

## Online Agreement and Disclosure

### MONTECITO BANK & TRUST "ON-LINE BANKER" CONSUMER AGREEMENT & ELECTRONIC FUNDS TRANSFER ACT DISCLOSURE

December 24, 2009

Montecito Bank & Trust is pleased to offer you the many benefits of personal online banking. This Agreement, which includes the Enrollment Form, is a contract by and between Montecito Bank & Trust (hereinafter referred to as "BANK") and you (hereinafter referred to as "CUSTOMER"). It establishes the rules that cover your electronic access to your accounts at Montecito Bank & Trust through On-Line Banker, an electronic banking system (hereinafter referred to as "System"), using a personal computer, cell phone, or other handheld device and the Internet subject to the limitations of your Internet or mobile phone service provider. By using System, you agree to and understand the terms and conditions below. Please read it carefully and keep a copy for your record. It contains the rules and regulations governing your On-Line Banker Service with the Bank.

#### Definitions

"Agreement" means these rules of the System. As used in this Agreement, the words "we", "our", "us" and "Bank" mean Montecito Bank & Trust. "Customer" "You" and "your" refer to the account holder authorized by us to use the System under this Agreement and anyone else authorized by that account holder to exercise control over the account holder's funds through the System. "Account" or "Accounts" means your account or accounts at Bank that are accessed through the System. "Electronic funds transfers" mean transfers to or from your Accounts using the System, including via Bill Payment Services. "System Services" means the services provided pursuant to this Agreement, including the Bill Payment Service and Mobile Banker Service. "Bill Payment Service" means the services provided pursuant to the Bill Payment Agreement. "Mobile Banker Service" means the services provided pursuant to the Mobile Banker Agreement and refers generally to any service allowing an existing On-Line Banker customer to access and view Accounts from your cell phone or handheld device (collectively, "Mobile Device").

"Bank Fees" refers to the bank fees not associated with the System, but may be charged due to instances such as insufficient funds and stop payments. This may also include a savings overdraft protection plan covering your funding checking account where any transfers to cover an overdraft may result in a transfer fee, and that transfer will be counted as a limited transaction withdrawal for savings accounts. Please refer to the Agreement for your Account and the Schedule of Fees schedule for additional information and to see if your accounts are subject to these and other bank related fees. Our business days are Monday through Friday (Federal Reserve holidays not included) ("Business Days"). All times are local time (Pacific Standard Time) of Bank.

#### I. CONSUMER DISCLOSURE STATEMENT UNDER E-SIGN

The System Services that you are able to select are subject to the Electronic Signatures in Global and National Commerce Act ("E-Sign"). In particular, E-Sign requires the Bank to provide you with certain disclosures and obtain your consent before you receive these services. When you sign up for electronic delivery of regulatory documents and/or statements, or elect to conduct other electronic transactions, you will be asked to provide your consent to these paperless transactions. In addition, prior to the time you consent; the Bank is required to provide you with the following information:

##### A. Effect of Consent

For On-Line Banker Transactions: Your consent will apply to all of the System Services you have selected until you terminate your relationship with the Bank, or withdraw your consent, whichever occurs first. You will receive statements via e-mail rather than in paper, if you have elected to receive statements electronically. Otherwise, you will receive all communications relating to online transactions through the mail. You may request that the Bank send a paper copy of any record relating on your online transactions at no charge by writing or calling us at 1-800-348-0146.

For Delivery of Regulatory Documents or Statements: Once you consent to have the Bank's regulatory documents or your statements and confirmations in electronic form, you will receive electronic, rather than paper copies of these items. Your consent will apply to the delivery of those items that you have requested until you terminate your relationship with the Bank, or withdraw your consent, whichever occurs first. You may also request that the Bank send a paper copy of any communication at no charge by e-mailing, writing or calling us at 1-800-348-0146.

##### B. Withdrawing Consent

For On-Line Banker System Transactions: You may withdraw your consent to conduct electronic transactions at any time by visiting the Bank's Web site, calling or writing to the Bank. Once you withdraw your consent, you will no longer be able to conduct transactions with the Bank over the Internet.

For Delivery of Regulatory Documents or Statements: You may revoke your consent to receive regulatory documents or statements via the Internet at any time by visiting the Bank's Web site, calling or writing to the Bank. Once you withdraw your consent, you will receive paper copies of regulatory documents, statements and confirmations. There is no charge to withdraw your consent.

### C. Updating Information

By consenting to conduct transactions and receive documents electronically, you accept the responsibility of providing us with a current e-mail address. If your e-mail address changes, please provide us with your new e-mail address as soon as possible, by visiting the Bank's Web site or calling or writing the Bank. If your e-mail address proves to be invalid, your enrollment for delivery of regulatory documents and statements will be cancelled and the Bank will mail you printed copies of all required documents.

### D. System Access

Services include the Online Banking Service, Bill Payment Service, and Mobile Banker Service. To use the System, you must have at least one checking account at Bank, access to the Internet service, a password and login ID (or PIN for Mobile Banker), and an e-mail address. It is your responsibility to remember your password; we do not maintain a record of it.

In order to conduct online transactions, view documents online and download documents for printing and storage, your computer must meet the following minimum requirements.

### E. Software Requirements

To view our site properly, you will need a World Wide Web browser that supports the following:

- Internet access and an Internet e-mail account and address;
- Netscape Communicator or Navigator 4.06 or higher or Microsoft® Internet Explorer version 5.0 or higher with 128-bit encryption (also known as domestic-, U.S.-grade or strong encryption);
- Adobe Acrobat Reader 6.0 or higher;
- Access to a printer or the ability to download information in order to keep copies of your regulatory documents or statements for your records.

If your browser is an earlier release of one of these versions, or is not a commonly used browser, you may not be able to conduct transactions, view documents online or download documents through the System. You are responsible for the set-up and maintenance of your home computer and modem. You agree that we are not responsible for the set-up and maintenance of your home computer and modem. You agree that we are not responsible for any errors or failures from any malfunction of your computer or any virus or other computer problem related to the use of the Services.

If you would like to upgrade your browser, use one of the following links to download a new browser. After clicking on the link, please follow the instructions provided on the vendor's site. Before you attempt to upgrade your browser, please read all information presented to you carefully. Depending on your current browser, if the speed of your connection is 56K, an upgrade may take anywhere from 5 to 45 minutes. Unreliable or slower connect speeds may drastically increase this timeframe. If you have technical questions regarding your browser upgrade, please contact the appropriate browser vendor. Remember, once you have downloaded the browser upgrade, you must install it on your computer. The Bank is not responsible for the performance of the browser you select.

