

# BANK OF STOCKTON

## Deposit Account Agreement & Disclosures

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# Deposit Account Agreement & Disclosure

## INTRODUCTION

### *Welcome to the Bank of Stockton*

This Deposit Account Agreement and Disclosure is provided so that you may better understand the terms and conditions governing your Bank of Stockton accounts. It, with the Signature Card, the Activity Fee Schedule For Personal & Business Non-Analyzed Accounts, Activity Fee Schedule For Analyzed Business Accounts, all disclosures and all account brochures, are incorporated by reference and from your agreement with the Bank. These are collectively referred to as your “Agreement.” Please read this Agreement carefully and keep it with your records for future reference.

In addition to the above, applicable California and federal laws will interpret and govern your account(s) and any agreements you may make with the Bank about the rights and obligations you and the Bank have after opening your account.

If you sign your signature card or continue to have an account with the Bank, you agree to the terms and conditions of this Agreement. You also agree to pay the fees the Bank charges and you give the Bank the right to collect any fees, as earned, directly from the account balance.

Unless specifically stated otherwise in this Agreement, the terms and conditions in this Agreement apply to both personal account holders, who are also commonly referred to as consumers, and business account holders, who are also commonly referred to as non-consumers. A personal account holder is an individual who has a present right to payment from either an individual or multi-party account established primarily for personal, family or household purposes. A business account holder is a sole proprietor or any non-individual (including but not limited to, a corporation, partnership, limited liability company, or partnership, or other type of organization, lodge and unincorporated association) with accounts not primarily established for personal, family or household purposes. If you are a business account holder, you agree not to use your account for personal, family or household purposes.

Also, this Agreement contains parts that disclose or discuss rights held by consumers (e.g., Truth in Savings Disclosures) under federal or state law. In general, the Bank specifies or draws a distinction between these consumer parts and parts applicable to only non-consumers. The parts mandated by federal or state law requiring

disclosure to consumers are, however, applicable to consumers, even if not specifically noted by the Bank.

For purposes of this Agreement, the words, “you”, “your”, “yours” and other similar terms mean each account holder and any agent appointed by or authorized to act on behalf of any account holder, including any and all persons authorized by you to sign on the account in a representative capacity. The words, “we”, “us”, “our”, “Bank” and other similar terms mean the Bank of Stockton. The word “may” is permissive and means that the Bank may at its discretion take action or inaction but is not required to do so.

For purposes of this Agreement, the word “item” means a check, draft, demand draft, preauthorized draft or other order or instruction for the payment, transfer or withdrawal of funds, in-person withdrawals, ATM withdrawals or any electronic processed withdrawals. An item also means any other document created or authorized in your name that would be a check or draft but for the fact that it has not been signed.

For purposes of this Agreement, the word “ACH” means the Automated Clearing House.

For purposes of this Agreement the words “Activity Fee Schedules” means the Activity Fee Schedule For Personal & Business Non-Analyzed Accounts and the Activity Fee Schedule For Analyzed Business Accounts, unless specifically stated otherwise.

For more information about your accounts, other Bank of Stockton services, or for answers to your account questions, please contact one of the Bank’s Personal Bankers.

## GENERAL TERMS

**Taxpayer Identification Number.** Federal law and regulations may require the Bank to obtain a taxpayer identification number for the account holder of each account, with certain limited exceptions. The taxpayer identification number for an individual is usually a Social Security number. The number is included on reports filed with the IRS concerning interest paid to you by the Bank.

You may be required to certify under penalty of perjury: (1) that the taxpayer identification number given to the Bank is correct; (2) whether you are exempt from backup withholding; and (3) that you are a U.S. person (including a resident alien) as defined by federal law. The Bank will furnish you with the form on which you make this certification.

Interest paid on deposits made by individuals who are not citizens or residents of the United States may be exempted from reporting to tax authorities and backup withholding. (Note, however, the Bank will report interest paid to you if you are an individual who is a nonresident alien of the United States and a resident of Canada). To establish that you are not a citizen or resident of the United States, you must provide a certification of your status on the Bank’s certification form.

When an account holder’s account earns \$10 or more of interest

in a year, or if backup withholding is imposed, the Bank generally reports the interest paid and the amount withheld to the IRS (and to the California Franchise Tax Board if your mailing address is in California). You will receive a copy of the information reported to the tax authorities.

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

What this means for you: When you open an account, the Bank will ask for your name, physical address, date of birth, and other information that will allow the Bank to identify you. The Bank may also ask to see your valid driver’s license or other identifying documents.

**Nontransferability of Accounts.** You agree that you may not transfer, assign or pledge your deposit account without the Bank’s consent. However, you also agree that the Bank may transfer, sell or assign your deposit account(s) without your consent. The Bank may use third parties to provide services related to your account, including foreign persons.

**Your Address and Mail.** Your statements and notices will be mailed to the last address the Bank has on file for the account. If your signature card indicates that statements and notices are to be held by the Bank, the Bank may destroy such statements if they are not picked up within 90 days. If two consecutive statements and/or notices are returned to the Bank by the postal service for any reason, or if the Bank becomes aware of the post service forwarding statements, the Bank may hold subsequent statements and notices of every kind until the Bank receives forwarding information from you and the Bank may destroy such statements and notices if you do not claim them within 30 days from the date of mailing.

It is important that the Bank’s record of your mailing address be kept current. Otherwise, you will not receive notices or other correspondence the Bank may send you from time to time. You agree to accept full responsibility for keeping the Bank’s record of your address up-to-date and that any notice, including notices of interest rate changes, changes of the fees and charges imposed by the Bank and any other notice the Bank sends you will be effective if sent to the last address you have furnished to the Bank. You also agree that any notice to or from any account holder for your account will be effective for all account holders except as otherwise stated in this Agreement. You agree that if a notice or other correspondence sent to your address according to the Bank’s records is returned by the postal service as undeliverable for any reason other than the Bank’s failure to pay proper postage, the Bank need not send future notices to you until you have furnished the Bank with a new address. You agree to be bound by any notice not sent to you because previous mailings were undeliverable.

**Check Printing.** The Bank offers checks in a number of

styles and at various prices. The cost of any checks purchased through the Bank will be automatically charged to your account. If you arrange for the printing of your own checks, the form, encoding and format of the checks must follow the Bank's check specification requirements to ensure that your checks will convert or can be used to create substitute checks, and be approved by the Bank in advance. If you use checks that do not meet the Bank's specifications, you are liable for any costs or losses that may result from the Bank's inability to process these checks.

**FDIC Insurance.** Generally, deposits are insured by the Federal Deposit Insurance Corporation in the same rights and capacities up to FDIC current limits. The FDIC is a corporation organized by the government to insure deposits. For more information, the Bank has a brochure available which explains federal deposit insurance coverage, or you may contact the FDIC directly at 25 Jessie Street, Suite 2300, San Francisco, CA 94105, or call the FDIC at (877) 275-3342.

**Dormant Accounts.** Checking accounts and saving accounts with no deposit or withdrawal transactions for twelve (12) consecutive months are considered dormant unless you contact the Bank within that period. A time deposit is classified as dormant if you do not withdraw the deposit after it matures or, if it is automatically renewable, you do not contact the Bank regarding the deposit for a substantial period of time. IRAs that require withdrawals under the IRA laws and have no withdrawal transactions for twelve (12) consecutive months are considered dormant unless you contact the Bank within that period. The Bank may, but is not obligated to, try to contact you before it classifies the account as dormant. The Bank will hold all statements on your dormant account if it cannot contact you. The account will continue to be assessed the normal service charges (e.g., monthly fees, etc.) while it is in dormant status.

The Bank remits funds in account(s) to the State of California or other states (less a charge for mailing a Notice of Escheat to you) in accordance with applicable escheat laws. California Unclaimed Property Laws require notification to account holders prior to escheating funds held in deposit accounts. You may reclaim any funds the Bank has remitted by contacting the State Controller's Office in Sacramento, or other appropriate authorities, and you must produce evidence of ownership.

**Waivers.** The Bank may delay enforcing its rights under this Agreement without losing them. Any waiver by the Bank shall not be deemed a waiver of other rights or of the same right at another time. You waive diligence, demand, presentment, protest and notice of every kind, except as otherwise set forth in this Agreement.

**Service and Other Charges.** Depending upon the type of account you have, various charges may be imposed. Because the amount and types of these charges will change from time to time, details about these charges are separately described in the Bank's Activity Fee Schedules. You agree that the Bank may change its Activity Fee Schedules from time to time and at any time. Further, you

agree to pay the charges imposed on your account according to the then effective schedule. You will be given notice of these changes only if the law requires it.

You should check with the Bank as frequently as you think necessary to determine the current charges and fees. You will receive a copy of the current schedule when you open your account and additional copies are available at each branch of the Bank.

You understand that the fees and charges imposed by the Bank are developed as a whole, taking into account the Bank's overall operating expenses, the direct expenses associated with the various services for which fees or charges are imposed (to the extent that these expenses can be reasonably segregated) and profit margins both from the particular services to which the fee or charge is associated and on an overall basis. The Bank may impose different fees and charges on different persons at its discretion. You agree to pay these fees and charges knowing that: (a) they are not intended merely to reflect the actual costs to the Bank of performing the particular service, (b) the Bank's profit margin may not be the same for all services, and (c) profit from some services may subsidize other services with a lower profit or performed at a loss to the Bank.

**Relationship.** The Bank's relationship with you concerning your account is that of debtor and creditor; no fiduciary, quasi-fiduciary, or special relationship exists between you and the Bank.

**Change in Terms.** The Bank may from time to time and at any time amend, modify, add or delete (collectively and individually a "change") the terms of this Agreement, the signature card, the Activity Fee Schedules, by providing you with prior notice to the last known address the Bank has on file for you. A change may include a change to existing terms, a change in terms, a change that involves a new term or a change that involves conditions not otherwise contemplated by you or Bank at the time this Agreement is entered.

