

VISA® GOLD AND VISA® GOLD PLUS

Credit Card Agreement and Federal Truth-in-Lending Disclosure Statement



Making a real difference

3333 Clares Street • Capitola, CA 95010

Effective January 1, 2009

In this Agreement and Disclosure Statement, the words "I," "me," "my," and "mine" mean each and all of those who apply for or use the Bay Federal Credit Union Visa® Gold or Visa® Gold Plus Card and/or Visa® Account. "Credit Union," "you," "your," and "yours" mean Bay Federal Credit Union. "Card" means the Visa® Card issued to me and any duplicates and/or renewals you may issue. "Account" means my Visa® Card Account with you.

By requesting and receiving, signing, using, or permitting others to use the Card and/or Account issued to me by you, I agree to be bound by the terms and conditions as set forth herein and any amendments hereto.

AUTHORIZATION AND PAYMENT: I authorize you to pay and charge my Account for all Purchases and Cash Advances made or obtained by me or anyone I authorize to use my Card or Account. I will be obligated to pay all such Purchases and Cash Advances charged to my Account whether resulting from: (1) actual use of my Card or Convenience Checks; (2) mail order or telephone, computer, or other electronic Purchases made without presenting the Card; or (3) any other circumstance where I authorize a charge, or authorize someone else to make a charge, to my Account (collectively, "authorized charges"). I promise to pay you or to your order in U.S. Dollars with an instrument drawn on a financial institution in the United States at your office or at the address set forth on my periodic statement all authorized charges on the terms and at the rates set forth herein, plus any FINANCE CHARGES assessed on my Account and any other charges and fees which I may owe you under the terms of this Agreement (collectively, the "Account Balance"). Payments will continue until I have paid the Account Balance in full.

FINANCE CHARGES: My Gold or Gold Plus Visa® account will be subject to a FINANCE CHARGE (interest) at an ANNUAL PERCENTAGE RATE and corresponding daily periodic rate which will be a floating rate based upon an index. The FINANCE CHARGE for a billing cycle will be the sum of two (2) components:

1. Cash Advance Fee: The first (1st) component of the FINANCE CHARGE is the Cash Advance Fee. Cash Advance transactions are subject to a Cash Advance Fee FINANCE CHARGE of two percent (2.00%) of the amount of the Advance that is posted to the Account during the billing cycle or \$2.00, whichever is greater. There is no Cash Advance Fee for Balance Transfers.

2. Monthly Periodic FINANCE CHARGE, Daily Periodic Rate, and ANNUAL PERCENTAGE RATE: The second (2nd) component of the FINANCE CHARGE is the Monthly Periodic FINANCE CHARGE. The Daily Periodic Rate used in calculating the Monthly Periodic FINANCE CHARGE is based upon the Prime Rate as published in the Money Rates section of the print edition of The Wall Street Journal (the "Index"). My ANNUAL PERCENTAGE RATE is determined by adding a "Margin" of 3.99% for Visa® Gold Accounts or 5.99% for Visa® Gold Plus Accounts to the Index in effect as of the first (1st) business day of the month before my Adjustment Date. The Initial Daily Periodic Rate in effect as of November 1, 2008 was .0274% for Visa® Gold Accounts or .0328% for Visa® Gold Plus Accounts (the Initial ANNUAL PERCENTAGE RATE as of November 1, 2008 was 9.99% for Visa® Gold Accounts or 11.99% for Visa® Gold Plus Accounts).

My ANNUAL PERCENTAGE RATE may increase or decrease every month. Any such change will be based on an increase or decrease in the Index as set forth below. In the event that the Prime Rate ceases to be published, changes in the ANNUAL PERCENTAGE RATE will be related to a comparable Index as permitted under the Change of Terms paragraph below. You may waive an increase in the ANNUAL PERCENTAGE RATE when such an increase can be made, but such a waiver shall not be construed as a waiver of your right to increase the ANNUAL PERCENTAGE RATE at a future date when entitled to do so.

