CARDHOLDER AGREEMENT

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” means an individual you individually or jointly authorize, in writing or otherwise, to use or sign a Card, but who has no responsibility for payment of the Account. The words “you”, “your” and “cardholder” mean each person, jointly and individually, including any device or check used to obtain credit or cash from the Account, and includes any device or check used to obtain credit or cash from the Account. “we” and “us” mean PenFed or any of its assigns.

1. AGREEMENT. We agree to extend credit to you in advance of your request, and 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, on the Card, on any charge slip resulting from authorized or unauthorized transactions, rewards, if any, 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 will remain 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 usable for new transactions, including purchases, and the Account will be closed (if it is not already closed.) Any rewards 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 the 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 bureaus, originators, reinsurers, originators, or other persons you authorize, in writing or otherwise, 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 NOT BE 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 statements) if the payment due date (or any previous agreement to extend the due date) is on or before the due date shown on the current periodic 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 debt 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 for your Account on each day of the billing cycle during the billing cycle.

B. CASH ADVANCES. (1) There is no grace period on cash advances. 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 if the sum of cash advances, which is the sum of the cash advances outstanding each day during the billing cycle, divided by the number of days in the billing cycle. The sum of cash advances is determined by including new cash advances and deducting any payments or credits and excluding any unpaid finance charge. A cash advance appearing on the periodic statement is considered a part of the outstanding balance from the date of posting.

C. BALANCE TRANSFERS. (1) There is no grace period on balance transfers. Finance charges accrue on the average daily balance of balance transfer amounts from the date posted 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 balance transfers, which is the sum of the balance transfers outstanding each day during the billing cycle, divided by the number of days in the billing cycle. The sum of balance transfers is determined by including new balance transfers and deducting any payments or credit and excluding any unpaid finance charge. A balance transfer appearing on the periodic statement is considered a part of the outstanding balance from the date of posting.

D. INTEREST. (1) Interest will be charged on your Account balance, less any payments or credits and excluding any unpaid finance charge. A finance charge appearing on the periodic statement is considered a part of the outstanding balance from the date of posting. (2) In all other cases, interest is calculated by multiplying the average daily balance for the billing cycle by the monthly periodic rate. The monthly periodic rate is the yearly interest rate divided by 12.

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 the payment due date shown on the statement.

7. DEFAULT. You will be in default if you fail to make any payment by the Payment Due Date shown on your Account statement, if you become insolvent or file bankruptcy, if you become incompetent, if any judgment or garnishment should be issued against any of your property including any of your Accounts with us, if we in good faith consider our or your actions as to be prejudicial to our interest, or if you should fail to pay any of your obligations with us unsafe or insecure, if this Account or any other account at PenFed is maintained by you in a manner that PenFed, in its sole discretion, deems contrary to sound
If. We may transfers, lottery tickets, casino gaming chips, purchase of travelers checks, foreign currency, account number, checks or mobile device: any until 3 consecutive payments are made on time.

13. 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 affect: the rights of 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, or any other charges which are charged to your Account, even though you have requested cancellation from PenFed. You must cancel the recurring charge with the third party vendor/merchant. Upon receipt of your notice, we may close your Account or suspend your Account privileges at any time without prior notice. You must return all of the Cards to us upon request.

14. THIRD PARTY DISCLOSURE. We may disclose information to third parties, including creditors, merchants, about your Account in order to advise such third parties of the existence or condition of your Account, to evaluate your current credit worthiness, or to collect any money that you owe us. Any information about your Account that we disclose to third parties may include: names, addresses, telephone numbers, account numbers, credit limits, payment history, any transactions related to your Account, and other account information.

15. GRANT OF SECURITY INTEREST IN SHARES. To protect us if you are in default on any credit extended or cash advanced under this Account, you have granted a security interest in all of the shares owned by you or held jointly or individually, not subject to any right of redemption, to PenFed. The foregoing pledge includes the right to issue a Card to an individual who has no financial practice, or if you fail to live up to any of your other agreements with us, to include any PenFed policy or procedure. Subject to law, if you default on this Agreement, we can, without giving advance notice, immediately seize and sell, in any order or time, any of the remaining balance due including but not limited to any unpaid finance charges, late fees and any other charges due under this Agreement. You also authorize us to set off against your receipt of any transfer amounts will increase to the Penalty Annual Percentage Rate (Penalty APR). See Section 10 below for details of the Penalty APR. If collection costs are necessary, we may collect costs of collection, including attorney’s fees and court costs, in an amount not more than 25 percent of the balance due.

