DEFINITIONS. The "Card" means the Pentagon Federal Credit Union (PenFed) credit card which we issue to you under this Agreement, and includes any device or check used to obtain credit or cash from the Account. Unless otherwise stated, "Account" means your Card account with us. An Authorized User is an individual receiving a Card, but who has no responsibility for payment of the Account. The words "you", "your" and "cardholder" mean each person, jointly and individually who holds, signs, retains, uses, or permits others to use or sign a card. The words "our", "we" and "us" mean PenFed or any of its assignees.

1. AGREEMENT. We agree to extend credit to you and advance amounts up to your credit limit, but transaction limits may apply. Your credit limit is not increased by any credit balance you may have on your account. You agree to sign the back of the Card as soon as you receive it. You agree to pay us for credit extended for the use of the Card by you or any other cardholder, along with all applicable finance charges, fees and insurance, if any. By signing, using or permitting others to use the Card, you agree to the terms and conditions contained in this Agreement, and that the Card, on any charge slip resulting from authorized use of the Card, on any authorized cash advance slip, and to accept responsibility for all actions taken with the Card.

2. CREDIT LIMIT. You agree to use the Card within the credit limit we authorize. You also agree that we can change your credit limit at any time. We are not obligated to accept charges that would cause you to exceed your authorized credit limit but we may do so in our sole discretion. Any extension of credit to you, made or honored by us, shall be at such times and in such amounts and for such purposes as to conform to this Agreement, and only when there is no default.

3. CHANGE IN TERMS. You agree that the terms of this Agreement are applicable to any cardholder. You also agree that we can change the terms of this Agreement at any time by adding, deleting, or modifying any provision of the Agreement. We will give you notice of any such changes, if required by law.

Termination of the account by you or PenFed will not affect your obligation to pay the Account balance plus any finance charge and other charges you owe under this Agreement. You are responsible for all transactions made to your account after termination, unless the transactions were unauthorized. Should you choose to cancel your Account, the terms in effect at the time that you cancel the Account will apply until the outstanding balance of the Account is paid in full, unless you are in default. Your card will no longer be available for use for new transactions, including purchases, as the Account will be closed (if it is not already closed). Any rewards points or miles you have earned, if applicable, will be forfeited unless they are redeemed before the Account is closed. If you do not notify us of your decision to terminate the account by the date stated in any notice we provide, or if you notify us but then use the Account after the date stated in the notice, you will be deemed to accept all changes to the Account’s terms and conditions of this Agreement.

If you are in default because your payment has not been received within 60 days of the due date, you do not have the right to reject the changes we make to this Agreement or the Account’s terms and conditions.

4. FINANCIAL CONDITION CHANGE. You agree to advise us of any change in your financial condition that may affect your creditworthiness and to provide us with a current loan application whenever we request one. You expressly authorize any person, partnership, association, firm, corporation or consumer reporting agency, upon our request, to furnish us with information concerning you relevant to the review and evaluation of this Account. You understand and agree that we may terminate your account upon reevaluation of your creditworthiness.

5. FINANCE CHARGES WILL BE IMPOSED IN THE FOLLOWING MANNER AND WILL BE IN AMOUNTS NOT IN EXCESS OF THOSE PERMITTED BY LAW:

A. PURCHASES. (1) No finance charge will be imposed during the next billing cycle (defined as the time interval between regular monthly billing statement dates) if you pay the entire new balance in full on the current transaction statement and we receive your payment on or before the payment due date shown on the statement. (2) In all other cases, a finance charge will be imposed based on the average daily balance of all purchases and debit adjustments, hereafter referred to as purchases. The average daily balance is the sum of all outstanding purchases, which is determined by including new purchases and deducting payments or credits and excluding any unpaid finance charge from the date of purchase to the date of the next statement. (3) The amount of the finance charge is calculated by multiplying the average daily balance for purchases by the monthly periodic rate. The monthly periodic rate is the yearly interest rate divided by 12.

