



## **PBnet ONLINE BANKING SERVICE DESCRIPTION**

1. PBnet Online Banking Service. Preferred Bank ("Bank") hereby offers its Client and Client hereby accepts the PBnet Online Banking Service (the "Online Banking Service"). The Online Banking Service is an Internet based service that enables Client to access its accounts and to facilitate certain electronic services online, as identified in and subject to this Service Description. Bank reserves the right, without prior written notice to Client, to place, from time to time, limits on Client's right to use the Online Banking Service.

Subject to Bank's prior approval and system limitations, Client's Online Banking Service may include the following:

- (i) View balances and Account history on Client's linked Accounts;
- (ii) Transfer funds between linked Accounts (limited to accounts with like vesting);
- (iii) Request check stop payments;
- (iv) Initiate domestic funds transfer requests (each a "Wire Transfer Request") ("Wire Transfer Service");
- (v) Initiate bill payments ("Bill Payment Service");
- (vi) Positive pay service ("Positive Pay Service");
- (vii) Originate automated clearing house ("ACH") entries ("ACH Service"); and
- (viii) Remote deposit capture service ("RDC Service"); and
- (ix) Download Account information to certain financial software management programs ("Download Service").

Additional Online Banking Services may be added to or removed by the Bank from time to time. Bank may allow loans and lines of credit to be linked, in which case, Client agrees that the relevant loan agreement, note or other document is modified to the extent necessary to allow the transfers or other Services that may be utilized. Bank may process transactions from loan Accounts without regard to access limitations in any loan documentation or agreements. Some Online Banking Services may not be available without special application to and approval by Bank, may be limited to specific types of accounts, and may require Client to agree to additional terms and conditions.

2. Master Treasury Management Services Agreement; Separate Service Descriptions. This Service Description forms part of the Master Treasury Management Services Agreement ("Master Agreement") executed by Client. In the event of conflicts between the terms of this Service Description and the terms of the Master Agreement, the terms of this Service Description shall control. To the extent Client is enrolled in the Positive Pay Service, the ACH Service, and or the RDC Service, Client's use of the service will also be subject to the terms and conditions of the separate Positive Pay Service Description, the Automated Clearing House (ACH) Service Description and the Remote Deposit Capture Service Description, respectfully. Defined terms in this Service Description shall have the meaning provided in the Master Agreement, unless otherwise defined in this Service Description. An "account" shall mean any deposit or loan account Client maintains with Bank and can include all accounts and products Client uses with Bank. Client's "Account" shall mean the account(s) accessible through the Services.

3. Account Designation. Client may need to designate certain accounts for specific purposes in connection with some of the Online Banking Services. If Client links more than one checking account to certain transactional

services, Client will need to specify the account from which transfers should be made. Bank is not obligated to establish access to any or all of Client's accounts, and not all Online Banking Services are available with all accounts.

4. Administrator and User(s). If prompted by the Online Banking Service, Client will appoint an individual to act as an administrator (for the purpose of this Service Description, referred to herein as "Administrator") with the authority to determine who will be authorized to use the Online Banking Services on Client's behalf. The Administrator will be able to designate additional users ("Users") and remove existing Users. The Administrator will also determine what Online Banking Services will be available to particular Users, when to change passwords, and any limitations on the use of the Services by individual Users.

Bank will not control or oversee the Administrator function. Client agrees to all action taken by the Administrator or any User designated or authorized by the Administrator, and all such persons are Client's agents for purposes of use of Online Banking Services, each authorized to act individually or in concert. The fact that Bank is, or may be made aware of, or could have discovered, any limitation on access to the Online Banking Service does not make Bank obligated to enforce or attempt to enforce any limitation. Client understands that the Administrator and each User may utilize Online Banking Services (including inquiries, transfers and account verification) without regard to any restrictions otherwise applicable to an Account. For example, the Administrator and each User will be able to utilize the Online Banking Services regardless of whether they are also authorized signers on the Client's signature card.

5. Communications; Security Devices. For the purpose of this Service Description, Communications shall have the meaning provided in the Master Agreement and shall include Communications to Bank in connection with the Online Banking Service. For the purpose of this Service Description, Security Devices shall have the meaning provided in the Master Agreement and shall include but not be limited to any Security Devices used to access Accounts and to use the Online Banking Services. Bank may offer to Client or require Client to use additional authentication tools or methods from time to time (for example, challenge questions and phrases for employees). If Client chooses not to implement supplemental authentication tools, Client's access to some or all Online Banking Services may be limited. The term "Security Devices" will include any supplemental authentication tools that are made available by Bank and used by Client.

Client has the responsibility of ensuring that Client has the current security patches installed and configured, Client maintains up-to-date virus detection program(s), and that Client regularly scans for the existence of malware and spyware and takes appropriate action if found.