**Business Days.** For purposes of this Agreement, the Bank's business days are Monday through Friday. Holidays observed by the Federal Reserve Bank of San Francisco are not included, nor are Saturdays or Sundays, even if one or more of the Bank's branches are open on any of those days.

**Force Majure.** Bank is not liable for failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, equipment failure, war, emergency conditions, terrorist action, Act of God or other circumstances beyond the Bank's control.

**Governing Law.** Except as provided by superceding federal law or regulation, accounts will be governed by the laws of the State of California.

**Heading Terms.** The headings in this Agreement are for convenience only and are not part of this Agreement.

**Identity Theft.** Identity theft is on the rise and the Bank reminds you of some of the things you can do to protect your identity. These things include the following:

- Not printing your driver's license or social security number on your checks.
- Ordering tamper resistant checks.
- Notifying the Bank if you have not received your new check order within 14 business days.
- Reconciling banking statements as soon as you receive them and looking for any discrepancies (including, but not limited to, checks cashed out of sequence or unexplained cash flows to or from your account).
- Placing outgoing mail in a secured mail box.
- Being careful of pretext callers who try to obtain your personal information, including bank account numbers and social security numbers, by pretending to be bank personnel or law enforcement.
- Writing your checks in legible manner and with legible ink in order to help prevent your checks from being altered or forged.
- Writing the numerical amount on checks in a manner that prevents additional numbers from being added by another person.
- Using reasonable methods to discard sensitive documents and consider placing a credit watch on your account by contacting the major credit reporting agencies.
- Being sure to store and keep safe checks, withdrawal and deposit slips, statements and other financial related documents.

The following are preventive measures you can take:

- Not leaving incoming mail in an unsecured mail box or residence mail box.
- Not allowing others access to your PIN or Bank of Stockton Debit Card.
- Not giving a signed blank check to anyone.
- Not maintaining signed blank checks.
- Not giving anyone permission to sign your name on your checks.

## REQUESTS FOR INFORMATION AND LEGAL PROCESS

**Information about You and Your Account.** You understand that in addition to information furnished pursuant to legal process, information about your account may automatically be disclosed to others. For example, the Bank may be required to disclose to the government the amount of the interest you earn, or report to the government large currency transactions and foreign transactions. The Bank may also provide information about your account to persons or companies the Bank believes would use such

information for reasonable purposes, such as when a prospective creditor seeks to verify information you may have given in a credit application or a merchant calls to verify an item you have written. In addition, the Bank routinely informs a credit bureau when accounts are not handled properly, or are closed by the Bank because they were not handled properly. The Bank may also seek information about you from others, such as a credit bureau, in connection with the opening or maintaining of your account. You authorize these transfers of information. For further information about the Bank's information sharing practices please see the Bank's "Privacy Statement".

**Legal Process.** The Bank may accept and act on any legal process relating to your account (for example, subpoena, restraining order, writ, etc.), that the Bank believes is valid, whether or not the process is served in person, by mail or by facsimile and whether or not the Bank is required by law to comply with its terms. Any such legal process may be subordinated by the Bank to its right of setoff and to any security interest in the account. If the Bank receives a legal process that affects your account, the Bank will charge a processing fee equal to the actual cost or as described in the Bank's Activity Fee Schedules (which ever is higher). The Bank will not have any liability to you because your funds are in any way restricted due to the legal process.

**Legal Process Cutoff Hours.** Our processing cutoff time with respect to any legal process received by us involving a check under the applicable State's version of Uniform Commercial Code Section, is the later of 10:00 AM on a business day or one hour after we open for the Business Day following the Business Day on which we received the check.

## ACCOUNT TRANSACTIONS

**Cut-off Hours.** Except as otherwise set forth herein, we consider transactions processed after the close of banking hours or on a non-business day to occur the following business day. Cutoff times may vary based on location where the transaction is processed and may change from time to time without notice, except where prohibited by law.

**Withdrawals and Transfers.** Withdrawals for all or any part of your account balance will be permitted as authorized on the signature card for your account. This means that the Bank may allow any owner (individually or jointly) and/or anyone with signing authority over your account, as shown on the signature card, to withdraw up to the entire amount in your account without approval or action by any other owner or signer on your account unless the signature card for your account expressly states otherwise. Any agreement you may have between you and another account holder or signer on your account regarding limitations on withdrawal will not be binding on the Bank unless the Bank has agreed to the withdrawal restriction and such withdrawal restriction is provided in your signature card.

Depending upon the type of your account, withdrawals may occur upon presentation of a preprinted personalized check, a temporary check, a counter-check or another form of withdrawal, including a withdrawal order initiated by a third party drawing a demand or other draft on your account or initiating an electronic fund transfer if the third person is authorized to do so by you or any other person with signing authority over your account. The Bank may also follow other forms of withdrawal instructions from you or others with signing authority over your account, such as instructions given by letter or over the telephone. Withdrawals at the direction of others may occur even if you maintain control over all preprinted personalized checks, the passbook, certificate of deposit or other deposit record for your account because the Bank may choose not to require that the person making the withdrawal present a preprinted check, the passbook, certificate or other deposit record, although the Bank reserves the right to do so, at its option.

To assure that no one else can withdraw money from your account, you must instruct the Bank, in writing, not to permit electronic funds or third party charges and withdrawals from your account other than those initiated through the use of a Bank of Stockton Debit Card issued to you and you must either be the sole signer on your account and not authorize anyone else to withdraw or: (1) see to it that your signature card shows that your own signature or other authorization is required for all withdrawals, and (2) instruct the Bank, in writing, not to issue a Bank of Stockton Debit Card for your account to anyone other than you.

If you seek a withdrawal for a deposit that is evidenced by a certificate of deposit, withdrawals will be permitted only if the certificate is presented at the time of withdrawal or if the Bank is satisfied that the certificate has been lost or destroyed without having been endorsed and the Bank has received whatever assurances against loss it believes are appropriate to protect the Bank against loss if the certificate is later presented for payment.

**Limitations on Withdrawals.** If your account is a Personal Money Market, Personal Savings, Premium Money Market, Christmas Savings, Business Money Market, Premium Business Money Market or Business Savings or any other money market fund account or savings account, Federal laws requires that we limit you to may make a maximum of 6 preauthorized, automatic or telephone transfers per monthly cycle. For purposes of this Section, a "transfer" includes any transfer to a third party and any transfer from your account(s) held at the Bank (including transfers initiated via modem, telecopied instruction, mobile telephone or personal computer) unless the transfer is initiated at an automated teller machine, by mail, messenger or in person at the Bank. If you exceed these limits, the Bank may close the account, impose a fee and/or change the account to a demand deposit account.

**Death or Incapacity of Depositor.** You understand that the Bank may pay items or permit withdrawals on your account after your legal incapacity or death unless the Bank knows of your

incapacity or death, and, to the extent permitted by law, the Bank may pay items or permit withdrawals even after the Bank learns of your death or incapacity. You agree to notify the Bank immediately regarding the death or court declared incompetence of any other owner or authorized signer on your account.

The Bank may suspend, refuse and reverse any transactions or deposits (for example, automatic federal direct deposits of benefit payments belonging to the decedent) if any owner or authorized signer dies or is declared by a court to be incompetent.

**Power of Attorney.** The Bank is sometimes asked to honor instructions given by someone claiming to act on behalf of a depositor under a power of attorney. The Bank reserves the right to refuse to act upon those instructions if the Bank is not certain, to the Bank's satisfaction, that the power of attorney is valid and covers the transaction(s) requested. If you wish to appoint an agent to transact business with the Bank on your behalf without risk of unexpected questions by the Bank, you should personally appear at one of the Bank's offices with your desired attorney-in-fact and use the Bank's Power of Attorney form. You and your agent should sign the form at the Bank, and you should renew your power of attorney authorization frequently.

If you want your agent to be able to handle your affairs even if (or only if) you become legally incapacitated, you should be sure that the power of attorney form you sign is a durable power of attorney designed for that purpose. Otherwise, even a recently signed and completely valid power of attorney will not be honored by the Bank once the Bank learns that you have become legally incapacitated. The Bank strongly advises you to seek advice of an attorney before deciding whether any power of attorney (including a durable one) will meet your needs.

You understand that when the Bank is requested to honor the instructions of one claiming to be your agent upon presentation of a power of attorney form (whether on a standard Bank form or one you or your attorney prepare), the Bank will have to consider the authenticity and continued validity of the power and evaluate the power to determine whether the instructions are consistent with it. You agree not to hold the Bank responsible for any loss or damage you may incur as a result of the decision the Bank makes whether to follow the instructions given by the agent, or any delays in this process, as long as the Bank's decision is made in good faith.

**Facsimile Signatures.** If you use a stamp or facsimile signature to authorize items or furnish the Bank with a facsimile specimen, you authorize the Bank, at any time, to charge you for all checks, drafts, or other orders for the payment of money that are drawn against your account regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the prior items or facsimile signature specimen filed with the Bank. The Bank is not responsible for any misuse of a facsimile or mechanical signature. You agree to compensate the Bank for all losses, claims, damages, or expenses that result from the Bank's

acceptance of any such facsimile or mechanical signature.

**Post-Dated Items.** The Bank may charge your account for an item that is otherwise properly payable from the account even though the Bank pays the check before the date on it, unless you give the Bank a special notice of postdated check. You can give this special notice to the Bank orally, but it must be received by the Bank so as to give the Bank a reasonable opportunity to act on it before final payment of the item. In placing your notice of postdated check, you must describe the check by giving the date, the check number, the exact amount of the check and the name of the payee in order for the Bank to return the item if it is presented for payment before the date on the check.

Regardless of whether your “notice” to the Bank is oral or written, your notice of postdated check will remain in effect for a total of six months. If you want to continue your notice of postdated check for additional six-month periods, then you must renew your notice before the current notice of postdated check expires. The Bank will impose a fee for each notice of postdated check and each renewal. The Bank may pay the item as of its date, even if you have given the Bank a notice of postdated check. If you do not want the item to be payable as of its date, you must give the Bank a stop payment order in time for the Bank to act on it before the date of the item.

