

***MechDirect*® Internet Banking Agreement and Disclosure Statement (Consumer)**
(July 1, 2002)

In this Agreement, “we”, “us” and “our” and similar terms mean The Mechanics Bank. “You,” “your” and similar terms mean each person who is an account holder using the *MechDirect*® Internet banking services and any person authorized by you. This Agreement states the terms and conditions that apply when you use the *MechDirect*® Internet banking services. These terms and conditions are in addition to the Deposit Agreement and Schedule of Fees & Charges for the account(s) used with the services ("Account(s)"). You must also follow all of our on-line instructions and procedures applicable to the Services covered by this Agreement.

Our Services are described in more detail below, but in brief the Internet banking services allow you to request payment of bills (“Bill Payment”), to transfer funds between Accounts (“Transfers”), and to obtain Account information over the Internet (the “Services”). Your use of any of these Services means you agree to the terms and conditions of this Agreement. You should print and keep a copy for your records.

We may supplement or amend this Agreement from time to time, and will give you notice when required by law. You agree that we may communicate with you electronically, including notice of changes or amendments. You also agree to review this Agreement for changes from time to time and whenever a new version date is posted or our site shows that an amendment has occurred.

ACCESS ID AND PASSWORD

To access a Service, you will to use your “Security Codes.” Your Security Codes are (a) an Access ID and (b) a Password. You need both of these Security Codes.

You may obtain your Security Codes after you have reviewed and agreed to this Agreement. When you click “I agree with the disclosure below,” or if you use the Services, you agree to this Agreement. You must also fill out a Sign Up Form and choose your Access ID and Password. You will need to provide your social security number, the Account number for a checking or savings Account of yours with us, and your Telebank Personal Identification Number (PIN). We use this information to establish that you are the account holder for the Account(s).

Anyone to whom you give your Security Codes or other means of access will be an authorized person and will have full access to your Accounts and the Services, including Bill Payment. You will be responsible for all that they do, even if you attempt to limit that person’s authority and they act in violation of those limits. You can terminate your responsibility for their actions by contacting us and informing us that you no longer wish the other person to have access to your Accounts(s), at which point we will assist you (including possible closure of the Account and opening of a new Account). Until then, we are authorized to follow and you are responsible for all transactions including Bill Payment by an authorized person.

SERVICES RESTRICTIONS AND LIMITATIONS

You agree to use the Services only for consumer purposes. Some Sections of this agreement (or portions of Sections) do not apply to: (a) electronic funds transfers to or from a non-consumer account; (b) transfers of funds through FedWire or a similar non-retail wire transfer service; (c) transfers of funds the primary purpose of which is the purchase or sale of a security or commodity; and (d) any other debits or credits to your Account or transactions that are not covered under the Electronic Funds Transfer Act or its implementing Regulation E. Sections of this Agreement that are not applicable to non-consumer transactions are noted below.

You agree not to use the Services to access any Account that requires more than one signature for withdrawal or transfer.

CONSUMER LIABILITY (This Section does not apply to non-consumer transactions.)

Tell us AT ONCE if you believe your Security Code(s) has been lost or stolen. 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 within two business days, you can lose no more than \$50 if someone used your Security Codes without your permission.

If you do NOT tell us within two business days after you learn of the loss or theft of your Security Codes, and we can prove we could have stopped someone from using your Security Code(s) without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows Transfers, Bill Payments or other 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 a hospital stay) kept you from telling us, we will extend the time periods.

CONTACT IN EVENT OF UNAUTHORIZED TRANSFER

If you believe your Security Code(s) or other access device has been lost or stolen or that someone has transferred or may transfer money from your Account without your permission, call us at (800) 797-MECH (6324) or write to us at The Mechanics Bank, P.O. Box 1786, Richmond, CA 94802-0786.

CONFIDENTIALITY

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

- (i) Where it is necessary for completing transfers, or

- (ii) In order to verify the existence and condition of your Account for a third party, such as a credit bureau or merchant, or
- (iii) In order to comply with government agency or court orders, or
- (iv) If you give us your written permission, or
- (v) As discussed in our Privacy Notice (previously provided to you, and also available at www.mechbank.com)

DOCUMENTATION

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 or (800) 797-MECH (6324) to find out whether or not the deposit has been made.

Periodic statements. You will get a monthly account statement (unless there are no transfers in a particular month. In any case you will get the statement at least quarterly).