My ANNUAL PERCENTAGE RATE is subject to change on the seventh (7th) day of each month. These dates shall be known as "Adjustment Dates." For example, the Index in effect on the first business day in January shall be used to calculate the ANNUAL PERCENTAGE RATE change effective on January 7 of the same year. All other Adjustment Date rate changes will follow the same pattern.

The maximum ANNUAL PERCENTAGE RATE during the term of this Agreement is 18.00%, except that the maximum shall not exceed the maximum ANNUAL PERCENTAGE RATE permitted under applicable law. The minimum ANNUAL PERCENTAGE RATE during the term of this Agreement is 9.99% for Visa® Gold Accounts or 11.99% for Visa® Gold Plus Accounts. There are no annual or other limitations on changes in the ANNUAL PERCENTAGE RATE during the term of this Agreement. Decreases in the ANNUAL PERCENTAGE RATE in accordance with the terms of this Agreement are mandatory. Increases in the ANNUAL PERCENTAGE RATE in accordance with the terms of this Agreement are at your discretion. Any increase or decrease in the ANNUAL PERCENTAGE RATE will result in changes in the amount of the payments required to repay the Account Balance.

The Daily Periodic Rate is determined by dividing the ANNUAL PERCENTAGE RATE by 365 and will change when the ANNUAL PERCENTAGE RATE changes.

HOW TO COMPUTE THE PURCHASE BALANCE, CONSISTING OF TRANSACTIONS RELATED TO PURCHASES OF PROPERTY AND SERVICES, UPON WHICH PERIODIC FINANCE CHARGES ARE ASSESSED.

Average Daily Balance (including new purchases). To avoid incurring an additional Periodic FINANCE CHARGE on the balance of Credit Purchases reflected on my periodic statement and on any new Credit Purchases appearing on my next periodic statement, I must pay the New Balance shown on my statement on or before the Payment Due Date. The Periodic FINANCE CHARGES for a billing cycle are computed by applying the Daily Periodic Rate to the Average Daily Balance of Credit Purchases multiplied by the number of days in the cycle. The Average Daily Balance of Credit Purchases is determined by dividing the sum of the daily balances during the billing cycle by the number of days in the cycle. Each daily balance is determined by adding to the Previous Balance of Credit Purchases any new Credit Purchases posted to the Account and subtracting any payments as received and credits as posted to the Account, but excluding any unpaid FINANCE CHARGES. I have a 25-day grace period from the close of the statement period to pay the New Balance without incurring additional FINANCE CHARGES. If the New Balance is not paid in full during this grace period, FINANCE CHARGES will be assessed using the Average Daily Balance method as explained above.

HOW TO COMPUTE THE ADVANCES BALANCE (CONSISTING OF TRANSACTIONS RELATED TO CASH ADVANCES, BALANCE TRANSFERS, AND OTHER ADVANCE TRANSACTIONS) UPON WHICH PERIODIC FINANCE CHARGES ARE ASSESSED:

Average Daily Balance (including new advances). The Periodic FINANCE CHARGES for a billing cycle are computed by applying the Daily Periodic Rate to the Average Daily Balance of Cash Advances multiplied by the number of days in the cycle. The Average Daily Balance of Cash Advances is determined by dividing the sum of the daily balances during the billing cycle by the number of days in the cycle. Each daily balance of Cash Advances is determined by adding to the Previous Balance of Cash Advances any new Cash Advances as of the transaction date or the first day of the billing cycle in which posted, whichever is later, and subtracting any payments as received and credits as posted to the Account, but excluding any unpaid FINANCE CHARGES. There is no grace period in order to avoid the imposition of FINANCE CHARGES on Cash Advances.

This determines my total FINANCE CHARGE for the billing cycle. Actual FINANCE CHARGES will be shown on my periodic statement.

