

NAFT Federal Credit Union

Line of Credit (Credit Card) Agreement for Visa Gold and Gold Master Card Credit Card Accounts.

TERMS USED IN THIS AGREEMENT: This Agreement and Disclosure Statement covers your card account indicated above. "You" and "your" mean any person who signs this Agreement or uses the card. The words "we", "our", "us", and "Credit Union" mean NAFT Federal Credit Union. "The card" means any credit card issued to you or those designated by you under the terms of this Agreement. "Use of the card" means any procedure used by you, or someone authorized by you, to make a purchase or obtain a cash advance whether or not the purchase or advance is evidenced by a signed written document. "Unauthorized use of the card" means the use of the card by someone other than you who does not have actual, implied, or apparent authority for such use, and from which you receive no benefit. Singular terms include the plural and plural terms include the singular in this Agreement.

EXTENSIONS OF CREDIT: If your application is approved, the Credit Union may, at its discretion, establish a MasterCard and/or Visa Card Account in your name and cause one or more cards to be issued to you or those designated by you. In such event, you authorize the Credit Union to pay from your Account, all balance transfers and items reflecting credit purchases and cash advances obtained through use of the card. If your Account is issued to you and others as a joint account, each use of your Account shall be an extension of credit to all. Each of you shall be jointly and severally liable for all charges made to the Account, including applicable fees, and notice mailed to one of you shall be deemed notice to all. Any joint cardholder may remove him/herself from responsibility for future purchases at any time by notifying us in writing. However, removal from the account does not release you from any liability already incurred.

We may, at our discretion, issue checks to you which may be used for any purpose other than making a payment for credit to your Account. By signing such checks, you authorize the Credit Union to pay the item for the amount indicated and post such amount as a cash advance to your Account. The Credit Union does not have to pay any item which would cause the outstanding balance in your Account to exceed your credit limit. Charges that apply in connection with the use of convenience checks are as follows: copy of paid check \$25.00 stop payment on check \$25.00; non-sufficient funds check (NSF) \$25.00. Fees will be assessed at the time they are incurred.

OTHERS USING YOUR ACCOUNT: If you allow anyone else to use your Account, you will be liable for **all** credit extended to such persons. You promise to pay for all purchases and advances made by anyone you authorize to use your Account, whether or not you notify us that he or she will be using it. If someone else is authorized to use your Account and you want to end that person's privilege, you must notify us in writing and if he or she has a card, you must return that card with your written notice for it to be effective.

CREDIT LIMITS: You promise that payments made from your Account resulting from use of the card will, at no time, cause the outstanding balance in your Account to exceed your credit limit as established by us or as adjusted from time to time at our discretion.

PROMISE TO PAY: You promise to repay the Credit Union all payments made from your account resulting from use of the card plus a **FINANCE CHARGE** on the unpaid balance. At the end of each monthly billing cycle in which you have an outstanding balance, you will be furnished with a periodic statement showing (i) the "previous balance" (the outstanding balance in the account at the beginning of the billing cycle), (ii) the amount of all fees, balance transfers, cash advances, purchases and **FINANCE CHARGES** posted to your account during the billing cycle, (iii) the amount of all payments and credits posted to your account during the billing cycle, and (iv) the "new balance" which is the sum of (i) and (ii) less (iii).

Application of Payments: Payments will be credited to any fees due on the account, late charges and then to balances with the highest Annual Percentage Rate which are cash advance balances and then to balances resulting from purchases and balance transfers.

For **Gold MasterCard and Visa Gold Accounts** you agree to pay on or before the "payment due date" shown on the periodic statement either the entire "new balance", or a minimum payment equal to 3.0% of the "new balance", or \$35.00 whichever is greater, if the "new balance" is \$35.00 or less, you will pay in full. In addition to the minimum payment shown on your periodic statement, you agree to pay any amounts in excess of the credit limit established by us and any past due minimum payments. You may

make extra payments in advance of the due date without penalty, and you may repay any funds advanced, credit extended or amount outstanding at any time without penalty for early payment. Regardless of the amount of any extra payments during a given month, a monthly payment will be required the following month if a balance remains in your Account.

