

Sterling Health Services, Inc. Administrative Services Agreement

This Administrative Services Agreement (“Agreement”) is made between Sterling Health Services, Inc. (“Sterling HSA”) and the individual (“Depositor”) who signs the Sterling HSA Enrollment Form. Depositor is establishing a Health Savings Account (“HSA”) under Section 223 of the Internal Revenue Code (the “Code”). Depositor has made an initial cash contribution to the Sterling HSA Health Savings Account (“Custodial Account”) described in the Individual Sterling HSA Enrollment Form, Sterling Health Services, Inc. Custodial Agreement, or other relevant documents. This initial cash contribution, any additional contributions, and any earnings thereon are *subject to the terms of this Agreement*.

ARTICLE I

Depositor consents to the disclosure of Custodial Account information to Sterling HSA, when such disclosure is required to enable Sterling HSA to comply with the terms of this Agreement and/or applicable laws or regulations.

ARTICLE II

Depositor shall be responsible for the payment of taxes or penalties of any kind that may be assessed against the Custodial Account.

ARTICLE III

Upon Depositor’s request, Sterling HSA shall make reports to the IRS. Depositor acknowledges that all such reports shall be based on information furnished by Depositor. Depositor expressly agrees to indemnify Sterling HSA for any liabilities, taxes, interest, or penalties Sterling HSA may incur as a result of filing a report based on incorrect or insufficient information provided by Depositor.

ARTICLE IV

Custodial Account funds, including any earnings thereon will be invested in interest-bearing deposit accounts established by Sterling HSA and/or other investments acceptable to Sterling HSA. Sterling HSA, in its sole discretion, may establish different categories or types of accounts based upon Depositor’s maintenance of specified minimum Custodial Account balances and may also establish different investment options for each category or type of account.

ARTICLE V

Depositor acknowledges that any amounts distributed out of the Custodial Account which are not used exclusively to pay for “qualified medical expenses,” as defined in Section 213(d) of the Code, may be included in Depositor’s gross income and may also be subject to an additional 10% excise tax. Sterling HSA shall have no responsibility for determining whether distributions are used to pay for qualified medical expenses.

ARTICLE VI

1. Depositor may elect to take qualified medical expense distributions by utilizing Sterling HSA’s bill-paying service or by debit card transaction. Sterling HSA’s agreement governing use of such debit card is incorporated by reference into this Agreement, but only to the extent that such debit card agreement does not conflict with this Agreement, or any applicable provisions of the Code, or other laws or regulations. In the event of a conflict, the terms of this Agreement, and/or applicable provisions of the Code, or other laws or regulations shall be deemed to prevail.

2. Depositor agrees to utilize Sterling HSA’s bill-paying service and make debit card transactions only to the extent there are sufficient collected funds in Depositor’s account. Depositor understands that Sterling HSA has no obligation to make any bill payment at a time when there are insufficient funds in Depositor’s account.

3. Subject to the limitations of applicable laws and regulations, Depositor agrees to indemnify and hold Sterling HSA harmless from and against any liability, damage, or cost, including attorney’s fees, Sterling HSA may incur in connection with (a) any bill-paying service transactions or debit card transactions against any deposit account comprising the Custodial Account and (b) any other matter relating to the Custodial Account, unless such liability is caused by Sterling HSA’s gross negligence or willful misconduct.

ARTICLE VII

1. Sterling HSA shall *receive fees for services* under this Agreement in amounts set forth in its written schedule of fees in effect from time to time. Such fees may include, but are not limited to, administration fees, transaction fees, and distribution fees. Sterling HSA shall have the right to change its fee schedule at any time upon giving Depositor thirty (30) days written notice. Sterling HSA may also establish a different fee schedule for each category of accounts.

2. Sterling HSA shall be authorized to deduct all such fees from the Custodial Account, but may, in its sole discretion, allow Depositor to pay such fees from non-custodial funds. Sterling HSA shall also be entitled to payment from the Custodial Account of all expenses and costs reasonably incurred by it in the administration of the Custodial Account, including, but not limited to,

reimbursement for the cost of bill-paying service transactions and debit card transactions, unless such expenses and costs are paid directly by Depositor.

3. Depositor agrees to comply with any minimum transaction amounts set forth in Sterling HSA's fee schedule, including, but not limited to, minimum contribution amounts.

ARTICLE VIII

Sterling HSA shall treat any contribution made between January 1 and April 15 as a contribution for the current taxable year unless Depositor provides written notice to Sterling HSA at the time of such contribution that the contribution is for the preceding taxable year.

