



Cardholder Agreement and Disclosure

Defined Terms – The following terms have defined meanings in this agreement. “Account” means the credit Account regulated by this agreement, “Card” means the plastic cards issued under this agreement, including the numbers printed on these plastic cards; “we”, “us”, and “our” mean the financial institution appearing on the face of a Card; “you” and “your” mean anyone who signs an application for this Account or is a guarantor of this Account, or who otherwise uses or authorizes use of the Card or the Account; and “Approval Letter” means our letter to you approving your application and describing some of the terms of the Account (the “Approval Letter” which is part of the agreement).

By signing, using or activating a Card, you accept the terms and conditions of this agreement and of the Approval Letter. If any provision of this agreement is determined to be unlawful, the rest of the agreement will stand and the unlawful provision will be deemed amended to conform to applicable law. All Cards are our property and must be returned to us immediately according to our instructions, and we may repossess a Card at any time in our sole discretion.

Military Lending Act Disclosures Statement – Federal law provides important protections to Members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a Member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent (36%). This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).

Please call us at (800) 221-3311 to receive disclosures orally.

ARBITRATION AND WAIVER OF CLASS ACTION – You and the Credit Union agree that we shall attempt to informally settle any and all disputes arising out of, affecting, or relating to your Account, or the products or services the Credit Union has provided, will provide or has offered to provide to you, and/or any aspect of your Account relationship with the Credit Union (hereafter referred to as the “Claims”). If that cannot be done, then you agree that any and all Claims that are threatened, made, filed or initiated after the Effective Date (defined below) of this Arbitration and Waiver of Class Action provision (“Arbitration Agreement”), even if the Claims arise out of, affect or relate to conduct that occurred prior to the Effective Date, shall, at the election of either you or us, be resolved by binding arbitration administered by the American Arbitration Association (“AAA”) in accordance with its applicable rules and procedures for consumer disputes (“Rules”), whether such Claims are in contract, tort, statute, or otherwise. The Rules can be obtained on the AAA website free of charge at www.adr.org; or, a copy of the Rules can be obtained at any Credit Union branch upon request. Either you or we may elect to resolve a particular Claim through arbitration, even if one of us has already initiated litigation in court related to the Claim, by: (a) making written demand for arbitration upon the other party, (b) initiating arbitration against the other party, or (c) filing a motion to compel arbitration in court. AS A RESULT, IF EITHER YOU OR WE ELECT TO RESOLVE A PARTICULAR CLAIM THROUGH ARBITRATION, YOU WILL GIVE UP YOUR RIGHT TO GO TO COURT TO ASSERT OR DEFEND YOUR RIGHTS UNDER THIS AGREEMENT (EXCEPT FOR CLAIMS BROUGHT INDIVIDUALLY WITHIN SMALL CLAIMS COURT JURISDICTION, SO LONG AS THE CLAIM REMAINS IN SMALL CLAIMS COURT). This Arbitration Agreement shall be interpreted and enforced in accordance with the Federal Arbitration Act set forth in Title 9 of the U.S. Code to the fullest extent possible, notwithstanding any state law to the contrary, regardless of the origin or nature of the Claims at issue. This Arbitration Agreement does not prevent you from submitting any issue relating to your accounts for review or consideration by a federal, state, or local governmental agency or entity, nor does it prevent such agency or entity from seeking relief on your behalf.

A. Selection of Arbitrator. The Claims shall be resolved by a single arbitrator. The arbitrator shall be selected in accordance with the Rules, and must have experience in the types of financial transactions at issue in the Claims. In the event of a conflict between the Rules and this Arbitration Agreement, this Arbitration Agreement shall supersede the conflicting Rules only to the extent of the inconsistency. If AAA is unavailable to resolve the Claims, and if you and we do not agree on a substitute forum, then you can select the forum for the resolution of the Claims.

B. Effective Date. This Arbitration Agreement is effective upon the 61st day after we provide it to you (“Effective Date”), unless you opt-out in accordance with the requirements of the RIGHT TO OPT-OUT provision below.

C. Claims Arising Prior to Effective Date. THIS BINDING ARBITRATION AGREEMENT APPLIES TO ALL CLAIMS THAT ARE FILED OR INITIATED AFTER THE EFFECTIVE DATE, EVEN IF THE CLAIM ARISES OUT OF, AFFECTS, OR RELATES TO CONDUCT THAT OCCURRED PRIOR TO THE EFFECTIVE DATE. If a Claim is filed or initiated prior to the Effective Date, this Arbitration Agreement will not apply to such Claim.

