



PREFERRED BANK PBnet BUSINESS ON-LINE BANKING SERVICE AGREEMENT

This agreement describes your rights and obligations as a user of PBnet Business, our business on-line banking service ("Services"). It also describes the rights and obligations of Preferred Bank. Please read this Agreement carefully.

DEFINITIONS

The following definitions apply in this Agreement. **PBnet Business On-line Banking** is the Internet-based service providing access to your account(s); **On-line Account** means any Preferred Bank account from which you will be conducting transactions using the Service; **Password** is the code sent to you by Preferred Bank for use during the initial sign-on, or the codes you select after initial sign-on, that establishes your connection to the Service; **Time of day** references are to Pacific Standard Time; and **We, Us** or **Preferred Bank** refers to Preferred Bank, which offers the Services, and which holds the accounts accessed by the Services.

ACCESS TO SERVICES

Preferred Bank will provide written instructions describing how to use the PBnet On-line Banking Service. You will gain access to your On-line Accounts through the use of your Internet-enabled device, your Internet Service Provider, your Access ID, and your Password.

HOURS OF OPERATION

The Services are available 24 hours a day, seven days a week, except during special maintenance periods. We will attempt to limit downtime to those hours of operation least impacted by customer usage, when such options are available. For purposes of transactions, Preferred Bank's business days are Monday through Friday, excluding holidays. All PBnet Business On-line Banking transaction requests received after 5:00pm on business days, and all transactions, which are requested on Saturdays, Sundays, or holidays on which Preferred Bank chooses to remain closed, will be processed on the next Preferred Bank business day.

USE OF YOUR SECURITY PASSWORD

You will be required to change your password to a new unique password, only know by you, on the first time you access the PBnet On-line Banking Service. The new password must be a minimum of 6 characters with at least one alpha and one numeric digit. The password is also case sensitive, so if you change your password using lower case, you must always use the lower case characters. You may

change your password at anytime; however, you will be required to change it every six months. You agree not to allow anyone to gain access to the Services or let anyone know your Password used with the Services. You agree to assume responsibility for all transactions up to the limits allowed by applicable law.

IF YOUR PASSWORD HAS BEEN LOST OR STOLEN

Tell us AT ONCE if you believe your Password has been lost or stolen, or if another person has discovered the Password. Telephoning is the best way of minimizing your potential losses (you could lose all the funds in your account). When you give someone your PBnet Business On-line Banking Password, you are authorizing that person to use the service, and you are responsible for all transactions the person performs using the service. All transactions that person performs, even those transactions you did not intend or want performed are authorized transactions. If you notify us that the person is no longer authorized, then transactions that person performs after the time you notify us are considered unauthorized. (Transactions that you or someone acting with you initiates with fraudulent intent are also authorized transactions). For your protection, log off after every PBnet Business On-line Banking session and close your browser to ensure confidentiality.

BANKING TRANSACTIONS WITH PBnet ON-LINE BANKING

In addition to viewing account information, you may use PBnet On-line Banking to conduct the following transactions:

- Transfer funds among your linked checking accounts, savings accounts and money market accounts from accounts with the same signers and same vesting only. If Preferred Bank becomes aware of account transfers with different signers or vesting, we will restrict the transaction and remove the account from on-line viewing.
 - Because regulations require Preferred Bank to limit pre-authorized transfers (including PBnet Business On-line Banking transfers), the following limitations apply:
 - Savings Accounts – Transfers from a savings account to another account or to third parties by pre-authorized, automatic, or telephone transfer are limited to three per month.
 - Money Market Accounts – Transfers from a money market account to another account or third parties by pre-authorized, automatic, or telephone transfer are limited to six per month with no more than three by check, draft, debit card, or similar order to third parties.
- Download transactions to Quicken or Money software programs.
- Print/View periodic account statements and checks

New services may be introduced for PBnet On-line Banking from time to time. Preferred Bank will notify you of the existence of these new services. By using these services when they become available, you agree to be bound by the rules that will be made available to you concerning these services.