**Stale Dated Checks.** Upon presentation of an item for payment more than 6 months after its date, you agree that the Bank may, in its sole discretion and without notice or inquiry to you, charge your account for the item. However, the Bank is not obligated to do so. You agree that the Bank’s obligation of good faith does not require the Bank to make any inquiry of you or require the Bank to give you notice prior to the payment of an item more than 6 months after its date. The Bank’s payment of the item will be in good faith absent written notice from you in the form of a stop payment order. If you want to ensure that the Bank does not pay a stale dated item, you should place a stop payment order on the item.

**Restrictive Legends.** You agree that the Bank is not required to honor any restrictive legend on items you write unless the Bank has agreed to the restriction in writing. Examples of restrictive legends include, but are not limited to, “Void After 90 Days” or “Not Valid for more than \$500.” You agree that the Bank may pay items containing a restrictive legend and charge your account for them even if the limitation would be violated, such as paying an item after a stated expiration date. If you wish the Bank to specially handle a given item on which you have written a restrictive legend, you must notify the Bank of the circumstances, so that the Bank can implement special procedures to watch for the item, and you may be required to pay a special handling fee, which could be similar to the fee imposed for stopping payment. However, the Bank is under no obligation to implement special procedures for any given item and may elect instead to refuse to honor any restrictive legend.

### **Checks Presented Over the Counter for Payment**

**by a Non-Customer.** If a check drawn against your account is presented over-the-counter for payment by a person who is not a deposit customer of the Bank, the Bank may charge a fee to the person presenting the check as a condition for payment of the check. If your checks may be payroll items, you must consider whether this policy will or will not affect your ability to comply with your duties under California’s Labor Code and other employment law. The Bank may require identification acceptable to the Bank not prohibited by law. You agree that the Bank may dishonor the check if the person refuses to pay the fee or provide the identification requested by the Bank.

**Demand Drafts and Electronic Debits.** A demand draft is a writing not signed by an account holder that is created by a third party under the purported authority of the account holder for the purpose of charging the account holder’s account with a financial institution. A demand draft must contain the account holder’s account number and may contain the account holder’s printed or typewritten name, a notation that the account holder authorized the draft, or the statement “no signature required” or words to that effect.

If you authorize someone else to pay bills for you or to write demand drafts against your account (for example, through a money management or similar software program), you understand and agree that the Bank will not be required to determine whether a given item is actually authorized by you. The Bank is authorized to honor any items or other debits (including electronic debits) that are subsequently prepared, whether or not you have actually authorized the specific item or debit and even though the item will not bear your signature or that of any other person.

If you or any authorized signer voluntarily give information about your account (such as the Bank’s routing number and your account number) to someone and authorize them to draw electronically or by demand draft against your account, the Bank may charge your account and pay any transactions or items initiated by the person to whom you gave the information. The Bank may continue to honor items or debits from a payee previously authorized by you, until you instruct the Bank to cease to do so, whether or not the payee is acting within the scope of your initial authorization, subject only to such liability as may be imposed upon the Bank by law. If you want the Bank to stop honoring items from a payee previously authorized by you, you must tell the Bank in writing. Until you notify the Bank that such items are not authorized, the Bank can 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.

This does not, however, obligate the Bank to honor demand drafts or other electronic items or entries. The Bank may refuse to honor demand drafts or items or entries without cause or prior notice, whether or not the Bank has honored or dishonored similar items or entries previously.

You agree that the Bank is under no obligation to verify whether



the name and account number shown on a demand draft or electronic debit are consistent. If any information on a demand draft or entry is incomplete, inaccurate, or in error, you agree that the Bank may, in its sole discretion, either pay the demand draft or entry and charge your account for the item as drawn or refuse to honor the demand draft or entry and, without prior notice to you, return it unpaid.

**Deposits.** All deposits (including deposits containing checks drawn “on-us”), other than cash deposits, that are accepted remain subject to final payment and collection by the Bank. Any credit given is provisional credit only until actual collection is final. Credit for deposit of, or payable in, foreign currency may be adjusted to reflect the exchange rate in effect for final collection in US dollars.

The Bank may use any exchange rate, including one less favorable to you than you may obtain from others, as in effect at any time during the process of collection. The Bank may, in some cases, give immediate credit for a deposit. In other instances, the Bank may put a “hold” on a deposit to allow for the time to collect the item from the financial institution upon which it is drawn. If a hold is placed on a deposit you will be notified and advised of the length of the hold. You will not be able to withdraw a deposit being held until the hold is released. Please refer to the Bank’s Funds Availability Disclosure contained in this Agreement for details. The Bank also reserves the right to accept items on a collection basis only, in which case the item will not be considered deposited to your account or available for withdrawal unless and until actual and final payment of the item is received by the Bank.

The Bank reserves the right to refuse any deposit you want to make for any reason or for no reason. This may include, but is not limited to, if the deposit does not conform to the Bank’s standards for deposits, if the Bank has a limitation on the size of any account balance for the type of account you have or if the deposit would cause the balance in your account to exceed the amount insured by the Federal Deposit Insurance Corporation.

For the Bank’s convenience, your deposit account may be divided into a transaction sub-account and non-transaction sub-account. The Bank from time to time may transfer funds between the two sub-accounts. These transfers will take place and be reflected only on the Bank’s books and will not affect your Bank statement, your account balance, your FDIC insurance or the interest (if the account is interest bearing) or fees on your account.

**Endorsements.** You warrant that all endorsements on items deposited to your account are genuine and authorized, including those items which contain no endorsement. The Bank is authorized to supply your endorsement to any item taken for collection, payment, or deposit to your account. The Bank is also authorized to collect any unendorsed item that is made payable to you without first supplying your endorsement, provided the item was deposited to your account. You agree to reimburse the Bank for any loss, cost, or expense the Bank incurs as a result of your failure to endorse an item

exactly as drawn.

To the extent legally permitted, you and each co-owner of an account appoints each other co-owner and any authorized signer as your attorney-in-fact with full power to endorse the name of any co-owner on any item for deposit into the account or cash the item.

The Bank may refuse to pay items which bear more than one endorsement or the endorsements of individuals who are not known to the Bank. If you wish to deposit or cash an item which has been previously endorsed by one or more individuals, the Bank reserves the right to require all endorsers to be present before the Bank accepts the item or that their endorsements be guaranteed by their financial institutions.

If the Bank receives an affidavit stating that one or more endorsements on a check or other item deposited into your account is forged or unauthorized, including items with missing endorsements, or that a check or other item deposited to your account has been altered, the Bank may freeze the amount or charge back the amount of the item to your account, without prior notice to you, even though you have already used the funds. These rights are in addition to those described elsewhere in this Agreement, such as in the paragraph entitled “Deposits.” Also, see the paragraph entitled “Duty to Review Statements” for your duties to discover and report missing or forged endorsements.

You agree to reimburse the Bank for any loss, cost or expense the Bank incurs as a result of your failure to endorse an item exactly as drawn.

**Direct Deposits.** Direct deposit is a method to automatically deposit your funds into your account held with the Bank. In order to receive direct deposit you must enroll with the person or company sending you the funds. If, in connection with a direct deposit plan, the Bank deposits any amount in this account which should have been returned to the federal government or another payor for any reason, you authorize the Bank to deduct the amount of its liability to the payor from this account or from any other account you have with the Bank, without prior notice and at any time, except as prohibited by law. The Bank may also use any other legal remedy to recover the amount of its liability.

**Check 21 and Deposits.** You agree not to deposit a substitute check (as defined in federal Regulation CC, 13 CFR Part 229) if doing so would cause the Bank to become a reconvert bank, unless the Bank specifically agrees to be a reconvert bank. If you provide the Bank with any substitute check, or take any action that may cause the Bank to be a reconvert bank, then you agree to reimburse the Bank for any losses, costs, or expenses the Bank incurs because action or inaction by you causes an item provided by you to the Bank that fails to meet any applicable substitute check standards and/or causes a breach of a substitute check warranty (including that the substitute check meet the requirements for legal equivalence and the requirement that no duplicate presentment occurs). You also agree to reimburse the Bank if your action or

inaction on a substitute check causes an indemnity claim for loss due to the receipt of a substitute check instead of an original check. These promises of yours to reimburse the Bank covers losses, costs or expenses on any substitute check, paper, or electronic representation of a substitute check that you provide to the Bank; they apply without limiting other rights the Bank may have under this or other agreements with you. The Bank is not under any obligation to be a reconverting bank for you, and the Bank can refuse any item that would cause the Bank to be a reconverting bank, unless the Bank has a separate agreement with you that provides otherwise.

## REGULATION GG – UNLAWFUL INTERNET GAMBLING ENFORCEMENT ACT

Pursuant to Federal Regulation GG, we are to notify all business customers of the restrictions imposed on processing restricted transactions as defined by the regulation through any of its Bank of Stockton accounts. A restricted transaction includes but is not limited to any transaction or transmittal of funds knowingly accepted by gambling businesses in connection with any one participating in unlawful internet gambling.

### STOP PAYMENTS AND RETURNED ITEMS

**Stop Payment Orders.** If you want to stop payment on an item, you may furnish the stop payment order orally or in writing. If you give the Bank a stop payment order orally, then it will be effective for 14 days only. The stop payment order will expire at the end of 14 days unless you give the Bank written notice of the stop payment order.

For a written stop payment order, you must complete the Bank's stop payment order form at any branch office. Upon confirming the stop payment order in writing, the stop payment order will remain in effect for six months and must be renewed by you every six months to remain in effect. If you do not renew the stop payment order when it expires and the item is presented for payment, the Bank may pay the item and charge it to your account.

You must furnish the Bank with the date, the item number, the exact amount of the item, and the name of the payee in order for the Bank to stop payment on the item. If you provide the Bank with any incorrect information, the Bank will not be responsible for the Bank's failure to stop payment on the item. The Bank also will not be responsible for failure to stop payment on an item if the Bank does not have a reasonable opportunity to act on the stop payment order before final payment of the item.

