

MERCHANTS

bank of
commerce

ACCOUNT TERMS AND CONDITIONS

This booklet contains information regarding the terms and conditions of
your account with Merchants Bank of Commerce
Effective March 22, 2021

Merchants Bank of Commerce
1901 Churn Creek Road
Redding, CA 96002-0246
800-421-2575



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1. General Information.

Welcome to Merchants Bank of Commerce. We thank you for opening an Account with us. This booklet provides the general rules that apply to deposit accounts (each, an "Account") and related services you have with us.

2. Agreement for Deposit Accounts.

This Agreement is subject to applicable federal laws, the laws of the State of California, and other rules such as the operating letters of the Federal Reserve Banks and payment processing system rules (except to the extent this Agreement varies such laws or rules). It is important that you carefully review this Agreement and keep it for your later reference because it contains important information about your Account. If there is a conflict between this Agreement and something said by one of our employees, this Agreement will control. As used in this Agreement, "we," "us," "our," "ours" and the "Bank" mean Merchants Bank of Commerce, and "you," "your" and "yours" mean each Account depositor who signs the signature card and anyone else authorized by an Account depositor to act on his, her or its behalf.

This document, along with any other documents we give you pertaining to your Account(s), is a contract that establishes rules which apply to your Account(s) with us (collectively, the "Agreement"). This document contains most of the terms and conditions of your Agreement, but the following disclosures, as in effect from time to time, are also considered part of this Agreement to the same extent as would be the case if they were included within this document (all of which are incorporated by reference):

- Our Schedule of Fees and Services (our "Fee Schedule"), which explains our fees
- Our Privacy Policy and our Internet / Online Privacy Policy;
- Our rate sheet for interest bearing Accounts; and
- All additional disclosures, documentation, or other agreements of any sort that we provide to you about your Account and related services.

This Agreement applies to all of your Accounts with the Bank and supersedes and replaces any previous Account Terms and Conditions Agreement between you and the Bank. If you have any questions about this Agreement or any other matter, please call us at 1-800-421-2575.

3. Customer Identification Notice.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities and to protect you and us against fraud, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account or changes an existing account. In some instances, these identification requirements apply to those who are not owners of the account. This may include those who are beneficial owners of a legal entity, those who are authorized to initiate transactions, or those who otherwise conduct business on your behalf in connection with the account. These federal and bank identification requirements apply to all customers, whether new or existing.

What this means for you: When you open or change or add signers on an Account, we will ask each person for their name, physical address, mailing address, date of birth, tax identification number (TIN), and other information that will allow us to identify the person, and we may ask to see and copy or record information from the person's driver's license or other identifying documents.

We may further ask you for specific information regarding the nature of anticipated Account activity, the sources of funds, the purposes of transactions, the relationships you have with persons to whom you send funds and persons who send funds to you, the anticipated frequency of such transactions, the ultimate beneficiaries of funds you send and receive, and other questions that may help us clarify the nature and purpose of transactions. We may close Accounts if we are unable to understand the purpose of the Account, the structure of your organization, the authority of the signers on the Account, the documentation provided, or the general risk associated with the establishment or maintenance of the Account. We may elect to not disclose the specific reason for our action.

Owners of Accounts or funds maintained in Accounts managed by fiduciaries may also be asked at Account opening and from time to time to provide us with valid documentation of trust agreements (or certification of trust), court orders, and any other documents deemed necessary by us. You must inform us about and disclose to us the identity of all persons who have a beneficial interest in you (if you are not a natural person) and in your transactions.

4. Compliance with Laws, Rules, and Regulations.

You agree to comply at all times with all laws, rules, and regulations applicable to you, to your activities and Account transactions and to your use of your Account and our services (collectively, "applicable law"), and not to use your Account for any unlawful purpose.

a. Anti-Money Laundering and OFAC.

To the extent applicable, you agree to comply at all times with federal and state anti-money laundering laws (*e.g.*, the Bank Secrecy Act of 1970) and the sanctions laws restricting or prohibiting certain or all financial transactions with certain countries, persons, or organizations (*e.g.*, the sanctions administered by the Office of Foreign Assets Control). You agree that, upon our request, you will provide us with evidence reasonably satisfactory to us showing that you are in compliance with all applicable law.

b. Unlawful Internet Gambling Enforcement Act of 2006.

The Unlawful Internet Gambling Enforcement Act of 2006 (the "UIGEA") and Regulation GG prohibit us from permitting you to use your Account in connection with gambling that is wholly or partly conducted over the Internet if such gambling violates federal or state law. Consequently, we will not knowingly permit you to use your Account in connection with **any** Internet gambling, because, while some forms of Internet gambling may be legal, we may not be able to determine whether your gambling activities are legal or not. In other words, we will not honor transactions that appear to us, in our sole discretion, to involve Internet gambling, even if such transactions are otherwise lawful.

You understand that "restricted transactions" (as defined in the UIGEA and Regulation GG) are prohibited from being processed through your Accounts or your relationships with us. Restricted transactions generally include, without limitation, those in which credit, electronic fund transfers, checks, or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful Internet gambling.

We reserve the right to deny transactions or authorization from merchants apparently engaging in the Internet gambling business or identifying themselves through card transaction records or otherwise as engaged in that or any other illegal or improper business. Further, we reserve the right to block or close any Account, which we believe may be involved in any such restricted transactions.

Before engaging in lawful Internet gambling activity through the use of a commercial Account with the Bank, you or a representative of the business Account agree to notify the Bank immediately of the intent to engage in Internet gambling business activity at any time in the future and provide any and all documentation requested by the Bank. Despite the foregoing, the Bank reserves the right to refuse to offer, freeze or terminate products or services at any time as we feel necessary, in our sole discretion.

5. Transfer and Assignment.

An Account may not be negotiated, transferred, or assigned without our prior written consent, which we may withhold in our discretion for any or no reason. If you would like to transfer ownership of your Account, we may require that the Account be closed and a new Account be opened.

6. Account Ownership.

You may choose to open an Account with one or more other persons. Below is a list of the common types of Accounts that you might open. Decisions concerning whether an Account should be held in a certain capacity may have significant legal, tax, and estate planning consequences. We recommend that you consult your attorney or tax professional before deciding which type of Account is appropriate for you.

Regardless of the type of Account you open, your signature card identifies the specific person(s) authorized to make withdrawals, write checks, transfer funds, stop payments, obtain ancillary services, and otherwise give us instructions regarding your Account (each, an "Authorized Signer"). If we agree in a writing separate from your signature card to enforce a multiple signature requirement for check withdrawals, you agree to order checks that bear a legend above the signature lines that two (2) signatures (or more, if applicable) are required, and you understand that we may charge extra fees in connection with your Account to compensate us for the extra burdens and risks associated with the separate multiple signature requirement agreement.

We may pay any check that bears a signature or endorsement (including a facsimile signature) resembling an authorized signature on file with us.

If at any time the Authorized Signers on your Account change, we may continue to honor items and instructions given earlier by previous Authorized Signers unless you notify us in writing not to do so and we have had a reasonable amount of time to approve and act on your notice. Importantly, please note that a new signature card, by itself, does not constitute such notice. You agree that signatures by your Authorized Signers are valid, even if the principal-agent relationship is not indicated on the check, item, or instruction they sign. Further, we may treat any signature on a check or other item drawn on your Account as authorized, regardless of whether the signer is designated as an Authorized Signer on a signature card, if the signer has actual, implied or apparent authority to act on your behalf. We may act on any signature we believe in good faith is authorized, and we will not be liable for our actions in doing so except to the extent required by applicable law.

We may act upon the instructions of any Authorized Signer to close or partially or fully withdraw the funds in the Account, renew or otherwise deal with the Account, whether or not the Authorized Signer giving the instruction has possession of the checkbook, passbook, or certificate evidencing the deposit. We may allow any Authorized Signer, including an Authorized Signer on a joint Account, to add Authorized Signers to an Account; however, we have the right to require the signatures of all Authorized Signers to make the change. Only under special circumstances and subject to our prior approval, may an Authorized Signer remove another Authorized Signer from an Account.

a. Individual Account.

An individual Account is held by one person who does not intend to create any survivorship rights to any other person. All funds held in an individual Account are presumed to belong to that depositor.

b. Joint Tenancy Account.

A joint tenancy Account with right of survivorship is an Account in the name of two (2) or more depositors. If you open an Account with others in "joint tenancy," each of you will have an equal undivided ownership interest in the Account during your lifetime(s). Each depositor has an equal right to deposit or withdraw funds from the Account whether or not any of the depositors are deceased or incompetent. If a joint tenant dies, the funds in the Account become the property of the surviving joint tenant(s). If there is more than one (1) surviving joint tenant, the rights of survivorship will continue between the surviving joint tenants. Unless you designate otherwise on your signature card we will assume that personal Accounts opened by two (2) or more persons are intended to be joint tenancy Accounts with right of survivorship.

c. Community Property Accounts.

If you and your spouse/registered domestic partner open a "community property" Account, each of you will have an equal undivided interest in the Account. If one of you dies, one-half of the Account will belong to the survivor. Ownership over the other half will be determined by the rules applicable to the decedent's estate. Typically, these rules provide that the decedent's half passes in accordance with the decedent's testamentary documentation (*e.g.*, his or her will). However, in the absence of such documentation (*e.g.*, if the decedent died without a will), the decedent's half of the Account will typically pass to the survivor in the same manner as with a joint tenancy Account with right of survivorship.

In any case, we will continue to permit the survivor to withdraw funds from the Account after one of you dies. You understand that it is the decedent's estate or legal successor's responsibility to seek the decedent's interest in the Account from us, and we will not be responsible to the decedent's estate or other legal successor for any funds that were withdrawn by the survivor prior to our receipt of the estate's or other legal successor's claim to a portion of the Account.