MINIMUM PAYMENT: Every month, I must pay at least the Minimum Payment Due by the Payment Due Date shown on my periodic statement. By separate agreement, I may authorize you to automatically transfer the Minimum Payment Due from my Credit Union

share or share draft account. I may, of course, pay more frequently, pay more or pay the New Balance in full, and I will reduce my periodic FINANCE CHARGE by doing so. The Minimum Payment Due will be either: (a) 2.50% of my New Balance or \$25.00, whichever is greater; or (b) my New Balance, if it is less than \$25.00. In addition, I must pay any amount on my periodic statement listed as past due and any late charge. Lastly, at any time my New Balance exceeds my Credit Limit; my payment must include the overlimit amount.

I understand and agree that any payment made by me will be applied in the following order: (a) unpaid Periodic FINANCE CHARGES due on both Purchases and Cash Advances; (b) outstanding principal balances of Cash Advances and Purchases previously billed; (c) current Cash Advances and Purchases; and (d) unpaid fees and charges, if any.

LATE CHARGE: You will charge a Late Charge of \$25.00 with respect to any monthly billing cycle if the Minimum Payment Due is not received by the Payment Due Date.

RETURNED PAYMENT FEE: You will charge a fee of \$29.00 per returned payment, which will be billed to the Account, if my payment is returned for any reason.

COPY FEE: If I request a copy of any document, you may charge my Account \$12.00 per copy requested. If my request is related to a billing error and an error is found, you will credit my Account for any copying charges. There is no charge for a copy of a monthly statement.

PURCHASES AND ADVANCES: I may make Purchases and request Advances in accordance with your then-current loan policies up to my Credit Limit. I understand and agree that all Purchases and other transactions requested by me or anyone I have permitted to use the Card(s) and/or Account are subject to your approval.

USING THE CARD: To make a Purchase or obtain an Advance, there are two alternative procedures to be followed. One is for me to present the Card or Card number to a participating Visa® plan merchant and sign or authorize a sale. For cash advances I need to present my card to you or other Visa® participating financial institutions and sign a cash advance draft. The other is to complete the transaction by using my Personal Identification Number (PIN) in conjunction with the Card in an Automated Teller Machine or other type of electronic terminal that provides access to the Visa® system.

My Card and/or Account may not be used directly or indirectly for: (1) any illegal activity or transaction; or (2) any gambling, gaming, betting, or similar activity or transaction. Further, I may not utilize my Card and/or Account for the purchase of any goods or services on the Internet that involve gambling, gaming, betting, or any similar transaction or activity. Such transactions include, but may not be limited to, any quasi-cash or online gambling transaction, any electronic commerce transaction conducted over an open network, and any betting transaction including the purchase of lottery tickets or casino gaming chips/checks or off-track betting or wagering. However, in the event that a charge or transaction described in this paragraph is approved and processed, I will still be responsible for such charges.

ELECTRONIC FUND TRANSFER: In the event a use of the Card or the Account number of the Card constitutes an Electronic Fund Transfer, the terms and conditions of my Electronic Fund Transfer Agreement and Disclosure with you shall govern such transactions to the extent the Electronic Fund Transfer Agreement and Disclosure expands or amends this Agreement and Disclosure Statement.

PURCHASES REBATE: If my Account is a Visa® Gold Plus Account, Credit Purchases completed from February 1 through January 31 using my Visa® Gold Plus Card or Account (excluding Cash Advances) are eligible to receive a one percent (1%) cash rebate, which shall be posted to my Bay Federal Credit Union Member Savings Account by the end of February of the following year. If my Visa® Gold Plus Account is closed before the end of January of the year in which the rebate is scheduled to be paid, the rebate shall be forfeited and will not be paid.

PREPAYMENT OR IRREGULAR PAYMENTS: Though I need only pay the Minimum Payment Due, I understand that I have the right to repay my Account Balance at any time without penalty. I also understand and agree that I will only be charged FINANCE CHARGES to the date I repay my entire Account Balance. I may make larger payments without penalty and this may reduce the total amount of FINANCE CHARGES that I will repay. If I pay more than the Minimum Payment Due in any month and there is still a balance due, I must continue to make Minimum Payments in future months. Any partial payment of my loan will not advance my next payment due date(s). I understand and agree that any payment that (a) delays or (b) accelerates the repayment of my Account Balance will (a) increase or (b) decrease my Daily Periodic FINANCE CHARGE.