COST OF CREDIT: For Gold MasterCard and Visa Gold, you will pay a **FINANCE CHARGE** for all purchases and balance transfers made against your account at the periodic rate of 0.029863% per day, which has a corresponding **ANNUAL PERCENTAGE RATE** of 10.90% and you will pay a **FINANCE CHARGE** for all cash advances made against the account at the periodic rate of 0.0408219% per day, which has a corresponding **ANNUAL PERCENTAGE RATE** of 14.90%. **For Gold MasterCard and Visa Gold Accounts**, cash advances incur a **FINANCE CHARGE** from the date they are posted to the account and there is no free period in which cash advances may be paid without incurring a **FINANCE CHARGE**.

For **Gold MasterCard and Visa Gold Accounts**, new purchases and balance transfers charged to the account during the current billing cycle, will not incur a **FINANCE CHARGE** from the date they are posted to the account on any portion of the charges that are paid by the **Payment Due Date** reflected on the monthly account statement. Any balance that remains unpaid by **Payment Due Date** will incur a finance charge from the date the charges are posted to the account. (Example) Purchases and Balance transfers in the amount of \$1,000.00 are charged to the account during the current billing cycle. If a payment of \$600.00 is made to the account by the Payment Due Date for that cycle the \$600.00 will not incur a finance charge, however the \$400.00 balance that has not been paid will incur a finance charge from the date the charges were posted to the account. The Payment Due Date is not less than 25 days from the billing cycle closing date shown on your statement.

The **FINANCE CHARGE for Gold MasterCard and Visa Gold** accounts is figured by applying the purchases, balance transfers or cash advances periodic rate to the "balance subject to **FINANCE CHARGE**" for purchases, balance transfers or cash advances, which is the "average daily balance" of purchases, balance transfers or cash advances for your account, including certain current transactions. For the purchases and balance transfers "average daily balance," we add in new purchases and balance transfers unless you have paid your account in full by the due date shown on your previous monthly statement or there was no previous balance. For the cash advances "average daily balance," we add any new cash advances. We then subtract any payments or credits and unpaid **FINANCE CHARGES** from the balances. The daily balances for the billing cycle are then added together and divided by the number of days in the billing cycle. The result is the "average daily balance" for purchases and balance transfers and the "average daily balance" for cash advances. The **FINANCE CHARGE** is determined by multiplying the "average daily balance" for purchases and balance transfers and the "average daily balance" for cash advances by the number of days in the billing cycle and applying the applicable periodic rate to the product. You may pay any amounts outstanding at any time without penalty for early payment.

LATE FEE: For Gold MasterCard and Visa Gold Accounts, if you do not pay your minimum payment within 5 days following your payment due date, you may be charged a late fee equal to 15% of the minimum payment with a maximum of \$25.00. The fee will be added to the balance of your account and treated as a purchase.

OPERATOR ASSISTED PAYMENT BY TELEPHONE: You will be charged a fee of \$10.00 for each operator assisted telephone payment you make to your account. You may also make payments on your Account by standard mail service or other standard methods approved by us without paying a fee.

OTHER CHARGES: For all NAFTA Federal Credit Union Credit Card accounts, if the payment is made by means of a check, draft or **electronic funds transfer** that is returned following its dishonor by the payor, you may be charged a fee of \$25.00. This charge will be added on to the balance of your account and treated as a purchase. If you obtain a cash advance by using an automated teller machine, you may be charged any amounts imposed upon the Credit Union by the owner or operator of the machine, or by the financial institution. Any charge made under this paragraph will be added to the balance of your account and treated as a purchase.

CREDIT INSURANCE: Although credit insurance is not required for any extension of credit under this Agreement, you may purchase credit insurance available through the Credit Union and have the premium added to the outstanding balance in your account. If you elect to do so, you will be given the necessary disclosures and documents separately.