Confirmation Numbers. Upon confirmation of a transaction using the Services, a confirmation number will be displayed on the screen. You should record this number, along with the payee, scheduled date and transaction amount. This information will help in resolving any problems that may occur. No printed receipts are issued by the Services, but you can print screens showing Services information for future reference. In all cases, however, you should be careful with any saved paper or electronic information about your Services or your Accounts, to prevent unauthorized reuse or re-disclosure of confidential information.

PREAUTHORIZED PAYMENTS

- (1) 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 (800) 797-MECH (6324), or write us at The Mechanics Bank, P.O. Box 1786, Richmond, CA 94802-0786, in time for us to receive your request three business days or more before the payment is scheduled to be made. You may also use the Bill Payment Service to stop a scheduled payment. For recurring Bill Payments, cancellation instructions through the Service must be received by us no later than 9:00 p.m. on the business day before the Payment Date. 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. See our Schedule of Fees for current stop-payment charges.

- (2) Liability for failure to stop payment of preauthorized transfer. (This Section does not apply to non-consumer transactions.) If you order us to stop one of these preauthorized 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.

ERROR RESOLUTION NOTICE

In Case of Errors or Questions About Your Electronic Transfers. Telephone us at (800) 797-MECH (6324), or write us at The Mechanics Bank, P.O. Box 1786, Richmond, CA 94802-0786, 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.

- (1) Tell us your name and Account number (if any).
- (2) 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.
- (3) 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.

(The remaining portions of this Section do not apply to non-consumer transactions.)

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 money 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, we may take up to 90 days to investigate your complaint or question, and up to 20 business days to credit your Account for the amount you think is an 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.

INTERNET BANKING SERVICES (“SERVICES”)

You can instruct us to perform the following transactions:

- Make transfers between your Accounts to the extent authorized (“Transfers”);
- Obtain Account information that we make available;
- Review check images on Accounts (if applicable);
- Authorize payments to be made from an Account (“Bill Payment”).

Not all of these Services may be available to you or for each of your Accounts. If you are interested in obtaining a Service not otherwise provided to you, please contact us.

LIMITS ON INTERNET BANKING TRANSACTIONS

You must have enough available money or credit in any Account from which you instruct us to make a payment or transfer. If any of your Accounts are savings accounts, certain types of transfers and withdrawals from those Accounts, including Bill Payments and Transfers to other Accounts, are limited to a total of no more than 6 in any monthly statement period, and no more than 3 of which may be by check, draft, debit card or similar order. Your transactions using the Services will count towards these totals. If you exceed these limitations, we may close your Account or convert it into another account that does not have withdrawal or transfer limitations (including a non-interest bearing transaction account).

OUR LIABILITY FOR FAILURE TO COMPLETE PAYMENTS OR TRANSFERS (This Section does not apply to non-consumer transactions.)

If we do not complete a Transfer, Bill Payment or other transfer on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

1. If, through no fault of ours, you do not have enough available money in the Account to make the transfer.
2. If the transfer would go over the credit limit on your overdraft line.
3. If your equipment or the System was not working properly and you knew about the breakdown when you started the transfer.
4. If you do not properly follow our instructions or if you provide us with wrong or inaccurate information or fail to correct or tell us about any inaccuracy of which you are aware.
5. If you do not instruct us soon enough for your payment or transfer to be received, sent and/or debited or credited by the time it is due.
6. If circumstances (such as, but not limited to, computer, telephone line or electrical failure, acts of nature, civil disturbances, suspension of banking hours), or persons beyond our control prevent, delay intercept or alter the transaction, despite reasonable precautions that we have taken.

There may be other exceptions stated in our agreements with you.

LIMITS ON OUR LIABILITY

You agree to indemnify and hold us harmless from any loss caused by your action or inaction when we are acting in accordance with this Agreement. Our responsibility is limited to the exercise of ordinary care. Ordinary care is the process we use to handle items or information for our own use, consistent with commercial standards. We are not responsible for any use you may make of information down-loaded from the System, including the accuracy of any data transfer

to an accounting software system of yours. We are not responsible for virus or malicious program detection or prevention. We may discontinue or modify the Services at any time or from time to time. We do not guarantee that communications between you and us are secure from unauthorized interception. Do not use e-mail to communicate sensitive information to us, and do not use e-mail to seek to accomplish transactions that are available through the Services.