- Microsoft® Internet Explorer. Use the link and follow the instructions presented to you.
- Adobe Acrobat. Download and install the Acrobat Reader from Adobe. You can download and install Adobe Acrobat Reader at no cost by clicking on the following link and following the instructions available from Adobe to install Acrobat Reader on your particular platform. Depending on your current browser, if the speed of your connection is 56K, an upgrade may take anywhere from 1 to 20 minutes. Unreliable or slower connect speeds may drastically increase this timeframe. If you have questions, you can also call the Bank at 1-800-348-0146.

If you have enrolled in Mobile Banker Services, you must also have:

- 1) A Mobile Device with valid phone number;
- 2) A WAP browser with communication to the Internet; and
- 3) The ability to receive SMS (text) messages.

You will be required to register your Mobile Device through the System prior to activating the Mobile Banker Service. The Mobile Banker Application, after you successfully provide the required information, will send an enrollment SMS message to the phone number you provide. The enrollment SMS message will include the Internet Banking User Name, a One Time Password ("OTP") and a dynamic link containing the OTP to log into Mobile Banker.

If your Mobile Device cannot utilize a link from a SMS message directly you will need to navigate to the address located below and manually enter the OTP provided in the SMS message. After your initial login to Mobile Banker the application will generate a new SMS message with OTP every time you login. This OTP will be required for your next login in Mobile Banker. If you are unable to locate the last system-generated SMS message containing the valid OTP for login, you may request a new SMS message with a new OTP from the login page for Mobile Banker. The address is located below.

<http://mobile.montecito.com>

## II. USE OF THE SYSTEM

By clicking "I accept" button at the end of this Agreement, you signify your agreement to all the terms, conditions, and notices contained or referenced in this document and accept responsibility for your use of the System.

Please note that use of the System may include access to web sites, content and services of companies other than the Bank. The Bank does not make any representations regarding such third parties or their content or services and you are responsible for complying with such third parties' agreements and policies.

Access to the System and use of the System is subject to all applicable federal, state and local laws and regulations. Unauthorized use of the System or information accessed via the System is strictly prohibited.

### A. Our Agreement With You

This Agreement between you and the Bank governs the use of the System. These services permit Bank customers to perform a number of banking functions on accounts linked to the System through the use of a personal computer and/or Mobile Device such as a cell phone, PDA, or any other wireless device. Please refer to the terms and conditions for each type of access device as outlined below and in your Bill Payment Services or Mobile Bill Payment Services Agreement.

When you use any of the System Services described in this Agreement, or authorize others to use them, you agree to the terms and conditions of this Agreement. Your use of online banking (including Bill Pay) is governed by this Agreement, the Disclosure of Products and Fees applicable to your accounts, your application (if required) for online banking and Bill Pay Service, any instructions we provide you on using online banking, and any other agreements applicable to the deposit or loan accounts you access through online banking, including our Deposit Account Agreement or our Electronic Statement Disclosure, any applicable overdraft protection agreement, and any other applicable loan agreement, as they all may be amended from time to time. When you link accounts to the System, this does not change the agreements you already have with us on those accounts. You should review those agreements for any applicable fees, for limitations on the number of transfers you can make, and for other restrictions that might impact your use of an account with the System. Bill Pay is governed by your agreement with iPay, in addition to the foregoing.

Any use of any of the System Services described in this Agreement by you, or by anyone you authorize, is your acknowledgment that you have received this Agreement, understand it, and agree to be bound by it. In the event of any conflict between this Agreement and any other agreement governing your deposit or loan accounts, this Agreement will control. You also understand that the Bank may initiate communications to you via mail, e-mail and short message service ("SMS") text messaging for any purpose within the limits of the Bank's "Customer Privacy Statement" previously agreed upon for your linked accounts. I understand that these agreements and statements are available for my review at [www.montecito.com](http://www.montecito.com), and I acknowledge that I should read and understand these related agreements and statements before I use the System Services.

### B. Enrollment and Accounts

Once we have received and approved your signed Enrollment Form, and verified your account information, we will send you confirmation of our acceptance of your enrollment and your assigned login ID and temporary password by U.S. postal mail. The System can be used to access only the Accounts that you are an owner or signer on. Access to your Accounts through the System will be based upon the identification of users. We undertake no obligation to monitor transactions through the System to determine that they are made by you or on your behalf.

To register for the Mobile Banker Service, you must first register for the On-Line Banker System from a personal computer and not from the mobile device. You will be provided with free access to Mobile Banker Services, including Mobile Bill Payment Service.

### C. System Services

You may use the System to:

- Transfer funds between your linked Bank deposit accounts on either a one-time, future, or recurring basis.
- Transfer funds to and from your line of credit accounts from your deposit accounts.
- View current balance information for your linked checking, money market deposit, savings, CD, non-brokerage IRA, personal or home equity lines and loans, and Line of Credit accounts with the Bank.
- Review transactions for the current statement and past statement cycles up to seven (7) years, beginning with transactions made from September 1, 2008.

- Perform self-service account maintenance such as stop payment on a check, re-order checks, and order copies of paid checks and monthly checking or saving statements; fees may apply.
- Send us email messages and questions.
- Receive notification automatically via email when choosing to monitor account activity such as deposits and withdrawals, checks clearing, and when balances go below a certain requested amount.
- Download your statements to popular financial management software programs like Quicken(c).

Certain trust accounts such as individual and family trusts established pursuant to a formal written trust agreement, Totten Trusts and Uniform Transfers to Minors Act accounts are eligible to enroll for System Services as long as the person enrolling is the Trustee or Custodian. An account owner may enroll an eligible account for the Services and provide access to the owner's agent under a power of attorney. The agent may not enroll for System Services. The account owner must notify the Bank to remove the agent's access to System Services if the relationship of the agent to the account changes. An agent should use his or her personal contact information if enrolled for access by the account owner under a power of attorney.

You can make transfers in one of three ways:

- one-time;
- future; or
- recurring.

One-time transfers are used for transfers which occur on an infrequent or irregular basis, or which vary in amount.

Future transfers are used for transfers that are scheduled for up to one year in the future.

You may use the recurring transfer feature when you want to transfer the same amount at regular intervals, for example from your checking to savings accounts.

The Bank will provide you with a positive confirmation that the transfer has been scheduled. Additionally, you may verify that any transfer has been processed by signing into the System the Business Day following the transfer.

If you requested Bill Payment Service on your Enrollment Form and were approved, you can also use the System to pay bills ("Bill Payment") in the amounts and on the dates you request as described in your Bill Payment Agreement. If you enrolled in the Bank's Mobile Banker Service, you may view balances and recent account activity from your Accounts from your Mobile Device. You can also:

- 1) Perform one-time transfers of funds between your Accounts;
- 2) View pending activities;
- 3) Submit one-time bill payments to pre-existing vendors you establish using the Bill Payment Services of the System; and
- 4) View alerts you establish for your Accounts through the System.

These Services may be subject to some limitations as described in the Bill Payment Services Agreement and/or Mobile Bill Payment Services Agreement.

