

**Exhibit 10.21**

**LIFE INSURANCE  
ENDORSEMENT METHOD SPLIT DOLLAR PLAN  
AGREEMENT**

Insurer/Policy Number: New York Life Insurance Company  
Bank: Heritage Bank Of Commerce  
Insured:  
Relationship of Insured to Bank: Director  
Date:

The respective rights and duties of the Bank and the Insured in the above policy(ies) (hereinafter the "Policy" or "Policies") shall be as follows:

**I. DEFINITIONS**

Refer to the Policy provisions for the definition of all terms in this Agreement.

**II. POLICY TITLE AND OWNERSHIP**

Title and ownership shall reside in the Bank for its use and for the use of the Insured all in accordance with this Agreement. The Bank alone may, to the extent of its interest, exercise the right to borrow or withdraw the Policy cash values. Where the Bank and the Insured (or beneficiary[ies] or assignee[s], with the consent of the Insured) mutually agree to exercise the right to increase the coverage under the subject split dollar Policy, then, in such event, the rights, duties and benefits of the parties to such increased coverage shall continue to be subject to the terms of this Agreement.

**III. BENEFICIARY DESIGNATION RIGHTS**

The Insured (or beneficiary[ies] or assignee[s]) shall have the right and power to designate a beneficiary or beneficiaries to receive his share of the proceeds payable upon the death of the Insured, and to elect and change a payment option for such beneficiary, subject to any right or interest the Bank may have in such proceeds, as provided in this Agreement.

**IV. PREMIUM PAYMENT METHOD**

The Bank shall pay an amount equal to the planned premiums and any other premium payments that might become necessary to maintain the Policy in force.

**V. TAXABLE BENEFIT**

Annually the Insured will receive a taxable benefit equal to the assumed cost of insurance, as required by the Internal Revenue Service. The Bank (or its administrator) will report to the Insured the amount of imputed income each year on Form W-2 or its equivalent. In addition, Insured shall be responsible for all additional appropriate or required taxes, if any.

**VI. DIVISION OF DEATH PROCEEDS**

Subject to Paragraph VII herein, the division of the death proceeds of the Policy is as follows:

1. The Insured's beneficiary(ies), designated in accordance with Paragraph III, shall be entitled to an amount equal to Eighty Percent (80%) of the Net-at-Risk insurance portion of the proceeds. The Net-at-Risk insurance portion is the total proceeds less the cash value of the Policy.
2. The Bank shall be entitled to the remainder of such proceeds.
3. The Bank and the insured (or beneficiary[ies] or assignee[s]) shall share in any interest due on the death proceeds on a pro rata basis in the ratio that the proceeds due the Bank and the Insured, respectively, bears to the total proceeds, excluding any such interest.
4. In the event that the Policy is terminated other than as a result of (a) a termination of this Agreement pursuant to paragraph X or (b) any intentional act of the Insured which results in the termination of the Policy, then the Bank shall pay to the Insured's beneficiary(ies) an amount which will provide a total after-tax death benefit equal to the benefit that the Insured would have received if the Policy had not been terminated.

## **VII. DIVISION OF CASH SURRENDER VALUE**

The Bank shall at all times be entitled to an amount equal to the Policy's cash value, as that term is defined in the Policy, less any Policy loans and unpaid interest or cash withdrawals previously incurred by the Bank and any applicable Policy surrender charges. Such cash value shall be determined as of the date of surrender of the Policy or death of the Insured as the case may be.

## **VIII. PREMIUM WAIVER**

If the Policy contains a premium waiver provision, any such waived amounts shall be considered for all purposes of this Agreement as having been paid by the Bank.

## **IX. RIGHTS OF PARTIES WHERE POLICY ENDOWMENT OR ANNUITY ELECTION EXISTS**

In the event the Policy involves an endowment or annuity element, the Bank's right and interest in any endowment proceeds or annuity benefits shall be determined under the provisions of this Agreement by regarding such endowment proceeds or the commuted value of such annuity benefits as the Policy's cash value. Such endowment proceeds or annuity benefits shall be treated like death proceeds for the purposes of division under this Agreement.