Please note that if you wish for your Account to be treated as community property, this designation must be clearly indicated on your signature card; otherwise, a two-depositor account not held as tenants in common will be considered a joint tenancy Account with right of survivorship.

d. Tenancy-in-Common Account.

If your Account is opened with others as "tenants-in-common," each of you will own some undivided interest in the Account. We will assume that each of you own an equal interest in the tenancy-

in-common ("TIC") Account unless you notify us in writing of a different allocation. In a TIC Account, if a tenant-in-common dies, his or her share will not pass to the surviving tenant(s)-in-common. Instead, the deceased depositor's interest in the TIC Account will pass to his or her estate or other legal successor. However, we will continue to permit the survivors to withdraw funds from the TIC Account after one or more of the tenants-in-common die. You understand that it is the decedent's estate or other legal successor's responsibility to seek the decedent's interest in the TIC Account from us, and we will not be responsible to the decedent's estate or other legal successor for any funds that were withdrawn from the TIC Account prior to our receipt of the estate's or other legal successor's claim. We will not take any steps to assure that any depositor, including a decedent's estate or legal successor, claims only his or her or the decedent's share of the TIC Account.

e. Informal Trust or POD Account.

If you open your Account "in trust" for someone else (such as your child) but the signature card for your Account does not indicate that you are acting as a trustee under a written trust agreement or other fiduciary arrangement (for example, as trustee for your clients), your Account will be treated as a payable on death (a "POD") Account. Under a POD Account, you will be the exclusive and outright holder of the POD Account during your lifetime, with full control over the POD Account with the right to make deposits to and withdrawals from the POD Account, and to change the beneficiary or close the POD Account. If more than one person opens a POD Account, each person's interest will be as joint tenants with right of survivorship (see above). The funds, if any, in the POD Account when the last of the depositors who opened the Account dies will pass to the beneficiary or beneficiaries designated on the signature card in equal shares (subject to our general right of set-off for any indebtedness owed to us by the depositor or any beneficiary) unless you have given us specific written instructions for a different division.

f. Formal Trust Account.

If you open an Account "in trust" and the signature card for your Account indicates that you are acting as the trustee under a formal written trust agreement or that the Account is held by you as trustee for your client(s) or under another fiduciary arrangement, the Account will be treated as a trust Account. Under a trust Account, you will have full control over the Account subject to the terms of the trust agreement or the legal or regulatory rules applicable to the fiduciary relationship. You understand that we have no responsibility to monitor or investigate how the Account is used or whether transactions to or from the Account are being made in accordance with the trust agreement or in compliance with legal or regulatory rules. When you resign as trustee or are otherwise unable to act as trustee, the successor trustee will become the holder of the Account after furnishing us with satisfactory documentation, as we deem appropriate, in our sole discretion, to evidence the successor's right to the trust Account.

When you open a formal trust Account, you certify to us that (1) you are the only current trustee(s) of the trust (and there is no other co-trustee that has not signed the signature card); (2) you are authorized to enter into this Agreement and other agreements with us in connection with the trust Account; (3) no other person's authorization or court order is required for the actions you take and/or the instructions you give to us in connection with the Account; (4) the correct name of the trust is reflected on the signature card or application for the Account; and (5) the trust has not been revoked, modified, or amended in any manner that would cause these certifications to be incorrect. You agree to provide us with reasonable advance notice of any amendments made to the trust, any change in trustees or beneficiaries, and any other event that might affect any right, duty or authorization of any person (including us) with respect to the Account. We will not be required to know, understand, interpret,

investigate, monitor or enforce the terms of any trust document that may be provided to us. We may require you to sign a separate trust certification form in order to open or maintain a trust Account.

g. Attorney-Client Trust Account.

If you wish to open an Account known as an Interest on Lawyer's Trust Account ("**IOLTA**"), this desire must be clearly indicated on your signature card for the Account. Otherwise, we may assume that the Account is not governed by the IOLTA rules.

7. Powers of Attorney.

We are sometimes asked to honor instructions given by someone claiming to act on behalf of an Account depositor under a power of attorney. We reserve the right to refuse to act upon those instructions if we are uncertain, in our sole discretion, that the power of attorney is valid and covers the transaction(s) being requested. Therefore, if you wish to appoint an attorney-in-fact to transact business with us on your behalf, we suggest that you consider either simply adding that person as an authorized signer on your Account. We strongly recommend that you seek the advice of an independent lawyer before deciding whether a power of attorney will suit your specific goals or needs.

You understand that when we are requested to honor the instructions of one claiming to be your attorney-in-fact under a power of attorney, we **may** consider the authenticity and continued validity of the power, evaluate the power, and determine whether the instructions are consistent with it. You agree not to hold us responsible for any loss or damage you may incur as a result of the decision we make whether to follow the instructions given by the attorney-in-fact as long as our decision is made in good faith. You agree the Bank will not be responsible for any action taken on an Account on your behalf by a fiduciary agent or under power of attorney, including any misuse or misappropriation of funds.

8. Personal Accounts vs. Business Accounts.

Do not use a personal Account as a business Account. If you do, the Account may be reclassified as a business Account, in which case we reserve the right to change your consumer deposit Account type to a business deposit Account type. If we reclassify the Account, your Account may be subject to the fees and earnings rules of the new Account classification.

9. Our Business Days.

For purposes of this Agreement, our "**business days**" are Monday through Friday, excluding Saturdays, Sundays and holidays on which the Federal Reserve Bank of San Francisco is closed.

10. Deposits and Credits to Accounts.

a. Generally.

You authorize us to accept transfers, wires, checks, drafts and other items (collectively called "**items**") for encashment or deposit into any of your Accounts if they are payable to, or to the order of, one or more of the depositors of the Account, and whether or not they are endorsed by any or all of the payees. Any depositor or Authorized Signer on an Account is authorized to endorse and cash, deposit or otherwise negotiate an item in the name and on behalf of any depositor of the Account. You authorize us to accept an item for deposit to your Account from anyone, without any duty to question the authority of

the person making the deposit. If you make any deposit or payment which is not accompanied by instructions indicating how or where it is to be credited, we may apply it, in our sole discretion, to any loan or Account you maintain with us. You will be responsible for any loss because of your failure to identify your Account properly by name and Account number on any deposit item. You guarantee to us the payment of all cashed or deposited items, and understand that all cashed or deposited items are subject to later verification, adjustment and collection by us.

We reserve the right to refuse to process items jointly payable to you and to any other person who is not a party to your Account. If you wish to deposit an item which is jointly payable to you and to any other person who is not a party to your Account, we reserve the right to require all payees to be present and to endorse the item in our presence, after each such person has been identified to our satisfaction, unless the other party's endorsement is guaranteed by another financial institution. However, our failure to follow this procedure will not affect your responsibilities to us if any other endorsement is questioned or if the item is returned to us because an endorsement is missing or for any other reason.

All items tendered or received for encashment or deposit will be processed by us as your agent, even if we cash the item or give you immediate credit for it. Any credit to an Account or the cashing of the item is provisional and subject to final verification and collection. You assume all risk of loss of an item in the process of collection. We may reverse any credit given and any interest earned or accrued for a deposited item that is lost in transit, and we may recover from any Account you maintain with us the funds given to you for a cashed item which is lost in transit.

You authorize us to present an item again for payment after it has been returned or dishonored, without telling you that the item was returned unpaid or that we are presenting it again. If the item cannot be properly verified and/or collected, we will reverse the provisional credit given to you, or if we have cashed the item for you, we may debit your Account(s) for it without prior notice to you. As set forth in our Fee Schedule, you may be assessed a fee for these services. You also authorize us to process and deliver to you a photocopy or other image of a returned item or other returned item, in lieu of the original, whether it is charged back to your Account or automatically presented again, and whether or not the original item is available.

We may refuse any deposit (whether in cash or by item or other charge) to an Account, limit the amount of any deposit or return all or any part of a deposit to you without prior notice, whether the deposit is attempted to be made by you or anyone else on your behalf. We reserve the right to return to you any item that we receive for deposit to your Account, if we decide not to accept that item. If we make this decision, we will send a notice by the next business day after we receive it.

a. When Interest Begins.

We may pay interest on your Account to the extent permitted by applicable law, in accordance with the terms of this Agreement. We may change rates, times and terms at any time without actual notice to you, except as required by applicable law. You acknowledge that we have provided you with information about our current rates of interest, annual percentage yield and the manner of computation along with this Agreement. For interest-earning Accounts, interest will typically begin to accrue on the business day that we receive a deposit. If interest has accrued on a deposit that is later dishonored or otherwise returned to us, we may reverse the amount of the accrued interest.

b. Deposited Items Returned.

Please note that our employees are not authorized to advise you that checks drawn on or issued by other financial institutions will be paid.

You authorize us to reverse any immediate or later deposit credited to your Account and to debit your Account (or any other Account you have with us) in connection with an item that we have cashed for you over-the-counter if the item is not finally paid by the financial institution upon which it is drawn (whether or not you have been allowed to withdraw the funds) and whether or not the dishonor of the item by the other financial institution was timely. You also authorize us to resubmit any item to the financial institution upon which it is drawn if the item is returned to us unpaid, without giving you notice that the item was not paid when first presented. You authorize us to reverse any deposit or credit and to debit your Account (or any other Account you have with us) in connection with a check we have cashed for you if the person who drew the item or any other person or financial institution with an interest in the item claims that any required endorsement on the item (such as that of a co-payee or previous payee) is forged, unauthorized, missing or that the item has been altered. Our rights will not depend upon whether the item actually bore a forged endorsement, or an endorsement was actually unauthorized, missing, or that the item was actually altered. We may process another financial institution's return of, or any other claim relating to, an item even if the return or other claim is made electronically rather than by submission of the item to us in its original paper form, and you agree to be bound by our actions in this regard to the same extent as would be the case had the item been submitted to us in its original paper form.