PAYMENTS BY AUTOMATIC TRANSFER: If I request payment by automatic transfer, I understand and agree that no payment can or will be made if there are insufficient or uncollected funds in the designated account from which the scheduled payment was to be made. Should this event occur, I understand and agree that I will not be released from making the payment. Any automatic transfer I have requested will remain in effect until I cancel it in writing or the Account Balance is paid in full. You may cancel this service at your discretion.

DEFAULT: I will be in default if: (1) I do not pay on time or in the proper amount(s); (2) I fail to live up to any of the terms of this Agreement; (3) my creditworthiness is impaired; or (4) I die, become insolvent, or am the subject of bankruptcy or receivership proceedings. In the event of any action by you to enforce this Agreement, I agree to pay the costs thereof, reasonable attorneys' fees, and other expenses. I understand and agree that FINANCE CHARGES at the ANNUAL PERCENTAGE RATE as permitted under this Agreement and Disclosure Statement will continue to accrue until I repay my entire Account Balance.

ACCELERATION AND COLLECTION COSTS: Upon my default, I understand and agree that you have the right to temporarily or permanently suspend any and all Account and Card privileges and/or you may demand immediate payment of the Account Balance and your collection costs, reasonable attorneys' fees, and court costs (collectively, "Collection-Related Charges"). I understand and agree that I will be subject to FINANCE CHARGES (at the applicable Daily Periodic Rate), late charges, and Collection-Related Charges under the terms disclosed in this Agreement, until I repay my entire Account Balance.

RESPONSIBILITY: I agree to repay you according to the terms of this Agreement for all Purchases, Advances, FINANCE CHARGES, and late charges, if any, arising from the use of the Account by me or any other person I permit to use the Account, even if that person exceeds my permission. I cannot disclaim responsibility by notifying you, although you will close the Account if I so request and I will return all Cards to you. My obligation to pay the Account Balance continues even though an agreement, divorce decree, or other court judgment to which you are not a party may direct me or one of the other persons responsible to pay the Account. Any person using the Account and/or Card is jointly

and severally responsible with me for charges he or she makes, but if that person signs the Card, he or she becomes a party to this Agreement and is also responsible for all charges on the Account, including mine. The Cards remain your property and I must recover and surrender to you all Cards upon your request and/or upon termination of this Account.

UNAUTHORIZED USE: I may be liable for the unauthorized use of the Card and/or the Account. I will not be liable for unauthorized use that occurs after I provide notification of the loss, theft, or possible unauthorized use by calling (831) 479-6000, toll-free 888.4BAYFED, or on weekends, holidays, or after Credit Union business hours, call (800) 682-6075. I may also write to you at the address on my periodic statement. In any case, my liability for unauthorized use will not exceed \$50.00. My liability may be lower in cases of Visa® Credit Card fraud in accordance with current Visa® U.S.A., Inc. Operating Regulations.

TERMINATION: You may terminate this Agreement upon my default. Either you or I may terminate this Agreement for other good cause. In no event shall any termination relieve me of my obligation to repay the Account Balance. I agree to return all the Cards issued to me or any party designated by me.

LIEN ON SHARES: If I have voluntarily agreed to a lien on shares in my Visa® Application, I understand and agree that if I am in default on the Account, you may apply all shares (except IRA accounts) then on deposit needed by you to repay my loan.

PLEDGE OF SHARES: If I have signed a separate Pledge of Shares/Certificate Agreement, I understand and agree that I am pledging, under the Uniform Commercial Code, shares now on deposit in my regular share and/or certificate account(s). I understand that I must, at all times, keep a sum equal to my Credit Limit on deposit in such account(s) until I repay my entire Account Balance and the Account is terminated. I understand and agree that this security interest will cover future Purchases and Advances under this Agreement. If I default, you may apply these shares to repay my loan in accordance with federal or other law. I understand that the ANNUAL PERCENTAGE RATE quoted above does not take into account the amount pledged in my regular share and/or certificate account(s).

