

CREDIT CARD AGREEMENT, TRUTH-IN-LENDING DISCLOSURE AND
SECURITY AGREEMENT TC904 (1/10)

IMPORTANT NOTICE

THESE CHARGE CARDS HAVE BEEN PROVIDED BECAUSE OF YOUR SPECIFIC WRITTEN REQUEST. IF, FOR SOME REASON, YOU DO NOT NOW WANT THE ACCOUNT OPENED PLEASE NOTIFY US IN WRITING, AND WE WILL CLOSE THE ACCOUNT IMMEDIATELY. USE OF YOUR CHARGE CARD(S) ACKNOWLEDGES YOUR ACCEPTANCE OF THE TERMS AND CONDITIONS OF THE CHARGE AGREEMENT.

NOTICE TO CARDHOLDER

Read this Agreement before using your Card. You are entitled to a copy of this Agreement.

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 ERRORS
OR QUESTIONS 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 bill. Write 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 doing so will not preserve your right. 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 credit card bill 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 three business days before the automatic payment is scheduled to occur.

**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 bill 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 bill 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 bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you 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 that 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 ten 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 is finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

SPECIAL RULES FOR CREDIT CARD PURCHASES

If you have a problem with the quality of property or services that you purchase 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 if not within your home state, within 100 miles of your current mailing address; and
- B. The purchase price must have been more than \$50.

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

In this Agreement, “you” and “your” refer to the person(s) to whom the MasterCard and/or Visa Card(s) (“Card”) have been issued, and the credit union to which you applied for this credit is referred to as the “Credit Union”, “we”, and “us”.

By signing an application for the Card or by using or authorizing another to use the Card to obtain goods or services (“Purchases”) or for cash advances (“Advances”), you agree with the Credit Union as follows:

1. **Promise to Pay.** You promise to pay the Credit Union and any and all charges incurred by you or by any person whom you authorize to use the Card(s) issued to you plus all **FINANCE CHARGES** and fees as provided by this Agreement.

2. **Use of Cards.** You promise not to let someone else use our Card. If you do, you are agreeing with us that you authorized **all use** that person makes of your Card. Therefore, you will be liable for all such use. If you notify us to do so, we will take prompt steps to try to prevent further Card use by that person.

3. **Illegal Use.** Cardholder understands and agrees that a Card may not be used for any illegal transaction. Cardholder further understands and agrees that illegal use of the Card will be deemed an action of default and/or breach of contract, and as a result cardholder’s account and other related services may be terminated at the discretion of the Credit Union. Cardholder further agrees, should illegal use occur, to waive any right to sue the Credit Union for such illegal use or any activity directly or indirectly related to it, and additionally, to indemnify and hold the Credit Union harmless from any suits or other legal action or liability directly or indirectly resulting from such illegal use.

4. **Joint Accounts.** If more than one person signed the application for the Card, each person who signed it promises to pay all amounts owed to us under this agreement. Each of you authorizes the other(s) to make purchases, withdrawals or cash advanced individually. Any one of you may cancel the Account. The cancellation will be effective to all of you. Each of you is jointly and severally obligated. This means that we may collect money owed to us from each of you or from all of you regardless of your current domestic relationship or other legal proceedings. In any event, all of you will continue to be jointly and severely obligated until all Cards are returned and the debt is extinguished.

5. **Must be an Active Member.** You must be an active member of Telcom Credit Union to be a Telcom Visa Cardholder. A minimum of \$5.00 in your Telcom Share Account must be maintained in order to be considered an active member.

6. Credit Balance. A credit balance on your Telcom Visa Account is not permitted. Any credit balance will be transferred to your Telcom Share Account.

7. Credit Limit. You promise not to exceed your credit limit. In the event that you do exceed your credit limit, you will be in default.

8. Statement, Payments, and Late Charges. We will mail a statement for any month in which there is any balance over \$1.00. On receipt of the statement, you must pay us any amount that is over your credit limit plus unpaid past due Minimum Payments from prior statement. By the statement due date, you must pay us at least the Minimum Payment. This payment will be the greater of \$20 or 3% of the New Balance. A New Balance of less than \$20 must be paid in full. Should you fail to pay the minimum Payment by the due date, you will be in default under this Agreement, and to compensate the Credit Union for its added administrative costs arising from such default, the Credit Union may charge you 15% of the minimum payment due, or \$20, whichever is greater if your payment is not received within 10 days of the payment due date. The late charge would be charged to your account as a Purchase.