D. Arbitration Proceedings. The arbitration shall be conducted within 50 miles of your residence at the time the arbitration is commenced. Any claims and defenses that can be asserted in court can be asserted through arbitration. The arbitrator shall be entitled to award the same remedies that a court can award, including public injunctive relief to the extent available under the California Unfair Competition Law and Consumer Legal Remedies Act. Discovery shall be available for non-privileged information to the fullest extent permitted under the Rules. The arbitrator's award can be entered as a judgment in court. Except as provided in applicable statutes, the arbitrator's award is not subject to review by the court and it cannot be appealed. The Credit Union shall pay for any filing, administration, and arbitrator fees imposed on you by the AAA. However, you will be responsible for your own attorneys' fees, unless you prevail on your Claim in the arbitration, in which case, we will pay your attorneys' fees. However, if the Credit Union prevails, then you will not be required to pay its attorneys' fees and cost.

Any determination as to whether this Arbitration Agreement is valid or enforceable in part or in its entirety will be made solely by the arbitrator, including without limitation any issues relating to whether a Claim is subject to arbitration; provided, however, the enforceability of the Class Action Waiver set forth below shall be determined by the Court.

E. Class Action Waiver. ANY ARBITRATION OF A CLAIM WILL BE ON AN INDIVIDUAL BASIS. YOU UNDERSTAND AND AGREE THAT YOU ARE WAIVING THE RIGHT TO PARTICIPATE AS A CLASS REPRESENTATIVE OR CLASS MEMBER IN A CLASS ACTION LAWSUIT.

F. Severability. In the event the Class Action Waiver in this Arbitration Agreement is found to be unenforceable for any reason, the remainder of this Arbitration Agreement shall also be unenforceable. If any provision in this Arbitration Agreement, other than the Class Action Waiver, is found to be unenforceable, the remaining provisions shall remain fully enforceable.

G. Survival. This Arbitration Agreement will survive termination of the Account and/or this Agreement.

H. Right to Opt-Out. You have the right to opt-out of this Arbitration Agreement, provided you notify the Credit Union of your intent to do so within 60 days after it is provided to you. Your opt-out is only effective if you notify the Credit Union in writing at Kern Schools Federal Credit Union, Attn: Central Operations Visa, P.O. Box 9506, Bakersfield, CA 93389-9506, within such 60 day time period. If you fail to opt-out within this 60 day time, you will be deemed to have consented to the resolution of your Claims through binding arbitration. In the event you opt-out, it shall not affect other terms and conditions of your Agreement or your relationship with the Credit Union.

I. Inapplicability to Covered Borrowers. This Arbitration Agreement will not apply to the extent prohibited under the federal Military Lending Act, such as if you are a "covered borrower" under the Military Lending Act.

FOR MORE DETAILS or if you have questions, you may call us or visit a branch. If you have questions about AAA procedures, you should check AAA's website, www.adr.org, OR call AAA at (800) 778-7879.

1. Promise to Pay – You agree to pay us the total amount of purchases, cash advances, finance charges or other fees or charges which arise from use of a Card by you or any other person, unless the other person does not have actual, implied, or apparent authority for such use and you receive no personal benefit from the use. You agree to be jointly and severally liable with anyone else who has made the same promise.

2. Credit Limit – Your credit limit is stated on the credit card carrier, as well as on your monthly statement. You promise to make purchases and cash advances only up to your credit limit. Your promise to pay continues to apply even if the amount due exceeds your credit limit. Obtaining credit in excess of your credit limit does not increase your credit limit. We can change your credit limit at any time to any amount (including zero). We will state the new credit limit on your next monthly statement.

3. Purchases and Cash Advances – You may use your card, up to your credit limit, to buy or lease goods, services or insurance wherever the Card is honored. You may also use your Card to get a cash advance from participating financial institutions. However, you agree not to use your Card for any transaction that is illegal under applicable federal, state or local law, and you understand that any such use will constitute an event of default under this agreement. We are not responsible for the refusal of anyone to honor your Card.

4. Monthly Statements – We will send you a statement at the end of each billing cycle in which the Account has a balance. The due date for your payment will be twenty-five (25) days after the last day covered by the statement.

