

Mechanics Bank and CRC Goals

Together, California Reinvestment Coalition ("CRC") and Mechanics Bank ("Mechanics" or the "Bank") are committed to meeting the financial services, investment and lending needs of low- and moderate-income communities, including individuals and small businesses.

After the investment by Ford Financial Fund II, Mechanics will strive to meet the following goals related to providing the following types and levels of loans, investments and services within its assessment area and to provide a copy of the goals to our primary regulator annually, starting on January 28, 2015.

I. Mechanics Bank will work towards an annual amount of CRA qualified loans, investments and services provided within its service area that will equal at least 15% of its California deposits by 2019, as measured each year-end and excluding time deposits, and which in no case will fall below current levels of 9.8%. Mechanics will ensure that the distribution of its lending reflects the diversity of the population within its assessment area.

II. Mechanics will focus on providing lending solutions for businesses with gross annual revenues equal to or less than \$1 million and loan amounts under \$150,000 with a goal that the number of loans with these characteristics represent at least half of the total number of qualifying small business loans made by the Bank. This will include new and developing businesses, those located in low- and moderate-income communities, and those that hire employees who live in low- and moderate-income communities. And, as part of the goals set forth herein, Mechanics will:

- a. Agree to establish investments and/or partnerships with CDFIs providing SBA, FSA, USDA, Farmer Mac, and explore the California Small Business Loan Guarantee Program (SBLGP).
- b. Develop a small business referral program with various small business CDFIs and technical assistance providers within six months of the close of the investment.

III. Mechanics will develop a program with goals to contract at least 15% of its corporate supplier spending annually to locally based businesses owned by members of historically underserved communities. Given that Supplier Diversity will be a new program instituted by Mechanics, the Bank will work toward the 15% goal over a three year period. The Bank will join the Western Region Minority Supplier Development Council, or other similar organizations, as part of the effort to establish a supplier diversity program within the time frame established (when finalized) by the "Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity of Policies and Practices of Entities Regulated by the Agencies", issued pursuant to section 342(b)(2)(C) of the Dodd-Frank Act.

Mechanics will devote .02% of current deposits, as measured each year-end and excluding time deposits, towards contributions with at least 35% of such contributions focused on affordable housing, economic development, small business technical assistance, and financial literacy related causes supporting low- to moderate-income and underserved individuals, families and communities. Beginning in 2016 and over the next 3 years, the Bank will increase from 35% to 50% the contributions for the above areas of focus. Any giving above the initially calculated .02% level will be at the Bank's discretion.

IV. Mechanics will provide community development investments at the rate of 2% of new asset growth as measured each year-end including equity, tax credits and other investments; not excluding New Market Tax Credits. Regardless of asset growth, Mechanics shall aspire to make investments at a level required to obtain an Outstanding CRA investment rating from the FDIC.

V. Mechanics will provide retail financial services that will meet the needs of low- and moderate-income families in its assessment area. This includes checking account fee waivers for direct deposit and expanded access to Individual Development Accounts (IDAs), which are free savings accounts related to business, education and home savings.

VI. Mechanics will also waive out of network surcharge fees to users of California Electronic Benefits Transfer cards (EBT) or its successor payment system.

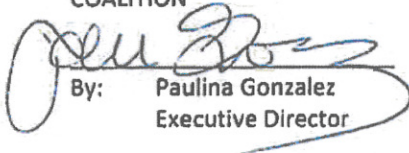
VII. Mechanics will continue to offer personal and unsecured consumer loans that will be available in amounts as low as \$500 payable in installments at no more than 30% APR to borrowers who demonstrate the ability to repay the loan and all related fees and costs while staying current on typical recurring and other necessary expenses such as food, housing, transportation, and healthcare, as well as other outstanding debt obligations without needing to borrow repeatedly.

VIII. Mechanics Bank agrees to annual meetings with CRC to develop strategies to achieve the goals set herein. In addition, Mechanics agrees to publish its CRA plan for reaching its objectives.

Upon mutual acceptance of this document, CRC agrees to prepare and submit a letter withdrawing its opposition of the Ford Financial Tender Offer to the Federal Reserve Bank of Dallas no later than January 28, 2015. This agreement shall become effective upon completion of the investment.

Accepted on January 28, 2015 and signed by:

CALIFORNIA REINVESTMENT
COALITION


By: Paulina Gonzalez
Executive Director

MECHANICS BANK


By: Christa Steele
Chief Executive Officer

FORD FINANCIAL FUND II, L.P.


By: Carl Webb
Co-Managing Member