BUSINESS DAYS

Our Service is generally available 24 hours a day, 7 days a week. However, we only process transactions and update information on business days. For purposes of these disclosures, our business days are Monday through Friday. Holidays are not included. Transfers between Accounts made after 4:00 p.m. or on a day that is not a business day will be processed on the next business day.

STATEMENTS

Your Bill Payments and Transfers will be indicated on the monthly statement we provide. You agree to notify us promptly if you change your address or if you believe there are any errors or unauthorized transactions on any statement, or statement information.

E-MAIL LIMITATIONS

We may not immediately receive an e-mail you sent. Therefore you should not rely on e-mail when you need to communicate with us immediately, for example, to report lost or stolen Security Codes or to report unauthorized transactions on your Account. You should contact us as shown above if needed. E-mail may not be used to request Account information or conduct any transactions with us such as loan transfers. E-mail is also not protected against unauthorized readers, and so should not be used to communicate any sensitive information.

ERRORS IN TRANSMISSION

We are not responsible for any errors in any transmission (including Transfers or Bill Payment) that occur prior to our receipt of the transmission. You acknowledge that the security procedures used in the System are to verify the authenticity of a transmission, and not to detect error.

RECEIPT

There can be a delay between the time you send a transmission to us and the time we receive it. All transmissions (including requests for Bill Payment or Transfers) are deemed to be received by us only when they are actually received by us, at the location and in the format specified in the System. We are not responsible for any delays between the time you send a transmission and the time we receive it.

ONLINE BILL PAYMENT

Our Bill Payment Service allows you to pay your monthly bills or to set-up future or recurring bills. Bill Payment instructions received by us after 9:00 p.m. on a business day, or received by us on a day that is not a business day, or scheduled to occur on a day that is not a business day, will be treated by us as if received on (or scheduled to occur) on the next business day. Bill Payments must be made from a designated Account of yours that is a demand deposit account and cannot be made from your money market, savings accounts, certificates of deposit or IRA Accounts. When you make a Bill Payment, you agree that we accomplish the Bill Payment using any system we choose (that is, we may pay the bill electronically, through demand draft (“no signature required”) or by debiting and remitting your funds on your behalf). We may use a payment intermediary chosen by us for this purpose.

You must set-up each merchant or other person you wish to pay (a “payee”) and designate from which Account (the “Payment Account”). Once you have established a payee you can simply access that payee each month and enter the amount you wish to pay.

Your Bill Payments will be made by transferring funds electronically from the Payment Account to the payee, or by mailing or otherwise delivering a check payable to the payee. You may designate up to a maximum of 120 payees. You may not send more than \$25,000.00 to a payee in any one transaction. You can only designate payees with a United States address. You agree not to use the Bill Payment Service to pay federal, state or local taxes or to make payments to courts or other governmental entities. These agencies normally require an accompanying coupon, which cannot be provided via the Bill Payment Service. We will not be liable for penalties, interest or other damages of any kind if you use Bill Payment Services in violation of this Agreement.

To allow time for the payee to receive your payment, you must schedule Bill Payment to be made at least five full business days prior to the day you want a payee to receive payment. The day by which the payee indicates payment is due is the “Due Date,” without giving effect to any grace period that your payee grants to you before the payment is considered late. **We will not be liable for late charges, penalties, interest, finance charges or any other damages you may suffer if you schedule a Payment Date that is less than five full business days before the Due Date, excluding any grace period.** For future and recurring transactions, you must exercise care to ensure that these timing requirements are met by carefully considering both the future Payment Date(s) and the Due Date(s).

When you request a Bill Payment, your Payment Account will be charged the day you designate as the day payment from your Account should be made (the "Payment Date"). The payment will be mailed or sent electronically to the payee the next Business Day. You must have funds on deposit (or sufficient credit available) in the designated Account on the Payment Date for the Bill Payment request to be processed. If we process a Bill Payment and allow an overdraft, we are not required to do so in the future.

You may not cancel a Today Bill Payment after your on-line banking session ends. Future and recurring Bill Payment transactions may be changed or cancelled using the Service until 9:00 p.m. of the business day before the Payment Date.