The balance and the activity information that you obtain through the System are as of 6:00p.m. Pacific Time from the previous Business Day and may not reflect current transactions. Periodically during the day, however, we will be updating your current balance. Customer balance may reflect deposits not yet available to customer under the Bank's funds availability policy, including current day deposits. Customer agrees to maintain sufficient available funds (as determined by the Bank's funds availability policy) in each Bank account accessible via the System to cover all transfers or other requests initiated by Customer and affecting the account, or such higher amount as Bank may specify from time to time.

Customer agrees funds may be held by Bank for a period of time following termination of the System to protect Bank against any possible losses relating to the use by Customer of the System. Customer grants to Bank a security interest in such funds as security to Bank for any losses or claims, whether existing or potential and whether current or reasonably anticipated to arise, arising out of Customer's use of the System services including but not limited to Bill Payment Services and Mobile Banker Services.

#### **D. Hours of Access**

You can use the System seven days a week, twenty-four hours a day, although some or all System Services may not be available occasionally due to emergency or scheduled System maintenance. Access may also slow due to a high volume of Internet traffic. You understand that System may be available during hours when Bank is not open for business, and thus Bank execution of any requests or instructions may be delayed until the opening of the next Business Day. Bank will not be responsible for any loss or inconveniences caused by these temporary unavailable periods. We agree to post notice of any extended periods of non-availability on the System website.

#### **E. Use of Your Password**

For security purposes, you are required to change your password upon your initial login to the System. You determine what password you will use and the identity of your password is not communicated to us. You agree that we are authorized to act on instructions received under your password. You accept responsibility for the confidentiality and security of your password and agree to change your password regularly. Some browsers allow users to save passwords; it is strongly recommended that you do NOT save your password. Upon three unsuccessful attempts to use your password, your access to the System will be revoked. To re-establish your authorization to use the System, you must contact us to have your password reset or to obtain a new temporary password or wait twenty-four hours for the system to reset the password.

When you or any authorized user signs on to online banking using your Logon ID and password, you authorize us to follow the instructions we receive relating to your accounts and to charge and credit your accounts according to those instructions. Since your password is the principal security measure to protect access to your accounts, you agree that you will not give your password or make it available to any unauthorized person. If you do give your password or make it available to another person, you authorize that person to access your accounts through online banking and to give us online banking instructions relating to your accounts as an authorized user. You also authorize us to comply with those instructions even if that person exceeds your authorization.

Except to the extent prohibited by applicable law or regulation, you will be deemed to have expressly authorized any online banking transaction 1) initiated by you, at your direction, or with your consent (whether expressed or implied), 2) initiated by an agent with respect to any account which you may access through online banking, 3) initiated by a member of your household, whether or not related to you, 4) initiated by any person (or that person's agent) who is the owner or co-owner of any account which you may access through online banking, 5) which results in the transfer of funds between accounts you may access through online banking, even if subsequent transfers out of the accounts benefit someone else, 6) which is to or for your benefit (for example, the payment of a debt for which you are partially or fully liable), or 7) which you contend is unauthorized unless you cooperate fully with us in our investigation of the transaction, assign to us your right of recovery against the wrongdoer if we reconstitute your account, and cooperate fully with us in the recovery of any loss we sustain and the prosecution of any wrongdoer. Any person initiating the foregoing transactions will be deemed an authorized user except to the extent prohibited by applicable law or regulation.

## **F. If You Believe Your Password is Lost, Stolen, or Used Without Your Authority**

Please tell us AT ONCE if you believe your System password or login ID has been lost, stolen, or used without your authority. The unauthorized use of your System Services could cause you to lose all the money in your account, plus the maximum amount of any line of credit linked to your account. Telephoning is the best way of keeping your possible losses down. You should call us IMMEDIATELY at our toll-free number. If you cannot reach us by telephone, you may write to us. To call or write us, use the contact information provided in Section III of this Agreement. Please refer to the Regulation E Disclosures in your Deposit Account Agreement and Section III of this Agreement for important information about your rights and obligations in the event of unauthorized transfers from your account.

## **G. Security**

You understand the importance of your role in preventing misuse of your Accounts through the System. If we provide you with a statement, electronically or otherwise, you must promptly and carefully review it to determine if any errors or problems exist. You agree to notify us immediately (not to exceed 30 days) of any error, discrepancy, or unauthorized transaction you discover on any statement, notice or check for each of your Bank accounts as soon as you receive it. If you fail to do so, you may become responsible for the losses resulting from such as failure. We may deny a claim for monetary loss due to unauthorized activity if you fail to follow these procedures.

You agree to protect the confidentiality of your Account information and Account numbers. You also agree to protect the confidentiality of your personal identification information, such as your driver's license number and social security number. For your protection, sign off after every online banking session and close your browser to ensure confidentiality. Your contribution is important to protect the security of your access to our services. You can help prevent unauthorized access by following these security tips:

1. Protect your login ID and password by keeping it unique and known only to you. It should be memorized rather than writing it down
2. Change your password routinely; a good practice is every 90 days.
3. Choose a password that uses both upper and lower case alpha and numeric characters for purposes of security, and is difficult to guess. Avoid using an easily guessed password such as a word found in the dictionary, your name, your significant other's name, your pet's name, your birthday, or any other commonly known personal identification, such as social security numbers, address, or names of children, and
4. Your password should be memorized rather than written down or displayed in a place where others can view it.
5. Log off the System by clicking on the exit option. Upon exiting you will receive a message confirming that you have now logged off of the System. We also suggest you clear your disk cache by shutting down your browser which will normally clear your cache; alternatively, you can clear your cache using the instructions provided in your browser's online help system.
6. Maintain general security over your personal computer such as virus protection and employ physical access controls.
7. Maintain your hardware, software suppliers and Internet service provider to ensure that you have the latest in security updates.

For more tips on safe Internet banking please visit:  
<http://www.fdic.gov/bank/individual/online/safe.html>

You understand that personal identification information by itself, or together with information related to your Account, may allow unauthorized access to your Account. Your password and login ID are intended to provide security against unauthorized entry and access to your Accounts. However, they will not protect you if this information is shared with others. Bank employees are not authorized and will not ask for your password or login ID, and you should view with suspicion anyone who does ask for any personal identifying information.

Data transferred via the System is encrypted in an effort to provide transmission security. The System also utilizes encryption identification technology to verify that the sender and receiver of the System transmissions can be appropriately identified by each other. This is designed to assist your computer and our computer in identifying each other as authorized users of the System. Notwithstanding our efforts to insure that the System is secure, you acknowledge that the Internet is inherently insecure and that all data transfers (including funds transfers, Bill Payment and electronic mail) occur openly on the Internet. This means that the data transfers potentially can be monitored and read by others. We cannot and do not warrant that all data transfers utilizing the System will not be monitored or read by others.