Except as stated in the paragraph immediately above, we will notify you if a deposited item is dishonored or otherwise returned to us unpaid. Our notice may be verbal or written.

You waive any notice of nonpayment, dishonor, or protest regarding any items dishonored or otherwise returned to us unpaid, whether the item has been accepted for deposit or processed as a collection item, as discussed below.

c. Recurring Direct Deposits.

The right to receive certain recurring direct deposits made to your Account (such as monthly Social Security deposits) usually ceases after the death of the person for whom the deposit is made. Sometimes when the Originator of deposits is unaware of an Account depositor's death, deposits will continue for some time after his or her death. The originator, such as a government agency or insurance company, may then demand or request that we return any sums that were directly deposited to the Account after the death or other event that disqualifies the benefit, including single deposits which the deceased (and a second depositor on a joint Account) may have been receiving. If applicable law requires the Bank to honor such demand, we will debit your Account (or any other Account you have with us) for all amounts we are required to return to the originator.

d. Receipts.

At our discretion, we may issue you a paper receipt or note a deposit in your checking or savings book. Either way, these receipts or notations are records of your deposits and you should keep them until you have determined that a deposit is accurately reflected on your statement. Having your deposit record available may make it easier for us to locate a lost deposit. However, whether or not you produce a receipt, our decision as to whether a deposit was actually received by us is final, and if we cannot locate

a deposit based upon our or your records, we may require you to produce other evidence, such as a copy of the front and back of a check or other item that you claim to have deposited with us.

e. Cashing Checks for Third Parties.

Do not use your Account to cash checks for third parties who are not well known to you. Although we may make funds provisionally available to you and may take steps to verify that a check will be paid, you are responsible for any loss that occurs if the check is returned to us for any reason.

f. Foreign Currency Items.

If you deposit an item payable in a foreign currency and it is later returned unpaid to us, when we debit your Account for the return, the amount of the debit will be determined by applying the selling rate for the foreign currency prevailing on the day when we learn that your deposit will not be paid or will be returned.

g. Items Sent for Collection.

If we refuse to accept an item for deposit through the regular check collection system, we may (at our option or at your request) process the item on a "collection basis." This means that we will send it through appropriate channels to the financial institution upon which the item was drawn. If and when we actually receive final payment for the item, we will credit your Account for the amount we receive on the business day we receive payment. If we do not receive payment, we will return the item to you. You agree that the Bank has sole discretion to determine whether an item will be accepted for deposit and processed on a collection basis. As set forth in our Fee Schedule, we may charge a fee for processing an item on a collection basis.

You agree to be responsible for all fees and charges assessed in the collection process. We will notify you that an item is not eligible for deposit, and must be sent as a collection item, as soon as practical after we determine to process the item on a collection basis. This may occur after you have left the Bank premises, for example. Any item accepted for collection will not be deemed accepted for deposit for purposes of Regulation CC and is not governed by the Bank's Funds Availability Policy.

11. Endorsements.

You are responsible for the proper endorsement of any item deposited to your Account. You are also responsible for any improperly placed endorsement and any writing, printing, carbon band or other material on any check or other item issued from or deposited to your Account. You are also responsible for any loss or expense we may incur relating to the improper placement, insufficiency, or illegibility of an endorsement as well as the condition of any check or item processed in connection with your Account(s). We have the right, but not the obligation, to supply any missing endorsement and may process your deposit without any or all payees' endorsements, without losing any of our rights against you if the item is not finally paid.

We may require that certain government checks, insurance company items or other special types of checks be personally endorsed by each of the payees in the presence of a Bank representative. You agree to reimburse us for any loss or expense we incur because you failed to endorse an item exactly as it is drawn. You may be liable for any costs that result from late return of a check if your endorsement is outside the allowed area and delays or prevents the return of an item. You understand that this situation

is particularly likely when the delay in returning an item is caused by markings on the item in the space reserved for the depository bank's endorsement that were made by you or a prior endorser.

12. Cutoff Times and When Deposits Are Deemed Received.

The Bank's cutoff time for ATM deposits is 4:00 p.m. Pacific Time. The Bank's cutoff time for deposits made at a night drop is 8:00 a.m. Pacific Time. The Bank's cutoff time for transfers using our 24-hour telephone banking service is 6:00 p.m. Pacific Time. The cutoff time for other deposits is generally 5:00 p.m. Pacific Time, but deposits at some Bank branches may be different. Please check with your branch for that branch's daily cutoff time.

If we receive a deposit on a day that is not a business day, or if we receive the deposit after the cutoff time on a business day, we will treat the deposit as if we had received it on the next business day.

13. Funds Availability Policy.

a. ATM Deposits.

On the business day your ATM deposits are deemed received, a total of \$225 will be immediately available for withdrawal using an ATM or debit card at a point-of-sale (a "POS"). The remaining amount of your total ATM deposits received on a given business day will be available on the next business day.

b. Other Deposits.

Except for the special rule applicable to the first \$225 of deposits received at ATMs on a business day, 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, subject to delays provided by applicable law and this Agreement. Cash deposits, electronic direct deposits and wire transfers will be available on the business day we receive the deposit, provided that we receive the deposit before the applicable cutoff time.

Once funds are made available to you, you may use those funds for cash withdrawals at an ATM or branch, covering checks, or debit card POS purchases drawn on those funds or transfers from the Account into which the funds were deposited, via an in-branch, phone, Internet or ACH transfer instruction.

c. 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 business day we receive your deposit. Depending on the type of check that you deposit, funds may not be available until the second (2nd) business day after the day we receive your deposit. However, the first \$225 of your deposit will be available on the first business day after the business day we receive your deposit.

If we are not going to make all of the funds from your deposit available on the first business day after the business day we receive your deposit, we will notify you as soon as reasonably possible after you make the deposit, but no later than permitted by applicable law. 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 Bank premises, we will notify you by mail on the day of or the day after we receive your deposit.

If you will need the funds from a deposit immediately, 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 \$5,525 on any one day;
- You redeposit a check that has been returned unpaid;
- You have overdrawn your Account repeatedly in the last six (6) months; or
- There is an emergency, such as a failure of computer or communication 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. They will generally be available no later than the seventh (7th) business day after the day we receive your deposit. If we make funds available ahead of schedule, including in situations where we have the right to impose a longer delay, it does not mean we will do so again in the future.

d. Special Rules for New Accounts.

If you are a new customer, the following special rules will apply during the first thirty (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 \$5,525 of a day's total deposits of cashier's, certified, traveler's, and federal, state, and local government checks will be available on the first business day after the day we receive your deposit if the deposit meets certain conditions (*e.g.*, the check[s] must be payable to you and you may have to use a special deposit slip). The excess over \$5,525 will be available on the ninth (9th) business day after the day we receive 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 \$5,525 will not be available until the second (2nd) business day after the day we receive your deposit. Funds from all other check deposits will be available on the ninth (9th) business day after the day we receive your deposit.

14. Withdrawals.

a. Generally.

Withdrawals, transfers and other debits of all or any part of your Account balance will be permitted as authorized on the signature card for your Account. This means that we may allow any Authorized Signer shown on your signature card to withdraw, direct, or authorize another person to direct a transfer from your Account by check, draft, electronic transfer, by wire or through an Automated Clearing House ("ACH") set up, whether the withdrawal or transfer is initiated in writing, electronically, over the telephone, or otherwise. This broad authorization includes withdrawal orders initiated by a third party drawing drafts on your Account or initiating electronic fund transfers if the third person is authorized to do so by you or any other person with signing authority over your Account. We may refuse any withdrawal or transfer request: (a) which you attempt on forms not approved by us; (b) by a method

we do not generally permit; (c) if you have already met or exceeded any transaction frequency limitation applicable to the Account; or (d) which is for an amount outside of any withdrawal limitations. Even if we honor one or more nonconforming requests, we may refuse to honor future such requests or we may close your Account or place it into another deposit account category (which may have different features and related pricing) that is more consistent with your usage or attempted usage.

We may pay any item which bears a signature or endorsement (including a facsimile signature) resembling any authorized signature(s) found on your Account signature card. In addition, under certain circumstances, such as third party drafts, ATM or POS transactions, or ACH items, we may pay items which do not bear such signatures.

b. Large Cash Withdrawals.

We may require reasonable advance notice from you for large cash withdrawals. We may also refuse to honor a request to withdraw funds in cash from your Account or to cash an item at a branch if we believe that the amount is unreasonably large or that honoring the request would cause us an undue hardship or risk or cause us, in our reasonable discretion, to engage in an unsafe or unsound banking practice. You understand that the Bank is not responsible for your security with respect to such transactions (*e.g.*, the inherent risks associated with holding large amounts of cash). The Bank reserves the right to issue you a cashier's check for the amount requested.

c. Limitations on Certain Withdrawals.

We may refuse to honor any item when the portion of the Account balance that we consider collected is insufficient to cover the item. Even if we have not placed a hold on a deposited item, the funds reflected thereon are not considered collected until we expect to receive provisional credit for them in accordance with our Funds Availability Policy, and even after provisional credit has been received, if the related deposited item is ultimately returned to us, we will reverse the credit to your Account. We may refuse or limit withdrawals from any office which is not your branch of Account. We may also refuse to honor items drawn on your Account if they are directly presented to us by someone we cannot identify to our satisfaction.

At our sole discretion, we may require the signatures of all Account depositors and/or Authorized Signers for checks, transfers or other withdrawals and/or the closing of any Account.

d. Transactions Limitations.