B. CASH ADVANCES. (1) Finance charges accrue on all cash advance amounts from the date charged to your Account and continue so long as such amounts remain outstanding. (2) A finance charge will be imposed on the average daily balance of all cash advances, which is the sum of the cash advances (determined by including new cash advances and deducting any payments or credits and excluding any unpaid finance charge) outstanding each day during the billing cycle, divided by the number of days in the billing cycle. A cash advance appearing on the periodic statement is considered a part of the outstanding balance from the date of posting. (3) The amount of the finance charge is calculated by multiplying the average daily balance for cash advances by the monthly periodic rate.

C. BALANCE TRANSFERS. Balance transfers are treated as cash advances. There is no grace period for payments on balance transfers. If you transfer a balance from another financial institution to us, you will immediately incur finance charges at the regular or promotional APR available at the time of the balance transfer and on purchases at the purchase APR. For instance if you transfer $1,000 at a promotional rate of 0% APR and then make a purchase of $200, you will immediately accrue finance charges at the purchase rate, forgoing the grace period. To avoid finance charges on new purchases after you transfer a balance, you must pay all balances on your account including any balances that you transfer in full by the due date.

6. PAYMENTS. A payment delivered by regular U.S. mail must be sent to the address indicated on your periodic statement. Your payment by mail must be a check or money order in U.S. dollars with your account number on the check or money order and drawn on a U.S. financial institution, and be accompanied by the payment voucher from your statement. Write your account number on your check or money order. All such payments will be posted to your account as of the date we receive them provided we receive them before 5:00 p.m. at the address indicated on your periodic statement. Payments received at other locations or not conforming to these procedures may be delayed in posting, but not more than 5 business days from the date of receipt. PenFed, in its sole discretion, may accept a check for payment on your Account even though payment was made before the date of the check or a check which has a date more than 6 months old.For the first six months all payments received from PenFed members who have held membership for six months or less will be credited to your Account as of the date received. If your payment is not honored or the amount of the payment will not be available to you for 10 calendar days. Payments made electronically through our automated telephone service, member service representatives, or our website will be subject to any processing times disclosed with those payments.

Your minimum payment due is the greater of $15 or 2% of the new balance plus the past due amount, if any, and/or the minimum payment not in excess of the authorized credit line/limit.

7. DEFAULT. You will be in default if you fail to make any payment by the Payment Due Date shown on your periodic statement. Your account is in default if you exceed the credit limit established for the Account, if you become insolvent or file bankruptcy, if you become incompetent or die, if a judgment or garnishment is issued against you, or if you default on any other account at PenFed. If you become insolvent or file bankruptcy or are involved in any legal proceeding, you must inform us immediately, either of your default or of any legal proceeding. You agree that if you default on your account, or if a default occurs on any other account at PenFed, or if a legal proceeding is commenced against you, we may, at any time and without prior notice to you, close your account, or charge any other account at PenFed, or file a claim against you, without further notice to you. We may do this if you make any false or misleading statements on your requests for credit, or if we reasonably believe you are in default or in danger of default, or if we believe the requirements of the terms of this Agreement will not be met, or if we believe you have committed fraud or any other dishonest act.

PenFed, in its sole discretion, may accept a check for payment on your Account even though payment was made before the date of the check or a check which has a date more than 6 months old. For the first six months all payments received from PenFed members who have held membership for six months or less will be credited to your Account as of the date received. If your payment is not honored or the amount of the payment will not be available to you for 10 calendar days. Payments made electronically through our automated telephone service, member service representatives, or our website will be subject to any processing times disclosed with those payments.

Your minimum payment due is the greater of $15 or 2% of the new balance plus the past due amount, if any, and/or the minimum payment not in excess of the authorized credit line/limit.