Any account holder or authorized signer on the account may provide the Bank with a stop payment order even if the item has more than one signature. For example, a joint account holder may place a stop payment order on an item written by another account holder regardless of whose authorized signature appears on the item. (Please refer to the Stop Payment Disclosure that precedes the Stop

Payment Order that is accessible from Our online banking service for information about placing stop payment orders over the Internet.)

There is a charge for each stop payment order and renewal order requested. See the Bank's Activity Fee Schedules. Only the person who initiated the stop payment request may cancel a stop payment request.

If the Bank pays a check that has a valid stop payment order on it with correct information, the Bank may be responsible to you, up to the face amount of the item, if you establish that you have suffered a loss because the Bank paid the item. You agree to assign to the Bank all of your rights against the payee and/or any other holder of your check. You also agree to cooperate fully with the Bank in any legal actions that the Bank subsequently takes against such persons.

Anyone holding the check, including the Bank, may be entitled to enforce payment against you despite the stop payment order. You agree to indemnify, defend and hold the Bank harmless from all costs, actions, damages, claims and demands related to or arising from the Bank's action in stopping payment on the check.

**Lost/Stolen Cashier's Checks.** You do not automatically have the right to stop payment on cashier's checks, teller checks or certified checks (collectively, "cashier's checks") you obtain from the Bank. If you notify the Bank of a lost, stolen or destroyed cashier's check, the Bank may, in its sole discretion, elect to not to honor such instruments. In the event that a cashier's check is lost, stolen or destroyed, please contact the Bank for the procedures you must follow to obtain reimbursement or have the cashier's check reissued. In general, you will have to complete a declaration of loss form, describing the cashier's check and how it came to be lost, stolen or destroyed, and sign the declaration of loss under penalty of perjury. The Bank may then wait 90 days from the date the check was issued before the Bank pays your claim. If 90 days has already passed, then the Bank will seek to act on your claim within a reasonable time. If the check is presented during the 90-day waiting period, the Bank may pay the item to a person entitled to enforce the check. If this happens, the Bank will not pay your claim.

If the Bank determines that a cashier's check is presented by or on behalf of a person who may be a holder in due course or who may otherwise have the right to obtain payment of the instrument from the Bank, the Bank may, without notice to you, pay the instrument, even though you may have paid the Bank a fee not to honor the check.

**Return Items or Debits.** If a check or other item (or image of a check or other item) that the Bank cashes for you or which you deposit to your account is returned to the Bank as unpaid for any reason, the Bank may charge your account for the amount of the check or other item, interest earned and a handling fee. This may include, among other circumstances: (a) checks and electronic debits that are returned because the maker of the check (or payee of the debit) had insufficient funds in its account; or (b) checks/debits that were paid originally and later are returned to the Bank accompanied by an affidavit which states that the item(s) or debit(s)

are unauthorized or any endorsement is forged or unauthorized, or that the item or debit has been altered in any way. The Bank may charge your account for the amount without questioning the truth of such an affidavit. The Bank may also debit your account for any interest you may have earned on the amount of the item.

If any check or other item deposited in your account is returned to the Bank through the Federal Reserve, a Clearing House or one of the other normal check return channels, the Bank may accept that return and charge the check or other item back against your account without regard to whether the institution on which the check or other item is drawn returned the check before its midnight deadline or whether the return otherwise complies or fails to comply with any laws or rules governing the return.

The Bank may, at the Bank's sole discretion, notify you by telephone if an item has been returned unpaid. You waive any right of protest or other presentment before return. If you authorize the Bank to redeposit the item on your behalf, you waive any right to receive a written notice of the returned item and you authorize the Bank to charge back the item to your account if it is returned unpaid again for any reason.

### **Overdrafts and Non-Sufficient Funds.**

If there are non-sufficient available funds in your account to pay a check or item, it may be returned unpaid. However, the Bank may at its sole discretion take one of the following actions if the Bank receives an item drawn against your account and there are non-sufficient funds available in your account to cover the item:

*Cover the Item* according to the terms of any written overdraft plan that you and the Bank established.

*Pay the Item* and create an overdraft to your account. If the Bank pays your item against non-sufficient available funds, you agree to pay the Bank the amount of the overdraft (and any overdraft fee). You agree to pay the Bank the overdraft (and any fee) immediately and without notice or demand by the Bank. Any negative balance in your account is due and payable immediately, unless the Bank agrees otherwise in writing. The Bank may place a hold on balances in any account you may have with the Bank until an overdraft (or any fee) is paid, but is not required to do so. The Bank may also use funds from another account of yours, at its option. If the Bank receives subsequent deposits to your account and you have not yet paid your overdraft (and fees), you agree to use the subsequent deposit to pay the Bank and instruct the Bank to use the subsequent deposit to pay the overdraft (and any fees) for you. This includes subsequent deposits that are direct deposits of governmental benefits (such as Social Security and Supplemental Security Income) as well as any other source of subsequent deposits. If you wish to no longer pay the Bank from subsequent deposits, you agree to discontinue subsequent deposits (including contacting any payor of direct deposits and instructing the payor to discontinue making direct deposits).

*Return the item unpaid.* The Bank may choose, without notice

to you, to refuse to pay any item if it would create an overdraft, even though the Bank may have previously established a pattern of honoring such items.

The Bank is not obligated to notify you before it decides to either pay an item that creates an overdraft or to return an item drawn against insufficient available funds. The Bank will assess a fee that will vary depending on the actions it takes. Enrollment in one of the Bank's overdraft protection plans can help you avoid overdrafts and returned items. Ask the Bank for more details regarding overdraft protection.

*Overdraft fees.* Overdraft fees may apply to overdrafts created by check, in-person withdrawal, or other electronic means.

Each account holder is jointly and severally responsible for paying any overdraft amounts created by any authorized signer(s) or party to the account, regardless of whether an account holder signed the check or received any benefit from the check or item. The Bank is not obligated to continue paying checks or items which create an overdraft even if the Bank has done so in the past and the Bank may refuse to do so in the future without any notice to you.

## **ACH AND OTHER ELECTRONIC TRANSACTIONS**

**ACH Items and Wire Transfers.** The Bank may send or receive debit or credit items affecting your account which are subject to Automated Clearing House ("ACH") rules, Division 11 (commonly referred to as Article 4A) of the California Uniform Commercial Code and/or the Federal Reserve Board's Regulation J. You understand that such items will be processed in accordance with these laws, regulations and rules and related ACH and Federal Reserve System guidelines and operating circulars.

**ACH Provisional Payment Rule.** Under the ACH rules, transfers of funds sent through an ACH system are provisional. This means that they may be revoked prior to final settlement. You understand that under the ACH rules and the terms of this Agreement, the Bank can reverse any deposit to your account if the deposit was based on a provisional transfer through the ACH and the Bank does not receive final settlement of the transfer, regardless of the reason and whether the return was timely (if this happens, the person who sent the funds to you will be deemed not to have paid you). You agree that in the event such reversal happens, the Bank is not required to send you a separate notice regarding a reversal of a deposit, although it may do so. In any case, you will be notified of the deposits and reversals on your account statement.

**Automated Teller Machine and Other Electronic Withdrawals.** Regardless of any withdrawal restriction in your signature card, if a Bank of Stockton Debit Card has been requested by or issued to anyone who has an ownership interest in or signature authority over your account, or if anyone who has an ownership interest in or signature authority over your account authorizes a third

party to draw a draft on or to initiate an electronic fund transfer from your account, the Bank may honor the transaction. See the Section "Withdrawals" for important instructions if you want to restrict or prevent electronic (including ATM) withdrawals from your account. Included in this Agreement is the disclosure "Electronic Fund Transfer Agreement and Disclosure" concerning rights for a consumer under the Electronic Fund Transfer Act when a consumer opens an account for personal, family or household purposes.

**Notice of Receipt of Payment.** Whether a deposit is received to your account under the ACH rules or by wire transfer outside of the ACH rules, you agree that the Bank is not required to give notice to you of the deposit other than by showing the deposit in your next regular deposit account statement, even if the ACH or wire transfer rules would otherwise require such a notice, and that no interest liability will arise under California Commercial Code Section 11404(b) even if no special notice is sent to you.

## ELECTRONIC COMMUNICATIONS

**Restrictions on Use.** Any message or instructions transmitted by you over the Internet or over any other electronic communications system will not bind the Bank, and the Bank will be under no obligation to respond to or act upon the same. You will bear the risk of any losses that may result from having chosen the particular telecommunications system you choose, including any losses that result from breach of security or from the Bank's not responding or acting on the message. No electronic contracts may be created without the express consent of the Bank. If the Bank, at the Bank's sole discretion, chooses to respond or act upon an electronic message or instruction, then the following applies:

- If the message or instruction is authentic or validated by you, then you will be bound by the message or instruction;
- The Bank will not be deemed to have received the message or instruction until it has actually received it and has had a reasonable time to act on the message or instruction;
- The Bank will not be bound to act on or accept any future message or instruction;
- The Bank may use any account number provided by you even if the account number identifies a beneficiary different from the beneficiary named by you; and
- You agree to indemnify the Bank and hold it harmless against any losses, damages or other expenses arising out of the Bank's actions or inactions in response to your message or instruction.

If you have an agreement (other than this Agreement) with the Bank governing electronic or other messages or instructions, then the terms and conditions of that agreement will control instead of the foregoing.

## UNAUTHORIZED TRANSACTIONS AND REVIEW OF STATEMENTS

**Duty to Review Statements.** With certain exceptions, the Bank provides account holders with statements listing their account transactions. You agree to examine your statements and any attachments as soon as you receive them. If images of items are not returned with your statement, upon your request the Bank will if required by law promptly provide you with those images.

You assume full responsibility for monitoring and reviewing the activity of your account, including the work of your employees, agents and accountants. For non-consumers, you agree to use effective measures to prevent and detect unauthorized transactions, such as separating the functions of check issuing and check/statement reconciliation and reviewing these functions periodically to ensure your accounts are being handled properly.

