

Overdraft Privilege Policy

Mechanics Bank automatically enrolls checking accounts (excluding money market accounts) in Overdraft Privilege, our standard overdraft program, provided your account meets our Overdraft Privilege eligibility criteria. This is an automated discretionary overdraft program for eligible checking accounts. As part of Overdraft Privilege, we may authorize and pay checks and other charges that exceed your available funds in your checking account (see below under "What Else You Should Know" for available balance definition). Overdraft Privilege is not a line of credit, and it can be revoked at any time. We also offer alternative overdraft protection options that may be less expensive for you. (See "Overdraft Protection Options" below)

Overdraft Privilege provides an overdraft limit to eligible checking accounts. An eligible account must be in good standing, and requires that:

- a. A positive balance is maintained or if your account becomes overdrawn, make a deposit and maintain a positive balance for one business day at least once every thirty two (32) days;
- b. There is a valid mailing address on file;
- c. The status of the account is not inactive, dormant or otherwise frozen.
- d. You are not in default on any loan obligation to us;
- e. You are not subject to any legal or administrative order or levy;

If the eligibility requirements are not met, your account will be considered ineligible, and Overdraft Privilege will be revoked. If you have a Consumer account with Extended Coverage (your authorization for us to pay your ATM or everyday debit card transactions that would overdraw your account), will be removed as well.

If Overdraft Privilege is removed for any of the above reasons, once resolved, overdraft privilege will be reinstated the following business day providing the account is otherwise eligible. Once Overdraft Privilege is reinstated, an Extended Coverage decision can be submitted for Consumer accounts to notify Mechanics Bank of your preference in handling debit card related overdrafts.

The following describes the discretionary Overdraft Privilege program, associated overdraft fees and some alternatives that may be less expensive for you to use. It also explains (in general terms only) how we determine the order of payment (or "sequence") for checks and other items drawn on your account.

To Opt Out of Overdraft Privilege or if you want more information, please contact us at **1.800.797.6324**, or visit your local Mechanics Bank branch.

Overdraft Protection Options:

To help guard against future unavoidable overdrafts and the expenses associated with them, you may wish to consider one of our overdraft protection options below as an alternative to Overdraft Privilege, which may better serve your particular needs. These alternatives could also save you money. A single larger overdraft will result in just one fee, as opposed to multiple smaller overdrafts. Good account management is the best way to avoid overdrafts. Use our mobile banking, internet banking, and telephone banking services to keep track of your balance. For additional financial education resources, please visit www.mymoney.gov.

If you have one of these options, Overdraft Privilege will only be used after all forms of Overdraft Protection are exhausted.

- **Linked Account:** Link your primary checking account to another Mechanics Bank account you own, such as your savings account, and, in the event that your checking account becomes overdrawn, available funds will be automatically transferred if sufficient to cover the overdraft (\$10 fee per transfer). Certain account types are subject to a limited number of six transfers per month or statement cycle. Other restrictions may apply. Call us at the telephone number above for details.
- **Credit Line Linked for Overdraft Protection:** There are certain credit lines for which you must apply that can be linked to your checking account for overdraft protection. In the event your checking account becomes overdrawn, available funds will be automatically transferred from your Credit Line to your checking account if sufficient to cover the amount of the overdraft (Subject to fees + interest; subject to credit approval; \$10 fee per transfer). Please see our Schedule of Fees and Charges for further details. Other restrictions may apply. Call us at the telephone number above for details.

Overdraft Privilege Limit:

Eligible Consumer and Business customers receive an initial Overdraft Limit of \$100 the following business day after the account is open.

Once an account has been open for 30 days, the Overdraft Limit increases as follows:

- Consumer accounts - \$500 (\$750 with Direct Deposit)
- Business accounts - \$1,000

Fees:

All fees and charges are included as part of the Overdraft Privilege limit amount. Your account may become overdrawn more than the Overdraft Privilege limit amount because of a fee. Should an overdraft occur on your account, our normal fees and charges still apply whether or not the item(s) is (are) paid by the Overdraft Privilege, including:

For Consumer Accounts

- Overdraft or Returned Item fees will not be charged if the balance in your account is overdrawn by \$10 or less after posting all transactions at the end of the business day
- We will charge an Overdraft or Returned Item fee of \$10 for any presented item that is \$10 or less and overdraws your account by more than \$10 after posting all transactions at the end of the business day
- We will charge an Overdraft or Returned Item fee of \$35 for any presented item greater than \$10 that overdraws your account by more than \$10 after posting all transactions at the end of the business day
- The maximum Overdraft or Returned Item fees charged per business day is \$140
- If your Consumer account balance remains overdrawn, we will charge your account a Continuous Overdraft fee of \$5 for each of the consecutive business days the account remains overdrawn, beginning on the 5th business day and ending on the 14th business day
- No Overdraft fee or Continuous Overdraft fees will be charged if we honor a one-time ("everyday") debit card transaction or ATM withdrawal, unless you have expressly consented to have such transactions covered by Overdraft Privilege. Everyday debit card transactions are debit transactions that are not scheduled as recurring transactions

For Business Accounts

- We will charge a \$35 Overdraft fee when an item is paid or a \$35 Returned Item fee when a presented item is returned
- The maximum Overdraft or Returned Item Fee charged per business day is \$350
- If your Business account balance remains overdrawn, we will charge your account a Continuous Overdraft fee of \$5 for each of the consecutive business days the account remains overdrawn, beginning on the 5th business day and ending on the 14th business day

If an item is returned because the available balance in your account is not sufficient to cover the item, and the item is presented for payment again, we will charge a Returned Item (NSF) Fee each time the item is presented and returned because it exceeds the available balance in your account. If, on re-presentation of the item, the available balance in your account is sufficient to cover the item we may pay the item, and, if payment causes an overdraft, we will charge an Overdraft Fee.

Order of Payment:

The order in which we pay your checks and any other transactions is important if there is not enough money in your account to pay all of the transactions presented on one day. Please see your Deposit Account Agreement for details

Notice:

You will be notified by mail whenever we pay an item that overdraws your account or increases the overdraft balance of your account, whether the item(s) is (are) paid under Overdraft Privilege or otherwise, and whenever a check or other item is returned by us for any reason; however, we have no obligation to notify you before the check or other item is processed for payment or returned.

Your Obligation to Cover Overdrafts:

Depositors and each Authorized Signatory will continue to be liable, jointly and severally, for all overdraft and fee amounts, as described in the Deposit Account Agreement and Disclosure. The total (negative) balance, including all fees and charges, is due and payable upon demand. Each Authorized Signer will continue to be obligated for all such amounts. Funds from your next deposit may be used to cover any overdrafts; however your account must be brought to a positive balance no later than thirty two (32) days after the initial overdraft occurred for at least one business day.

What Else You Should Know:

- Holds on funds (described herein) and the order in which transactions are posted may impact the total amount of Overdraft Fees or Return Item fees assessed.
- Please be aware that the Overdraft Privilege amount is not included in your available balance provided through online banking, mobile banking or Mechanics Bank's ATMs.

The Account Agreement provided to you at the time you opened your account with us controls the duties, obligations and rights of you, any Authorized Signers and us with regard to your checking account. The Account Agreement (and all amendments thereto) shall control if a conflict arises between any provision of this Mechanics Bank Overdraft Privilege Policy and the Account Agreement.

To receive a copy of the Account Agreement and Schedule of Fees and Charges, learn more about the various overdraft protection options we offer, to Opt Out of Overdraft Privilege or learn more about Extended Coverage, please contact our Client Services Call Center at 1.800.797.6324, or visit your local Mechanics Bank office.