- 5. Payments** – You agree to make the minimum monthly payments that are described in the Approval Letter, and to make all payments on this Account at the address specified on your monthly statement. We may accept late payments, partial payments, post-dated checks, or any form of payment containing a restrictive endorsement, without losing any of our rights under this agreement. Our acceptance of checks or money orders labeled “payment in full” or words to that effect, will not constitute an accord and satisfaction nor a waiver of any rights we have to receive full payment. Payments on your Account that exceed the minimum payment due will be allocated first to the Account balance with the highest APR, and then to each consecutive Account balance bearing the next highest APR, at the time payment is posted to your Account. Payments on your Account that do not exceed the minimum payment due will be applied in the following order: finance charges, fees, any applicable installment balance minimum amount due that is calculated separately from the minimum payment due, the Account balance with the lowest APR, then to each consecutive Account balance bearing the next lowest APR at the time payment is posted to your Account.
- 6. Balance Computation Method** – We figure the interest charge on your Account by applying the periodic rate, as stated in the Approval Letter, to the “average daily balance” of your account. To get the “average daily balance” we take the beginning balance of your account each day, add any new purchases/advances/fees, and subtract any unpaid interest or other finance charges and any payments or credits. This gives us the daily balance. Then, we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle. This gives us the “average daily balance”.
- 7. Grace Period:** You will not pay any interest on purchases and balance transfers if you pay the entire Account balance, including any cash advances, in full by the payment due date shown on your monthly statement each and every billing cycle. We call this a grace period on purchases and balance transfers. Generally, you will have at least a 25 day grace period from the close of each billing cycle to pay the entire Account balance without incurring additional interest on purchases and balance transfers. The payment due date disclosed on each monthly statement provided to you is the last day of your grace period for that statement’s billing cycle. If you do not pay the entire Account balance, including any cash advances, in full by the payment due date in a billing cycle, you will pay interest on your purchases and balance transfers from the date they are posted to your Account. You also will not have a grace period on purchases and balance transfers again until you pay the entire Account balance in full by the payment due date 2 billing cycles in a row.
Cash advances do not have a grace period, as they are subject to interest charges from the date the transaction posts to your Account.
- 8. Cash Advance Fee** – Cash advances are subject to the cash advance fee stated in the enclosed disclosure table. The cash advance fee is a finance charge and is imposed on the date of the cash advance. Interest does not accumulate on this fee. The following transactions will be treated as cash advances:
- A. Using your Card to obtain cash from a participating Automated Teller Machine (“ATM”);
 - B. Using your Card to obtain cash from a participating financial institution;
 - C. Using a convenience check drawn on the Account;
 - D. Obtaining money orders, travelers checks, foreign currency, lottery tickets, casino chips, vouchers redeemable for cash or similar items;
 - E. Balance transfers, if identified as cash advances on your Approval Letter
- 9. Annual Fee** – The annual fee, if there is one on the Account, is stated in the Approval Letter. The annual fee is payable whether or not you use the Card.
- 10. Liability for Unauthorized Use** – If you notice the loss or theft of your Card or a possible unauthorized use of your Card or Account, you should write to us immediately at: Kern Schools Federal Credit Union, P.O. Box 9506, Bakersfield, CA 93389-9506, or call us at 1-800-221-3311. You will not be liable for any unauthorized use that occurs after you notify us. You may, however, be liable for unauthorized use that occurs before your notice to us. However, if you exercise reasonable care in safeguarding your card from risk of loss or theft and, upon discovering the loss or theft promptly report the loss or theft to us, you will not be liable for any unauthorized transactions. In any case, your liability will not exceed \$50.
- 11. Default** – You will be in default if you fail to make any minimum payment or other required payment by the date that it is due. You also will be in default if you violate any other provision of this agreement and such violation materially impairs the prospect of you paying the amount due on the Account. Upon default, we may demand immediate payment of the entire amount due on the Account and we may enforce our right to this payment as permitted by law.
- 12. International Transactions** – When you use your Card for a transaction denominated in a currency other than U.S. dollars, the transaction amount will be converted into U.S. dollars by applying an exchange rate selected by the Card Association from among the range of rates available in wholesale currency markets or the government-mandated rate on the date the transaction is processed. The rate chosen may vary from the rate the Card Association itself receives. When you use your Card in a transaction outside of the United States to make a purchase, obtain a cash advance, obtain a credit voucher, or reverse any of these transactions, a finance charge equal to one percent (1%) of the amount of the transaction (expressed as a positive

number) will be assessed against your Account. The foreign transaction fee is imposed on the date of the transaction. Interest does not accrue on the foreign transaction fee. "Card Association" means either VISA International or MasterCard International.

13. Credit Reporting – You authorize us to obtain credit reports on you when opening, renewing or reviewing your Account, and you authorize us to disclose information regarding your Account to credit bureaus and other creditors who may inquire of us about your credit standing. If you think we reported erroneous information to a credit reporting agency, write us at the service address on your billing statement. We will promptly investigate the matter and, if we agree with you, we will contact each credit reporting agency to which we reported and request a correction. If, after our investigation, we disagree with you, we will tell you in writing or by telephone how to submit a statement to those agencies for inclusion in your credit report.