SECURITY: YOU SPECIFICALLY GRANT US A CONSENSUAL SECURITY INTEREST IN ALL INDIVIDUAL AND JOINT ACCOUNTS YOU HAVE WITH

US NOW AND IN THE FUTURE TO SECURE REPAYMENT OF CREDIT EXTENSIONS MADE UNDER THIS AGREEMENT. THE GRANTING OF THIS SECURITY INTEREST IS A CONDITION FOR THE ISSUANCE OF ANY CARD WHICH YOU MAY USE, DIRECTLY OR INDIRECTLY TO OBTAIN EXTENSIONS OF CREDIT UNDER THIS AGREEMENT.

Shares and deposits in an Individual Retirement Account or any other account that would lose special tax treatment under state or federal law if given as security are not subject to the security interest you are giving.

ADDITIONAL SECURITY: If you have other loans with us, now or in the future, collateral securing those loans may also secure your obligations under this Agreement. Please read any security agreement you sign in order to determine if the collateral also secures your obligations under this Agreement and other agreements you have with us.

LIABILITY FOR UNAUTHORIZED USE: You may be liable for the unauthorized use of your card.

For Share Secured MasterCard, Regular MasterCard, Gold MasterCard and MasterCard Platinum Accounts, you will not be liable for any unauthorized use of your card if you notify our agent orally or in writing at Town North National Bank, PO Box 814810, Farmers Branch, TX 75381-4810, telephone number 1-800-442-4757, of the loss, theft, or possible unauthorized use and you meet the following conditions: (1) you have exercised reasonable care with the Card; (2) you have not reported two or more incidents of unauthorized Card use within the previous 12 months; and (3) you have maintained your Account in good standing. The foregoing liability limitation does not apply to ATM cash advance transactions.

For Share Secured Visa, Visa Classic, Visa Gold and Visa Platinum Accounts, you will not be liable for any unauthorized use of your card if you notify our agent orally or in writing at Town North Bank, P.O. Box 815909, Dallas, TX 75381-4810, telephone number (800) 442-4757, of the loss, theft, or possible unauthorized use. The foregoing liability limitation does not apply if you are grossly negligent or fraudulent in the handling of your account or your card, nor does it apply in the case of cash advances obtained at an ATM.

In any event, your maximum liability for unauthorized use of your card will not exceed \$50.00, and you will not be liable for any unauthorized use that occurs after you notify us or our designee at the address or telephone number above.

CREDITING OF PAYMENTS: If your payment is received by 2:00 p.m., Dallas, Texas, time (during the Credit Union's designee's business day at the address designated on the periodic statement), it will be credited to your account on the date of receipt. IF PAYMENT IS MADE AT ANY LOCATION OTHER THAN SAID DESIGNATED ADDRESS, CREDIT FOR SUCH PAYMENT MAY BE DELAYED UP TO FIVE (5) DAYS. Payments or credits will be applied first to any late charges and collection costs due, then to any FINANCE CHARGE due and the remainder to the unpaid balance. Interest paid or agreed to be paid shall not exceed the maximum amount permissible under the applicable law, and in any contingency whatsoever, if we shall receive anything of value deemed interest under applicable law which would exceed the maximum amount of interest permissible under applicable law, the excessive interest shall be applied to the reduction of the unpaid principal amount or refunded to you.

DEFAULT: You will be in default: (1) if you fail to make any payment on time; (2) if you fail to keep any promises you have made under this or any other agreement with the Credit Union; (3) if you are the subject of an order for relief under Title 11 of the U.S. Code (Bankruptcy); (4) if anyone tries, by legal process, to take any of your money in the Credit Union; (5) if you have given the Credit Union false or inaccurate information in obtaining your card; or (6) if anything happens which the Credit Union reasonably believes endangers your ability to repay what you owe; (7) If you die. No waiver by us of any default under this Agreement will be deemed to be a waiver of any subsequent default or continuing waiver. In connection with any default under this Agreement you consent that the Credit Union may undertake any and all necessary skip trace searches to locate you or the collateral. Such skip trace searches may include exchanges of skip trace information with other financial institutions.

ACCELERATION: If you are in default, the Credit Union may, without prior notice to you, call any amounts you still owe immediately due and payable plus **FINANCE CHARGES** which shall continue to accrue until the entire amount is paid. You expressly waive any right to notice or demand, including but not limited to, demand upon default, notice in intention to accelerate, and notice of acceleration. The card remains the property of the Credit Union at all times, and you agree to immediately surrender the card upon demand of the Credit Union. You agree to pay all reasonable costs of collection, including court costs and attorney's fees imposed, and any cost incurred in the recovery of the card.