7. DEFAULT. You will be in default if you fail to make any payment by the Payment Due Date shown on your periodic statement. Your account is in default if you exceed the credit limit established for the Account, if you become insolvent or file bankruptcy, if you become incompetent or die, if a judgment or garnishment is issued against you, or if you default on any other account at PenFed. If you become insolvent or file bankruptcy or are involved in any legal proceeding, you must inform us immediately, either of your default or of any legal proceeding. You agree that if you default on your account, or if a default occurs on any other account at PenFed, or if a legal proceeding is commenced against you, we may, at any time and without prior notice to you, close your account, or charge any other account at PenFed, or file a claim against you, without further notice to you. We may do this if you make any false or misleading statements on your requests for credit, or if we reasonably believe you are in default or in danger of default, or if we believe the requirements of the terms of this Agreement will not be met, or if we believe you have committed fraud or any other dishonest act.

PenFed, in its sole discretion, may accept a check for payment on your Account even though payment was made before the date of the check or a check which has a date more than 6 months old. For the first six months all payments received from PenFed members who have held membership for six months or less will be credited to your Account as of the date received. If your payment is not honored or the amount of the payment will not be available to you for 10 calendar days. Payments made electronically through our automated telephone service, member service representatives, or our website will be subject to any processing times disclosed with those payments.

Your minimum payment due is the greater of $15 or 2% of the new balance plus the past due amount, if any, and/or the minimum payment not in excess of the authorized credit line/limit.
You will pay a late payment fee if the Minimum Payment Due is received 10 or more days past the due date.

9. VARIABLE RATES. One or more APRs that apply to your account may vary with changes to the Prime Rate, which means your rate can increase. We calculate the APR by adding a margin to the Prime Rate published in The Wall Street Journal. If The Wall Street Journal stops publishing the Prime Rate, we will select a similar reference rate and inform you on your billing statement or through a separate notice. The “Prime Rate” is the highest (U.S.) Prime Rate published in the Money Rates section of The Wall Street Journal. A margin is the percentage we add to the Prime Rate to calculate the APR. On the first Tuesday of the first full week of each month, we determine what the Prime Rate was published in the Wall Street Journal. We then add a margin as set forth in the Summary of Terms issued with your card to the Prime Rate to get the APR for the following month. If the APR increases, you will have to pay a higher periodic rate on the new balance charge and may have to make a higher minimum payment.

10. PENALTY ANNUAL PERCENTAGE RATE. If your required minimum payment is not received within 60 days of the due date, your Account is subject to change to a Penalty APR. The Penalty APR will remain in place until you make three consecutive payments on or before the date that each payment is due. In addition, your balance transfer rate for any outstanding balance transfer amounts will increase to the Penalty APR. After three consecutive months of on-time payments, the rates will be reduced to the rates that applied prior to the increase, unless the temporary promotional rate has expired or the index for the variable rate has changed.

11. PROMOTIONAL ANNUAL PERCENTAGE RATE. At our option a special promotional rate may be offered from time to time. The specific terms will be provided at the time of the offer. Generally, the promotional APR will only apply to select transactions (i.e. purchases or balance transfers) during the promotional period. The APR rates for all other transactions, not outlined in the promotion as eligible for the promotional APR, will remain unchanged. If your required minimum payment is not received within 60 days of the due date, any promotional APR and the periodic rate for purchases, cash advances, and balance transfers will increase to the Penalty APR until 3 consecutive payments are made on time.

12. ACCOUNT CLOSURE. You or anyone jointly liable for the Account may terminate the Account at any time by notifying us orally or in writing. However, this will not relieve you or any of the other joint owners from liability for the repayment of any obligations arising from the use of the Account. In addition, recurring charges from a third party vendor/merchant will be charged to your account, even though you have requested cancellation from PenFed. You must cancel the recurring charge with the third party vendor/merchant. Should we decline to pay any check, or if you instruct us not to pay any check, PenFed shall be exempt for gross negligence, for any action it takes regarding payment or nonpayment of a check. If we decline to pay a check, a charge may be made to your account in the amount indicated on our current Schedule of Service Fees brochure, which is available at any branch office, on request, or at PenFed.org. You will not date any check later than the date that you write it. If you do and the check is presented for payment before its date, PenFed, in its sole discretion may return it unpaid, or pay it. If we pay it, we will charge the Account. PenFed may, in its sole discretion, pay a check which has a date more than six months old.