You agree to notify the Bank immediately if there is an error or an unauthorized transaction shown on your statement. If you do not, the Bank may assume that the statement is correct. You must notify the Bank of any forged, altered or unauthorized item (including demand drafts) within 30 days of the date the Bank delivers your statement or makes it available to you. For these purposes, statements will be deemed "made available" on the date they are mailed (this includes statements delivered to you by electronic mail) or (if you are under a hold mail program) the date they are made available for pick up. You further agree that if you fail to notify the Bank within this 30 day period, you are precluded from asserting against the Bank the forged, altered or unauthorized item and any subsequent forged, altered or unauthorized item from the same wrongdoer. This 30 day limitation is without regard to whether the Bank did or did not use ordinary care and does not otherwise restrict any right the Bank has under law or other agreements with you. If the suspected account problem involved a substitute check that posted to your account, you may (under some circumstances) be entitled to make a claim that is not subject to this 30 day limitation. (For example, see the "Check 21 and You" disclosure for more information regarding substitute check claims.)

You assume full responsibility for notices, vouchers, checks, items, statements and other documents which are lost, destroyed or stolen while in the mail or in transit to or from you or a third party. You agree to promptly return any checks or other items to the Bank, which do not belong to you.

If you do not receive your scheduled statement, it is your obligation to notify the Bank of that fact.

**Forgeries, Missing Signatures and Alterations.** The authorized signatures for an account are noted on the account signature card. Any one of the authorized signers may sign checks or withdrawal orders, and any owner or authorized signer may give the Bank instructions regarding the account. The Bank does not allow a two or more signature withdrawal restriction. However, the Bank

reserves the right to require all authorized signers to sign a check or withdrawal order (for example, if there is a conflict). Even if the authorized signers on an account change, the Bank may continue to honor checks, withdrawal orders and other instructions by authorized signers until the Bank is notified in writing not to do so.

Joint accounts include accounts held as joint tenancy, tenancy in common, community property or registered domestic partners. A joint account holder authorizes the other account holder(s) to endorse items in that person's name and to cash items or deposit them into the joint account and to otherwise give the Bank instructions on dealing with the account or transactions.

The Bank will have no responsibility for reviewing the number or combination of signatures on an item drawn against your account (except where the Bank has expressly agreed otherwise). This means that the Bank will have no liability to you if items are drawn against your account that is contrary to your signature requirements as long as one required signature appears on that item.

If your negligence contributes to an item being altered, changed or forged, the Bank will not be responsible if the Bank pays the item in good faith and in accordance with the reasonable commercial standards of its business. If anyone disputes the payment of an item because it was altered, changed, forged, bore an unauthorized signature or was otherwise improper, the Bank may not credit the amount to your account until the dispute has been resolved and/or the Bank may reverse any credit previously given. The Bank may do so without investigation of the underlying claim and is not liable if the claim is later determined to be unfounded or erroneous.

The Bank normally investigates any claim that a transaction is unauthorized. Unless a law, rule or regulation provides otherwise, such a claim is deemed not to have been made until submitted in writing to the Bank. You agree to fully cooperate in the Bank's investigation of such a claim. Your cooperation may include among other things, at the Bank's discretion: (1) a requirement that you submit a declaration under penalty of perjury describing your claim; (2) a report filed with the appropriate police and/or investigatory authority; (3) providing documentation in support of your claim within thirty (30) days from when the Bank requests them from you; and (4) if your claim arises from employee fraud or embezzlement, the Bank will require you to make a claim against any insurance coverage that you might carry for such a claim. The Bank's liability to you will be reduced by the amount your insurance company pays you for any claim you tendered to it.

The Bank may, although it is not required to do so, provisionally credit your account pending the final outcome of the investigation. If the Bank determines, at the Bank's sole discretion, that the debit to your account was proper, then the Bank may reverse a provisional credit made to your account.

**Truncation.** You agree that we may truncate and destroy original items drawn on or paid from your account and are not required to deliver original items to you.

## RESOLVING DISPUTES

**Disputes.** The Bank, from time to time, may be brought into a dispute among the account holders over an account or a dispute between the account holders and/or others claiming to be owners of or persons entitled to control or withdraw funds from a deposit account (for example, officers of a corporation). When this happens, the Bank may choose any of the following courses of action:

- It may reject any instructions that conflict with the terms of the signature card for the account (such as an instruction by one account holder not to honor items or other withdrawal orders by another account holder) unless all account holders sign the instructions.
- It can require that all account holders sign any item or other withdrawal order even though the signature card for the account does not require all those signatures to authorize a withdrawal.
- It can close the account and issue a single cashier's check for the account balance jointly payable to all account holders, and may mail or deliver that check to any one of the account holders or to an address on file for the account.
- It can deposit the account balance with the clerk of a court in connection with an interpleader action the Bank brings or in response to a court action naming the Bank as a party. The court would then decide who is entitled to the funds. If the Bank interpleads the deposit with the court, the court will be asked to award the Bank its costs for the lawsuit. The law provides that this award is payable out of the deposit.
- It can take any other action it believes to be reasonable under the circumstances even if the action is not listed here. These actions include, but are not limited to, any specific procedures that may be applicable under a law or regulation.

You agree not to hold the Bank responsible for, and to indemnify and defend the Bank against, damages that may result from any decisions the Bank makes in this regard, as long as the Bank's decision and action (or inaction) is made and taken in good faith.

### **Closing or Suspending Accounts or Transactions.**

The Bank may, at its sole discretion, close your account at any time, with or without cause, and remit the balance, if any, to you at the last address the Bank has on file for you. The Bank does not have to advise you of the reason for taking this action. The Bank may remit the balance by cashier's check payable to the name (or in the case of a joint account, payable jointly to all the names) of the account as shown on the Bank's records, even if contrary evidence of account ownership has been given to the Bank. If the account is a joint account then the Bank may mail or deliver the cashier's check to any one of the account holders. You may close your account at any time upon notice to the Bank, unless your account has a scheduled maturity date, subject to any applicable early withdrawal penalty. You will remain liable for the payment of accrued fees on the account and

for items in the process of collection, as well as any other obligations relating to actions or inaction prior to account closure.

The Bank may honor any account holder's or authorized signer's request to: close or suspend an account or transaction; or, dishonor any check, withdrawal order, item or transaction presented for payment; or, otherwise suspend or freeze funds or transactions. At the Bank's discretion, it may require the signatures of all account holders and/or authorized signers before permitting the withdrawal of funds or the closing or suspension of an account or transaction.

The Bank may dishonor any check, withdrawal order, item or transaction presented for payment after an account is closed by you or by the Bank. At the Bank's sole discretion, the Bank may honor checks, withdrawal orders, items or transactions after an account is closed if the transaction was guaranteed by the Bank under any check guarantee program or was part of an electronic fund transfer system or if you fail to place a stop payment order for any outstanding checks or other items. You shall remain responsible and liable for such checks, items and transactions.

If an interest bearing account is closed for any reason before accrued interest is actually paid, interest may not be paid for the last interest period.

The Bank may, at its sole discretion, "freeze" or place a hold on the balance in your account(s) if it suspects that there is irregular activity involved in your accounts, including receipt of inconsistent instructions from any account holders or persons purporting to represent the account holder(s). Should the Bank place a "freeze" on your account(s) to reasonably investigate its concerns, the Bank shall not be liable to you for any claims you might have including, but not limited to, claims of wrongful dishonor.

**Hold Harmless and Indemnity.** In addition to any other rights the Bank may have under this Agreement (or other agreements), or at law or in equity, you agree to indemnify and hold the Bank harmless against any harm, losses, cost or other expenses ("Loss") incurred by the Bank as a result of or arising out of action or inaction by you or any other account holder or authorized signer in connection with any of your accounts at the Bank. Where there is more than one account holder, this hold harmless and indemnity obligation is joint and several. Without limiting the foregoing, this hold harmless and indemnity will include any Loss suffered or incurred by the Bank due to any US or foreign governmental entity seizing, freezing or otherwise asserting or causing the Bank to assert control over any account or funds in an account of yours; and will apply whether or not such action is ultimately determined to be authorized under the laws of the US or its territories, or of any foreign jurisdiction. You specifically agree that the Bank is not required to inquire or determine the authenticity of any action taken by any US or foreign governmental entity prior to acceding to any legal process initiated by it.

**Damage Limitations.** Except as specifically provided

by law, the Bank will not be liable to you for special, punitive or consequential damages or for any incidental expenses incurred by you, including, without limitation, attorneys' fees.

**Arbitration.** The parties expressly agree that any legal proceeding, any action, dispute, claim, or controversy of any kind (e.g., whether in contract or in tort, statutory or common law, legal or equitable) now existing or hereafter arising between the parties in any way arising out of, pertaining to or in connection with this Agreement shall be resolved by binding arbitration in accordance with the Commercial Arbitration Rules and Supplemental Procedures for Financial Disputes of the American Arbitration Association ("AAA"). The foregoing matters shall be referred to as a "Dispute." Any of the parties hereto may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in to compel arbitration of any Dispute. Any such arbitration shall proceed in the county of branch location and shall be governed by the substantive laws of the U.S. and of the State of California.

The decision of the arbitrator shall be final and binding upon all parties and judgment upon the award may be entered in any court having jurisdiction thereof by a party. Any arbitrator chosen to preside over the dispute must be a member of the California State Bar either actively engaged in the practice of law or a retired member of the California State or federal judiciary, and, unless otherwise agreed in writing, must have expertise in the process of deciding disputes in the deposit account and/or internet banking services context.

Any party who fails to submit to binding arbitration following a lawful demand of the opposing party shall bear all costs and expenses incurred by the opposing party in compelling arbitration.