## H. Electronic Statements

We may make available an electronic statements program under which On-Line Banker System customers may elect to receive their account statements through the System. If you have eStatement services, you are required to receive your Account statements electronically. If you receive electronic statements, an e-mail notification will be sent to you at the e-mail address provided by you to let you know when your eStatement is available for viewing, so please advise us of your current e-mail address. Your eStatement for your current statement cycle will be available to you no later than 3 business days after your cycle date. Your normal statement cut-off date will not change when you elect to receive eStatements. eStatements will be available for viewing by you for at least 18 months after the date it is posted on the On-Line Banker System website as long as your account and On-Line Banker System Services remain active during that time. If you receive electronic statements, you will be required to agree to additional terms for the electronic statements program. This provision merely serves to describe the program.

## I. Fees and Charge

There is no monthly service charge associated with the utilization of our Online Banker, Bill Payment, or Mobile Banker services. Fees and charges associated with your Account(s) are disclosed in the disclosure provided to you with the Account(s) at the time of opening and in fee schedules and disclosures that have been provided to you in connection with your account. Fees are subject to change. Please contact us as provided in "In Case of Errors or Questions about Your Electronic Transfers (including Bill Payments and Mobile Banker Services) On Your Statement" in Section III of this Agreement or visit one of our branches for current information about applicable fees. Any charges associated with the use of the Service are in addition to all service charges and fees applicable to and contained from time to time in our disclosures related to your account and/or other services related to your account.

In addition, for certain savings accounts and money market deposit accounts, an excess transaction fee may apply to each withdrawal or transfer that exceeds the number of limited transactions you may make each statement period. These fees are described in the "Schedule of Fees" schedule. Please refer the terms of the deposit agreement for that Account and your Schedule of Fees schedule for additional information and to confirm if your accounts are subject to these fees. Additionally, fees may be assessed for added features of the System such as stop payment requests and insufficient available funds transactions.

While there is no fee or charge assessed by the Bank for you to register for or access the Mobile Banker Service, you may incur charges to receive Internet service on your Mobile Device. You may also incur charges from your telecommunications carrier when sending and receiving text messages from the Bank. You hereby agree that you, and not the Bank, will be responsible for providing a compatible Mobile Device and maintaining the third-party cellular contract, including paying fees, charges and taxes associated with the service (including, but not limited to, text messaging charges, and Internet access charges, as applicable.)

You agree to pay any additional charges for Bank services you request that are not covered by this Agreement. You are also responsible for telephone, Internet and any other third party fees you incur in connection with your use of the System.

## J. Posting of Transfers

Transfers completed through the System before 4:30 p.m. Pacific Time on a Business Day are posted to your Account the same day. Transfers completed after 4:30 p.m. Pacific Time on a Business Day or anytime on Saturday, Sunday or a banking holiday, will be posted on the next Business Day. The System identifies transfers based upon the login ID of the user who made the electronic transfer. You agree to communicate with any other persons with authorized access to your Accounts concerning any transfers or Bill Payments from your Accounts in order to avoid overdrafts.

If a transfer request (or a request for cancellation or amendment of a transfer request) received by Bank purports to have been transmitted or authorized by Customer, it will be deemed effective as Customer's transfer request and Customer will be obligated to Bank for the amount of the transfer request, even though the transfer request was not authorized by Customer, provided Bank acted in compliance with the Security Procedures.

If a transfer request (or a request for cancellation or amendment of a transfer request) received by Bank was transmitted or authorized by Customer, Customer shall be obligated to pay the amount of the transfer as provided herein, whether or not Bank complied with the security procedure referred to in the Agreement with respect to that transfer request and whether or not that transfer request was erroneous in any respect or that error would have been detected in Bank had complied with such procedure. The amount of transfer is limited to the amount of available balance in the account on the day the transfer is requested.

Customer acknowledges and agrees that if a transfer request describes the beneficiary or the beneficiary's bank inconsistently by name and account or other identifying number, execution of the transfer request will occur on the basis of the account or other identifying number, even if it identifies a person different from the named beneficiary or beneficiary's bank, and that Customer's obligation to pay the amount of the transfer request to Bank is not excused in such circumstances.

## K. Overdrafts (Order of Payments, Transfers, and Other Withdrawals)

If your Account has insufficient funds to perform all electronic fund transfers you have requested for a given Business day, then:

When you schedule a transfer, you authorize the Bank to withdraw the necessary funds from your deposit accounts with the Bank. You agree that you will instruct the Bank to make a withdrawal only when a sufficient balance is or will be available in your accounts at the time of withdrawal.

1. Electronic funds transfers involving currency disbursements, like ATM withdrawals, will have priority;
2. Electronic funds transfers initiated through the System which would result in an overdraft of your Account may, at our discretion, be canceled; and
3. If you do not have a sufficient balance, including available credit under any overdraft protection plan, we may either complete the transfer or payment - creating an overdraft - or refuse to complete the transfer or payment. In either case, we reserve the right to impose an insufficient available funds transaction (NSF) fee, or a savings overdraft protection fee (if applicable), or a Line of Credit overdraft advance fee (if applicable) pursuant to the terms of the deposit agreement for that Account.

## L. Limits on Amounts and Frequency of System Transactions

Federal regulations limit the number of certain types of transfers from savings and money market deposit accounts. Savings and Money Market deposit accounts are limited to six pre-authorized electronic fund transfers and telephone transfers (including System transactions, checks and point-of-sale transactions) per month. Each fund transfer or payment through the System from your savings or money market deposit Account is counted as one of the six limited transfers you are permitted each month.

## M. Using the System for Bill Payment (and Transfer) Services

The Bill Pay Service feature of online banking allows you to instruct us to pay bills designated by you in accordance with the instructions we provide you. Your Bill Pay Service transactions will be processed for the Bank by iPay, a major provider of electronic banking transaction processing services. References to "we" and "us" in this section refer to both the Bank and iPay. In addition to this Agreement, your access to and use of the Bill Pay Services are governed by the instructions you receive from the Bill Pay Service and by iPay's terms and conditions for the Service.