STATEMENTS

You will continue to receive your regular account statement either monthly or quarterly, depending on the type of account. If your statement shows transfers that you did not make, notify Preferred Bank immediately by calling us at (213)891-1188, 9am to 5pm Monday through Friday.

If you do not notify Preferred Bank within sixty (60) days after the statement was mailed to you, you may not recover any money lost after the sixty (60) day which would not have been lost if Preferred Bank had been notified in time. If a good reason (such as a long trip or hospital stay) delayed you from contacting us, we will consider extending these time periods.

ERRORS AND QUESTIONS

In case of errors or questions regarding a PBnet On-line Banking transaction, call Preferred Bank at (213)891-1188, or write us at:

Preferred Bank
Attn: Internet Customer Service
601 S. Figueroa St. 29th Floor
Los Angeles, CA 90017

We must hear from you at the specified telephone number or address no later than sixty (60) days after we sent you the first statement on which the problem or error appeared. We will need:

- Your name and account number
- A description of the error or the transfer in question, and an explanation concerning why you believe it is an error or need more information.
- The dollar amount of the suspected error
- The date on which it occurred.

If the report is made orally, we may require that you send the complaint or question in writing within ten (10) business days. We will notify you with the results of the investigation within ten (10) business days and will correct any error promptly. If more time is needed, however, we may take up to forty-five (45) days to investigate a complaint or question. If this occurs, we will credit your account within ten (10) business days for the amount you think is in error. This will allow you to use the money during the time it takes us to complete our investigation. If your complaint or question is not received in writing within ten (10) business days, we may not credit your account until the investigation is completed.

If an alleged error involves an electronic fund transfer outside a state or territory or possession of the United States, the applicable time periods for action by us are twenty (20) business days (instead of ten) and ninety (90) calendar days (instead of forty-five).

If we determine that no error occurred, we will send you a written explanation within three business days after the investigation is complete. You may request copies of the documents that were used in the investigation.

You agree that Preferred Bank may respond to you by electronic mail with regard to any claim of unauthorized electronic fund transfer related to the Service. Any such electronic mail sent to you by Preferred Bank shall be considered received within three (3) days of the date sent by Preferred Bank, regardless of whether or not you sign on to the Service within that timeframe.

PROVISIONS APPLICABLE TO BUSINESSES

You agree that we may send notices and other communications including Password confirmations, to the current address shown in our records, whether or not that address includes a designation for delivery to the attention of any particular individual. You further agree that Preferred Bank will not be responsible or liable to you in any way if information is intercepted by an unauthorized person, either in transit or at your place of business. You agree to:

- Keep your Password secure and strictly confidential.
- Instruct each person whom you give access to the Services that he or she is not to disclose it to any unauthorized person.
- Immediately notify us and select a new Password if you believe an unauthorized person may have gained access to your Password.

- o Immediately disable and change the Password of any employee that you have granted access to the Service if they notify you that they believe an unauthorized person may have gained access to their Password.

THE BANK WILL HAVE NO LIABILITY TO YOU FOR ANY UNAUTHORIZED PAYMENT OR TRANSFER MADE USING YOUR PASSWORD (OR THAT OF ONE OF YOUR AUTHORIZED EMPLOYEES) THAT OCCURS BEFORE YOU HAVE NOTIFIED US OF POSSIBLE UNAUTHORIZED USE AND WE HAVE HAD A REASONABLE OPPORTUNITY TO ACT ON THAT NOTICE. We may suspend or cancel your Password even without receiving such notice from you, if we suspect your Password is being used in an unauthorized or fraudulent manner.

By using the PBnet Business On-line Banking service, you acknowledge and agree that this Agreement sets forth security procedures for electronic banking transactions, which are commercially reasonable. You agree to be bound by instructions, whether authorized or unauthorized, which we implement in compliance with these procedures, unless you have given us prior notice of possible unauthorized use as described above (and we had a reasonable opportunity to act on such notice).