9. International Transaction Fee. “ A 1.00% International Transaction Fee will be assessed on all international purchases, credit vouchers, and cash disbursements requiring conversion to a foreign currency. A 0.80% International Transaction Fee will be assessed on all international purchases, credit vouchers, and cash disbursements that do not involve a currency conversion.” The transaction amount will be shown separately from the International Transaction Fee on your billing statement.

10. FINANCE CHARGES.

VARIABLE RATE: Your account is subject to a variable rate. Your ANNUAL PERCENTAGE RATE (APR) may increase or decrease if the Index used by the Credit Union increases or decreases. The Index is the Prime Rate as published in the Money Rates column of The Wall Street Journal on the twentieth day of the month in which the billing cycle begins or, if the twentieth is not a business day, on the preceding business day. Each month, the new Index rate is added to your Margin to calculate the ANNUAL PERCENTAGE RATE. The Value of the Index as of the date your account was opened, your Margin, and the ANNUAL PERCENTAGE RATE as of the date your account was opened are set forth in the letter which was provided to you along with this agreement when your account was opened. Any change in the ANNUAL PERCENTAGE RATE affects your entire balance and is effective at the beginning of the first billing cycle which follows the change in the Index. The Credit Union reserves the right to substitute a similar Index if the Index described above becomes unavailable.

A. CASH ADVANCES: The finance charge on Cash Advances can be computed by applying the monthly periodic rate to the average daily balance of cash advances, which is the sum of the outstanding cash advance balances in your account on each day of the billing cycle, as determined by including additional cash advances and deducting payments and credits divided by the number of days in the billing cycle. There is no free period within which credit extended for cash advances may be repaid without incurring a FINANCE CHARGE. Any reference in cardholder agreement to “cash advances” or “advances” means cash advances of any nature, including the check credit program.

B. CREDIT PURCHASES: To avoid incurring an additional finance charge on the balance of Credit Purchases reflected on the current statement, you must pay the New Balance shown on the statement on or before the Payment Due Date. The finance charges for a billing cycle are computed by applying the monthly Periodic Rate to the average daily balance of Credit Purchases, which is determined by dividing the sum of the daily balances during the billing cycle by the number of days in the billing cycle. Each daily balance is determined by adding to the Previous Balance of Credit Purchases and any new Credit Purchases posted to your account and subtracting any payments as received and credits as posted to your account, but excluding any unpaid finance charges. Subject to the above, the grace period for the New Balance of Credit Purchases extends to the above, the grace period for the New Balance of Credit Purchases extends to the Payment Due Date.

C. PENALTY RATE: Regardless of any other provision in this Agreement, if at any time you fail to make your Minimum Monthly Payment within two (2) months of the date it is due, the ANNUAL PERCENTAGE RATE will, after the 45 day notice required by law has been sent, increase to 25.00%, which corresponds to a Monthly Periodic Rate of 2.083%. If you are required to pay the Penalty Rate under the conditions described above your APR will be changed to the applicable non-penalty rate after you have made six consecutive minimum monthly payments on time, immediately after the Penalty Rate has been applied. The imposition of a penalty rate pursuant to this provision does not waive any Late Charges incurred, as discussed in Section 8.

11. **Payments.** Payments are allocated in the following order:

A. **FINANCE CHARGES** on advances.

B. **FINANCE CHARGES** on purchases shown on previous statement.

C. Advances and then purchases shown on the previous statement.

D. Advances and then purchases shown on a current statement.

12. **Copy Fee.** You promise to pay \$10.00 for each copy of a sales slip you request. This charge will not apply if you ask for the copy to check on a possible billing error. This fee will be charged to your account as a purchase.

13. **Acceleration and Default.** We may declare all amounts you owe under this agreement immediately due and payable and enforce any applicable security interest if you fail to pay any required amount on time or otherwise fail to comply with this Agreement; if you die or become incapacitated or insolvent; or if we reasonably believe that your ability to pay the debt hereunder is substantially impaired.

14. **Security Interests.** To secure performance of your obligations under this Agreement, you hereby grant to the Credit Union a security interest in funds you may have on deposit with the Credit Union from time to time and in any other money the Credit Union may owe you. You understand and intend that by reason of such security interest here granted the Credit Union may satisfy your indebtedness hereunder by charging your deposit account(s) maintained with the Credit Union if you default in your payment under this Agreement. You also hereby grant the Credit Union a security interest in the property purchases under this agreement. In addition, collateral securing your other loans with the Credit Union may also secure credit extended under this Agreement.

15. **Notice to Us.** You promise to notify us promptly in writing of your change of address.

