQUALLY DIVIDE THE COST INVOLVED TO MEDIATE; AND EACH PARTY SHALL BE RESPONSIBLE TO PAY THEIR OWN RESPECTIVE LEGAL AND OTHER PROFESSIONAL FEES AND ANY OTHER RELATED COST OR EXPENSE. IN THE EVENT A DISPUTE IS RESOLVED THROUGH MEDIATION, A WRITTEN AGREEMENT DOCUMENTING THE RESOLUTION OF THE DISPUTE WILL BE EXECUTED BY YOU AND US. IF THE MEDIATION DOES NOT RESOLVE THE DISPUTE, THE MEDIATOR SHALL PROVIDE WRITTEN NOTICE TO YOU AND US.

ANY ATTORNEY-CLIENT PRIVILEGE AND OTHER PROTECTION AGAINST DISCLOSURE OF CONFIDENTIAL INFORMATION, INCLUDING, WITHOUT LIMITATION, ANY PROTECTION AFFORDED TO THE WORK-PRODUCT OF ANY ATTORNEY THAT COULD OTHERWISE BE CLAIMED BY ANY PARTY, SHALL BE AVAILABLE TO AND MAY BE CLAIMED BY ANY SUCH PARTY IN ANY MEDIATION. NO PARTY WAIVES ATTORNEY-CLIENT PRIVILEGE OR ANY OTHER PROTECTION AGAINST DISCLOSURE OF CONFIDENTIAL INFORMATION BY REASON OF ANYTHING CONTAINED IN OR DONE PURSUANT TO OR IN CONNECTION WITH THE MEDIATION OF ANY DISPUTES. ANY MEDIATION PROCEEDING SHALL BE CONDUCTED IN HARRIS COUNTY, TEXAS BY A SINGLE MEDIATOR, AGREED TO BY THE PARTIES, WHO HAS EXPERIENCE AND EXPERTISE IN THE FIELD OR FIELDS OF THE MATTER(S) IN DISPUTE. THE PARTIES SHALL EACH SUBMIT TO ONE ANOTHER THE NAMES OF THREE (3) MEDIATORS WHO MEET THE QUALIFICATION STATED IN THE FOREGOING SENTENCE. IN THE EVENT THIS LIST OF MEDIATORS INCLUDES A NAME COMMON TO BOTH LISTS, THEN THAT MEDIATOR SHALL BE USED TO MEDIATE THE DISPUTE. IF SUCH MEDIATOR IS UNAVAILABLE, OR IF THE PARTIES HAVE NO OTHER COMMON NAME ON THEIR LISTS, THEN THE PARTIES AGREE TO WORK TOGETHER IN A COOPERATIVE MANNER TO SUBMIT NEW NAMES AND/OR SELECT A MEDIATOR ACCEPTABLE TO BOTH SIDES.

RIGHT OF SET OFF PRESERVED

Neither this dispute resolution process, nor the exercise of any of the rights you and we have under this Agreement, shall stop you or us from exercising any lawful rights either of us has to use or other remedies available for the purpose of (1) preserving, foreclosing or obtaining possession of real or personal property; (2) exercising self help remedies including set off and repossession rights; or (3) obtaining provisional or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment or the appointment of a receiver by a court having jurisdiction.

MISCELLANEOUS

Nothing contained herein shall be deemed to be a waiver by any party that is a Bank of the protections afforded to it under the Texas Finance Code or any other protection provided banks by the laws of Texas or the United States.

SYSTEMS AND SOFTWARE

We shall not be responsible to you for any loss or damages suffered by you as a result of the failure of systems and software used by you to interface with our systems and software utilized by you to initiate or process banking transactions, whether such transactions are initiated or processed directly

with our systems or through a third party service provider. You acknowledge and agree that you are solely responsible for the adequacy of such systems and software utilized by you to process banking transactions and the ability of systems and software to do so accurately and securely.

WAIVER

We may waive any of your obligations under this Agreement in a particular situation, without any obligation to treat future situations similarly.

LIMITATION OF LIABILITY

TO THE EXTENT PERMITTED BY LAW, YOU AGREE THAT WE WILL HAVE NO LIABILITY WHATSOEVER FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES OR FOR ANY INDIRECT LOSS INCURRED OR SUFFERED IN CONNECTION WITH THE PRODUCTS OR SERVICES UNDER THIS AGREEMENT (EVEN IF WE HAVE BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES), INCLUDING WITHOUT LIMITATION, ATTORNEYS' FEES.

Additionally, and to the fullest extent permitted by law, we are not liable to you or any other person or entity for loss, charge, fee, penalty, expense or other damage resulting from any failure or delay of performance of our responsibilities under this Agreement that is beyond our reasonable control, including without limitation, legal restraint, interruption or transmission or communication facilities, equipment failure, electrical or computer failure, war, emergency conditions, terrorist acts, acts of God, fire, storm, flood or other catastrophe, or inability to obtain or delay in obtaining wire service or Internet access, or refusal or delay by a service provider or another bank or financial institution.

We are not liable for any failure or delay in executing a transaction if execution would violate any applicable state or federal law, rule, regulation, or guideline or any clearing house rules.

GOVERNING LAW / JURISDICTION / SEVERABILITY

This Agreement will be governed by the laws and regulations of the State of Texas and the United States. Any lawsuit regarding your Account(s) must be brought in a court of proper jurisdiction in Harris County, Texas. A determination that any part of this Agreement is invalid or unenforceable will not affect the remainder of this Agreement.

We are located in Texas and that is where you opened your Account. We are subject to certain federal and state regulations, as well as national and local clearing house rules regarding some of the matters addressed in this Agreement, and we must comply with these laws, rules, and regulations. You agree that if there is any inconsistency between the terms of this Agreement and any applicable law, rule, or regulation, the terms of this Agreement will prevail to the extent any such law, rule, or regulation may be modified by agreement.

❖ Sterling Bank ❖SM
World class banking. Deep Texas roots.

P.O. Box 40333
Houston, Texas 77240-0333

Member FDIC

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