6. Computer Equipment and Software to Access the Online Banking Services. To use the Online Banking Services, Client must have a sufficiently powerful computer hardware and appropriate software as described in the Supporting Documents. Some Online Banking Services may require Client to download software from Bank's website; in some cases, Bank may place software on Client's computer as part of Bank's security and/or user verification tools.

7. Access to Account Data. Subject to system limitations, Client can obtain balance and other Account information through the Online Banking Services. Since certain information and transactions may not be processed by Bank until after the close of Bank's business day, some transactions may not be reflected in the online banking system ("System") until the next banking day. Posted items may be reversed due to insufficient funds, stop payment orders, legal process, and other reasons. Certain balances also may not be subject to immediate withdrawal. Bank assumes no responsibility for any loss arising from incomplete information or for any temporary interruption in the System. If Client is unable to access the System for any reason, Client may contact Client's branch of Account for account information.

8. Account Transfer Limitations. All transfers to and from an Account will be subject to the terms and conditions applicable to the Account as set forth in the deposit agreement governing the Account, including but not limited to transfer limitations. For example, federal regulations limit certain types of transactions/transfers from a money market or savings account. If Client exceeds these limits, Bank may impose a fee, close or convert Client's Account, limit Client's use of the Online Banking Services, or any combination of the foregoing. In addition, there may be other transfer limits addressed in the Supporting Documents.

## 9. Bill Payment Service.

*Bill Payment Account Designation; Payment Details.* When using the Bill Payment Service, Client must designate the Account (“Bill Payment Account”) from which the bill payments (“Bill Payments”) are to be made. For each Bill Payment Client will also be required to provide the complete name of the payee, the account number and the payee’s remittance address (as exactly as shown on the billing statement or invoice), the amount of the payment and the date Client wants the payment to be processed by Bank (“Send on Date”). If the Send on Date is not a business day, then the Bill Payment will be processed by Bank the next business day. To have a Send on Date that is the same date Client accesses the System and initiates the Bill Payment instruction, the Bill Payment instruction must be received by Bank on a business day, prior to the Bill Payment Service cutoff hour.

*Setting-Up Payees.* When Client signs onto the Bill Payment Service, Client must establish Client’s list of payees. A payee is anyone, including Bank, that Client designates to receive a Bill Payment; provided that Bank accepts the payee for the Bill Payment Service. If Bank accepts the payee, then the payee will be placed on Client’s authorized list of payees. Each time Client wants to initiate a Bill Payment, the payee must be on Client’s authorized list of payees. Bank reserves the right to reject any payee at any time, at its discretion. Bank is not responsible if a Bill Payment is not made to a payee because Client provided Bank with incomplete, incorrect or outdated information regarding the payee or Client attempted to make a payment to a payee that is not on Client’s authorized list of payees. Also, Bank reserves the right to refuse to approve a payee for Client’s authorized list of payees and to otherwise prohibit payment to a payee via the Bill Payment Service.

*Available Funds.* Prior to the applicable cutoff hour as of the Send on Date and thereafter until the Bill Payment has been applied against Client’s Bill Payment Account, Client will need to have sufficient available funds in Client’s Bill Payment Account to cover the amount of the Bill Payment.

*Non-Recommended Payees.* Bank does not recommend that Client use the Bill Payment Service to pay Client’s federal, state or local taxes, courts or other governmental entities. Bank will not be liable for penalties, interest or other damages of any kind if Client tries to use the Bill Payment Service to remit or pay money for taxes, or to courts or governmental agencies.

*Scheduling Bill Payment.* Client must designate a Send on Date so that it is scheduled sufficiently in advance of the due date of Client’s bill (“Due Date”) to allow the payee to receive it on the Due Date set by Client’s payee and without taking into account any grace period that may be offered by Client’s payee. Some companies Client pays through Bank’s Bill Payment Service will receive a paper draft on Client’s behalf, rather than receiving an electronic payment. These paper draft payments can take up to six (6) business days following the Send on Date to process before the payee receives the payment. Bank is not responsible for any damages Client may suffer if Client does not allow at least six (6) business days between the Send on Date and the Due Date of Client’s bill or obligation, without counting any grace period offered by the payee.

*Payment Methods.* Bank reserves the right to select the method in which to remit funds on Client’s behalf to Client’s payees. These payment methods may include, but may not be limited to, an electronic payment, an electronic check payment (where the check is drawn off Bank’s third party service provider’s account), or a demand draft payment (where a negotiable instrument is created and drawn off of Client’s Bill Payment Account).