NOTIFICATION ADDRESS FOR INFORMATION REPORTED TO CONSUMER REPORTING AGENCIES. We may report the status and payment history of your Account to credit reporting agencies each month. If you believe that the information we have reported is inaccurate or incomplete, please notify us in writing at:

NAFT FEDERAL CREDIT UNION

P.O. BOX 771

PHARR TEXAS 78577-0771

Please include your name, address, telephone numbers and Account number.

CREDIT INVESTIGATION: In conjunction with your application for credit and, if approved, maintenance of your Account, you agree that we have the right to investigate your credit and employment history, to verify your credit references, to request and use credit reports, and to report the way you pay your Account to credit bureaus and other interested parties.

TERMINATION OR CHANGES: The Credit Union can terminate this Agreement at any time, subject to such notice as is required by law. You may terminate this agreement, by written notice, as to future advances at any time. Termination by either party shall not affect your obligation to repay any payments made for your account resulting from use of the card as well as **FINANCE CHARGES** and other related charges.

The Credit Union may change or supplement the terms of this Agreement, including the periodic rate, at any time, subject to such notice as is required by law. If you use your card or account to make a purchase or balance transfer, obtain a cash advance after having been given notice of a change in terms, you agree that the existing balance in your account at the time of that use will be subject to the new terms, as shall subsequent uses. Failure of the Credit Union to exercise any right or take any action shall not constitute a waiver, amendment, or change in any of the terms of this Agreement.

ILLEGAL TRANSACTIONS: You may not use your card for any illegal transactions. You agree that we may decline to process any transaction which we believe in good faith to be for an illegal purpose. You agree that we will not be liable for declining to process any such transaction. If we do process any transaction which ultimately is determined to be for an illegal purpose, you agree that you will remain liable to us under this Agreement for any such transaction notwithstanding its' illegal nature.

INTERNATIONAL TRANSACTIONS: If you effect an international transaction with your MasterCard, MasterCard International will convert the charge into a U.S. dollar amount. MasterCard International will use its currency conversion procedure, which is disclosed to institutions that issue MasterCard cards. Currently the currency conversion rate used by MasterCard International to determine the transaction amount in U.S. dollars for such transactions is generally either a government mandated rate or a wholesale rate determined by MasterCard International for the processing cycle in which the transaction is processed, increased by an adjustment factor established from time to time by MasterCard International. The currency conversion rate used by MasterCard International on the processing date may differ from the rate that would have been used on the purchase date or cardholder statement posting date.

If you effect an international transaction with your VISA Card, the rate of exchange between the transaction currency and the billing currency used for processing the international transaction will be a rate selected by VISA from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate VISA itself receives or the government-mandated rate in effect for the applicable central processing date.

VISA EMERGENCY CASH/EMERGENCY CARD REPLACEMENT SERVICE: You acknowledge that we may provide personal data concerning you to VISA USA, its members, or their respective contractors for the purpose of providing you with VISA Emergency Cash and Emergency Card Replacement Services, and you consent to the release of your information for these purposes.

ADDITIONAL PROVISIONS: Each provision of this agreement must be considered as part of the total agreement and cannot, in any way, be severed from it. However, you also agree that should any part of the Agreement be found invalid, it will in no way affect the remainder of the agreement. You understand that the validity, construction and enforcement of this Agreement shall be governed by the laws of the State of Texas to the extent not preempted by federal law.

The Credit Union does not warrant any merchandise or services purchased by you with the card. All purchases and cash advances are extended at the option of the merchant or cash advancing financial institution and the Credit Union is not responsible for refusal of any merchant or financial institution to honor your card.

The card remains our property at all time, and you agree to immediately surrender the card upon demand by us. You agree to pay all reasonable costs of collection, including court costs and attorney's fees, and any costs incurred in the recovery of the card. We can accept late payment(s) or check(s) or money order(s) marked "payment in full" without losing any of our rights under this Agreement. We can also delay enforcing any of our rights under this agreement without losing them. You expressly waive presentment for

payment, demand, protest, and notice of protest and dishonor of same. You agree to give prompt notice to the Credit Union of any change in your name, mailing address, telephone number or place of employment. Notice must be in writing, accompanied by proof of identification and signed by the card holder.