## **X. TERMINATION OF AGREEMENT**

This Agreement shall terminate at the option of the Bank following thirty (30) days written notice to the Insured upon the happening of any one of the following:

1. The Insured's right to receive benefits under that certain Director Compensation Benefits Agreement, effective as of \_\_\_\_\_, 2005, shall terminate for any reason other than the Insured's death, or
2. The Insured shall be removed from his position as a Director "for cause". The term "for cause" shall mean:
  - a. The willful, intentional and material breach or the habitual and continued neglect by the Director of his responsibilities and duties;
  - b. The Director's willful and intentional violation of (i) any state, federal, banking or securities laws, or of the Bylaws, rules, policies or resolutions of Employer, or the rules or regulations of the California Commissioner of Financial Institutions, Board of Governors or the Federal Reserve System, Federal Deposit Insurance Corporation, or other regulatory agency or governmental authority having jurisdiction over the Employer, which has a material adverse effect upon the Employer;
  - c. The Director's final conviction after exhaustion of all appeals of (i) any felony or (ii) a crime involving moral turpitude, or the Director's willful and intentional commission of a fraudulent or dishonest act, which in any of the foregoing circumstances has a material adverse effect upon the Employer.

Upon such termination, the Insured (or beneficiary[ies] or assignee[s]) shall have a ninety (90) day option to receive from the Bank an absolute assignment of the Policy in consideration of a cash payment to the Bank, whereupon this Agreement shall terminate. Such cash payment shall be the greater of:

1. The Bank's share of the cash value of the Policy on the date of such assignment, as defined in this Agreement.
2. The amount of the premiums that have been paid by the Bank prior to the date of such assignment.

Should the Insured (or beneficiary[ies] or assignee[s]) fail to exercise this option within the prescribed ninety (90) day period, the Insured (or beneficiary[ies] or assignee[s]) agrees that all of his or her rights, interest and claims in the Policy shall terminate as of the date of the termination of this Agreement.

Except as provided above, this Agreement shall terminate upon distribution of the death benefit proceeds in accordance with Paragraph VI above.

## **XI. INSURED'S OR ASSIGNEE'S ASSIGNMENT RIGHTS**

The Insured may not, without the prior written consent of the Bank, assign to any individual, trust or other organization, any right, title or interest in the Policy nor any rights, options, privileges or duties created under this Agreement.

## **XII. AGREEMENT BINDING UPON THE PARTIES**

This Agreement shall be binding upon the Insured and the Bank, and their respective heirs, successors, personal representatives and assigns, as applicable.

**XIII. NAMED FIDUCIARY AND PLAN ADMINISTRATOR**

The Bank is hereby designated the "Named Fiduciary" until resignation or removal by its Board of Directors. As Named Fiduciary, the Bank shall be responsible for the management, control, and administration of this Agreement as established herein. The Named Fiduciary may allocate to others certain aspects of the management and operations responsibilities of this Agreement, including the employment of advisors and the delegation of any ministerial duties to qualified individuals.

**XIV. FUNDING POLICY**

The funding Policy for this Agreement shall be to maintain the Policy in force by paying, when due, all premiums required.

**XV. CLAIM PROCEDURES**

Claim forms or claim information as to the subject Policy can be obtained by contacting Benmark, Inc. (800-544-6079). When the Named Fiduciary has a claim which may be covered under the provisions described in the Policy, it should contact the office named above, and they will either complete a claim form and forward it to an authorized representative of the Insurer or advise the named Fiduciary what further requirements are necessary. The Insurer will evaluate and make a decision as to payment. If the claim is payable, a benefit check will be issued to the Named Fiduciary.

In the event that a claim is not eligible under the Policy, the Insurer will notify the Named Fiduciary of the denial pursuant to the requirements under the terms of the Policy. If the Named Fiduciary is dissatisfied with the denial of the claim and wishes to contest such claim denial, it should contact the office named above and they will assist in making inquiry to the Insurer. All objections to the Insurer's actions should be in writing and submitted to the office named above for transmittal to the Insurer.

**XVI. GENDER**

Whenever in this Agreement words are used in the masculine, feminine or neuter gender, they shall be read and construed as in the masculine, feminine or neuter gender, whenever they should so apply.

**XVII. INSURANCE COMPANY NOT A PARTY TO THIS AGREEMENT**

The Insurer shall not be deemed a party to this Agreement, but will respect the rights of the parties as set forth herein upon receiving an executed copy of this Agreement. Payment or other performance in accordance with the Policy provisions shall fully discharge the Insurer from any and all liability.

IN WITNESS WHEREOF, the Insured and a duly authorized Bank officer have signed this Agreement as of the above written date.