*Payment Changes and Cancellation.* Client may change or cancel a Bill Payment instruction via the Service as long as Client logs onto the Service prior to the Send on Date for the Bill Payment instruction and Client follows the Bill Payment instructions provided by the Bill Payment Service for changes and cancellations.

*Accurate Information on Payees.* If the Bill Payment Service provides Client with a series of options regarding payee address or location, Client is responsible for correcting that information if such information does not agree with Client’s records or with Client’s particular bill. Bank and the others that handle Client’s Bill Payment (including the payee’s bank) are entitled to rely on information Client supplies, such as the payee’s account number or the routing number of the payee’s bank, even if the name Client gives to Bank and the number Client gives to Bank identify different persons.

*Automated Clearing House Entries.* Electronic payments that are made through the Automated Clearing House (“ACH”) are subject to the rules of the ACH, and Client agrees to be bound by the Operating Rules of the ACH, including the rule making payment to the payee provisional until receipt by the payee’s bank of final settlement of the credit transaction. If final settlement is not received, Client will not be deemed to have paid the payee the amount of the bill payment.

10. Wire Transfer Requests. Client may submit Wire Transfer Requests to Bank in accordance with the terms and conditions of this Service Description. A “Wire Transfer Request” includes payment orders, as defined in Division 11 of the California Commercial Code. Subject to the terms of this Service Description, Bank may execute a Wire Transfer Request received in the name of the Client using the Online Banking Service. Wire Transfer Requests submitted to Bank that are written, oral, telephonic, or presented outside the System, are not subject to this Service Description. Client is responsible for all Wire Transfer Requests to the fullest extent provided by law and as set forth in this Service Description. Bank may choose the funds transfer mechanism (for example, FedWire, correspondent bank transfer, internal transfer) to be used when acting on upon Client’s Wire Transfer Request.

*Subject Rules and Regulations.* Client acknowledges that any Wire Transfer Request executed by Bank will be subject to rules and regulations applicable to payment orders, including recordkeeping and information transmittal requirement under federal Bank Secrecy Act and its implementing regulations. Client acknowledges and agrees that Bank may capture and transmit information regarding a Wire Transfer Request (for example, beneficiary’s name, address other beneficiary identifies and beneficiary’s account number) as part of the processing of a payment order. Client agrees to assist Bank in connection with any requirements imposed on Bank fulfilling Bank’s obligations in this regard.

11. Check Stop Payment Service. Client may stop payment on a check by providing Bank with timely, complete and accurate information on: the number of the Account in question; the date of the item; the item number; the payee information and the EXACT amount of the item (dollars and cents). If any information is incomplete or incorrect, Bank will not be responsible for failing to stop payment on the item. Requests become effective when Bank has had a reasonable opportunity to confirm their receipt and have verified that the item has not been paid. Client may use the Online Banking Services to stop payment on checks that Client has written against Client’s Accounts. If Client wishes to cancel or amend any other Online Banking Service transaction (for example, Wire Transfer Requests), Client should use that Online Banking Service and Client will be subject to any limitations or inability to stop applicable to that Online Banking Service. If Client contacts Bank, Bank may at its sole discretion attempt to assist Client, but will not be liable for any failure to successfully stop payment on transactions. To confirm whether a stop payment has been placed on a check, Client agrees to communicate with Bank by telephone. System messages regarding Bank’s receipt of Client’s stop payment order, or other system communications may not be relied on by Client to confirm whether a stop payment order has been placed.

Client may not use this check stop payment service to stop payment on any electronic fund transfer (EFT) transaction, point-of-sale EFT transfer; any cashier’s check, certified check or other official institution check that have purchased from Bank or any check which Bank has guaranteed. Client understands that its stop payment request is conditional and subject to Bank’s verification that the check has not already been paid, or any Online Banking Service not already performed, or that stopping payment may subject Bank to risk of loss or damages under any law or regulation (including clearing house or other processor rules).

All Stop Payment orders, renewals and revocations of stop orders will be subject to Bank’s current policy on stop payment orders. From time-to-time, the System may be inoperable. If that occurs, Client’s request can be communicated to Bank by telephone. Telephone requests will expire unless confirmed in writing within 14 days. A check stop payment order is effective for six (6) months only and will expire automatically, at which time Client is responsible for any renewal desired by Client for another six (6) month term. There will be a fee assessed for each stop payment request processed.

12. Download Service. The Download Service is compatible with Quicken® and certain other financial management software programs (“Programs”). Bank will not control or oversee any administrator, user or similar function that may be made available through the Programs. The fact that Bank is, or may be made aware of, or could have discovered, any limitation on access to the Download Service as imposed by Client through the Programs, or otherwise, does not make Bank obligated to enforce or attempt to enforce any limitation. Client

understands that the Program(s) may be utilized without regard to any restrictions otherwise applicable to an Account. For example, the Program(s) may be utilized regardless of whether an individual user is also an authorized signer on Client's Account signature card.