- (1) **Bill Pay Account** In your payment instructions, you must designate an account from which you will make payment for each bill you wish to pay using the Bill Pay Service ("designated account"). The Bill Pay Service will instruct you how to designate an account for a bill payment. You authorize us to charge the designated account according to your payment instructions. You agree that you will have funds available in the designated account for each payment on the payment date you have designated in your payment instructions; please review your Deposit Account Agreement and this Agreement regarding when funds are made available to your account, because funds are not always made available on the day of deposit or transfer. If you do not have sufficient funds in the designated account to cover the transaction, without notice to you, we will decide, in our discretion, whether or not to complete the transaction, and we may make additional attempts to debit your account for the amount. We also will debit associated service fees and charges (such as insufficient funds or "NSF" fees) in accordance with our agreements and policies. You are responsible and agree to reimburse us for all NSF and related service fees and charges, and you remain liable to us for all funds we have advanced plus applicable service fees and charges until we are paid in full. Availability of funds in other accounts will not prevent insufficient funds charges or rejection of a payment if you do not have sufficient funds in the designated account. If we are unable to complete the payment transaction for other reasons (such as incomplete or inaccurate information), we will attempt to notify you by e-mail or U.S. mail. We shall have no obligation or liability if we do not complete a transfer or payment because there are insufficient funds in the designated account to process the transaction or because of incomplete or inaccurate information, and you are responsible for either making alternate arrangements for the payment or rescheduling the payment through the Bill Pay Service.
- (2) **Designation of Payees.** With the Bill Payment Service option, you may make payments to companies or individuals you select. You may pay any merchant in the United States approved by us; however we are not able to process payments to federal, state or local taxing authorities, collection agencies, security companies such as Ameritrade or court directed

payment such as alimony or child support. You are solely responsible for any claims or damages resulting from your scheduling of these types of payments or from any payments to prohibited payees, whether or not we make the payment, and even if the payment is delayed or improperly processed. We reserve the right to refuse to pay any person or entity to whom you may direct a payment. We will notify you promptly if we decide to refuse to pay a person or entity designated by you; however, we are not required to notify you regarding a prohibited payee or any payment prohibited under this Agreement

We may refuse to process transactions that would exceed these limits. If a hold has been placed on deposits made to an Account from which you wish to transfer funds, you cannot transfer the portion of the funds held until the hold expires. By using the Bill Payment Service option you agree to the additional rules and requirements as set forth.

- (3) **Available Funds.** You may make Bill Payments in any amount up to the maximum available funds on deposit per posting day and any available credit under an attached credit facility. These funds must be in your Account on the day the Account is scheduled to be debited, and we may require you to pre-fund transactions at our option. We are only responsible for exercising ordinary care in processing and sending payments upon your authorization in accordance with this Agreement. We will not be liable in any way for damages you incur if you do not have sufficient funds in the designated account to make the payment on the processing date, for delays in mail delivery, for changes to the payee's address or account number unless you have advised us of the change sufficiently in advance, for the failure of any payee to correctly account for or credit the payment in a timely manner, if you have not provided correct payment information, if you have been advised that the payment processing center is not working properly but you execute a transaction anyway, or for any other circumstances beyond our control.
- (4) **Payments and Payees.** The Bank will process variable payments on the business day (generally Monday through **Friday**, except holidays) provided the payment request is received prior to the cut-off time, which is currently 1:00 pm, PST. Variable bill requests received after the business day cut off time, or at any time on a non-business day will be processed on the next business day.

For recurring payment requests, if you designate a processing date of the 28th through the 31st of the month, processing will be initiated on the last calendar day of the month. Otherwise, recurring payment requests will be processed on the dates you have designated, unless such date falls on a non-business day resulting in your payment being processed on the next business day.

YOU MUST ALLOW AT LEAST FIVE (5) BUSINESS DAYS, PRIOR TO THE DUE DATE, FOR EACH BILL PAYMENT (RECURRING OR VARIABLE) TO REACH THE PAYEE. IT IS THE RESPONSIBILITY OF THE CUSTOMER TO SCHEDULE/ACTIVATE RECURRING PAYMENTS. IT IS OUR RECOMMENDATION THAT ADDITIONAL DAYS BE ALLOWED FOR PAYMENTS TRAVELING MORE THAN FOUR STATES AWAY.

To add a new Payee, submit in writing, Use "set up accounts/payee" on the Internet or speak to a service representative. You may add a new fixed payment to a Payee, only if the Payee is on your authorized list of payees. The Financial Institution reserves the right to refuse the designation of a Payee for any reason. The Financial Institution is not responsible if a Bill Payment can not be made due to incomplete, incorrect, or outdated information provided by you regarding a Payee or if you attempt to pay a Payee that is not on your Authorized Payee list.

- (5) **Cancelations.** Any Bill Payment can be changed or canceled, provided you access the Service prior to the cut-off time on the business day prior to the business day the Bill Payment is going to be initiated.

Note: The following method of canceling transfers is an exception process. The easiest, most convenient and least costly way to cancel a transaction is through the System Service.

You may request to cancel a transfer scheduled through the System by calling us at (805) 564-7342 or 800-348-0146 or writing us at: Montecito Bank & Trust, P. O. Box 2460 Santa Barbara, CA 93120-2460 Attn: Online Banking Department. We must receive your request three business days or more before the transaction is scheduled for processing. If you call, we may also require you to put your request in writing and submit to us within 14 calendar days after you call. Please refer the terms of the deposit agreement for that Account and your Schedule of Fees schedule for additional information.

## N. Stop Payment Requests

Stopping the payment of a check is different from the cancellation of a bill payment. Once the bill payment has been debited from your account, you CANNOT cancel or stop a bill payment that has been paid electronically. You may be able to stop a System bill payment paid by paper draft by contacting us by telephone at 866-866-2910 before the paper draft has cleared. (You will have to contact us by telephone to determine if the paper draft has cleared.) If the paper draft has not cleared, we will process your stop-payment request. We will notify you if the paper draft has already cleared. To be effective, this type of stop-payment request must precisely identify the name of the payee, the payee-assigned account number, the amount and scheduled date of the payment, and the ID number from the Bill Payment Screen.

You may initiate Stop-payment requests on-line via the System only for paper checks you have written (non-electronically) on your Bank accounts (not System bill payer paper drafts) that have not yet been paid by the Bank. Stop-payment requests are processed

when the stop payment has been requested online. To be effective, this type of stop-payment request must precisely identify the name of the payee, the check number, the amount, and the date of the check.

A stop-payment request received by Bank via the System will be treated by Bank as a temporary notice for stop payment. We will generate and mail to you a stop payment authorization form. We require you to send back to the bank the signed authorization form and get it to us within 14 days after you initiate the stop payment. You will incur stop-payment charges as disclosed in the current "Schedule of Fees" for the applicable account. Stop-payment charges for System bill payment drafts will be assessed in addition to the stop-payment charges for the applicable account. Any loss suffered by Customer due to Customer's failure to accurately identify the item to be stopped in the stop-payment request will be the responsibility of the Customer and not of Bank. You understand that it is your responsibility for determining whether a check you have written from your Bank account has or has not previously paid, and not the responsibility of the Bank.

At the time Customer submits a stop-payment request via the System, Customer agrees to access the appropriate account through the System, and to review prior account statements and other Customer records, and determine whether the check to which the stop-payment order relates has or has not already paid. Customer understands the System's account history is for only the current and previous limited month's activity. A review of prior records may be warranted in addition to using the System.