Applicable law requires that we reserve the right to at any time require not less than seven (7) days' notice in writing before each withdrawal from an interest-bearing account or from any other savings account as defined under Regulation D of the Board of Governors of the Federal Reserve System.

Demand deposit accounts, regardless of whether they earn interest, are not subject to this seven (7) day notice requirement.

e. Processing Checks.

We have automated collection and payment procedures. These automated procedures rely primarily on information encoded on each check or item in magnetic ink. For example, the Bank's routing number, your Account number, and your check number are encoded by the check printing company. Further, the amount of the item may be encoded by the owner of the account on which the item is drawn (you, for your own checks, for example) or by the financial institution who accepts the item for deposit into its customer's account or for payment of an obligation owed to that institution. In paying or processing an item, we may rely on the information encoded on a check's magnetic ink character recognition ("MICR") line, whether or not the encoded information is consistent with the other information on the check. You will reimburse us for any loss or expense we incur because you issue and we process against your Account, or deposit into your Account, an item containing wrong, altered, or extra information in the MICR line. You agree that automated check processing is reasonable and that you have responsibility for preventing and reporting forgeries, alterations and other mistakes or unauthorized use of your Account. You understand and agree that we may, and applicable law allows us to, pay checks without actually reviewing the existence or authenticity of the signature on the check without being deemed to have acted negligently. Rather, you agree that this type of item processing is and will be considered to be consistent with exercising ordinary care. When we take an item for processing by automated means, "ordinary care" does not require that we examine each item. Rather, "ordinary care" requires only that we follow standards prevailing in the area in which we are located and that do not vary unreasonably from the general standards followed by similarly-situated financial institutions. A mere clerical error, or an honest mistake, is not considered a failure of the Bank to exercise ordinary care. Furthermore, the Bank's own policies and procedures are used solely for our internal reasons and do not establish a higher standard of care for the Bank than that which is provided by applicable law.

We will not be obligated to monitor or investigate items deposited to, or drawn against, Accounts held by a trustee or other fiduciary to determine whether the trustee or fiduciary is acting consistently with or in breach of any fiduciary duty.

The Bank is not responsible for the neglect, mistake, or fault of another financial institution or person, including for the loss or destruction of an item or misrouting of an item in transit or in the possession of others. If a deposited item is lost or misrouted and we gave you provisional credit for that item, you agree that we may charge back the amount of the item to your Account if we do not receive payment for the item, even if the item is not timely returned.

f. Stale Dates/Post-Dated Checks and Other Special Circumstances.

We may intentionally or inadvertently pay checks drawn on an Account or we may elect not to pay checks even if one or more of the following is true:

- A check is dated after the date we pay it (*e.g.*, a post-dated check);
- A check is presented for payment more than six (6) months after the date of the check (*e.g.*, a stale check);

- A previously requested Stop Payment Order has expired before the check was presented for payment;
- A check contains restrictive language making it void before the time it was paid; or
- A check contains language that establishes conditions under which it may be paid.

In no event will we be liable for our refusal to honor your restrictions, whether or not we had previously honored or dishonored similar restrictions. You further agree to indemnify us and hold us harmless for any claims or losses arising out of our refusal to honor any such restrictions.

g. Legends on Checks.

You agree not to directly or indirectly cash or deposit any checks or other items bearing restrictive notations such as "Void after 90 days," or "Void if over \$500" unless the cashing or depositing of the item is consistent with the restrictive notation, and you accept full responsibility for any loss that is caused by any violation of this obligation. Further, we may disregard information on any check or item other than the signature of the drawer, the identification of the drawee financial institution and payee, the amount, the endorsements, and any other information that appears on the MICR line. We are not responsible to take action on, or for failure to notify you of restrictive language placed on checks or other items. We may disregard all restrictive language even if we have actual knowledge of it.

15. Remotely Created Checks.

A "remotely created check" is an item (1) not signed by the person against whose account it is drawn, and (2) created by a third party under the purported authority of the person against whose account it is drawn for the purpose of charging that person's account with a financial institution. A remotely created check is also known as a "demand draft." A remotely created check must contain the customer's account number and may contain the customer's printed or typewritten name, a notation that the customer authorized the draft, or the statement "no signature required" or words to that effect.

a. Remotely Created Checks Drawn Against Your Account.

If you authorize a third party to draw a remotely created check against your Account, you may not later change your mind and try to revoke your authorization or rescind payment by claiming that the check was unauthorized. The Bank will not be required to re-credit your Account, and may debit against your Account, any remotely created checks for which the third party has proof of your authorization.

Remotely created checks have become useful expedited payment devices. As a service to you, the Bank will pay remotely created checks when they are presented for payment against your Account. You should review your Account statement carefully to verify that any remotely created checks debited against your Account are accurate and authorized. Notify us promptly of any unauthorized remotely created checks debited against your Account.

If you voluntarily give information about your Account (such as our routing number and your Account number) to someone and authorize them to draw against your Account, we may debit your Account and pay any items, including remotely created checks initiated by the person to whom you gave the information. You also agree that we may pay an electronically created item even though the item was

not created from an original paper check, whether presented in the form of a remotely created check or an electronic item.

You authorize us to continue to honor items or debits from a payee previously authorized by you, until you notify us to cease to do so (and we have had a reasonable amount of time to act on that notice), whether or not the payee is acting within the scope of your initial authorization, subject only to such liability as may be imposed upon us by applicable law. If you want us to stop honoring items from a payee previously authorized by you, you must tell us in writing, which will be treated by us as a Stop Payment Order. Until you notify us that such items are not authorized, we may continue to pay them and will not be liable to you even though the items are not in accordance with any authorization you may have given.

The provisions in this Section do not obligate us to honor remotely created checks or similar items or entries. We may refuse to honor remotely created checks or similar items or entries at any time, with or without cause or prior notice for any or no reason, whether or not we have honored or dishonored similar items or entries in the past.

b. Remotely Created Checks Deposited into Your Account.

You agree that you will not create and deposit a remotely created check into your Account unless you have obtained from us our express written authorization to do so. We may impose conditions upon granting you such approval.

16. Transaction Posting Order.

The order in which transactions are received and processed can affect the number and, therefore, the total amount of overdraft fees incurred on a given day. We encourage you to keep accurate records and practice good Account management to avoid the risk of having items dishonored and/or having to pay non-sufficient funds ("NSF") fees and/or overdraft fees.

Deposits and other credit transactions will be posted first. Items presented for payment on a single business day will then be posted to your Account in the following order of priority:

1. Transactions within the Bank that transfer funds from your Account to another account or to make a loan payment at the Bank, whether they are automatically initiated as recurring transactions or initiated by you from time to time through our online banking service;
2. ATM cash withdrawals, debit card withdrawals and recurring debit card transactions from the smallest to the largest;
3. Electronic items from outside the Bank, such as those processed through an ACH, including your bill payments that are processed through an ACH, and your checks that are electronically converted and processed as ACH transactions, in increments from smallest to largest; and
4. Checks, including your bill payments that are sent and processed as paper items, in numerical sequence (that is, from the lowest check number to the highest, regardless of dollar amount).

17. Stopping Payments.

Unless otherwise provided, the rules in this Section cover stopping payment of paper items, such as checks and drafts drawn on your Account. Rules for stopping payment on other types of transfers of funds, such as consumer electronic funds transfers, are covered elsewhere in the electronic funds transfer Section.

You, your Authorized Signers, and anyone else authorized to sign checks on your Account may be able to prevent an item from being paid by providing us with an effective "Stop Payment Order" in accordance with this Section. Despite the procedure described in this Section, you understand that the best way to initiate a Stop Payment Order is by visiting a Bank branch location and completing a proper and timely Stop Payment Order.

Please note that, to control our costs and, therefore, keep our Stop Payment Order fees at a reasonable level, we use our computer system to stop payment on checks you direct us not to pay. As a result, we and you must provide our computer system with the correct information on the subject item. Even a small error in this information can cause the computer to miss the item, and we will not be responsible for payment of the item if this occurs. The exact information we need to stop payment on an item is:

- The date of check;
- The name of the payee;
- The exact amount of the check;
- The check number; and
- Your Account number.

If you are unsure about any of the information you give us in your Stop Payment Order, please let us know. If you do so, we may be able to implement manual protections to catch the check before it is paid; however, we may impose a greater Stop Payment Order fee in light of the extra efforts that will be required to monitor your Account. We will not be responsible for implementing a Stop Payment Order if we do not have a reasonable opportunity and amount of time to act on it before final payment of the item. You understand that our automated Stop Payment Order system may not be effective to stop payment of a check or other paper item if, after you issue it, the item is converted into an ACH item.

We are not obligated to accept verbal Stop Payment Orders. If we elect to acknowledge a verbal Stop Payment Order, we may disregard your verbal Stop Payment Order unless you sign and we receive a written Stop Payment Order within fourteen (14) calendar days of your verbal Stop Payment Order. We may release any verbal Stop Payment Order for which we do not receive written confirmation from you within this fourteen (14)-day period. Our records (or absence of records) will be conclusive evidence of the existence of, and our acceptance or rejection of, any verbal Stop Payment Order.

Each Stop Payment Order will be subject to our then-effective fee for this service as set forth in our Fee Schedule. Depending upon which Stop Payment Order service you request, your Stop Payment Order will expire (12) months after we receive it, unless you provide us with a renewal of the Stop Payment Order before the Stop Payment Order expires. We will not notify you when the

effective period of any given Stop Payment Order expires. As set forth in our Fee Schedule, a separate fee is required for renewals.

Please note that we automatically cancel all Stop Payment Orders on Accounts that are closed for any reason. If you reopen a closed Account, it is up to you to place new Stop Payment Orders on any items that have not yet been presented for payment if you wish the Bank to dishonor the item if it is later presented for payment within the effective Stop Payment Order period.