TRANSACTION SLIPS: My periodic statement will identify the merchant, electronic terminal, or financial institution at which transactions were made, but sales, Cash Advance, credit, or other slips cannot be returned with the periodic statement. I will retain the copy of such slips furnished at the time of the transaction in order to verify my periodic statement. You may make a reasonable charge for any photocopies or slips I request.

PLAN MERCHANT DISPUTES: You are not responsible for the refusal of any plan merchant or financial institution to honor the Account and/or Card. You are subject to claims and defenses (other than tort claims) arising out of goods or services I purchase with the Card only if I have made a good faith attempt but have been unable to obtain satisfaction from the plan merchant, and: (a) my purchase was made in response to an advertisement you sent or participated in sending me; or (b) my purchase cost more than \$50.00 and was made from a plan merchant in my state or within 100 miles of my current mailing address. Any other dispute I must resolve directly with the plan merchant.

FOREIGN TRANSACTIONS: Purchases, Cash Advances, and credits made in foreign currencies will be billed to my Account in U.S. Dollars. The conversion to U.S. Dollars will be made in accordance with the Visa® operating regulations for international transactions. The exchange rate between the transaction currency and the billing currency used for processing international transactions is 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. The conversion rate may be different than the rate on the day of the transaction or date of the posting of the Account. When a credit to the Account does not fully offset a charge to the Account due to changes in the rate, I am responsible for the difference. I understand that a Foreign Transactions Fee of 1.00% of the amount of the transaction, calculated in U.S. dollars, may be imposed on all foreign transactions, including Purchases, Cash Advances, and Credits to my Account. A foreign transaction is any transaction that I complete or a merchant completes using my Card and/or my Account outside of the United States, Puerto Rico, or the U.S. Virgin Islands.

RETURNS AND ADJUSTMENTS: Merchants and others who honor the Account and/or Card may give credit for returns or adjustments, and they will do so by sending you a credit slip, which you will post to the Account. If my credits and payments exceed what I owe you, you will hold and apply this credit balance against future Purchases and Cash

Advances, or if it is \$1.00 or more, refund it on my written request or automatically after six (6) months.

SURRENDER OF CARD(S): The Card(s) remains your property and, if you request, I must surrender to you all Card(s) you have issued on the Account.

LOST OR STOLEN CARD, NOTIFICATION AND LIABILITY: I will notify you AT ONCE if I believe that the Card, Account number, PIN, or any combination of the three has been lost or stolen by immediately calling you at (831) 479-6000, toll-free 888.4BAYFED, or on weekends, holidays, or after Credit Union business hours, call (800) 682-6075. Telephoning is the best way of keeping my possible losses down. I understand that my total liability to you shall not exceed \$50.00 for any Account and/or Card transactions resulting from the loss, theft, or other unauthorized use of the Account and/or Card that occurs prior to the time I give notice to you. Such liability does not apply when the Account and/or Card is used to make an electronic transfer.

PAYMENTS MARKED "PAYMENT IN FULL:" You may accept checks, money orders, or other types of payment marked "payment in full" or using other language to indicate full satisfaction of any indebtedness, without being bound by such language or waiving any rights under this Agreement. Full satisfaction of indebtedness shall be accepted by you only in a written agreement, signed by an authorized representative.

DELAY IN ENFORCEMENT: You can delay enforcing any of your rights under this Agreement without losing them.

GOVERNING LAW: I understand and agree that this Agreement is made in California and shall be governed by the laws of the State of California to the extent that California law is not inconsistent with controlling federal law. I also understand and agree that California's choice of law rules shall not be applied if they would result in the application of non-California law.

INTEGRATED DOCUMENT(S): Any separate sheet of paper labeled "Additional Disclosure – Federal Truth-in-Lending Act" that is delivered together with this form is an integrated part of the Agreement.