16. **Disputes Over Purchases.** You promise to try in good faith to resolve all disputes over Purchases directly with the merchant who honored the Card(s). If there is no resolution with the merchant, you must submit your dispute in writing to the Credit Union within 60 days from the posted date of the purchase. In the event that there are charge back rights, the Credit Union will submit the dispute.

17. **Returns.** You promise to accept credits to your account when goods purchased with the Card(s) are returned.

18. **Liability for Unauthorized Use.** You may be liable for the unauthorized use of the Card(s). You will not be liable for unauthorized use that occurs after you notify us of the loss, theft, or possible unauthorized use of the Card(s). In any case, your liability will not exceed \$50 for unauthorized cash advances at ATMs. You will have no liability for unauthorized purchases made with your Card(s), unless you have been grossly negligent in handling the Card(s).

19. **Failure to Honor Card.** Neither we nor any other financial institution or business will be liable for failure to honor the Card(s).

20. Foreign Transactions. Purchases and cash advances made in foreign countries and foreign currencies will be billed to you in U.S. dollars. The exchange rate for transactions in a foreign currency 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 plus 1% International Transaction Fee (ITF) on multicurrency international transactions and 0.8% ITF on single-currency international transactions.

21. Lost/Stolen. You promise to immediately report your card lost or stolen by calling the 800 number listed on the back of your Visa statement upon realizing the loss or theft of your Visa card.

22. Assignment, Cancellation. The card is property of the Credit Union. You may not assign it, and on request you must surrender it to us or to any authorized institution or merchant. We may cancel this Agreement at any time, subject to the applicable law. You may cancel this Agreement by returning the Card to us. Cancellation will not affect then-existing-obligations.

23. Applicable Law, Change in Terms. Except as federal law applies, Michigan law governs this Agreement. If any provision is found invalid, the remainder will remain in effect. We may change the terms of this Agreement by mailing notice of the change to you as required by law at your address in our files.

24. Card Agreement. You understand that your Visa Credit Card is issued by us, remains our property, and is subject to rules governing ATM networks, which financial institutions must follow. The Cards are not transferable. By using your Card, you are agreeing to the following additional terms: (1) To abide by the rules and regulations and those of the participating ATM network as may be amended; (2) That we and the ATM network may follow all electronic instructions given through the ATM; (3) that we may restrict the use of or terminate your Card at any time without notice to prevent loss to your account or to the Credit Union; (4) your Card may not be used for any illegal transactions.

25. Daily Limits. You agree to adhere to any daily limits established by the Credit Union in conformance with the ATM network agreement and which are subject to modification to preserve the integrity of the ATM network and prevent loss to the Credit Union or its members. Daily limits for cash advances can be obtained by calling 1.800.735.9500.

26. Personal Identification Number (PIN). At the time of card issuance, we will furnish you with a PIN. You agree to keep the PIN confidential. You also agree you won't write the PIN on the Card or anything you keep with the Card. Your use of the PIN and Card in getting a Cash Advance or making a Purchase is agreed to constitute your signature for purposes of such transactions. You can also use your card together with your PIN to get a Cash Advance from an Automated Teller Machine (ATM) in the Visa Network, to get a Cash Advance from a Visa financial institution, or to make a Purchase from a merchant that uses the Card in an electronic terminal that accesses the Visa system. IF YOU FORGET OR DO NOT ENTER YOUR PIN CORRECTLY, THE ATM MAY KEEP YOUR CARD THE THIRD TIME THE PIN IS ENTERED INCORRECTLY. THIS PROCEDURE IS FOR SECURITY MEASURES. KEEP YOUR PIN IN A SECRET PLACE. If you authorize us to issue a Card to anyone else for use through any electronic access device, you are authorizing that individual to withdraw funds from any account which can be accessed by that Card, regardless of whether that individual is authorized to withdraw money from the account by any other means.

27. Liability for Failure to Complete Transactions. We will not be liable for transactions that are not completed if any of the following circumstances apply:

- Through no fault of ours, you do not have sufficient funds available in your credit line;
- The transaction would cause you to exceed your credit limit;
- The ATM where you are requesting a cash advance does not have enough cash;
- The terminal or system was not working properly and you knew of the malfunction at the time you initiated the transactions;
- Circumstances beyond our control (such as fire or flood) prevent the transaction, despite reasonable precautions we have taken;
- Your Card is retained by the ATM;
- Your Card or PIN has been reported lost or stolen and your account has been blocked or frozen;
- Your account is in default;
- You or anyone authorized by you to conduct a transaction commits fraud or violates any laws or regulations;
- You fail to follow the instructions on the screen or terminal.

**Telcom Credit Union
44575 W. Twelve Mile
Novi, MI 4837**