If we inadvertently pay any item over a correct, valid and timely Stop Payment Order, we will re-credit your Account for the amount of the actual loss that you prove has occurred (this may be different than the amount of the item). We will then have the right to recover the amount from the payee and/or any other holder of your item. You agree to cooperate fully with us in any legal actions that we subsequently take against such person(s). Please note that, even if we successfully stop payment on an item pursuant to your Stop Payment Order, the party holding the check (which might be us) may be entitled to enforce payment of the item against you.

18. Overdrafts and Non-Sufficient Funds.

a. Generally.

Except for Forced Payments (described below), we are not obligated to pay any item presented to us for payment if, at the time the item is processed for payment, your Account does not contain sufficient collected funds to cover the item (even if a fully collected deposit, such as cash, is made to your Account later the same day). An item is defined as checks, other transactions made using your checking account number and automatic bill payments. For these purposes, any available credit you may have under one of the Bank's overdraft services counts as collected funds.

If the Bank does pay an item when you do not have sufficient collected funds in your Account to cover the item, the item will be deemed to be an "Overdraft," and your Account will be deemed to be "overdrawn." The Bank has no liability to you for rejecting some checks or other debits and paying others when your Account is or would be overdrawn, if the item were to be paid.

Each Account depositor is jointly and severally responsible for covering all Overdrafts created by any Authorized Signer, regardless of whether the Account depositor authorized the check or other charge or received any benefit from the check or other charge. To cover the Overdraft, the full overdrawn or negative balance in your Account must be paid. If you receive benefit payments, including but not limited to, Social Security, veteran's benefits, medical assistance, and pension payments which are deposited to your Account(s), you authorize us to use such benefit payments to cover previous Overdrafts and unpaid fees, if any.

If we pay an item or other debit, cash a check for you, or process any other transaction that overdraws your Account, we may hold balances in other Accounts of yours, up to the amount we have paid, until we have received final payment for the check we paid or the transaction we processed. Unless otherwise agreed between you and us, if we pay an item by overdrawing your Account, we are not obligated to continue doing so in the future. We may stop paying such items without notice to you. If we pay your item against non-sufficient funds, you agree to promptly deposit enough to cover your Overdraft and any related Bank fees or charges. You agree to pay for any costs of collection (including our attorneys' fees and legal costs) that we incur in recovering from you.

b. Forced Payments.

There may be times where we must cover a transaction even if you do not have sufficient funds in your Account to cover a transaction and no overdraft coverage (each, a "Forced Payment"). These transactions can occur, for example, when an ATM or debit card transaction is approved but later other transactions reduce the balance in your Account before the ATM or debit card transaction is posted to your Account. Under these circumstances, you will not be charged an Overdraft fee.

c. Non-Sufficient Fund Fees and Overdraft Fees.

We impose a Non-sufficient Funds fee for each item that is processed for payment from your Account when there is non-sufficient collected funds in your Account to cover the item, even if the item is dishonored (that is, returned to the presenting financial institution, unpaid). We impose an Overdraft fee when the item is paid (either creating or increasing an overdrawn balance in your Account). We will not impose a Non-Sufficient Funds fee or an Overdraft fee after all transactions presented to your account in any given day are paid, and your account balance is overdrawn \$5 or less (de minimis amount). The Bank reserves the right to assess a Daily Overdraft Fee on accounts that continue to maintain an overdrawn balance, beginning after the third (3rd) business day of continuous overdraft. The amount of our fees, and the maximum amount of fees that can be charged to you on a single banking day, is specified in our Fee Schedule, as we may change and update from time to time. In addition to our Non-Sufficient Fund fees and Overdraft fees, some merchants may also assess a returned check fee, over which we have no control, and the payment you intended to make may be considered late, which may result in late payment fees and/or extra interest owed to your payee.

You are expected to maintain your Account(s) in good standing, which means that your Account(s) should not be overdrawn frequently, nor should there be frequent Overdrafts. Repeated Overdrafts, whether paid by the Bank or not, may cause the Bank to terminate certain services otherwise available to you, such as electronic banking services, or to close your Account. We will notify you of any such actions.

d. Overdraft Services.

We offer the following two (2) Overdraft protection options, each of which requires a separate application from you:

1. Linked deposit Account option. Under this Overdraft protection option, amounts available to you in the linked Account will be automatically transferred to the Account that otherwise would be overdrawn, which may prevent an Overdraft. Withdrawals and/or transfers that exceed the limits stated in the linked account truth in savings disclosure may be subject to additional excessive activity fees. The de minimis amount does not apply to this service.
2. Overdraft Line of Credit option. This option, which is subject to credit approval, provides you with a line of credit. Amounts up to your credit limit will be automatically charged to this line of credit and transferred to the Account that otherwise would be overdrawn, which may prevent an Overdraft. Fees may apply, see credit agreement and disclosures for fee information. Please contact us if you wish to apply for either of the above Overdraft protection options. The de minimis amount does not apply to this service.

19. Electronic Fund Transfers.

a. **Generally.**

This Section applies only to transactions that are covered by the Electronic Fund Transfer Act and its implementing regulation, Regulation E (together, the "EFTA"), promulgated by the Consumer Financial Protection Bureau. The EFTA and the provisions in this Section of the Agreement apply to electronic fund transfers ("EFTs") to or from accounts established by individuals primarily for personal, family, or household purposes ("consumer accounts"), and not to accounts established by businesses and other organizations or to accounts established by individuals other than primarily for personal, family, or household purposes.

Covered EFTs are withdrawals, deposits or transfers of funds to or from your Account and initiated electronically. They include those initiated by telephone, through our 24-hour telephone banking service, online payments or transfers made through our Internet Banking or Bill Payment Service or otherwise initiated by you or a third party through the Internet or the ACH, or through the use of an ATM card or MasterCard® debit card issued by the Bank, which together are referred to as your "Card." We are deemed authorized by you to complete EFTs you, your Authorized Signers or others acting on your behalf have initiated through any of these means. You understand that additional terms, conditions, and disclosures have been or will be separately provided to you if you apply for the Bank's Internet Banking, Bill Payment services, or for a Card.

b. **ACH and Wire Transactions.**

This Agreement is subject to Article 4A of the Uniform Commercial Code (the "UCC") as adopted in the state in which you have your Account with us. If you originate a funds transfer 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 National Automated Clearing House Association operating rules, which are applicable to ACH transactions involving your Account. We are not required to give next day notice to you of receipt of an ACH item or wire transfer and we will not do so. However, we will continue to notify you of the receipt of payments in the periodic statement we provide to you.

Provisional payment (credit) given by us to you with respect to an ACH credit entry is provisional until we receive final settlement for such entry through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A of the UCC. If we do not receive such final settlement, you are hereby notified and agree that we are entitled to a refund of the amount credited to you in connection with such entry, and the party making payment to you via such entry (*i.e.*, the originator of the entry) shall not be deemed to have paid you in the amount of such entry.

We may accept on your behalf payments to your Account which have been transmitted through one or more ACHs and which are not subjected to the EFTA and your rights and obligations with respect to such payments shall be construed in accordance with and governed by the laws of the State of California, unless it has otherwise specified in a separate agreement that the law of some other state shall govern.

c. **Telephone Transfer.**

You may use our 24-hour telephone banking service to inquire on Account balances, transfer

funds between linked savings and checking Accounts and make loan payments. By use of the telephone service with your personal identification number (PIN), you authorize us to proceed in accordance with your instructions and transfer funds between your linked Accounts or make a loan payment. All transfers initiated through our telephone banking service are covered by the EFTA rules governing your Accounts, including the frequency limitations governed by banking regulation to money market and savings accounts. Transfers are subject to available funds.

d. Electronic Check 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 or pay bills.

e. Charges for EFTs.

The standard fees applicable to your Account will apply whether you use your Account in a traditional way or through an EFT service provided by the Bank. Please refer to our Fee Schedule for details including all other fees that may apply.

f. Periodic Statements.

If your Account is subject to receiving a monthly statement, all EFT transactions will be reported on your statement. If your Account is subject to receiving a statement less frequently than monthly, then you will continue to receive your statement on that cycle, unless there are EFT transactions, in which case you will receive a monthly statement.

g. Preauthorized Transfers.

A preauthorized transfer is a transfer you have authorized a third party to initiate, to deposit to, or transfer funds from your Account. We will not notify you when we receive such credit or debit transfers. Rather, the transaction will be reflected on the first periodic statement we provide to you after the transaction is posted to your Account. If you wish to verify whether your preauthorized transfer has been received and credited to or debited from your Account, you may call your branch office or view your Account activity through the Bank's Online Banking service. Further, if you have authorized a third party (such as your employer, pension or annuity company, or the Social Security Administration) to make preauthorized deposits directly to your Account at least once every sixty (60) days, the person or company making the deposit may have agreed to tell you every time they send us money.

Credit given by us to you in connection with these types of preauthorized transfers is provisional until we receive final settlement for such deposits from the Federal Reserve Bank or a correspondent bank. If we do not receive such final settlement, we may reverse the amount provisionally credited to your Account, and you will have to separately arrange with the party making payment to you to obtain payment of amounts that are payable to you.

h. Rights and Procedures to Stop Payments.

If you have authorized preauthorized transfers from your Account at least once every sixty (60) days, you may stop any of the payments. To stop such a payment, either:

Call us at:
1.800.421.2575

Or write us at:
Merchants Bank of Commerce
1951 Churn Creek Road
Redding, CA 96002

We must receive your call or written request at least three (3) business days prior to the scheduled payment. If you call, we may require you to put your request in writing and get it to us within fourteen (14) days after your call, otherwise your verbal request will expire.

i. Procedures for Lost or Stolen Cards, PINS, or Unauthorized Transactions and Your Liability.