In Disputes involving indebtedness or other monetary obligations, each party agrees that the other party may proceed against all liable persons; jointly and severally, or against one or more of them, less than all, without impairing rights against other liable persons. Nor shall a party be required to join the principal obligor or any other liable persons in any proceeding against a particular person. A party may release or settle with one or more liable persons as the party deems fit without releasing or impairing rights to proceed against any persons not so released.

These arbitration provisions shall survive any termination, amendment or expiration of any provision of this Agreement, unless otherwise expressly agreed upon in writing.

**UNLESS OTHERWISE PROHIBITED BY LAW,  
THE PARTIES UNDERSTAND THAT THEY  
ARE WAIVING THEIR RIGHT TO A JURY TRIAL,  
OR A TRIAL BEFORE A JUDGE IN  
A PUBLIC COURT.**

**Attorney Fees and Costs.** Except as specifically provided herein, you agree that in the event of any claim, action or cause of action arising out of or to enforce this Agreement, you and the Bank

will bear their own attorneys' fees.

**Setoff.** To the extent permitted by law (and only to that extent), the Bank may, but is not obligated to, take funds on deposit in your account to satisfy a debt you owe the Bank which is not paid when due. This is called the right of setoff. If the Bank exercises this right of setoff, the Bank will comply with all applicable laws and regulations and the Bank will notify you promptly of the action taken if required by law to do so.

All sums in your deposit accounts are subject to the Bank's right of setoff for any liabilities owed to the Bank by any of the following persons: any one or more of the account holders, including any other person who is a joint account holder; or any partnership of which you are a general partner; or any other person or entity with whom you are a co-obligor, or have agreed to act as surety or guarantor, or for whose debts you are liable or may be contingently liable.

If the Bank exercises its right of setoff against an account that is subject to an early withdrawal penalty, the account may be assessed the applicable early withdrawal penalty. The Bank will not be liable for the dishonor of any check, draft or item when the dishonor occurs because the Bank charges and deducts an amount you owe the Bank from your account. You agree to hold the Bank harmless from any claim arising as a result of the Bank exercising its right to repayment.

This right of set-off does not apply to this account if: (a) it is an IRA or a tax-deferred retirement account; (b) the debt is created by a consumer credit transaction under a credit card plan; or (c) the debtor's right of withdrawal only arises in a representative capacity.

## OWNERSHIP OF ACCOUNTS

**Ownership of Account and Beneficiary Designation For Personal Accounts Only.** These rules apply depending on the form of ownership and beneficiary designation, if any, specified on the account records. If none is specified, the Bank may treat your account as a joint account. The Bank reserves the right to refuse some forms of ownership on any or all of the Bank's accounts. You agree to provide the Bank with documentation acceptable to the Bank designating each authorized signer with respect to your account(s) and related services offered by the Bank. Note: *Because decisions concerning whether an account should be held in a particular capacity may have significant legal, tax and estate planning consequences, consultation with your attorney or tax advisor is recommended. The Bank does not provide or take responsibility for this type of advice.*

## CUSTODIAN FOR MINOR

This account shall be governed by the provisions of the California Uniform Transfers to Minors Act, as amended from time to time. The account is controlled by the custodian, but is owned by the minor. If the custodian resigns, is removed or dies, the Bank may recognize

any designated successor custodian. The custodian can designate a person or entity as a successor custodian to act when the current custodian resigns, or becomes legally incapacitated or dies. If no successor custodian is named, Section 3918 of the California Probate Code will govern the determination of a successor custodian. If the minor dies before reaching the age of 18 (or later if the time of transfer of the custodial property to the minor is delayed under the California Probate Code) the account will pass to the estate of the deceased minor. The Bank has no duty to monitor or ensure that the acts of the custodian are performed for the minor's benefit. For this type of account, the minor's SSN/TIN is used for tax information reporting purposes.

## INDIVIDUAL ACCOUNT

This type of account is issued to one person who does not intend (merely by opening this account) to create any survivorship rights in any other person.

## JOINT ACCOUNT

This type of account is owned by named parties. Upon the death of any of them, ownership passes to the survivor(s), subject to the Bank's right to setoff and any security interest in the account.

## "IN TRUST FOR" DESIGNATION

One or more parties may open this account. The balance may be paid to any or all of the parties during their lifetime, according to the owners' instructions. Upon the death of two or more parties of a joint account, the funds remaining on deposit belong to the surviving parties as against the estate of the decedent unless there is clear and convincing evidence of a different intent. If there are two or more surviving parties, their respective ownership during their lifetime are in proportion to their previous ownership interests under Section 5301 of the California Probate Code augmented by an equal share for each survivor of any interest the decedent may have owned in the account immediately before the decedent's death, and the right of survivorship continues between the surviving trustees or parties. The Bank is not responsible, however, for determining any shares. On the death of the sole party or of the survivor of two or more parties, (a) any sums remaining on deposit belong to the beneficiary(s) designated on the account, if surviving, or the survivor of them if one or more dies before the party; (b) if two or more designated beneficiaries survive, any sums remaining on deposit belong to them in equal and undivided shares unless the terms of the account or deposit agreement expressly provide for different shares; and (c) if two or more designated beneficiaries survive, there is no right of survivorship in the event of death of any designated beneficiary thereafter unless the terms of the account or deposit agreement expressly provide for survivorship between them.

## TRANSFER OF COMMUNITY PROPERTY

If you are married or are a registered domestic partnership and (1) your spouse or registered domestic partner is not included as joint owner, or (2) an individual other than your spouse or registered domestic partner is included as a joint owner, or (3) an individual other than or in addition to your spouse or registered domestic partner is designated as a beneficiary of this account or any insurance proceeds payable on this account, then unless the appropriate consent of spouse or registered domestic partnership provision contained in the signature card is completed, your spouse or registered domestic partner may retain a community property in the funds on deposit in the account which could change its final distribution. If you have any questions, the Bank encourages you to consult with your attorney, accountant or other personal financial advisor. The Bank cannot and will not provide advice regarding how the rights to your property may be affected.

## TENANCY IN COMMON ACCOUNT

This account is owned by the named parties as tenants in common. Upon death of any party, the ownership interest of that third party passes to the named pay-on-death payees of that party or, if none, to the estate of that party and is subject to the Bank's right to setoff and security interest in the account.

## TRUST & OTHER FIDUCIARY ACCOUNTS

Legal title to the account is owned by the signing party(ies) as trustee, custodian, guardian, executor, administrator, conservator, or other fiduciary for the named beneficiary(ies) under a separate trust agreement, employee benefit plan, court order or other fiduciary arrangement. Certain beneficiaries may, in turn, be acting as trustee or fiduciary for others. The signer(s) certify that they are authorized to invest funds in this account. If, in addition to the signature of the fiduciary or co-fiduciaries, a court order or other authority requires an additional or counter-signature (such as co-fiduciary, bondsman, court officer, or other party), a provision to this effect must be provided.

You may be asked to provide a copy of the trust agreement (except for the dispositive provisions of the trust if prohibited by law), executed trustee's certificate of trust, or other documents so that the Bank can verify that the persons who sign are designated as fiduciaries. Unless the written trust agreement or other document clearly states otherwise, trustee(s) may not ordinarily delegate authority under a power of attorney or in any other way to any other person, not even to another trustee. This means that ordinarily all trustees must act together in personally endorsing or signing checks and giving other kinds of orders to the Bank.

**Account Ownership Types For Business Account Holders Only.** Business accounts are available to both profit or nonprofit businesses and associations. Common forms of ownership

include:

## CORPORATION OR VOLUNTARY ASSOCIATION ACCOUNT

By signing the signature card, you represent to the Bank that the account holder is a business corporation, professional corporation or professional association or a voluntary association, and that the authorized signers are duly authorized to act for the legal entity. The Bank requires a resolution in a form acceptable to the Bank authorizing the account to be established and giving certain individuals authority to conduct transactions on the account. The entity must notify the Bank of any change in authorized signers by providing a new resolution.

## FICTITIOUS BUSINESS NAME ACCOUNTS

If the name in which the account is held is fictitious, each account holder represents that one or more of the account holders have the right to use that name and have fulfilled all legal requirements for using and or doing business under that name.

## LIMITED LIABILITY COMPANY OR PARTNERSHIP

By signing the signature card, you represent to the Bank that the account holder is a limited liability company or partnership and that the authorized signers are duly authorized to act for the legal entity. The Bank requires a resolution in a form acceptable to the Bank authorizing the account to be established and giving certain individuals the authority to conduct transactions on the account. The entity must notify the Bank of any change in signers by providing a new resolution.

## PARTNERSHIP ACCOUNTS

You represent to the Bank that: (a) any non-partners who may sign the account signature card are authorized to act on the account; and (b) death or disability of a signer or general partner will not terminate the authority of any remaining signer to act on the account, subject to the signature requirements of the account signature card.

### General Partnership

An association of two or more persons acting as co-owners of business. By signing the signature card, you represent to the Bank that the account holder is a business general partnership; the authorized signers are duly authorized to act for the general partnership.

### Joint Venture

Similar to a general partnership except that the co-owners are associated for a temporary purpose, project, or transaction. By signing the signature card, you represent to the Bank that the



account holder is a joint venture and the authorized signers are duly authorized to act for the joint venture.

### **Limited Partnership**

An association by two or more persons having one or more general partners and one or more limited partners. By signing the signature card, you represent to the Bank that the account holder is a limited partnership and the authorized signers are duly authorized to act for the limited partnership.

### **Limited Liability Partnership**

California attorneys, accountants and architects are authorized to establish a limited liability partnership. By signing the signature card, you represent to the Bank that the account holder is a limited liability partnership and the authorized signers are duly authorized to act for the limited liability partnership.

## **PUBLIC UNIT ACCOUNT**

The person signing the signature card as custodian holds the funds for the benefit of the public unit. The Bank may require documentation of your authority to act on behalf of the public unit.

## **SOLE PROPRIETORSHIP**

An individual acting as a sole owner of a business.