Customer acknowledges that the information regarding the status of individual checks will not include transactions, including cash payments, on a check that occurs on the same banking day as the date of receipt of the stop-payment request. Customer acknowledges that a transaction search through System will not inclusively reveal whether a check has been paid until the banking day after the banking day on which the stop-payment request is received by the Bank. Any loss suffered by Customer due to Customer's decision to issue a new or replacement check, or to take any action, based on information in the System prior to the next banking day after the banking day on which the stop-payment request has been received by Bank will be the responsibility of the Customer and not of the Bank.

Customer acknowledges that a review of the System account history and of Customer's account records may fail to reveal a check was previously paid, in which case Bank will not be responsible for any loss suffered by Customer. Bank may, but is not obligated to notify Customer if Bank determines the check was paid on the day the stop-payment request was received by Bank. If given, such notification will be made before 12:00 p.m. noon (Pacific Time) on the next business day. Otherwise, no notice will be provided to Customer by Bank.

Stop-payment requests remain in effect for six months, unless renewed for a successive six-month period. After expirations of a stop-payment request, a check may be paid even though the check is "stale" or "stale dated".

Stop-payment requests may be cancelled by providing authorization to Bank or by writing Bank. Stop-payment requests are automatically cancelled when the account on which the check is drawn is closed and/or at the end of the six month term of the order (unless renewed).

Under certain requirements, a holder of a check may be entitled to enforce payment against Customer even when a stop-payment request is in effect.

## **O. Disclosure of Account Information and Transfers**

You understand that information about your Account or the transfers you make may be disclosed to others. For example, we may disclose personal information to third parties:

1. If we have entered into an agreement with another party to provide any of the Services. For example, a third party servicer assists us in the processing of Bill Payment Services. In this case, we will provide that party with information about your Account, your transfers, and your communications with us in order to carry out your instructions;
2. If it is necessary for completing transfers or otherwise carrying out your instructions;
3. If it is necessary to verify the existence and conditions of an Account for a third party, such as a credit bureau, a merchant, or any holder of a check issued by you through Bill Payment.
4. In order to comply with laws, government agency rules or orders, court orders, subpoenas or other legal process or in order to give information to any government agency or official having legal authority to request such information;
5. In order to provide you with information about bank products and services that we believe will be of interest to you,
6. If you otherwise give us your written permission.

The Bank may disclose information about your account-to-account verification services, such as ChexSystems, Inc., if we close your account because of your unsatisfactory handling, fraud or attempted fraud or criminal activity. Information we report usually includes your name, address, Taxpayer Identification Number (TIN), driver's license number and the date and reason the account was closed. The account verification service may supply this information to others. This may adversely impact your ability to establish an account at another financial institution for up to five years from the date of your report.

AS REQUIRED BY LAW, YOU ARE HEREBY NOTIFIED THAT WE MAY REPORT INFORMATION ABOUT YOUR ACCOUNT TO CREDIT BUREAUS. LATE PAYMENTS, MISSED PAYMENTS, OR OTHER DEFAULTS ON YOUR ACCOUNT MAY BE REFLECTED IN YOUR CREDIT REPORT.

We may also seek information about you from others, such as credit bureaus, in connection with the opening and maintaining of your Account, approving your access to the System or as part of our on-going relations with you. You agree and hereby authorize all these transfers of information.

## **P. Periodic Statements and Notices**

You will get a monthly Account statement, electronically or otherwise, depending on the option you have selected. There will not be a separate statement for banking transactions you make using the System. Transfers to and from your Account using the System will appear on the respective periodic statements for your Accounts. A description of each transaction, including who you paid, the date and the amount of the transaction will appear on your statements.

If you have agreed to electronic statements, they will be available for viewing by you for at least 18 months after the date it is posted in the System as long as your Account and System Services remain active during that time.

All notices required under this Agreement shall be sent in writing or electronically by a telecommunications device capable of creating a written record and delivered, mailed, or made available to you at the address set forth in the enrollment form and to us at the address set forth below or to such other address as such party may designate from time to time. All notices shall be effective upon mailing or electronic transmission.

## **Q. Change in Terms**

We reserve the right to modify, or add new terms to, the terms of use in this Agreement at any time. If the change would result in increased fees for any System Service, increased liability for you, fewer types of available electronic fund transfers, or stricter limitations on the frequency or dollar amount of transfers, we agree to give you notice at least 30 days before the effective date of any such change, unless an immediate change is necessary to maintain the security of an Account or our electronic fund transfer system. We will post any required notice of the change in terms on the Bank System website or forward it to you by e-mail or by U.S. postal mail. It is your responsibility to review these terms from time to time in order to be aware of any such changes or new terms. If advance notice of the change is not required, and disclosure does not jeopardize the security of the Account or our electronic fund transfer system, we will notify you of the change in terms within 30 days after the change becomes effective. Your continued use of any or all of the subject System Services indicates your acceptance of the change in terms. We reserve the right to waive, reduce or reverse charges or fees in individual situations. You acknowledge and agree that changes to fees applicable to specific Accounts are governed by the applicable deposit agreements and disclosures.

## **R. Virus Protection**

You agree that we are not responsible for any electronic virus that you may encounter using the System. We encourage you to routinely scan your PC and diskettes using any reliable virus protection product to detect and remove any viruses found. Undetected or unrepaired, a virus may corrupt and destroy your programs, files, and even your hardware.

## **S. Disclaimer of Warranty and Limitation of Liability**

We make no warranty of any kind, express, or implied, including any implied warranty of merchantability of fitness for a particular purpose, on non-infringement of third party rights, in connection with the System Services provided to you under this Agreement. We do not and can not warrant that the System will operate without errors, or that any or all System Services will be available and operational at all times. Except as specifically provided in this Agreement, or otherwise required by law, you agree that our officers, directors, employees, agents or contractors are not liable for any indirect, incidental, special or consequential damages under or by reason of any services, or products provided under this Agreement or by reason of your use of or access to the System, including loss of profits, revenue, data or use by you or any third party, whether in an action in contract or tort or based on a warranty. Further, in no event shall the liability of Bank and its affiliates exceed the amounts paid by you for the services provided to you through the System.

Indemnification - Notwithstanding any provision of this Agreement to the contrary, Customer agrees to indemnify, defend and hold Bank harmless against any loss, damage, harm or expense (including attorney's fees and expenses) suffered or incurred by BANK as a result of, or arising out of, action or inaction by customer or BANK under this Agreement.

This Agreement is governed by the laws of the State of California. The successful party in any such action shall be entitled to recover from the unsuccessful party, in addition to any other relief to which it may be entitled, reasonable attorneys' fees and costs incurred by it in prosecuting or defending such action.

Bank has the right to provide the System Services through an affiliate or unrelated third party. In order to provide the System to Customer through this type of arrangement, Customer authorize Bank to disclose information on Customer's account(s) and services to the affiliate or third party that provides the Services. Customer hereof may make no assignment without the consent of Bank.