You agree to immediately notify us if you believe your Card or PIN associated with your Card has been lost or stolen or if you believe that an EFT has been made without your permission. Telephoning is the best way of keeping your possible losses down. If you notify us within two (2) business days after you learn of the loss or theft of your Card or PIN, your losses may be limited to no more than \$50 if someone used your Card or PIN without your permission. If you do not notify us within two (2) business days after you learn of the loss or theft of your Card or PIN without your permission and we can prove that we could have stopped someone from using your Card or PIN without your permission if you had given us notice, your losses may be as much as \$500.

Also, notify us immediately if your statement shows transfers you did not make, including those made by Card, PIN, or other means. If you do not notify us within sixty (60) days after the statement was transmitted to you, you may not receive back any money you lost after the sixty (60) days, and therefore, you could lose all the money in your Account (plus your maximum Overdraft line of credit, if applicable), if we can prove that we could have stopped someone from taking the money had you given us notice in time. If a good reason (such as a long trip or hospital stay) keeps you from giving the notice, we may extend these time periods.

j. Procedures When There is an Error on Your Statement or EFT Receipt.

You must notify us as soon as possible if you think your statement or receipt is incorrect or if you need more information about a transaction listed on the statement or receipt. To assure that an error will be corrected, you must notify us no later than sixty (60) days after we sent you the first statement on which the problem or error appeared. You must be prepared to provide the following information:

- Your name and Account number;
- A description of the error or transaction you are unsure about along with an explanation as to why you believe it is an error or why you need more information; and
- The dollar amount of the suspected error.

If you provide us with verbal notice of a potential error, you may be required to send your dispute or question in writing within ten (10) business days.

We will determine whether an error occurred within ten (10) business days (twenty [20] business days for new Accounts, discussed below), after we hear from you and if an error has occurred, we will correct the error promptly. If we need more time, however, we may take up to forty-five (45) days (ninety [90] days for errors or questions involving new Accounts, a transaction initiated outside of the United States or a transaction at a POS terminal) to investigate your dispute or question. If we do this, you will receive provisional credit to your Account within ten (10) business days (twenty [20] business days for new Accounts). If we ask you to put your dispute or question in writing and we do not receive it within ten (10) business days, then we may not credit your Account during the investigation. For purposes of this Section, your Account is considered a "new" Account for the first thirty (30) days after the first deposit is made, unless you already have an established Account with us before this Account is opened.

We will inform you of the results of our investigation within three (3) business days after completing our investigation. If we determine there was no error, and provisional credit was provided to your Account during our investigation, your Account(s) will be debited for the amount of the provisional credit upon completion of our investigation. We will send you a written explanation of the investigation results. You may ask for copies of the documents that we used in our investigation.

k. Contact Information for Reporting Lost or Stolen Cards, PINS or Unauthorized EFT Transactions or for Reporting EFT Errors.

In case of errors or questions about your EFTs:

Call us at:

1.800.421.2575

Or write us at:

Merchants Bank of Commerce
1951 Churn Creek Road
Redding, CA 96002

l. Liability for Failure to Complete an EFT.

In some cases, if we do not properly complete an EFT to or from your Account on time or in the correct amount according to our Agreement with you, we may be liable for your losses or damages, but only to the extent provided by applicable law. For example, the law does not hold us liable:

- If, through no fault of ours, you do not have enough money in your Account to make the transfer or complete the EFT, or if the transaction would go over the limit of your Overdraft line of credit, if you have one;
- If the funds in your Account are subject to an uncollected funds hold, legal process or other claim, or encumbrance restricting transfers;
- If circumstances beyond our control (such as fire, flood, labor disputes, or power or computer failure) prevent the EFT from being completed or made;
- If your Account has been closed;

- If our failure to complete the transaction is done to protect the security of your Account;
- If we do not receive proper and timely instructions regarding the transaction; or
- If the transfer or payment information supplied to us by you, an Authorized Signer, or any other third party is incorrect or incomplete.

Please note that the above are examples only, and there may be other exceptions.

20. **Confidentiality**

We may disclose information to third parties about your Account or the transfers you make:

- Where it is necessary for completing transfers;
- In order to verify the existence and condition of your Account for a third party, such as a credit bureau or merchant;
- In order to comply with government agency or court orders;
- If you give us your written permission;
- Where necessary with our financial service providers with which we offer products, such as the Cards.

Please refer to our Privacy Policy applicable to consumer accounts for more information on permissible disclosures.

21. **Check 21 – Substitute Checks**

To make check processing faster, federal law permits us to replace original checks with what are known as “substitute checks.” These substitute 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 an original check.

Some or all of your checks that you receive back from us may be substitute checks. The following provisions describe your rights when we return to you a substitute check that we have paid or created from an electronic image we have received from a collecting bank instead of returning the original check to you after it has been paid. Your rights regarding substitute checks do not apply when we have paid a check drawn against your Account and it was presented to us in its original form (except for the addition of endorsements, routing information, etc.), unless we later convert such check into a substitute check before we return it to you. When the images of your checks we furnish to you, whether with your statement or upon your request, do not state, on the front of the image, “This is a legal copy of your check,” they are not substitute checks. The substitute check rules also do not apply to electronic debits charged to your Account.

Additional liability is created under Check 21 for any bank that introduces into the check collection or return process any substitute check on which the necessary elements (name, account

numbers, dates, amounts, signatures, endorsements, and the like) are not clearly legible when they are imaged or copied. Therefore, you must not write or deposit a check that is written in an ink type or color that does not reproduce clearly when imaged or copied, and must not write anything on such items in a fashion that would make it difficult to read other information already on the item, or interfere with any future endorsement that may be added to the back of the item. Rather, your endorsement should be carefully placed within the endorsement field. Further, you may not write or deposit a check that bears designs, security features or other elements that prevent the check from being imaged or copied with all of its necessary elements being reproduced clearly.

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer because a substitute check has been posted to your Account. 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. 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 applicable law. If your Account is used primarily for personal, family or household purposes and you use this procedure, you may receive up to \$2,500 of your refund (plus interest if your Account earns interest) within ten (10) business days after we received your claim and the remainder of your refund (plus interest if your Account earns interest) not later than forty-five (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 you 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 at 1-800-421-2575. You must contact us within forty (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 may extend this time period, in our sole and absolute discretion, if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must be in writing and must include the following information:

- 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 or the check number, the date of the check, the name of the person to whom you wrote the check and the amount of the check.

You agree not to deposit substitute checks, electronic images of checks or checks bearing a substitute check legal equivalence statement ("*This is a legal copy . . .*") to your Account without our prior written consent. Unless we agree otherwise in writing, our acceptance of such checks shall not obligate us to accept such items at a later time, and we may cease doing so without prior notice. If we allow you to deposit substitute checks, you agree to indemnify, defend, and hold us harmless from all losses, claims, damages, liability, costs, and expenses (including attorney's fees and legal costs) arising directly or

indirectly out of your deposit of such substitute checks, including without limitation, any indemnity or warranty claim that is made against us because: (1) the substitute check fails to meet the requirements for legal equivalence, (2) a claimant makes a duplicate payment based on the original check, the substitute check, or a paper or electronic copy of either; or (3) a loss is incurred due to the receipt of the substitute check rather than the original check. Upon our request, you agree to provide us promptly with the original check or a copy that accurately reflects all of the information on the front and back of the original check when it was truncated.

22. General Provisions Regarding Your Account.

a. Availability of Privacy Policy.

Our Privacy Policy can be obtained at any branch location, online at www.mbc.com. Our Privacy Policy is given to any new consumer opening an Account and is mailed to all consumers on an annual basis.

b. Claims and Disputes Concerning Ownership or Authority With Respect to Your Account.

We may require evidence, satisfactory to us, of any person's continuing authority to give instructions regarding your Account. The existence of this right shall not be deemed to impose upon us any duty to investigate or confirm such authority. In no event shall we be liable for any delay or refusal to follow instructions which occurs because we have sought and not received satisfactory evidence of any person's continuing authority to give instructions regarding the Account or as a result of any dispute among the depositors on the Account over the authority of any person to act on behalf of the Account depositor(s).

If another person or entity makes a claim against the funds in your Account, or if we have reason to believe 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 cards, resolutions, or other Account documents, (2) honor the competing claim upon receipt of evidence we deem satisfactory to justify such action, (3) place a hold on all or part of the Account funds until the dispute is resolved to our satisfaction, (4) close the Account and issue a single cashier's check for the Account balance jointly payable to all Account depositors, which check may be mailed or delivered to any one of the Account depositors, (5) require that all Account depositors and/or Authorized Signers sign any item or other instruction, or (6) pay the funds into an appropriate court of law for resolution pursuant to an interpleader action. We will not be liable for any items that are dishonored as a consequence of holding or interpleading funds for these reasons. You agree not to hold us responsible for, and to indemnify and defend us, our officers, employees, and agents against any claims, losses or damages (including attorney's fees and legal costs) that may result from any decisions we make in this regard as long as our decision and action (or inaction) is made and taken in good faith.

c. Signatures, Forgeries and Alterations.

The Authorized Signers for an Account are noted on the Account signature card. Any one of the Authorized Signers may sign items or withdrawal orders and give us instructions regarding the Account, subject to any limitations noted on the Account signature card. If you believe an item contains an unauthorized or forged signature, an alteration, or an unauthorized endorsement, you should report this to us immediately. If your negligence contributes to an item being altered, changed or forged, we will not

be responsible if we pay the item in good faith. If anyone disputes the payment of an item because it was altered, changed, forged, bore an unauthorized signature or was otherwise improper, we may not credit the amount to your Account until the dispute has been resolved.