HERITAGE BANK OF COMMERCE

INSURED

\_\_\_\_\_

\_\_\_\_\_

**BENEFICIARY DESIGNATION FORM  
FOR THE LIFE INSURANCE ENDORSEMENT METHOD  
SPLIT DOLLAR PLAN AGREEMENT**

**I. PRIMARY DESIGNATION**

*(You may refer to the beneficiary designation information prior to completion of this form.)*

**A. Person(s) as a Primary Designation:**

*(Please indicate the percentage for each beneficiary)*

Name \_\_\_\_\_ Relationship \_\_\_\_\_ / \_\_\_\_\_ %

Address: \_\_\_\_\_  
(State) (City) (State)(Zip)

Name \_\_\_\_\_ Relationship \_\_\_\_\_ / \_\_\_\_\_ %

Address: \_\_\_\_\_  
(State) (City) (State)(Zip)

Name \_\_\_\_\_ Relationship \_\_\_\_\_ / \_\_\_\_\_ %

Address: \_\_\_\_\_  
(State) (City) (State)(Zip)

Name \_\_\_\_\_ Relationship \_\_\_\_\_ / \_\_\_\_\_ %

Address: \_\_\_\_\_  
(State) (City) (State)(Zip)

**B. Estate as a Primary Designation:**

My primary Beneficiary is the Estate of \_\_\_\_\_ as set forth in the last will and testament dated the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ and any codicils thereto.

**C. Trust as a Primary Designation:**

Name of the Trust: \_\_\_\_\_

Execution Date of the Trust: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Name of the Trustee: \_\_\_\_\_

Beneficiary(ies) of the Trust (please indicate the percentage for each beneficiary):

\_\_\_\_\_  
\_\_\_\_\_

Is this an Irrevocable Insurance Trust? \_\_\_\_\_ Yes \_\_\_\_\_ No

*(If yes and this designation is for a Split Dollar agreement, an Assignment of Rights form should be completed.)*

II. **SECONDARY DESIGNATION**

A. **Person(s) as a Secondary (Contingent) Designation:**

(Please indicate the percentage for each beneficiary)

Name \_\_\_\_\_ Relationship \_\_\_\_\_ / \_\_\_\_\_ %

Address: \_\_\_\_\_  
(State) (City) (State)(Zip)

Name \_\_\_\_\_ Relationship \_\_\_\_\_ / \_\_\_\_\_ %

Address: \_\_\_\_\_  
(State) (City) (State)(Zip)

Name \_\_\_\_\_ Relationship \_\_\_\_\_ / \_\_\_\_\_ %

Address: \_\_\_\_\_  
(State) (City) (State)(Zip)

Name \_\_\_\_\_ Relationship \_\_\_\_\_ / \_\_\_\_\_ %

Address: \_\_\_\_\_  
(State) (City) (State)(Zip)

B. **Estate as a Secondary (Contingent) Designation:**

My primary Beneficiary is the Estate of \_\_\_\_\_ as set forth in the last will and testament dated the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ and any codicils thereto.

C. **Trust as a Primary (Contingent) Designation:**

Name of the Trust: \_\_\_\_\_

Execution Date of the Trust: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Name of the Trustee: \_\_\_\_\_

Beneficiary(ies) of the Trust (please indicate the percentage for each beneficiary):

\_\_\_\_\_

\_\_\_\_\_

All sums payable under the Joint Beneficiary Designation Agreement by reason of my death shall be paid to the Primary Beneficiary(ies), if he or she survives me, and if no Primary Beneficiary(ies) shall survive me, then to the Secondary (Contingent) Beneficiary(ies). This beneficiary designation is valid until the participant notifies the bank in writing.

\_\_\_\_\_  
Insured

\_\_\_\_\_  
Date

NOTE\*\* IF YOU RESIDE IN A COMMUNITY PROPERTY STATE (ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON OR WISCONSIN), AND YOU ARE DESIGNATING A BENEFICIARY OTHER THAN YOUR SPOUSE, THEN YOUR SPOUSE MUST ALSO SIGN THE BENEFICIARY DESIGNATION FORM.

I am aware that my spouse, the above named Insured has designated someone other than me to be the beneficiary and waive any rights I may have to the proceeds of such insurance under applicable community property laws. I understand that this consent and waiver supersedes any prior spousal consent or waiver under this plan.

Spouse Signature: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_