14. Other Fees – The following charges will be charged to your Account as appropriate:

A. Late and Returned Payment Fees. The following charges may be imposed, if applicable:

- **Late Payment Fee.** A late payment fee, in the amount indicated in the enclosed disclosure table, may be imposed if the required minimum payment due is not received by the due date listed on the monthly periodic statement.
- **Returned Payment Fee.** A returned payment fee, in the amount indicated in the enclosed disclosure table, may be imposed if your payment is returned for any reason.

B. Replacement Cards, Copies, and Special Services. We may charge you a reasonable fee for issuing replacement cards, expediting delivery of your card, an expedited payment method using a service representative, providing photocopies and reprints that you request, and other special services as allowed by law.

15. Amendments – We may amend or cancel this agreement at any time by getting your consent as provided by law or by giving you a notice of the amendments. Cards are property of the Financial Institution and must be returned at our request.

YOUR BILLING RIGHTS:

KEEP THIS DOCUMENT FOR FUTURE USE

This notice tells you about your rights and our responsibilities under the Fair Credit Billing Act.

What To Do If You Find A Mistake On Your Statement

If you think there is an error on your statement, write to us at:

Kern Schools Federal Credit Union
Central Operations VISA
P.O. Box 9506
Bakersfield, CA 93389-9506

In your letter, give us the following information:

- **Account information:** Your name and account number.
- **Dollar amount:** The dollar amount of the suspected error.
- **Description of problem:** If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us:

- Within 60 days after the error appeared on your statement.
- At least 3 business days before an automated payment is scheduled, if you want to stop payment on the amount you think is wrong.

You must notify us of any potential errors in writing. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

What Will Happen After We Receive Your Letter

When we receive your letter, we must do two things:

1. Within 30 days of receiving your letter, we must tell you that we received your letter. We will also tell you if we have already corrected the error.
2. Within 90 days of receiving your letter, we must either correct the error or explain to you why we believe the bill is correct.

While we investigate whether or not there has been an error:

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

After we finish our investigation, one of two things will happen:

- If we made a mistake: You will not have to pay the amount in question or any interest or other fees related to that amount.
- If we do not believe there was a mistake: You will have to pay the amount in question, along with applicable interest and fees. We will send you a statement of the amount you owe and the date payment is due. We may then report you as delinquent if you do not pay the amount we think you owe.

If you receive our explanation but still believe your bill is wrong, you must write to us within 10 days telling us that you still refuse to pay. If you do so, we cannot report you as delinquent without also reporting that you are questioning your bill. We must tell you the name of anyone to whom we reported you as delinquent, and we must let those organizations know when the matter has been settled between us.

If we do not follow all of the rules above, you do not have to pay the first \$50 of the amount you question even if your bill is correct.

Your Rights If You Are Dissatisfied With Your Credit Card Purchases

If you are dissatisfied with the goods or services that you have purchased with your 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 purchase.

To use this right, all of the following must be true:

1. The purchase must have been made in your home state or within 100 miles of your current mailing address, and the purchase price must have been more than \$50. (Note: Neither of these are necessary if your purchase was based on an advertisement we mailed to you, or if we own the company that sold you the goods or services.)
2. You must have used your credit card for the purchase. Purchases made with cash advances from an ATM or with a check that accesses your credit card account do not qualify.
3. You must not yet have fully paid for the purchase.

If all of the criteria above are met and you are still dissatisfied with the purchase, contact us in writing at:

Kern Schools Federal Credit Union
Central Operations VISA
P.O. Box 9506
Bakersfield, CA 93389-9506

While we investigate, the same rules apply to the disputed amount as discussed above. After we finish our investigation, we will tell you our decision. At that point, if we think you owe an amount and you do not pay, we may report you as delinquent.

Visa Credit Card Fee Schedule

Service	Fee
Card Replacement	\$7.00
Rush 2-Day Card Replacement	\$35.00
International Card Replacement	\$70.00
Foreign Transaction Conversion	1% of transaction amount
Late Charge	\$15.00
Over-Limit	\$0.00
Cash Advance (ATM or Financial Institution)	Greater of \$10 or 2% of the cash advance amount
Return Payment	\$15.00
Balance Transfer Stop Payment	\$30.00
Account Research	\$25.00 per hour
Statement Copy (per cycle)	\$2.00