8. LATE PAYMENT FEES. You may be charged 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. Your APR will be increased by 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 rate published in a replacement source. If we change your APR, we will notify you in writing or on your next 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, 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 finance 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 may be subject to a Penalty APR. We may impose a Penalty APR in place until you make three consecutive payments on or before the date that each payment is due. In addition, your balance transfer or cash advance transaction APRs will increase by 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). The rates for the promotional APRs 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 under 3 consecutive months of on-time payments.

12. CASH AND CASH-LIKE TRANSACTIONS. The following transactions will be treated as cash advances when conducted with your Card, account number, checks or mobile device: any person to person transfers or transfers to any PenFed or non-PenFed account, for any purpose, protection, ATM or over the counter advances, the purchase of travelers checks, foreign currency, money orders, bail bonds, cryptocurrency, wire transfers, lottery tickets, casino gaming chips, race track wagers or similar betting transactions; and any payment using a third party service.

16. CARD DISHONOR. If a merchant refuses the Card, we will not have any liability or responsibility. No cash refund will be made to or accepted by you with respect to any adjustment for goods or services purchased. All adjustments will be made by credit to your PenFed Account by a properly executed credit voucher issued by the merchant.

17. ILLEGAL, EXCESSIVE, OR ABUSIVE CARD USE. You agree that illegal use of your Card, including misuse, or use that is excessive or abusive by cardholders(s), will be deemed an action of default and/or breach of contract and your Account and other related services may be terminated. You agree that any fines or fees incurred should be illegal, excessive, or abuse occur, to waive any right to sue PenFed for such use or any action directly or indirectly related to it. You also agree that PenFed may, at the discretion of PenFed, be released from any suits or other legal action or liability, directly or indirectly, resulting from such use.

18. AUTHORIZED USER. You may request us to issue a Card to an individual who has no financial responsibility under this Agreement. An Authorized User has the same access to your Account as you do, subject to any limitations we may impose. An Authorized User has no authority to add or delete cardholders, request a replacement Card or terminate or modify this Agreement. You may terminate an Authorized User’s authority to access your Account at any time. To do this, you must return the Card to PenFed. PenFed may, at the discretion of PenFed, be released from any charges and cash advances made by an Authorized User, including charges made before the Card is returned, recurring charges, and any other charges. You agree that the Card will be returned to PenFed as instructed by you or by PenFed when the Card is initialed by the Authorized User after termination of the Authorized User’s access.

19. LIEN. You hereby appoint PenFed as your agent under a special power of attorney as well as the express consent to enable us to charge, without notice, against any balance in any of your accounts, including accounts on which you are a joint owner, to include any otherwise statutorily protected funds or property. PenFed may, at the discretion of PenFed, be released from any charges and cash advances made by you or any person who is listed as a joint owner on your accounts, including a deceased joint owner. This does not include your IRA or any other account for which this provision is not permitted. We may take such action without further notice to you or any joint owner. In regard to those funds that have a statutory protection, you understand that you may withdraw the special power of attorney and consent for PenFed to apply such funds to pay any such indebtedness by notifying us in writing. You also agree to indemnify and hold PenFed harmless for any costs, in an amount not more than 25 percent of the balance due.

20. ISSUANCE/USE OF CARD. Upon receipt of the Card, you will acknowledge that you 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 revoked without notice at any time. The Card must be surrendered to us upon demand or revocation. If we employ an agent to obtain the Card, your Card will be charged with any costs. If you use the Card in an illegal, excessive, or abusive manner, your Card will be revoked without notice at any time. The Card may be revoked without notice at any time. If you use an invalid Card shall be used to obtain or attempt to obtain credit. You will remain responsible to pay the amount you owe us according to the terms of this Agreement. The Card will be terminated at our discretion. You further agree, to issue or reissue 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 may be revoked without notice at any time. Any checks at all times remain the property of PenFed and may be repossessed without the use of court process. All of the terms and conditions of this Agreement apply to the use of the checks. Only checks shall be issued or honored by PenFed. PenFed now and in the future may use to obtain funds from your Account. If so authorized by PenFed, your use of a personal identification to obtain a replacement card will be subject to your signature. Payment checks become our property to include any otherwise statutorily protected funds or property. PenFed may, at the discretion of PenFed, be released from any charges and cash advances made by you or any person who is listed as a joint owner on your accounts, including a deceased joint owner. This does not include your IRA or any other account for which this provision is not permitted. We may take such action without further notice to you or any joint owner. In regard to those funds that have a statutory protection, you understand that you may withdraw the special power of attorney and consent for PenFed to apply such funds to pay any such indebtedness by notifying us in writing. You also agree to indemnify and hold PenFed harmless for any costs, in an amount not more than 25 percent of the balance due.