## **T. Your Right to Terminate**

Your System Service remains in effect until terminated by you or the Bank. You may cancel your System Service at any time by providing us with written notice by postal mail or in person. Your access to the System will be suspended within 3 Business days of our receipt of your instructions to cancel the service. You will remain responsible for all outstanding fees, future scheduled Bill Payment requests, transfers and charges incurred prior to the date of cancellation. We may terminate your participation in the System Service for any reason, at any time. We will attempt to notify you in advance, but we are not obliged to do so.

## U. Communications between Bank and You

Unless this Agreement provides otherwise, you can communicate with us in any one of the following ways:

If you need to contact the Bank in any of the circumstances described above, or for any other reason, you may contact us using any of the following options:

- 1) By telephone at 805-564-7358 or 800-348-0146
- 2) By telephone for bill payment questions at 866-866-2910 (toll free)
- 3) Facsimile – You can contact us by fax at (805) 564-4930
- 4) Postal Mail – You can write to us at:  
Montecito Bank & Trust  
P. O. Box 2460  
Santa Barbara, CA 93120-2460  
Attn: Online Banking Department

Unless another address is substituted by notice delivered or sent as provided herein, any such notice shall be deemed given when sent or received by Bank.

When your System Service is linked to one or more joint accounts, we may act on the verbal, written or electronic instructions of any authorized signer regarding your service. Accounts with multiple signatures required are not available for online access.

## V. Electronic Mail

You may contact us at [online@montecito.com](mailto:online@montecito.com); however, we recommend that you do not include your Account numbers, Social Security Number or any other confidential information in your message as messages sent by e-mail may not be secured and may be intercepted by third parties.

If you send us an electronic mail message, we will be deemed to have received it on the following business day. We will have a reasonable time to act on your e-mail. Do not rely on e-mail if you need to communicate with us immediately, for example, to report an unauthorized transaction from one of your accounts or to stop a pre-authorized payment. Any email messages sent to the Bank are property of the Bank, and we reserve the right to delete such messages from time to time. You agree that we may send you electronic messages about products or services we offer.

## W. Automated Clearing House Entries

Electronic Bill Payment may be processed through a system known as the automated clearinghouse, or “ACH.” There are special rules that govern ACH, and they apply to your Electronic Bill Payments.

1. Compliance with OFAC Regulations. You acknowledge that the ACH Clearing House system may not be used in violation of, and that Bill Payments (both Electronic and Check) originated by you must comply with, the laws of the United States, including sanctions laws administered by the Office of Foreign Asset Controls.
2. Provisional Payments. When you send an Electronic Bill Payment, it is sent to and received by another financial institution (or, possibly, us). The receiving depository financial institution (“RDFI”) receives the ACH transaction and credits it to the account of its depositor (a “Receiver”). You agree to be bound by the provision of the National Automated Clearing House Rules making payment by the RDFI to the Receiver provisional until receipt by the RDFI of final settlement for the credit transaction. You understand that if final settlement is not received, the RDFI will be entitled to a refund from the Receiver of the amount credited and you will not be deemed to have paid the Receiver the amount of Electronic Bill Payment. You also agree that any payment by us 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.
3. Limits on Payment Amounts. As noted above, you are limited to the amount of Electronic Bill Payments in any given Business day, to a maximum of available funds in the designated account plus any available overdraft credit, unless we set a lower amount.

## X. Your Responsibilities for Using Mobile Banker Service

1. Providing Honest And Accurate Information Upon Registration. You agree to provide true, accurate, current and complete information about yourself as requested in registering for System Services, and you agree not to misrepresent your identity.
2. No Illegal Use. You agree not to use the Mobile Banker Service to conduct any business or activity or solicit the performance of any activity that is prohibited by law or any contractual provision by which you are bound with any person. You agree to comply with all applicable laws, rules and regulations in connection with the Mobile Banker Service.
3. Prompt Notification of Theft or Destruction of Equipment. You agree to notify the Bank timely in the event you lose, change, or destroy the device whose phone number is registered with the Mobile Banker Service.
4. Naming of Accounts. You agree not to use any personally-identifiable information when providing shortcuts or creating nicknames to your Account.

#### **Y. Limited Liability for use of the Mobile Banker Service**

We hope that you will find Mobile Banker Service to be a useful and reliable Service. However, neither the Bank nor its Mobile Banker Service providers can make any representation or warranty that you will have continuous or uninterrupted access to the Mobile Banker Service or any of its content or functions, or that any of the functions of the Mobile Banker Service will be error-free. THE SERVICE IS PROVIDED TO YOU "AS IS" AND "AS AVAILABLE," AND THE BANK AND ITS MOBILE BANKER MOBILE SERVICES PROVIDER MAKE NO REPRESENTATION OR WARRANTY RELATING TO THE MOBILE BANKER SERVICE (INCLUDING, WITHOUT LIMITATION, ITS PERFORMANCE, AVAILABILITY, CONTENTS, OR FUNCTIONS) OR ANY ADVERTISEMENTS, OR WEBSITES IN CONNECTION WITH THAT SERVICE, INCLUDING, WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT OF THIRD-PARTY RIGHTS AND TITLE, AND ANY IMPLIED WARRANTY ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE. YOUR SOLE AND EXCLUSIVE REMEDY FOR ANY FAILURE OR NON-PERFORMANCE OF THE MOBILE BANKER SERVICE (INCLUDING ANY ASSOCIATED SOFTWARE OR OTHER MATERIALS SUPPLIED IN CONNECTION WITH THE MOBILE BANKER SERVICE) SHALL BE FOR USE TO USE COMMERCIALY REASONABLE EFFORTS TO PERFORM AN ADJUSTMENT OR REPAIR OF THE MOBILE BANKER SERVICE.

YOU UNDERSTAND THAT THERE ARE RISKS ASSOCIATED WITH USING A MOBILE DEVICE, AND THAT IN THE EVENT OF A THEFT OR LOSS, YOUR CONFIDENTIAL INFORMATION COULD BE COMPROMISED.

Bank has the right to provide the Mobile Banker Services through an affiliate or unrelated third party. In order to provide you Mobile Banker Services through this type of arrangement, you authorize the Bank to disclose information on your Account(s) and services to the affiliate or third party that provides the Services. You hereof may make no assignment without the consent of the Bank. IN NO EVENT WILL THE BANK, OR ANY OF ITS OFFICERS, DIRECTORS, SHAREHOLDER, PARENT, OR THIRD PARTY SERVICE PROVIDERS BE LIABLE FOR ANY CONSEQUENTIAL (INCLUDING, WITHOUT LIMITATION, LOSS OF DATA, FILES, PROFIT, OR GOODWILL OR THE COSTS OF PROCUREMENT OF SUBSTITUTE OF GOODS OR MOBILE BANKER SERVICE), INDIRECT, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN CONNECTION WITH OUR USE OF THE MOBILE BANKER SERVICE. THE AGGREGATE LIABILITY OF THE BANKS AND OUR THIRD PARTY SERVICE PROVIDERS UNDER THESE TERMS OF USE SHALL NOT EXCEED ONE THOUSAND (\$1,000) DOLLARS.