## **ELECTRONIC FUND TRANSFER AGREEMENT AND DISCLOSURE**

This Electronic Fund Transfer Agreement and Disclosures (“Agreement”) describes the types of electronic fund transfers (“EFT”) services that we make available to consumers. Generally, EFT services are electronically initiated transfers of money involving one or more of your accounts at Bank of Stockton. This agreement describes how these services work, what limitations and restrictions apply to them, and some rights you have under federal law. This Agreement applies to EFT services to or from consumer accounts, as defined by Regulation E, which is described in “Scope” below. The EFT services (including those originated by any Bank of Stockton Debit Card) we are capable of handling are indicated in “Types of EFT Services” below, some of which may not apply to your account. You may request that certain EFT services be made available to you by contacting your local branch.

We may amend, modify, add or delete (collectively and individually a “change”) any part of this Agreement at any time and from time to time, and we will give advance notice of any change when required by law. We may terminate your Card, or your access to any EFT services, at any time and for cause or for no cause, and with or without terminating other services or closing your account. If we terminate your Card or a service, we will provide you with notice (if

any) required by law. Please read this Agreement carefully because it tells you your rights and obligations for these transactions. You should keep this Agreement for future reference. You agree that the Card is the property of the Bank and that the Bank may revoke or cancel all or any part of the privileges related to the Card. You will surrender the Card to the Bank if so requested.

## **Definitions**

Some of the terms used in this Agreement have special meanings. Some terms are defined in other parts of the Agreement, generally when the term is first used. In addition, the following terms have the following meanings:

A “Card” is the plastic Bank of Stockton Debit Card that can be used as one type of access device for EFT services. If you are issued a Card, it will be a Bank of Stockton Debit Card that can be used at ATMs and at merchants that display the ACCEL/Exchange® or CIRRUS logo. Your Card will have a MasterCard logo on the front, so that it may be used at merchants that display the MasterCard logo to purchase goods or services in a transaction through the MasterCard system (a “MasterMoney Card transaction”). In some cases, the rules governing your Card and your Card transactions change, depending on whether it is being used for ATM Card transactions or for MasterMoney Card transactions.

An “EFT” is an electronic fund transfer, as defined under federal Regulation E. An EFT service is one or more electronic fund transfer services you may obtain from us. Some EFT services involve the use of a Card. Other EFT services may involve electronic transfers that you authorize others to make to or from your account(s) with us.

“PIN” is a personal identification number, and is sometimes referred to as a “code” or “access code”.

“You” and “your” and similar terms mean each person who applies for an EFT service or who is an authorized user of the service.

“We”, “us”, “our”, “Bank” and similar terms mean Bank of Stockton. “Unauthorized EFT” means an electronic fund transfer from a consumer’s account initiated by a person other than the consumer without the actual authority to initiate the transfer and from which the consumer receives no benefit. The term does not include an EFT initiated:

- By anyone authorized by you (such as, anyone you give your Card or PIN to), unless and until you notify us that the person is no longer authorized;
- With fraudulent intent by you or any person acting in concert with you; or
- By us or our employees.

## **Scope**

This Agreement applies only to EFT services to or from the accounts you have established with us that are primarily for personal,

family or household purposes (“consumer accounts”). This Agreement does not apply to:

- Electronic fund transfers to or from a non-consumer account;
- Transfers of funds through FedWire or similar non-retail wire transfer service;
- Transfers of funds for the primary purpose of which is the purchase or sale of a security or commodity; and
- Any other debits or credits to your account or transactions that are not covered under the Electronic Fund Transfer Act or its implementing Regulation E.

You agree not to use our EFT services for non-consumer purposes without a separate agreement with us for that purpose.

## Using Your Card

You agree to use your Card in compliance with all applicable laws, rules and regulations. Since the Card is not a credit card, it does not provide credit protection. (Using your Card could, however, result in a cash advance from an overdraft line of credit if you have a line of credit that also serves as overdraft protection on your deposit account.) Some merchants may refuse to accept your Card from you even though they display the MasterCard logo, we cannot control those merchants. We are not liable if a merchant or financial institution refuses to accept your Card or Card number. Since your Card is not a credit card, if you have a dispute with the merchant regarding the quality, price, warranty or otherwise regarding the goods or services you purchase with your Card, you will have to settle your dispute with the merchant directly. We are not responsible for the merchant’s actions, including any misrepresentations by the merchant.

## Types of EFT Services

There are several types of EFT services we offer. They are described below, but some may not be available to you at this time.

- Direct Deposits. You may authorize others to access your account on a regular basis and make electronic deposits
- Telephone Transactions. You may make a transfer between your accounts by calling our Access 24 system. This service is generally available 24 hours a day, but may be unavailable from time to time for system maintenance. You must use your personal identification number (PIN) to utilize this service. Using your phone, you may transfer between your accounts, obtain balance information on your loan and deposit accounts, make loan payments (on loans that you have with us), review posted transactions on your loan and deposit accounts, order a facsimile copy of your checking activity since your last regular statement and get information about the Bank’s office locations, telephone numbers and hours of business.
- ATM Transactions. You may access your accounts by using your Card at our automated teller machines (“ATMs”) or at other ATMs that display an ACCEL/Exchange® or a CIRRUS

logo. You will need to use your personal identification number (PIN) when using your Card at an ATM. You may make deposits and make loan payments (on loans that you have with us) at our ATMs, but not at others. In addition, you may use your Card at ATMs to withdraw cash from your accounts and obtain balance information. When you use your Card at an ATM, withdrawals are limited as listed below under “Cash transaction Limits”. Withdrawals after 12:00 am local time of the Bank and transactions on a non-business day will be added to transactions on the next business day for purposes of these dollar limitations. Some services may not be available at all terminals.

- Point-of-Sale (“POS”) Transactions. You may also use your Card to access your checking accounts to purchase goods or services, including cash back from merchants that display an ACCEL/Exchange® or CIRRUS logo. If you have a MasterMoney Card, you can use it in a MasterMoney transaction with either a PIN or signature to purchase goods or services at merchants displaying the MasterCard logo, or to obtain a cash advance from participating financial institutions. When you use your Card for purchases and cash advances are limited See “Dollar Limits Using Your Card” below for more details on these limitations. Purchases and cash advances after 3:00 pm, local time of the Bank, and transactions on a non-business day, will be added to transactions on the next business day for purposes of these dollar limitations.
- Online Banking Transactions. You may make a transfer between your accounts and to third parties via the Internet. In order to make online transfers you must first sign up for our online banking service and agree to our Bank of Stockton Internet Banking Terms and Conditions. This service is generally available 24 hours a day and seven days a week. Using your personal computer, account number and designated User ID and Personal Identification Number you may transfer funds between your accounts, obtain balance information, obtain deposit information, obtain withdrawal information, access current account statements, obtain loan information, make loan payments to us, access your line of credit, pay bills and place a stop payment. For additional information and disclosures regarding this service, please refer to Bank of Stockton Internet Banking Terms and Conditions.
- 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.
  - Pay bills.
- Fees and Charges. There is no service charge by us when you use your Card at any Bank of Stockton ATM. We charge a fee (See Activity Fee Schedules) each time you use your Card at a

non-Bank of Stockton ATM. (including international ATMs). Also, we charge a fee (See Activity Fee Schedules) each time you use your Card at a non-Bank of Stockton ATM to do a balance inquiry. When you use your Card at an ATM not owned by us, you may be charged a fee by the ATM operator or any network used (and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer). When you use your Card at a merchant for purchase transactions, the merchant may assess a transaction fee. We do not control the amount of these fees. They will, however, be charged to your account. In addition to the fees and charges set forth in this Agreement, there are other fees and charges applicable to your accounts and to the right to make electronic fund transfer, as set forth in the Activity Fee Schedule For Personal & Business Non-Analyzed Accounts.

**Dollar Limits When Using Your Card.** When you use your Card, we apply limits to the amount you may withdraw from your accounts each day. The dollar limits are listed below under “Cash Transaction Limits” and “POS Transaction Limits”. Transactions after 12:00 am on a business day, or any time on a non-business day, will be treated as occurring on the next business day for purposes of these limits. For any transaction, your available account balance must be enough to cover the transaction. For PIN-based transactions, your available balance will include any available overdraft protection. When you use your Card, and the transaction is authorized, we may place a hold on funds in your account or even debit your account to be sure that the funds are available for settlement of the transaction. This hold may last for some time, if settlement is delayed, and may be in an amount larger than the final bill you pay to your merchant (for example, in hotel or travel and entertainment transactions). This may reduce your available balance until the hold is released (and we may reject subsequent transactions, return checks or otherwise limit withdrawals and transactions).

### **Cash Transaction Limits**

When you use your Card at an ATM at a participating financial institution for a cash advance, there is a limit on daily transfers or withdrawals. This limit is called the “cash transaction limit”. For security reasons, specific dollar limits are disclosed at the time your card is issued.

### **POS Transaction Limits**

When you use your Card in a POS transaction, either with a PIN or with a signature, you have a different limit. This limit is called the “POS transaction limit”. Your POS transaction limit is in addition to and separate from cash transaction limits described above. For security reasons, specific dollar limits are disclosed at the time your card is issued. These maximums include all of your transactions that have been authorized by us but have not

yet been finally settled with us and charged to your account in final payment.

### **Limitations on Transfers**

In addition to those limitations on Card transfers elsewhere described, there are frequency limits that apply when transferring funds from a savings or a money market account. You may make a maximum of six preauthorized, automatic or telephone transfers per monthly cycle on a savings or money market account.

### **Business Days**

For purposes of these disclosures, our business days are Monday through Friday, excluding Federal Holidays.

### **Right To Documentation**

**Terminal Transfers:** You can get a receipt at the time you make any transfer to or from your account using one of our Automated Teller Machines.

**Preauthorized credits:** If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can call us at (209) 929-1600 or toll free at (800) 399-2265 to find out whether or not the deposit has been made.