If we fail or delay in making a payment or transfer pursuant to your instructions, or if we make a payment or transfer in an erroneous amount which is less than the amount per your instructions, unless otherwise required by law, our liability shall be limited to interest on the amount which we failed to timely pay or transfer, calculated from the date on which the payment or transfer was to be made until the date it was actually made or you cancelled the instructions. We may pay such interest either to you or the intended recipient of the payment or transfer, but in no event will we be liable to both parties, and our payment to either party will fully discharge any obligation to the other. If we make a payment or transfer in an erroneous amount which exceeds the amount per your instructions, or if we permit an unauthorized payment or transfer after we have had a reasonable time to act on a notice from you of possible unauthorized use as described above, unless otherwise required by law, our liability will be limited to a refund of the amount erroneously paid or transferred, plus interest thereon from the date of the payment or transfer to the date of the refund, but in no event to exceed 60 days' interest. If we become liable to you for interest compensation under this Agreement or applicable law, such interest shall be calculated based on the average federal funds rate at the Federal Reserve Bank in the district where the Bank is headquartered for each day interest is due, computed in the basis on a 360-day year. UNLESS OTHERWISE REQUIRED BY LAW, IN NO EVENT WILL THE BANK BE LIABLE TO YOU FOR SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR ATTORNEY'S FEES, EVEN IF WE ARE ADVISED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES.

OFFICE OF FOREIGN ASSET CONTROL

Under the Bank Secrecy Act, the Bank is prohibited from transacting business with persons or entities listed as "blocked" by the Office of Foreign Assets Control (OFAC). The official listing is published in the Federal Register and updated from time to time. You agree not to transact business with persons or entities blocked by OFAC.

LIMIT OF PREFERRED BANK AND OTHER PROVIDER'S RESPONSIBILITIES

Preferred Bank agrees to make reasonable efforts to ensure full performance of PBnet Business On-line Banking. Preferred Bank will be responsible for acting only on those instructions sent through PBnet Business On-line Banking, which are actually received, and cannot assume responsibility for malfunctions in communication facilities not under our control, which may affect the accuracy or timeliness of messages you send. Preferred Bank is not responsible for any losses incurred should you give incorrect instructions, or if your payment instructions are not given sufficiently in advance to allow for timely payment or delays in mail service.

Any information you receive from Preferred Bank or Other Information Providers is believed to be reliable. However, it can only be provided on a best-efforts basis for your convenience and is not guaranteed.

Preferred Bank is not liable for any deficiencies in the accuracy, completeness, availability, or timeliness of such information, for any investment or other decision made using this information.

Neither Preferred Bank nor Other Information Providers are responsible for any computer virus or related problems, which may be attributable to services provided by any Access Service Provider.

You are responsible for obtaining, installing, maintaining, and operating all computer hardware and software necessary for performing PBnet Business On-line Banking. Preferred Bank will not be responsible for any errors or failures from malfunction or failure of your hardware or software.

Except as otherwise provided in the Preferred Bank's Responsibility section below, and in the absence of negligence on the part of Preferred Bank, neither Preferred Bank, any Other Information Provider, nor any Other Software Supplier is responsible for any direct, indirect, special, incidental, or consequential damages arising in any way out of the use of PBnet Business On-line Banking.

PREFERRED BANK'S RESPONSIBILITY

- Preferred Bank will be responsible for your actual losses if they were caused by our failure to:
- Complete an Electronic Funds Transfer as properly requested.
- Cancel an Electronic Funds Transfer as properly requested.