19. ISSUANCE/USE OF CARD. Upon receipt of the Card(s) you and all other cardholders agree that you will sign the signature panel on the back of the Card(s). The Card remains the property of Pentagon Federal Credit Union and may be required to pay any such indebtedness by notifying us in writing. If your agency appointment or consent is withdrawn, PenFed may in its sole discretion terminate any and all services that you have with the credit union.

20. ISSUANCE/USE OF CHECKS. If we issue you checks, these checks are treated as cash advances when they are used for payment. We may refuse to issue or reissue a check and may also terminate, limit or modify the use of the checks without notice to you, and you agree to surrender the checks upon our demand or upon learning of our cancellation or withdrawal of the checks. Use of checks or other methods of access for kiting or similar activity is an action of default. The checks at all times remain the property of PenFed and we may repossess them without the use of court process. All of the terms and conditions of this Agreement apply to the use of the checks. Only check blanks and other methods authorized by PenFed now and in the future may be used to obtain funds from your Account. If so authorized by PenFed, your use of a personal identification number (PIN) for such purpose shall constitute your signature. Paid checks become your property and will not be returned to you. Copies may be provided, if requested, for a nominal fee for each item. Should we decline to pay any check, or if you instruct us not to pay any check, PenFed shall be exempt for gross negligence, for any action it takes regarding payment or nonpayment of a check. If we decline to pay a check, a charge may be made to your account in the amount indicated on our current Schedule of Service Fees brochure, which is available at any branch office, on request, or at PenFed.org. You will not date any check later than the date that you write it. If you do and the check is presented for payment before its date, PenFed, in its sole discretion may return it unpaid, or pay it. If we pay it, we will charge the Account. PenFed may, in its sole discretion, pay a check which has a date more than six months old.

21. ANNUAL FEE. You may be required to pay a nonrefundable annual fee for each Account you have with us for which a Card is issued. You will pay only one annual fee, even if more than one Card is issued for your Account. The fee will be charged annually to your Account. This charge will appear on your periodic statement for the billing cycle when it first becomes effective.

22. FOREIGN TRANSACTIONS. Purchases and cash advances made in foreign currencies will be debited from your account in U.S. dollars. The exchange rate between foreign currency and the U.S. dollar is constantly changing. PenFed and Visa may use any of the exchange rates used by the credit card network to process international transactions.
23. DEBT PROTECTION PLAN. Your purchase of the Debt Protection Plan ("Plan") is optional. Whether or not you purchase this protection will not affect your application for credit or the terms of any existing credit agreement you have with PenFed. If you do purchase Debt Protection you may cancel it at any time by notifying us in writing. You understand that you may rescind this plan within 30 days after the date your Debt Protection becomes effective. If you rescind, any premiums you have already paid will be credited to your account. We can terminate this Agreement by giving you notice at least 30 days in advance of the termination. The premium, method of calculation and assessment are subject to change. If these terms change we will provide written notice before the change goes into effect. Premiums will accrue on a daily basis and will be billed to your Card each Statement Cycle. Your participation in this optional Debt Protection are included in the Debt Protection Plan Program Agreement which you will receive upon enrollment.

24. TRAVEL ACCIDENT INSURANCE. We agree to provide you with Travel Accident Insurance at no direct cost to you. You, your spouse and unmarried dependent children will be automatically insured against accidental bodily injuries or death while riding in any aircraft or land or water conveyance operated by a common carrier licensed to carry passengers for hire provided the full travel fare(s) has been charged to your Card. Death benefits will be paid to the estate of the insured; all other benefits will be paid to the insured. This insurance is subject to cancellation without prior notice. You understand and agree that the Certificate of Insurance controls all insurance terms and conditions to the exclusion of any statements made in this Agreement regarding limitations, exclusions, and claims procedures.