MEMBERSHIP REQUIREMENT: I understand and agree that I must be and remain a member in good standing with you to be eligible for continuing Account and/or Card privileges, including future Purchases and Advances. I understand and agree that you may suspend the Account and/or Card privileges during any period in which I do not maintain my membership with you.

CHANGE OF TERMS: This Agreement is the contract that applies to all transactions on the Account even though the sales, Cash Advance, credit, or other slips I sign or receive may contain different terms. I understand and agree that you may amend, modify, add to, or delete from this Agreement any of its terms and conditions, including the method of application and the amount of FINANCE CHARGE, effective as to any Account Balance outstanding and any subsequent Advance, by mailing a notice of the change to me at my last known address. I also understand that any such notice will be mailed at least fifteen (15) days prior to the effective date of the change as required by federal or other law. Notice of a change in terms is required, but may be sent as late as the effective date of the change where the change has been agreed to, in writing, by me.

CREDIT INFORMATION: I authorize you to investigate my credit standing when opening, renewing, or reviewing the Account, and I authorize you to disclose information regarding the Account to credit bureaus and other creditors who inquire of you about my credit standing to the extent authorized by law.

CHANGE OF NAME, ADDRESS, OR EMPLOYMENT STATUS: I understand and agree that I must report to you any change in my name, address or employment status.

ACCURACY OF INFORMATION: The information provided in my request for credit (application) is accurate and I will notify you in writing immediately if there is a change in my financial condition. You may retain the application. I understand that it is a violation of Section 1014, Title 18, United States Code to make false statements or overvalue security for the purpose of influencing the action of any federally-insured credit union. You may gather whatever credit and/or employment information you deem necessary and appropriate from time to time and you may give information concerning your credit experience with me to others.

COPY RECEIVED: I acknowledge receipt of a copy of this Agreement and agree to accept its terms.

NOTICE: See the statement below for important information regarding my right to dispute billing errors.

MY BILLING RIGHTS (Keep this Notice for future use)

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

NOTIFICATION IN CASE OF ERRORS OR QUESTIONS ABOUT MY PERIODIC STATEMENT

If I think my periodic statement is wrong, or if I need more information about a transaction on my periodic statement, I must write to you on a separate sheet at the address listed on my periodic statement. I should write to you as soon as possible. You must hear from me no later than sixty (60) days after you sent me the FIRST periodic statement on which the error or problem appeared. I can telephone you, but doing so will not preserve my rights.

In my letter, I should give you the following information:

- (a.) My name and Account number.
- (b.) The dollar amount of the suspected error.
- (c.) Describe the error and explain, if I can, why I believe there is an error. If I need more information, I will describe the item I am not sure about.

If I have authorized you to pay my credit card statement automatically, I can stop the payment on any amount I think is wrong. To stop the payment, my letter must reach you three (3) business days before the automatic payment is scheduled to occur.

MY RIGHTS AND YOUR RESPONSIBILITIES AFTER YOU RECEIVE MY WRITTEN NOTICE

You must acknowledge my letter within thirty (30) days, unless you have corrected the error by then. Within ninety (90) days, you must either correct the error or explain why you believe the periodic statement was correct.

After you receive my letter, you cannot try to collect any amount I question or report me as delinquent. You can continue to bill me for the amount I question, including FINANCE CHARGES, and you can apply any unpaid amount against my Credit Limit.

I do not have to pay any questioned amount while you are investigating, but I am still obligated to pay the parts of the periodic statement that are not in question.

If you find that you made a mistake on my periodic statement, I will not have to pay any FINANCE CHARGES related to any questioned amount. If you did not make a mistake, I may have to pay FINANCE CHARGES, and I will have to make up any missed payments on the questioned amount. In either case, you will send me a statement of the amount I owe and the date that it is due.

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

If you do not follow these rules, you cannot collect the first \$50.00 of the questioned amount, even if my periodic statement was correct.

SPECIAL RULE FOR CREDIT CARD PURCHASES

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

- a. I must have made the purchase in my home state or, if not within my home state, within 100 miles of my current mailing address; and
- b. The purchase must have been more than \$50.00.

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