*Access to Account Data.* Client can download balance and other Account information through the Download Services. Since certain information and transactions are not processed by Bank until after the close of Bank's business day, some transactions may not be reflected in the System until the next banking day. Posted items may be reversed due to insufficient funds, stop payment orders, legal process, and other reasons. Certain balances also may not be subject to immediate withdrawal. Bank assumes no responsibility for any loss arising from incomplete information or for any temporary interruption in the System, or unauthorized access to information once it has been accessed by the Program(s).

*Software, Equipment and Third Party Content.* Client is responsible for obtaining and maintaining any software, including the Quicken® or other compatible software and equipment that is necessary for the Download Service to interface with the Program(s). Through the Program(s) Client may be able to access content provided or operated by third parties, including content that was originally sourced from data downloaded from Bank's Online Banking Service ("Third Party Content"). Unless Bank tells Client otherwise in writing, Bank does not operate or control any such Third Party Content or any of the information, products or services accessed or uploaded through the same. Client acknowledges and agrees that: (i) Client accesses Third Party Content at Client's own risk; (ii) Bank makes no representation or warranty, and assumes no responsibility for, Third Party Content provided or operated by third parties, actions or omissions of third parties, operators or providers; (iii) Bank makes no endorsement of, and assumes no responsibility for, Third Party Content uploaded to Bank's system or Client's hardware, or goods or services offered on or advertising on or by any other party; (iv) by using third party services or software, Client may be exposed to material that is offensive, indecent or objectionable; and (v) although Bank may have a contractual or other relationship with the operators of a linked website or the providers of Third Party Content, Bank will not be responsible for the Third Party Content, accuracy, completeness, integrity, availability, timeliness or operation of their website or the Third Party Content provided. Client agrees to hold Bank harmless in connection with all of the foregoing.

13. E-Mail Messages. While access to Bank through the secure e-mail function of the Service is "on-line," messages sent to Bank through e-mail are not reviewed by Bank personnel immediately after they are sent. If immediate attention is required, Client must contact Bank by telephone or in person or through some other procedure not using the Services.

Encryption of data transmissions does not guarantee privacy. Data transferred via the Service is encrypted in an effort to provide transmission security. Notwithstanding Bank's efforts to insure that the Services are secure, Client acknowledges that the Internet is inherently insecure and that all data transfers (including transfer requests and electronic mail) occur openly on the Internet. This means that the data transfers potentially can be monitored and read by others. Bank cannot and does not warrant that all data transfers utilizing the Services will not be monitored or read by others.

Client's e-mail messages may be acted upon by Bank if received in a manner and in a time providing Bank a reasonable opportunity to act. Nevertheless, unless otherwise provided herein, e-mail messages will not serve as a substitute for any requirement imposed on Client to provide Bank with "written" notice.

14. Inconsistencies. If a beneficiary of any requested Online Banking Service, including but not limited to Bill Payments, Wire Transfer Requests, ACH Transactions, payment orders or other money transactions, or any other Communication from Client (collectively, "payment order"), is identified by both name and account number, payment may be made by Bank and by any other financial institution based on the account number even if the name and the account number are not consistent or identify different parties. If an intermediary bank or a beneficiary's bank is identified on a payment order by both name and account number, Bank and other financial institutions may rely on the account number even if the name and the account number are not consistent or identify different parties.

15. Provisional Credit. Client acknowledges that credit for a payment order is provisional until the receiving financial institution obtains final settlement. If final settlement does not occur, the originator of the payment order is not deemed to have made payment to the beneficiary, and the beneficiary's bank is entitled to a refund of the

provisional credit. Client agrees that when Bank gives Client credit for an incoming payment order, including but not limited to, returned credited transactions or credit reversals, it is provisional until Bank receives final settlement for the payment order. Bank may delay availability of provisional funds at its discretion. If Bank does not receive final settlement, Client must return the funds previously credited to Client's account to Bank, and the person who sent the payment order will not be treated as having paid Client. Bank may refuse to permit the use of any amount credited for an incoming payment order, including but not limited to a debit entry or credit reversal if Bank believes in its sole discretion that there may not be sufficient funds in Client's account to cover chargeback or return of such transaction.

16. Cutoff Hours. A number of Bank's Online Banking Services are subject to processing cutoff hours. The cutoff hours applicable to each Online Banking Service is reflected in the Supporting Documents. Instructions received after the cutoff hour or on a non-business day may be deemed received as of the next business day. Alternatively, some Online Banking Services may require Client to resubmit an instruction when it is received after the cutoff hour or on a non-business day.