The Bank may take a reasonable period of time to investigate the facts and circumstances surrounding any claim of loss. You agree to reasonably cooperate in our investigation. For example, we may request that you: (1) submit a declaration under penalty of perjury describing your claim; (2) submit a police report with an appropriate police department where permissible under applicable law; and (3) provide us with any additional information to help us investigate your claim. For clarity, if you have provided us with a proper notice of error, we will not require any of this supplemental information or documentation before beginning our investigation. The Bank may provisionally credit your Account pending the final outcome of the investigation. Any failure to cooperate in our investigation may result in our decision not to honor your claim. At the conclusion of the claim, we will notify you of the outcome.

d. Business Cash Management.

We make our Positive Pay service available via a separate application and pursuant to a separate agreement to our business customers. Positive Pay can be extremely helpful in preventing fraudulent checks or ACH transactions from being debited against your Account. If you choose not to use our Positive Pay service, you agree to assume a heightened degree of responsibility for safeguarding your checks, supervising persons who have access to your checks and statements, reviewing all returned checks and statements, and immediately reporting any unauthorized check transactions involving your Account. If you do not enroll for the Positive Pay service and a fraudulent check or ACH loss occurs despite our exercise of good faith and ordinary care, you agree to assume responsibility for the loss to the extent that it could have been prevented by your use of the Positive Pay service.

e. Statements.

Shortly after the end of each statement period, we will mail, send electronically, or otherwise make available to you an Account statement reflecting your Account activity. We will do the same with notices. All Account statements and notices will be sent to the postal or electronic address associated with your Account.

You assume full responsibility to review Account statements and notices. You agree to notify us immediately if you think there is an error or an unauthorized transaction shown on your statement, including forgeries, alterations or unauthorized transactions. Unless a longer period applies to your Account under the provisions discussed in the EFT Section of this Agreement, if you fail to notify us promptly but no later than thirty (30) calendar days following the statement mailing date or the date we make the statements available to you, then you agree that you cannot assert any error or problem or unauthorized transaction, or forged or altered item against us. You further agree that if you fail to notify us within this thirty (30) day period, then you are precluded from asserting against us the error, problem, or forged, altered or otherwise unauthorized item or from asserting against us any similar issue in connection with any item if the issue relates to wrongdoing by the same person. This thirty (30) day limitation is without regard to whether we did or did not use ordinary care and does not otherwise restrict any right we have under applicable law or other agreements with you.

f. Combined Statements.

To reduce the number of separate Account statements you receive each month, we may combine statements if you have more than one Account. If you do not want us to combine your Accounts, you can opt out by visiting a branch location or calling the number on your Account statement. For Account statements and notices for Accounts with multiple depositors, we will send or otherwise make available Account statements and notices to only one depositor. The depositor receiving this information is responsible for sharing copies of the information with other depositors. Delivery of this information to any one Account depositor will be deemed as delivered to all Account depositors. We may, as a courtesy provide additional copies of statements upon request. As set forth in our Fee Schedule, additional statement fees may be assessed as a result of this service.

g. Imaged and Truncated Checks.

Check images are available through our Online Banking service. You may also receive check images with paper statements for the fee(s) described in our Fee Schedule. If you need a copy of a check, it will be made available to you for up to five(5) years from the date of check processing. Such copies may be in the form of a substitute check, which is legally acceptable as proof of payment. In some instances there may be a research copy fee as set forth in our Fee Schedule.

h. Checks Presented Over the Counter by Non-Account Owner/Depositor.

We will require acceptable identification as a condition for cashing items presented in person by the payee of the item. You agree that the Bank may refuse to honor payment of your item presented in person if (1) the payee refuses to present identification acceptable to us, (2) the item is payable to more than one person and not all of the payees are present to cash it, or (3) the check has been negotiated to someone other than the initial payee(s) of the check. Of course, if sufficient collected funds are not available to cover the check, the Bank is not obligated to cash it.

i. Lost, Stolen or Destroyed Checks.

i. Your Personal Checks.

If a check you have issued has been lost, stolen or destroyed, it is your decision whether you wish to reissue it. If you decide to reissue the check and you are unsure whether the payee will later negotiate the original check, you may issue a Stop Payment Order on the original check (and renew the Stop Payment Order before it expires). Otherwise, if the original check is later presented to us for payment, we will process the original check in the same fashion as your other checks, and your obligation to the payee may be paid twice (via the original check and your reissued check).

ii. Cashier's Checks.

You do not have the right to stop payment on a cashier's check you purchased from us, even if you would have been able to stop payment on the item had it been your personal check. If a cashier's check you have purchased is lost, stolen or destroyed, please contact us for instructions as to the process we follow when you seek reimbursement for the cashier's check or to have it reissued. In general, we will require the completion of an affidavit for a lost, stolen or destroyed cashier's check. We will typically wait ninety (90) days from the date the cashier's check was issued before we pay your claim. Once ninety (90) days from the date we issued it has passed, we will act on your claim, assuming that the item was not

presented to us for payment within that period or before you filed your claim with us. However, if the cashier's check is presented for payment during the ninety (90) day waiting period, we may pay the item to a person entitled to enforce the cashier's check. If this happens, we will not pay your claim.

j. Adjustments.

The Bank may make adjustments to your Account from time to time. This may be due to a returned item, if a deposit or check posted for the wrong amount or to the wrong account, or to correct other errors we may have made.

k. Safeguarding Blank and Cancelled Checks.

You have a legal obligation to the Bank to safeguard your blank and cancelled check stock and other documents related to your Account and to take reasonable steps to prevent unauthorized access of your personal information or use of your checks. If you fail to do so, or if you fail to notify us if you believe your checks or Account may have been compromised, you may lose some or all of your rights to recover any resulting losses. If you report an issue with your checks or Account, we may require you to close the Account and open a new Account, to protect both of our interests.

l. Facsimile Signatures.

If you use a facsimile or other mechanical signature, whether made with a rubber stamp, a computer printer, or otherwise, you agree to assume full responsibility for items signed with a facsimile that we pay, if the facsimile resembles the specimen facsimile signature provided to us by you or an Authorized Signer. This means we are not responsible for any misuse of a facsimile signature or for paying a check that bears a signature that resembles your or an Authorized Signer's facsimile signature even if it is not. You agree to indemnify and hold us harmless from any and all losses, claims, damages, liability, costs, and expenses (including attorney's fees and legal costs) arising directly or indirectly out of the misuse or unlawful or unauthorized use of a facsimile signature by any person. On the other hand, we have no obligation to honor facsimile signatures on your checks or other orders unless you have made advance arrangements with us.

m. Legal Process.

For purposes of this Agreement, "legal process" includes any levy, garnishment, attachment, tax levy or withholding order, injunction, restraining order, subpoena, search warrant, government agency request for information, forfeiture, seizure, and similar processes relating to your Account.

We may accept and act on any legal process we believe to be valid, whether the process is served in person, by mail, by electronic notification or in another fashion, regardless of where it is served on us. We may, in our discretion and without liability to you, do any of the following: (1) freeze the assets in the Account and not allow any payments out of the Account until a final court determination regarding the legal action; (2) hold the balance of any affected Account until the legal process is disposed to our satisfaction; (3) pay the balance over to the source of the legal process; or (4) take any other action allowed by applicable law. In doing so, we will not have any liability to you if there are insufficient funds to pay your items because we have withdrawn funds in accordance to any legal action.

As set forth in our Fee Schedule, a legal process fee will be charged to your Account each time the Bank is served with a legal process affecting or related to your Account or your relationship to the Bank.

This legal process fee is independent of any fee we may receive or seek from the party initiating the legal process. If there are any out of pocket fees or expenses we incur (including attorney's fees and legal costs) in connection with a legal process affecting or related to your Account or your relationship to the Bank, we may charge these costs to any Account you maintain with us, in addition to our legal process fee.

n. Fees & Charges.

The fees and charges associated with your Account are set forth in our Fee Schedule, as amended from time to time, and are provided with our Truth in Savings Disclosure. The amount of these fees and charges may change from time to time; if you are an individual and your Account is maintained primarily for personal, family or household uses, we will notify you of any increases in our fees and charges as required by applicable law. You agree to pay these fees and charges, as applicable to your Account, and you give us the right to collect them, as earned, from any of your Accounts.

We may also list fees for some non-Account services (wire transfers, cashier's checks, etc.) in our Fee Schedule. We may change the non-Account fees at any time without notice.

o. Attorney's Fees, Losses and Expenses.

To the extent permitted by applicable law, you agree to pay all losses, claims, damages, liability, costs and expenses (including attorney's fees and court costs) arising directly or indirectly relating to your Account as a result of or relating to:

- Your failure to comply with this Agreement;
- A dispute among the Account depositors, Authorized Signers, beneficiaries, heirs or others claiming an interest to all or part of your Account;
- Any legal process or legal proceedings involving your Account, including any third-party claim notice or legal action whether or not such claim is legally enforceable;
or
- Any governmental or administrative investigation.

p. Right to Set-off.

In most cases, applicable law allows the Bank to apply funds on deposit in your Accounts to any debts owed to the Bank that are not paid when due. This procedure is called the "right to set-off," which is in addition to (but subordinate to) any security interest that we may have in your Account. Our set-off rights are in addition to other rights we have under this Agreement or applicable law to take or charge funds in your Account(s) for obligations you owe us. In the event we exercise our right to set-off, we will comply with all applicable law. For example, our right to set-off does not apply if the debt is created under a personal credit card plan. We will notify you promptly of any action taken.