AGREEMENT AND ACKNOWLEDGEMENT: By signing this Agreement and any other related documents or using the card, each person agrees to all the terms and conditions and promises to perform all the obligations, requirements, and duties contained in this Agreement. The person signing as Borrower and Co-Borrower acknowledges receipt of a copy of this Agreement.

Acknowledged – Borrower

Acknowledged – Co-Borrower

Date

NOTICE OF YOUR BILLING RIGHTS KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

NOTIFY US IN CASE OF ERROR OR QUESTION ABOUT YOUR BILL

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us (on a separate sheet) at the address listed on your statement. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but by doing so will not preserve your rights.

In your letter give us the following information:

- Your name and account number
- The dollar amount of the suspected error
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay your account automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us ten business days before the automatic payment is scheduled to occur.

NAFT Federal Credit Union may not require you to submit an affidavit or to file a police report as a condition of investigating a claim, however we may require a signed statement from you supporting the alleged claim.

YOUR RIGHTS AND OUR RESPONSIBILITIES AFTER WE RECEIVE YOUR WRITTEN NOTICE

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the statement was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to send statements to you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your account, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within 10 days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we cannot collect the first \$50.00 of the questioned amount even if your bill was correct.

SPECIAL RULE FOR CREDIT CARD PURCHASES

If you have a problem with the quality of property or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right:

- (a) You must have made the purchase in your home state or, within 100 miles of your current mailing address; and,
- (b) The purchase price must have been more than \$50.00.

These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.

NAFT Federal Credit Union Gold MasterCard or Visa Gold Credit Card Accounts, (Account Opening Disclosure)

Interest Rates and Interest Charges

Annual Percentage Rate (APR) for Purchases	10.90% A.P.R.
Annual Percentage Rate (APR) for Balance Transfers	10.90% A.P.R.
Annual Percentage Rate (APR) for Cash Advances	14.90% A.P.R.
Penalty APR and when it Applies	N/A - NAFT Federal Credit Union does not impose penalty rates (A.P.R.)
[How to Avoid Paying Interest] / [Paying Interest]	[Your due date is at least 25 days after the close of each billing cycle. We will not charge you interest on purchases or balance transfers if you pay your entire balance by the due date each month.] / [We will begin charging interest on cash advances on the date the transaction is posted to your account. There is no grace period for interest charges on cash advances.]
Minimum Interest Charge	\$0.00 - NAFT Federal Credit Union does not charge a minimum interest charge.
For Credit Card Tips from the Federal Reserve Board	To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at http://www.federalreserve.gov/creditcard .

Fees

Annual Fee	None
Transaction Fees	
Balance Transfer	\$0.00 NAFT Federal Credit Union does not charge a balance transfer fee.
Foreign Transaction	\$0.00 NAFT Federal Credit Union does not charge a Foreign Transaction Fee.
Penalty Fees	
Late Payment	A late fee of 15% of the minimum payment with a maximum of \$25.00 will be assessed if the payment is not received within <u>5 days after the payment due date</u> .
Returned Payment	\$25.00 per item returned
Other Fees	
Operator Assisted Payment by Telephone	\$10.00 for each operator assisted telephone payment made.
Credit Life Insurance	Single Credit Life Insurance Monthly Premium of \$.048 for each \$100.00 of insured debt. Joint Credit Life Insurance Monthly Premium of \$.072 for each \$100.00 of insured debt.
Credit Disability Insurance	Single Credit Disability Insurance Monthly Premium of \$.130 for each \$100.00 of insured debt.

How We Will Calculate Your Balance: We use a method called "average daily balance (including new purchases)." See your account agreement for more details.

Billing Rights: Information on your rights to dispute transactions and how to exercise those rights is provided in your account agreement.

Introductory Rates: NAFT Federal Credit Union does not have offer introductory or discounted Annual Percentage Rates.