#### **Z. Miscellaneous**

This Agreement, together with the Enrollment Form, constitutes the entire agreement between you and Bank with respect to the subject matter hereof and there are no understandings or agreements relative hereto which are not fully expressed herein. The terms and conditions of the deposit agreements and disclosures for each of your Accounts, as well as your other agreements with Bank (such as for loans, deposits or other services), continue to apply except as specifically altered by this Agreement.

This Agreement is also subject to applicable federal laws and the laws of the State of California (except to the extent this Agreement can and does vary such rules or laws, and excluding California rules governing conflicts of law). If any provision of this Agreement is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. The headings in this Agreement are for convenience or reference only and will not govern the interpretation of the provisions. Any waiver (express or implied) by either party of any default or breach of this Agreement must be in writing and shall not constitute a waiver of any other or your heirs, successors and assigns. Any of your obligations pursuant to this Agreement that by their nature would continue beyond the termination, cancellation or expiration of this Agreement shall survive termination, cancellation or expiration of this Agreement.

### **III. SPECIAL RULES FOR CONSUMER TRANSACTIONS**

Certain types of transactions that are handled completely or partially by electronics are subject to the Electronic Fund Transfer Act (EFT Act). These include certain transactions made through On-Line Banker and Mobile Banker. Your rights, protection, and liabilities as a consumer are outlined in the following disclosure in accordance with the EFT Act. Our obligations and liabilities are also summarized for you. Please read and become familiar with all parts of this disclosure. Be sure to retain the telephone numbers and addresses that you may need in order to limit your liability and to resolve problems that you may have concerning electronic transfers. This disclosure supplements other electronic fund transfer disclosures that you may receive in connection with other electronic fund transfer services affecting your accounts.

## A. In Case of Errors or Questions about Your Electronic Transfers (including Bill Payments and Mobile Banker Services) On Your Statement

Telephone us at (800) 348-0146,  
or locate our e-mail address at [www.montecito.com](http://www.montecito.com)  
or write to us at P.O. Box 2460, Santa Barbara, CA 93120-2460

as soon as you can if you think your statement is wrong or if you need more information about a transfer listed on the statement. We must hear from you no later than 60 days after we sent the FIRST statement upon which the problem or error appeared. When you contact us:

1. Tell us your name and Account number (if any). (Remember because third parties may intercept e-mail, we do not recommend forwarding any confidential information, i.e. account number via e-mail).
2. Describe the error or the transfer you are unsure about, including the date, 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 contact 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 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, 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 3 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. If a provisional credit was issued, you will be required to pay that amount back to the Bank.

## B. Financial Institution's Liability

If we do not complete a transfer to or from your Account (including a Bill Payment) 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 money in your Account to make the transfer.
2. If the transfer would go over the credit limit on your overdraft line.
3. If any electronic terminal, telecommunication device, Mobile Device, or any part of the System was not working properly and you knew about the breakdown when you started the transfer.
4. If circumstances beyond our control (such as fire, flood, interruption in telephone service or other communication lines), prevent the transfer, despite reasonable precautions that we have taken.
5. If a legal order directs us to prohibit withdrawals from the Account.
6. If your Account is closed or if it has been frozen.
7. If you, or anyone authorized by you, commits any fraud or violates any law or regulation.
8. If you have not provided us with complete and correct payment information for the Bill Payment Service, including, without limitation, the name, address, your payee-assigned account number, payment date, and payment amount for the payee on a bill payment.
9. If you have not properly followed the on-screen instructions for using the System.

There may be other exceptions in our agreements with you.

### **C. Your Liability for Unauthorized Transfers**

Tell us AT ONCE if you believe your password, Mobile Banker PIN, or login ID has been lost or stolen, or that someone has transferred or may transfer money from your Account without your permission, or if you suspect any fraudulent activity on your Account. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your Accounts (plus your maximum overdraft line of credit, if any). If you tell us within 2 business days after you learn of the loss or theft of your password or login ID you can lose no more than \$50 if someone used your Account without your permission.

If you do NOT contact us within 2 Business days after you learn of the loss, theft or unauthorized use of your password, Mobile Banker PIN, or login ID, and we can prove we could have stopped someone from using your password without your permission if your had told us, you could lose as much as \$500.

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 lose 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.

### **D. Reporting Unauthorized Transactions**

You should notify us immediately if you believe your password has been lost or stolen, or that someone has transferred or may transfer money from your Account without your permission, or if you suspect any fraudulent activity on your Account. You may notify us by e-mail, telephone, fax, and mail or in person at anyone of our nine branches. Telephone us at (805) 564-7342, or locate our e-mail address or branch locations at [www.montecito.com](http://www.montecito.com) or write to us at P.O. Box 2460, Santa Barbara, CA 93120-2460.

### **E. Documentation**

If you have arranged to have direct deposits made to your Account at least once each 60 days from the same person or company, the person or company making the deposit will tell you every time they send us the money. In addition, you can call us or use the System to find out whether or not the deposit has been made. Transactions completed through the System Services will appear on your periodic deposit account statement. You will receive a periodic account statement each month for each deposit account from which or into which a transaction through the Service has been completed during the month. For all other deposit accounts, you will receive a periodic statement at least quarterly, or as required by applicable law or the terms of the respective deposit agreements governing such accounts. The periodic statement will include a description of the transactions completed through the Service. The Payee name (including the Payee code, as applicable), Payment amount, and transaction date will be reflected for each Payment made through the Service.

### **F. Preauthorized Payments**

(1) Right to stop payment and procedures for doing so. If you have told us in advance to make regular payments out of your Account, you can stop or change any of these payments. To stop or change a payment you have authorized, call us at (805) 564-7342 or write to us P. O. Box 2460, Santa Barbara, CA 93120-2460 in time for us to receive your request 3 Business Days or more before the payment is scheduled to be made. (In some cases, we may be able to process a stop-payment request made with less advance notice, as described above.) If you call us, we may also require you to put your request in writing and get it to us within fourteen (14) days after you call. You will be charged the current stop-payment charge for each stop-payment order you give.

(2) Notice of varying amounts. If these regular payments may vary in amount, the person you are going to pay will tell you, ten (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.

### **G. Liability for Failure to Stop Payment of Preauthorized Transfer**

If you order us to stop one of these payments three (3) Business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

### **H. This Section III does not apply to transfers to and from Business Accounts**

Business Accounts are Accounts established primarily for other than personal, family or household purposes. It also does not apply to electronic funds transfers that are not governed by the Electronic Fund Transfers Act ("EFTA"). For example, electronic fund transfers through FedWire or a similar wire transfer system, or where the primary purpose is for the purchase or sale of securities, are not covered by the EFTA.