The Bank assumes no responsibility for late payments if you do not properly schedule and submit your request. To ensure that critical or time-sensitive payments, such as insurance premiums, are made in a timely manner, we recommend that you schedule these payments well in advance of their Due Dates, particularly the first time Bill Payment is used to make a payment. Payees may require extra time to post a payment to your account with them because they do not receive a payment coupon or invoice number with the payment. Some payees disclose the extra processing time they require to post payments that do not include a payment coupon or invoice, but others do not. It is your responsibility to determine whether a payee needs or requires extra time to process payments received through the Service.

MONITORING TRANSACTIONS

Before you log off this Service, you should verify that the Bill Payments and/or transfers you scheduled appear on the pending payment/transfer screens. If you are disconnected from our website when you are requesting a payment or a transfer please log on to verify if the transaction was completed. You authorize us to pay any duplicate payments or transfers you issue. We will not be responsible for any payee's refusal to return any duplicate payments issued by you.

BLOCKING TRANSACTIONS

Payees may be deleted by you through the Service. We may also at our sole discretion delete payees. Payment requests may be rejected if they appear to be fraudulent or erroneous. A payment request may also be refused at any time, and from time to time, either for cause or without cause. For example, we may (but are not required to) refuse to process a payment request if there is any uncertainty regarding the transacting party's authority to conduct the transaction, or if there is any dispute or uncertainty regarding the ownership or control of the Payment Account. We may reverse or otherwise seek to recover any Bill Payment or Transfer made by us in error or in the wrong amount.

ELECTRONIC SIGNATURE

When we receive a Transfer request or Bill Payment instruction or any other communication in your name, you agree that we may honor the communication (including charging your Account for Transfers or Bill Payments) and that the use of your Security Codes serves as your electronic signature and authorization. You also agree that we may advance on loan facilities on your behalf to honor such instructions.

AUTOMATED CLEARING HOUSE ENTRIES

Electronic Bill Payment may be processed through a system known as the automated clearing house, or "ACH." There are special rules that govern ACH, and they apply to your electronic

Bill Payments. You acknowledge that the ACH Clearing House system may not be used in violation of, and that Bill Payments (both electronic and paper) originated by you must comply with, the laws of the United States, including sanctions laws administered by the Office of Foreign Asset Controls. When you send an electronic Bill Payment, it is sent to and received by another financial institution (or, possibly, the Bank). The receiving depository financial institution ("RDFI") receives the ACH transaction and credits it to the account of the payee. You agree to be bound by the provision of the National Automated Clearing House Rules making payment by the RDFI to the payee provisional until receipt by the RDFI of final settlement for the transaction. You understand that if final settlement is not received, the RDFI will be entitled to a refund from the payee of the amount credited and you will not be deemed to have paid the payee the amount of the electronic Bill Payment. You also agree that any payment by the Bank to you for any returned electronic Bill Payment is provisional until we receive final payment. We may delay your ability to use this provisional credit for some time.

SERVICE UNAVAILABILITY

Access to the Service may be unavailable without notice at certain times for the following reasons. Although we undertake reasonable efforts to ensure the availability of the Service, we will not be liable in any way for its unavailability or for any damages that may result from such unavailability. In addition, there may be times when the Internet is slower than normal, such as during high usage periods, and we are not responsible for any delays that may result between transmission by you and receipt by us.

The Service may be unavailable when unforeseen maintenance is necessary. In addition, major unforeseen events, such as earthquakes, fires, floods, computer failures, interruptions in telephone service or electrical outages, may interrupt Service availability.

TERMINATION OF SERVICE

We may suspend or terminate your Service at any time, with or without cause and without affecting your outstanding obligations under this Agreement. For example, we may immediately take this action if:

- You breach this or any other agreement with us;
- We have reason to believe that there has been or may be an unauthorized use of your Account or Security Codes or Telebank PIN;
- There are conflicting claims to the funds in your Account; or
- You request that we do so.

AMENDMENTS OF THIS SERVICE

We may change or cancel this Service at any time without cause, subject to applicable laws and regulations. All notices we send to you will be deemed delivered when mailed to the last address we have for you. Electronic communications by us to you will be deemed to be equivalent to

written communications, but any electronic communication will not cause an amendment to this Agreement unless specifically stated in the communication.

NOTICES

We may send notices to you at the address shown in our Account or records.

SEVERABILITY

If any provision of this agreement is determined to be void or invalid, the rest of the agreement will remain in full force and effect.

CHOICE OF LAW AND VENUE

This Agreement will be governed by California law, without regard to conflict of law principles, and you consent to the jurisdiction of the California courts. Venue for any dispute will be in the courts of California.