However, we will not be responsible for your losses if:

- Through no fault of Preferred Bank, you do not have enough money in your account to make the transfer.
- Through no fault of Preferred Bank, the transaction would have caused you to exceed your available credit.
- Circumstances beyond our control (e.g., fire, flood, power outage, equipment failure or technical failure or breakdown) prevent the transfer, despite reasonable precautions that we have taken.
- There is a hold on your account, or if access to your account is blocked in accordance with banking policy.
- Your funds are subject to legal process or other encumbrance restricting the transfer.
- Your transfer authorization terminates by operation of law.
- You believe someone has accessed your accounts without your permission and you fail to notify us immediately.
- You have not properly followed the scheduling instructions on how to make a transfer included in this Agreement.
- We have received incomplete or inaccurate information from you or a third party involving the account or transfer.
- We have a reasonable basis for believing that unauthorized use of your Password or account has occurred or may be occurring, or if you default under this Agreement, the Deposit Account Agreement, a credit agreement, or any other agreement with us, or if we or you terminate this Agreement.

There may be other exceptions stated in this Agreement and in other agreements with you. In no event shall we be liable for damages in excess of your actual loss due to our failure to complete a transfer, and we will not be liable for any incidental or consequential damages.

If any of the circumstances listed above shall occur, we shall assist you with reasonable efforts in taking appropriate corrective action to reprocess the transactions that may not have been completed or to correct incorrect transactions that have been processed.

ELECTRONIC MAIL

If you send Preferred Bank an electronic mail message, Preferred Bank will be deemed to have received it on the following business day. Preferred Bank will have a reasonable time to act on your e-mail.

You should not rely on electronic mail if you need to communicate with Preferred Bank immediately. Transactions such as notification of an unauthorized transaction from one of your accounts, or if you need to place a stop payment must not be sent through e-mail.

You agree that Preferred Bank may respond to you my electronic mail with regard to any matter related to the Service, including responding to any claim of unauthorized electronic funds transfer that you make. Any such electronic mail sent to you by Preferred Bank, shall be considered received within three (3) days of the date sent by Preferred Bank, regardless of whether or not you sign on to the Service within that time frame.

OTHER AGREEMENTS

In addition to this Agreement, you and Preferred Bank agree to be bound by and comply with the requirements of the agreements to each of your PBnet Business On-line Accounts. Your use of the PBnet Business On-line Banking service is your acknowledgement that you have received these agreements and intend to be bound by them. (You should review other disclosures received by you when you opened your account at Preferred Bank, including the charges that may be imposed for electronic funds transfers or the right to make transfers listed in the fee schedules accompanying those disclosures).

MODIFICATIONS TO THIS AGREEMENT

Preferred Bank may modify the terms and conditions applicable to either Service from time to time upon mailing or delivering a notice of the modifications to you at the address shown on our account records, and revised terms and conditions shall be effective at the earliest date allowed by applicable law. We may send any notice to you via electronic mail and you will have been deemed to have received it three (3) days after it is sent. We reserve the right to terminate this Agreement and your use of the Services in whole or part at any time without prior notice.

INACTIVITY/TERMINATION

You are responsible for complying with all the terms of this Agreement and with the terms of the agreement governing the deposit and loan accounts which you access using electronic banking services. We can terminate your PBnet Business On-line Banking privileges under this Agreement without notice to you if you do not pay any fee (if applicable) required by this Agreement when due, if you do not comply with the Agreements governing your deposit or loan accounts, or your accounts are not maintained in good standing. We will promptly notify you if we terminate this Agreement or your use of the services for any other reason.

If you are not paying a monthly service charge for the Service, we may convert your account to inactive status if you do not sign on to the Service or have any transactions scheduled through the Service during any consecutive ninety (90) day period. If your account is considered inactive, you must contact us to have the Service activated before you will be able to schedule any transaction through the Service.

To cancel the PBnet Business On-line Banking Service, you must notify Preferred Bank and provide your name, address, and effective date to stop the service.

You may notify Preferred Bank by one of the following methods:

- By initiating a customer inquiry through our Web site.
- By calling (213)891-1188, 9:00am through 5:00pm, Monday through Friday.
- By writing a letter and either sending it to the following address or giving it to the Banking Officer at any location:

Preferred Bank
Attn: Internet Customer Service
601 S. Figueroa Street 29th Floor
Los Angeles, CA 90017

GOVERNING LAW

This Agreement is governed by the laws of the State of California and applicable federal laws.