25. ASSIGNABILITY OF ACCOUNT. You agree that PenFed may at any time sell, transfer or assign your account.

26. LOST/STOLEN CARD. You are responsible for the possession and use of the Card and must maintain the confidentiality of the PIN we may assign you. You will notify us at once if you believe your Card has been lost or stolen, or if you have reason to believe the Card is being used without your permission. You may notify us by calling 800-556-LOST or 402-399-3600 collect from overseas, or by writing to us at Card Services, Pentagon Federal Credit Union, Box 456, Alexandria, VA 22313-0456. You will not be liable for any unauthorized use of the Card.

27. LIABILITY FOR UNAUTHORIZED USE. If your statement has an error or a charge you did not authorize, you must tell us in writing within 60 days after you get that statement. You must follow all instructions on that statement. If you do not follow these instructions, you may lose your rights. We may require additional information from you before we may correct an error. We will provide written notice before the change goes into effect. Premiums will accrue on a daily basis and will be billed to your Card each Statement Cycle. Your participation in this optional Debt Protection are included in the Debt Protection Plan Program Agreement which you will receive upon enrollment.

28. STATEMENTS. We will bill you monthly, on a date selected by us, for amounts due under this Agreement. If you do not receive a credit card statement electronically, you will receive an email alerting you when your statement is ready to be viewed online. There is a $1 fee for each paper statement received. Failure to receive a monthly statement or electronic statement notification does not relieve you from making any required minimum payment. Upon receipt of each periodic statement, you should examine it and immediately notify us in writing of any transaction you believe to be in error. If your Account is a joint account, we can send statements and notices to either of you. You agree to notify us promptly of any change in your name, address, or email address.

29. PAYMENT SKIP OPTION. At our option, we may provide for a payment skip option, which means that you may be allowed to skip making the minimum periodic payment for specified billing cycles. If you accept this payment skip option, we will continue to apply the finance charge as disclosed above, but no late payment fees will apply to the skipped payment. For the billing cycle following a skipped payment, all the terms and conditions of this Agreement (including minimum periodic payment and applicable late payment fees) will continue to apply.

30. OTHER AGREEMENTS. All the terms and conditions of any other agreement between you and us and/or any other institution that is part of a network of automated teller machines (ATMs) in which we participate, and any applicable rules and regulations, also apply to use of the Card. There may be minimum and/or maximum limits on the amount of a cash advance dispensed from electronic terminals which accept the Card. All of the transactions made by electronic means are subject to verification by us, and any checks or other items deposited for collection may be deemed to be received and any other transaction may be deemed to occur on our next business day. You understand that transactions may be limited in some area. You agree that we do not waive our rights under this Agreement if we fail to assert them. The Agreement binds and benefits us and our successors and assigns and binds you, your estate and your personal representatives.

31. MILITARY LENDING ACT. 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. This rate must include, as applicable to the credit transaction or account: The cost associated with credit insurance premium, fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain applications fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account). For more information, please contact PenFed at 800-247-5626.

32. APPLICABLE LAW. This Agreement and your Card and Additional Cards, and all questions about their legality, enforceability and interpretation, are governed by the laws of the Commonwealth of Virginia, USA.

YOUR BILLING RIGHTS (Keep this notice 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: Card Services, Pentagon Federal Credit Union, Box 456, Alexandria, VA 22313-0456. You may also contact us on the Web via our Secure Online Message Center at: PenFed.org

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 or electronically. You may call us, but if we do not require 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 we receive your 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 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 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 is 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 or electronically at: Card Services, Pentagon Federal Credit Union, Box 456, Alexandria, VA 22313-0456, or online at PenFed.org.

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.