ARTICLE IX

1. Sterling HSA shall provide Depositor with a quarterly statement showing the activity in the Custodial Account.

2. Depositor shall promptly review all confirmations of transactions and statements of activity to ensure that they are accurate. Except as otherwise provided in this Agreement, confirmations of transactions and statements of activity shall be conclusive if Depositor does not *object in writing* within ten (10) days after the date such documents are mailed to Depositor. Sterling HSA and its officers and employees shall be forever released and discharged from any liability with respect to any claim arising out of any action or omission reflected on such conclusive confirmation or statement.

ARTICLE X

This Agreement will be amended from time to time to comply with the provisions of the Code and related regulations. Other amendments may be made with the consent of Depositor and Sterling HSA, in accordance with Article XII of this Agreement.

ARTICLE XI

1. Depositor may terminate this Agreement by giving thirty (30) days written notice to Sterling HSA.

2. Sterling HSA may resign at any time for any reason upon thirty (30) days written notice to Depositor. Upon such resignation, Depositor may appoint another qualified HSA administrator to whom the Custodial Account funds shall be delivered. If Depositor has not instructed Sterling HSA to deliver the assets of the Custodial Account to a successor administrator within thirty (30) days of Sterling HSA's notice of resignation, Sterling HSA shall pay such assets to Depositor.

3. If this Agreement is terminated or Sterling HSA resigns, Sterling HSA may retain from the assets of the Custodial Account, such sums as are reasonably necessary to pay (a) any fees, expenses, or taxes properly chargeable against the Custodial Account or (b) any penalties associated with

the early withdrawal of any savings instrument or other investment of the Custodial Account.

4. Sterling HSA may liquidate the Custodial Account assets when necessary to make distributions or to pay fees, expenses, or taxes properly chargeable against the account. If, upon a request by Sterling HSA, Depositor fails to direct which Custodial Account assets may be liquidated for these purposes, Sterling HSA, in its sole discretion, will make such determination. Depositor agrees that Sterling HSA shall not be held liable for any adverse consequences resulting from such determination.

ARTICLE XII

Sterling HSA may amend this Agreement in order to conform to the requirements of applicable regulators and applicable law, or for any other purpose. Any amendments intended to satisfy the requirements of applicable regulators or of applicable law may be made retroactively and without the consent of Depositor. Any other amendments shall require the consent of Depositor. Depositor shall be deemed to have consented to any amendment if Depositor fails to object to the amendment within thirty (30) days after mailing of written notice of the amendment to Depositor.

ARTICLE XIII

1. Depositor acknowledges and agrees that certain banking services associated with the Custodial Account will be provided by The Mechanics Bank, Inc. ("Bank"), separate and apart from the administrative services provided by Sterling HSA under this Agreement. Neither Bank nor Sterling HSA has any control over or liability for the acts or omissions of the other or for the services that each respectively provides.

2. Depositor expressly consents to the sharing of financial and other information between Sterling HSA and Bank and among Sterling HSA's various affiliates.

ARTICLE XIV

Sterling HSA may appoint one or more agents to assist in the performance of any of its duties under this Agreement.

ARTICLE XV

Sterling HSA may give a statement, notice, or other communication to Depositor by mailing it to Depositor's address as set forth in the Sterling HSA Enrollment Form or such other address as Depositor provides to Sterling HSA in writing. Such statement, notice, or other communication shall be deemed given when it is mailed by Sterling HSA or Sterling HSA's agent.

ARTICLE XVI

This Agreement shall be binding upon and inure to the benefit of any successor or assignee of Sterling HSA, whether by way of sale, merger, consolidation, assignment, or change of name.

ARTICLE XVII

All questions concerning the interpretation of this Agreement shall be decided and construed in accordance with the laws of the State of California, except to the extent federal law supersedes California law.

ARTICLE XVIII

1. If any provision of this Agreement is or becomes inconsistent with any present or future law or regulation applicable to HSAs, said provision shall be deemed to be modified to conform to such law or regulation. The remaining provisions of this Agreement shall continue in full force and effect.

2. If any provision of this Agreement should be held invalid or unenforceable, the remainder of this Agreement shall remain in full force and effect and shall not be affected by the invalid or unenforceable provision.

ARTICLE XIX

This Agreement and the documents referred to in the introductory paragraph of this Agreement contain the entire agreement of Sterling HSA and Depositor with respect to the subject matter hereof, and may not be modified orally or in any manner other than as specified in Article XII.