To the fullest extent permitted by applicable law, you agree that all sums in deposit Accounts will be subject to our right to set-off for liabilities owed to us by any one or more of the Account depositors, including any other person who is a joint Account depositor, or for whose debts you are liable or may be contingently liable. Subject to applicable law, you authorize us to use Account funds to pay your debts and obligations to us even if the set-off results in an early withdrawal or dishonor of items. If your Account is a checking or money market Account and we exercise our right to set-off, our duty to pay any

items presented for payment on your Account during the business day preceding the day on which the set-off occurred may be terminated, and you agree that we may return those items unpaid. If we do return items, we may also charge you an NSF fee for those returned items.

If the debt arises from a note, "any due and payable debt" includes the total amount of which we are entitled to demand payment under the terms of the note at the time we charge the Account, including any balances for which we properly accelerated the due date under the note.

q. Closing or Suspending Accounts.

We may terminate this Agreement and close any Account and return the balance to you at any time, in our sole discretion, with or without prior notice. If your Account reaches a zero balance, we reserve the right to consider the Account closed. You may terminate this Agreement and close your Account at any time upon notice to us. We may require, at our discretion, such notice be given in writing or in person. If you close your Account, you must terminate all banking services related to the Account (for example, debit cards, Cards or our Online Banking service) and preauthorized debits and credits (for example, bill payments, payroll or social security). After your Account has been closed, any subsequent deposit or credit may re-open the Account. Termination of this Agreement will not release you from any fees or other obligations incurred before the termination, those you incur in the process of closing your Account, or those you incur if the Account reopens due to a subsequent depositor or creditor if you fail to terminate any banking service related to the Account. Termination of this Agreement does not release you from liability on outstanding items. This Agreement will continue to govern matters relating to your Account which arose before termination or which may arise later.

r. Credit Reports.

We may obtain credit information about you from check or credit reporting agencies and/or other means at the time you open an Account, request a service, or at any other time as permitted by applicable law. For example, we may seek information about your previous accounts at other financial institutions from ChexSystems or another consumer reporting agency or specialty consumer reporting agency ("**Reporting Agency**"), and we may decline to open an Account for you, or we may close your Account, based in whole or in part on information obtained in a report furnished by a Reporting Agency. You have a right under the Fair Credit Reporting Act (the "**FCRA**") to know the information contained in your credit files at any Reporting Agency. If we decline to open an Account or otherwise provide services to you based upon information we receive from a Reporting Agency, you should know that the agency will have played no part in our decision and would be unable to supply specific reasons why we would have denied the Account or services. However, you have a right to a free copy of your report from the Reporting Agency, if you request it no later than sixty (60) days after you receive notice of a declined Account or service. In addition, if you find that information contained in your report is inaccurate or incomplete, you have the right to dispute the matter with the Reporting Agency. Upon request, we will provide you with the name, address, and telephone number of any Reporting Agency that furnishes us with information that wholly or partially influences us to decline to open an account or otherwise provide services to you or to otherwise take action that is adverse to you.

We may furnish a negative credit report reflecting on your credit record to a Reporting Agency if you fail to fulfill the terms of your obligations in connection with your Account.

s. Sub-Accounts.

We may structure your Account to consist of two sub-Accounts to reduce the size of the deposits we must maintain in reserves at the Federal Reserve Bank. If we do so, we may transfer funds between those sub-Accounts from time to time. However, these transfers will occur only on our internal books, will not be visible to you, and will not in any way affect your Account, your transfer or withdrawal rights or the interest we owe you.

t. Change in Terms.

We may amend, modify, add to or delete (collectively, a "Change") the terms or conditions of this Agreement at any time without prior notice to you, except as required by applicable law. Your continued use of a service or an Account constitutes your acceptance of any Change. When applicable law requires the Bank to notify you of a Change, we will do so by written or electronic means.

u. Change of Address or Name.

The funds in your Account may be transferred to the California State Controller (the "Controller") if no activity occurs in the Account within the time period specified by state law (currently, three (3) years).

You agree to promptly notify us in writing of any change of address, including your email address, or change of name. In the absence of such notice, mail addressed to you at the address shown on our records for your Account will be deemed properly addressed and delivered and shall be effective whether or not received by you.

v. Death or Incapacity.

You agree to notify the Bank immediately about the death or incapacity of any depositor or Authorized Signer on your Account. Until we receive such notice and have had a reasonable amount of time to act on it, we may continue to honor items drawn on your Account by an Authorized Signer even if you or another Authorized Signer has died.

We may suspend, refuse, or reverse any transactions or deposits if we believe the deposit is dependent upon the recipient being alive on the date of the deposit or that an item presented for payment was written by a depositor or Authorized Signer who has become incompetent unless the signer of the item is acting under a durable power of attorney signed by the incompetent Account depositor.

Even with knowledge of an Account depositor's death, we may pay checks drawn on the Account by the decedent before his or her death for up to ten (10) calendar days after the date of the death unless another Account depositor or interested party instructs us not to do so with a reasonable amount of time to act on those instructions. We will continue to pay checks drawn on the Account by the decedent who was an Authorized Signer but not a depositor of the Account indefinitely unless we are instructed otherwise by another Authorized Signer or Account depositor.

w. Financial Elder Abuse Reporting Act of 2005 (Personal Accounts and Sole Proprietors only).

The Financial Elder Abuse Reporting Act of 2005 ("Abuse Reporting Act") requires us to report to Government officials if we suspect that an elder (someone who appears to us to be at least sixty-five [65]

years old) or a dependent adult (someone younger than an elder who appears to us to have physical or mental limitations that might restrict his or her ability to carry out normal activities) is or may be a victim of financial abuse. You understand that it is not always clear whether someone is an elder or a dependent adult, or whether someone is or may be a financial abuse victim, and that transactions that are, in fact, quite innocent may appear differently to us. It is not our responsibility for determining whether, in fact, an elder or dependent adult is being financially abused. That determination will be made by the agency to which we may report what we see, or by the courts.

Applicable law does not prohibit us from completing a transaction that may constitute financial abuse that we are required to report, unless and until we receive an order from a public official or court directing us not to do so. Nevertheless, you agree that, without liability to you: (1) if we believe that a requested transaction affecting your Account is reportable under the Abuse Reporting Act, we may either process the transaction even though we are reporting it as involving suspected financial abuse, or we may delay or refuse to process it, in order to give the agency to which we may report it a reasonable opportunity to evaluate and respond to the situation, and (2) we may follow any binding order or non-binding request made to us by a county adult protection services agency or local law enforcement not to process a transaction and/or to freeze your Account(s).

x. Currency Transaction Reporting.

The federal and state governments require all financial institutions to report certain types of transactions to government agencies. In order to complete such reports, we must obtain certain information about the individual conducting the transaction and/or the person or organization on whose behalf it is being conducted. This information may include the individual's full name, physical address, social security number and/or employer ID, or other information such as a driver's license number. Your refusal to provide this information may require us to decline to process a transaction or close your Account(s). If you have any questions about our reporting requirements, contact the Internal Revenue Service.

y. Force Majeure and Things Beyond Our Control.

Notwithstanding any other provisions of the Agreement, we will not have any responsibility for any failure, error, malfunction, or any delay in carrying out any of our obligations under this Agreement resulting from events beyond our reasonable control, including, without limitation, unavailability of any communications systems, sabotage, fire, flood, explosion, acts of God, civil commotion, strikes, stoppages of labor, technology, computer, or equipment failure, emergency conditions, or adverse weather conditions. We accept no liability or responsibility for the acts or omissions of any other financial institutions or any third party or for any inaccuracy or omission in a notice or communication received by the Bank from you, your agents, your Authorized Signers, other financial institutions or any third party. The Bank shall not be liable for any failure to perform any of its obligations under this Agreement if such performance would breach any applicable law, regulation, requirement, or provision of any government, government agency, banking agency, or taxing authority having jurisdiction over the Bank, or for performing any obligation which the Bank reasonably believes it is required to satisfy.

z. Guarding your Financial Information.

- Before revealing personal information of you or others, find out how it will be used and if it will be shared with others. Ask if you have a choice about the use of such information.

- Pay attention to your billing cycles and follow up with creditors if bills do not arrive on time.
- Provide your Social Security number only when absolutely necessary. Ask to use other types of identifiers when possible. Note that the Bank is required by applicable law to obtain your Social Security number.
- Carry only the identification information and credit cards you actually need.
- Call Merchants Bank of Commerce at 1-800-421-2575 immediately if your identification, Card, PIN, checks or other documentation pertaining to your Account is lost, stolen, or otherwise compromised. If appropriate, call your other creditors and the credit bureaus to ask that a fraud alert be placed in your file.
- You are entitled to one free copy of your credit report from each of the three national credit reporting agencies every year (*i.e.*, Experian, Equifax, and Transunion). Visit AnnualCreditReport.com to request a free report online or by calling (877) 322-8228. We encourage you to regularly review your credit report.
- Keep items with personal information in a safe place. Shred or tear up these items when they are no longer needed.
- Make sure charge receipts, copies of credit applications, insurance forms, bank checks and statements, expired credit cards, and credit offers you get in the mail are disposed of appropriately.
- If you have been a victim of identity theft, file a complaint with the Federal Trade Commission (FTC) by contacting the FTC's Identity Theft Hotline by telephone: 1-877-438-4338 or 1-866-653-4261 for the hearing impaired (TDD).

aa. Limitation of Liability.

You agree that except as provided in this Agreement and to the extent allowed by applicable law, we will not be liable for any indirect, incidental, special, consequential or punitive damages for any error or mistake we make in good faith. This limitation applies to any damages that might be available in contract, tort or otherwise and whether or not the consequences were foreseeable by us.

bb. FDIC Insurance.

We are a member of the Federal Deposit Insurance Corporation (the "**FDIC**"). The standard deposit insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. For current information related to deposit insurance coverage, you may contact the FDIC toll-free at 1-877-275-3342 or visit the FDIC website at www.fdic.gov.

Effective March 22, 2021