**Periodic statements:** You will get a monthly account statement for each month that your account has had EFT activity.

### **Our Liability For Failure To Make Transfers**

If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages proximately caused by us. However, there are some exceptions. We will not be liable, for instance:

- If, through no fault of ours, you do not have enough money in your account to make the transfer.
- If anyone refuses to honor your Bank of Stockton Debit Card or check.
- If the transfer would exceed the credit limit on an available overdraft line.
- If the automated teller machine where you are making the transfer does not have enough cash.
- If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- If circumstances beyond our control (such as fire or flood) prevent the transaction despite reasonable precautions that we have taken.
- There may be other exceptions stated in our agreement with you.

## Disclosure Of Account Information To Third Parties

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

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

See our privacy policy disclosure for further information regarding our information sharing practices.

## Contact in Event of Unauthorized Transfer

If you believe your Card or PIN has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, call: (209) 929-1600 or (800) 399-2265, or write: Bank of Stockton, Attention: Operations Center, PO Box 1110, Stockton, CA 95201. You should also call the number or write to the address listed above if you believe a transfer has been made using the information from your check without your permission.

## Error Resolution

### Consumer Liability For Unauthorized Transactions

Tell us **AT ONCE** if you believe your Card or PIN has been lost or stolen or if you believe that an electronic fund transfer has been made without your permission using your check. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum overdraft line of credit). If you tell us after you learn of the loss or theft of your card or PIN, you can lose no more than \$50 if someone used your Card or PIN without your permission.

*Special Rules for MasterMoney transactions.* For MasterMoney transactions, special lower liability limits apply. A MasterMoney transaction is one where no unique identifying information (such as a PIN) is used to initiate a transfer from or access to your account. You will have no liability for unauthorized MasterMoney transactions (that is, your liability will not exceed zero dollars) if you report the unauthorized transaction to us. In order to have no liability for these unauthorized MasterMoney Card transactions you must also meet the following conditions:

- The transaction was processed through the MasterCard system (excluding CIRRUS);
- You demonstrate that you exercised reasonable care over your Card;
- You have not reported two or more incidents of unauthorized use on your account within the preceding 12 months; and
- Your account is in good standing.

Even if you meet these conditions, however, your liability for unauthorized use of a Card will not exceed \$50.

**Special Rules for All Cards.** Also, if your statement shows transfers that you did not make, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or hospital stay) kept you from telling us, we will extend the time periods.

**In Case of Errors or Questions About Your Electronic Transfers:** Telephone (209) 929-1330 or (800) 399-2265, or write us at Bank of Stockton, PO Box 1110, Stockton, CA 95201 as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt.

We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

- Tell us your name and account number (if any).
- Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

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

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to 90 days to investigate your complaint or question. For new accounts, we may take up to 20 business days to credit your account for the amount you think is in error.

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

## Preauthorized Payments

**Right to stop payment and procedure for doing so.** If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here's how:

Call us at (209) 929-1600 or write us at Bank of Stockton, PO Box 1110, Stockton, CA 95201, in time for us to receive your request three business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call. We will charge you for each stop payment order you give. See Activity Fee Schedule for Personal and non-Analyzed Accounts.

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

**Liability for failure to stop payment of preauthorized transfers.** If you order us to stop one of these payments three business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages proximately caused by us.

## Foreign Transactions

If you use your Card to conduct a transaction in a currency other than US dollars, the merchant, network or card association that processes the transaction may convert any related debit or credit into US dollars in accordance with its then current policies and may impose fees or charges as part of this. MasterCard currently uses a conversion rate that is either: (a) selected from a range of rates available in the wholesale currency markets (note: this rate may be different from the rate that MasterCard receives), or (b) the government mandated rate. MasterCard and others may impose fees or charges and add them to the price of the conversion. The conversion rate may be different from the rate in effect on the date of your transaction or on the date it is posted to your account.

## Other Terms And Conditions

- Proper Use of Card. Each person whose name appears on the Card or account agreement for an account which has been designated as accessible through the use of the Card jointly and severally agree to use the Card and an Automatic Teller Machines only to the purposes authorized by the Bank and in accordance with this Agreement.
- No Recognition of Signature Withdrawal Restriction. You understand that even if your deposit account agreement otherwise requires more than one signature for authorizing withdrawals, anyone who has been given a Card and a Personal Identification Number has the right and ability, acting alone, to access any account linked to the Card.
- Illegal Use. The Bank reserves the right to block Card transactions if it reasonably believes that it is required to do so

under any applicable law, rule or regulation (including MasterCard and other system rules).

- Linked Accounts. Unless you specify a different account during Automated Teller Machine (ATM) transactions, your primary account will be used for your transactions. The primary account is typically a checking account. You may use the Card and Personal Identification Number issued to you to initiate transactions at ATMs of ours, ATMs within the networks identified on your Card and such other facilities as we may designate from time to time.
- Funds Availability. There may be a delay between the time a deposit is made and when it will be available for withdrawal. You should review our Funds Availability Policy to determine the availability of the funds deposited at ATMs. We reserve the right to refuse any transaction which would draw upon insufficient funds, exceed a credit limit, lower an account below a required balance, or otherwise require us to increase our required reserve on the account.

In a MasterMoney Card transaction, a hold may be placed on your account. The hold may be for the amount of the transaction, or for a pre-established amount in excess of individual transactions (for example, hotel or car reservations). The held funds will not be available for other account purposes, and we have the right to return checks or other items drawn against your account to maintain sufficient funds to pay for any previously authorized transactions. You should be aware, however, that the hold may continue even if you do not purchase the goods or services for which authorization was obtained, or if the final purchase is less than the amount of the hold. The hold will be released promptly after your transaction is finally settled, and you agree to maintain sufficient available funds on deposit in the affected account to cover all previously authorized transactions. If checks are returned, you agree to pay all applicable non-sufficient funds fees. We may, but are not obligated, to allow transactions that exceed your available balance or available credit line. If we do, you agree to pay the overdraft and any other applicable charges.

- Personal Identification Number (PIN). The PIN issued to you is for your security purposes. The numbers are confidential and should not be disclosed to third parties or recorded on the Card. You are responsible for safekeeping your PIN(s). You agree not to disclose or otherwise make your Card or PIN(s) available to anyone not authorized to sign on your accounts.
- Notices. All notices from us will be effective when we have mailed them or delivered them to your last known address on your records. Notices from you will be effective when received by us at the address on our records specified. Use of this service is subject to existing regulations governing your account and any future changes to those regulations.
- Other Agreements. This Agreement does not alter or amend

the terms or conditions of any other agreement(s) you have with us except to the extent of any inconsistency between this Agreement and the other agreement(s). This Agreement controls to the extent of the inconsistency, however.

- Severability. If any part of this Agreement is found to be unenforceable, the remaining portions of the Agreement shall remain in full force and effect.
- Governing Law. This Agreement will be governed by and construed in accordance with federal law and – to the extent not preempted – California law (without giving effect to any California choice-of-law rules that may require the application of the laws of another jurisdiction).

## ATM SAFETY TIPS

As issuers of Automated Teller Machine (ATM) access devices, we have provided for your information a list of safety precautions regarding the use of ATMs. California issuers of ATM access devices are required to provide clients with safety precautions regarding use of ATMs. Please read the following safety tips:

- Prepare for your transactions at home to minimize your time at the ATM or night deposit facility.
- Mark each transaction in your account record, but not while at the ATM or night depository facility.
- Do not leave your ATM receipts at the ATM because they may contain important account information.
- Compare your records with the account statements you receive.
- Do not lend your Card to anyone.
- Do not leave your Card at the ATM.
- Do not tell anyone your PIN. Do not write or keep your PIN on your Card or in your wallet or purse where it can be discovered.
- Prevent others from seeing you enter your PIN by using your body to shield their view.
- If you lose your Card or it is stolen, promptly notify the Bank at (209) 929-1600 or (800) 472-3272.
- Be aware of your surroundings. Look out for suspicious activity near the ATM, particularly if it is after sunset.
- Be sure that the facility (including the parking area and walkways) is well lighted.
- Consider having someone accompany you when you use an ATM, especially after sunset.
- If you observe any problem, go to another ATM.
- Don't accept assistance from anyone you don't know when using an ATM.
- If you notice anything suspicious after you have begun an ATM

transaction, cancel the transaction, pocket your Card and leave.

- Do not display your cash. Pocket it and count the cash in the safety of your own car, home or other secure surrounding.
- At a drive-up facility, lock all the car doors and roll up all but the driver's window. Keep the engine running.
- The Bank wants its ATMs to be safe and convenient for you. Please tell the Bank if you know of any problem with a facility, such as when a light is not working or a facility is damaged. Report any suspicious activity or crimes to both the operator of the ATM and the local law enforcement officials immediately.

## FUNDS AVAILABILITY DISCLOSURE

### Your Ability to Withdraw Funds

Our policy is to make funds from your cash and check deposits available to you on the first business day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once they are available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written and or any other authorized debit.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If you make your deposit in person at a banking office during normal banking hours on a business day, that day is considered the day of your deposit. However, if you make your deposit at one of our banking offices or automated teller machines (ATMs) after our posted closing hour on any business day, or if you make your deposit on a day other than a business day, your deposit will be considered received on the next business day.

### Longer Delays May Apply

Funds you deposit by check may be delayed for a longer period under the following circumstances:

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

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the 5<sup>th</sup> business day after the day of your deposit.

### Special Rules for New Accounts

If you are a new customer, the following special rules will apply

during the first 30 days your account is open.

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers and the first \$5,000 of a day's total deposits of cashier's, certified, teller's, traveler's and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,000 will be available on the 5<sup>th</sup> business day after the day of your deposit. If your deposit of these checks (other than a US Treasury check) is not made in person to one of our employees, the first \$5,000 will not be made available until the 2<sup>nd</sup> business day after the day of your deposit.

Funds from all other check deposits will be available on the 5<sup>th</sup> business day after the day of your deposit.

- **Notify Us of Inaccurate Information We Report To Consumer Reporting Agencies.** Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to your branch. Please call customer service at (209) 929-1600 or (800) 399-2265 if you need assistance or stop by any of our offices at your convenience.