21. ISSUANCE/USE OF CHECKS. If we issue you checks, these checks are treated as cash advances and will be charged to your PenFed Account as you do, subject to any limitations we may impose. An Authorized User has no authority to add or delete cardholders, request a replacement Card or terminate or modify this Agreement. You may terminate an Authorized User’s authority to access your Account at any time. To do this, you must return the Card to PenFed. PenFed may, at the discretion of PenFed, be released from any charges and cash advances made by an Authorized User, including charges made before the Card is returned, recurring charges, and any other charges. You agree that the Card will be returned to PenFed as instructed by you or by PenFed when the Card is initialed by the Authorized User after termination of the Authorized User’s access.

22. LIEN. You hereby appoint PenFed as your agent under a special power of attorney as well as the express consent to enable us to charge, without notice, against any balance in any of your accounts, including accounts on which you are a joint owner, to include any otherwise statutorily protected funds or property. PenFed may, at the discretion of PenFed, be released from any charges and cash advances made by you or any person who is listed as a joint owner on your accounts, including a deceased joint owner. This does not include your IRA or any other account for which this provision is not permitted. We may take such action without further notice to you or any joint owner. In regard to those funds that have a statutory protection, you understand that you may withdraw the special power of attorney and consent for PenFed to apply such funds to pay any such indebtedness by notifying us in writing. You also agree to indemnify and hold PenFed harmless for any costs, in an amount not more than 25 percent of the balance due.

23. ISSUANCE/USE OF CHECKS. If we issue you checks, these checks are treated as cash advances and will be charged to your PenFed Account as you do, subject to any limitations we may impose. An Authorized User has no authority to add or delete cardholders, request a replacement Card or terminate or modify this Agreement. You may terminate an Authorized User’s authority to access your Account at any time. To do this, you must return the Card to PenFed. PenFed may, at the discretion of PenFed, be released from any charges and cash advances made by an Authorized User, including charges made before the Card is returned, recurring charges, and any other charges. You agree that the Card will be returned to PenFed as instructed by you or by PenFed when the Card is initialed by the Authorized User after termination of the Authorized User’s access.
will charge the Account. PenFed may, in its sole discretion, pay a check which has a date more than six months old.

22. ANNUAL FEE. You may be required to pay a nonrefundable annual fee for each Account you have with PenFed. This fee is due at the end of each calendar year and you must 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 next statement and the billing cycle when it first becomes effective.

23. FOREIGN TRANSACTIONS. Purchases and cash advances made in foreign currencies will be debited from your Account in U.S. dollars. The exchange rate for foreign transactions and the billing currency used for processing international transactions is either a wholesale market rate or the government mandated rate in effect one day prior to the date processed by Visa and may include additional fees for PenFed.

24. 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 the Plan within ten calendar days of the date the Plan becomes effective. If you rescind, any premiums you have already paid will be credited to your Account. We can terminate this Agreement and rescission of the Plan 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 30 days before the change is to take effect. Premiums will accrue on a daily basis and will be billed to your Account monthly. Complete details of this optional Debt Protection are included in the Debt Protection Plan Agreement which you will receive upon enrollment.

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 proper use, loss, or theft of the Card and you 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 800-247-5626 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.

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 we find no error after investigation, you owe us the original amount plus applicable interest and fees. You are liable for all authorized use of any Card issued under your ownership. You may notify us by calling 800-247-5626 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, if you suspect unauthorized use of the Card, and to cooperate with us in the recovery of any amounts advanced based on unauthorized use. You will not be liable for any unauthorized use of the Card.

28. STATEMENTS. We will bill you monthly, on a date selected by us, for amounts due under this Agreement. If you elect to receive your credit card statement electronically, you will receive an internet copy only; and your statement is not ready to be viewed online. There may be a $1 fee for each paper statement received. Failure to receive a monthly statement or electronic statement does not relieve you of responsibility for 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 skip your minimum periodic payment for specified billing cycles. If you accept this payment skip option, we will continue to apply the finance charge as described in the statement. The next required minimum payment 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 us and you and/or any other institution that is part of a network of automated teller machines (ATMs) which you maintain, and any applicable rules and regulations, also apply to the 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 items deposited for collection may be returned as nonpayable. Further, the date of occurrence of a transaction may be deemed to occur on our next business day. You understand that transactions may be limited in some areas.

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 successors and assigns.

31. 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.

32. 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.

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.

Description of error: The amount of the 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 a transaction you think is wrong.

You must notify us of any potential errors in writing or electronically. 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.

1 Refer to the Summary of Terms issued with your Card.

Information about this Card is accurate as of March 2020 but may have changed since then. To find out what may have changed, please go to PenFed.org or call 800-247-5626.