



This is your Account Agreement for your PenFed Premium Travel Rewards American Express® Card. This contract starts as soon as you sign or use the card.

For each underlined word or phrase, the definition found in the Definitions of Credit Card Terms is part of your contract. These definitions are available at PenFed.org/Definitions or by calling 800-732-8268 for a free printed copy. PenFed worked with the Consumer Financial Protection Bureau to create these definitions.

1. Costs

You may use your card for purchases, cash advances, or balance transfers. Each type of charge will have its own balance. Each balance may have a separate interest rate.

Interest Rate on <u>Purchases</u> :	9.99% <u>APR</u>
Interest Rate on <u>Balance Transfers</u> :	9.99% <u>APR</u> and a <u>balance transfer fee</u> of 3% per transaction (min. \$10, max. \$250)
Interest Rate on <u>Cash Advances</u> :	9.99% <u>APR</u>
Penalty Interest Rate:	17.99% <u>APR</u> and a late payment fee of up to \$25
<u>Returned Payment Fee</u> :	Up to \$25 per transaction

There are no fees for cash advances, foreign currency transactions, or card replacements (including rush replacements).

In general, your APRs are variable, which means they increase or decrease with the Prime Rate twice a year. To determine your APRs, we add 6.74% to the Prime Rate. The Penalty Interest Rate and the Promotional Rates described below, however, will not vary with the Prime Rate.

Promotional rates and fees

For purchases of electronics through qualifying retailers made before December 31, 2012, the APR will be 0% for six months.

For balance transfers made before December 31st, 2012, there will be no balance transfer fee and the APR will be 4.99% for the life of the transferred balances. Balance transfers made on these or any other promotional terms are subject to prior credit approval.

For purchases and cash advances, the APR will be capped at 9.99% through the bill that covers June 2014. During this period the rate can decrease, but not increase. After June 2014, these APRs will increase if the Prime Rate increases.

What you have to pay and when

We will send your monthly bill to your address on file. If you elect to receive your credit card bill electronically, you will receive an e-mail alerting you when your bill is ready to be viewed online.

Even if you do not receive your bill, you agree to pay all authorized charges, including interest and fees, and any charges that we allow over your credit limits. You must pay at least the minimum payment by the due date stated on each bill. Your minimum payment will be the greater of \$15 or 2% of the new balance on your bill, PLUS any charges that we allow over your credit limits, PLUS any past due amount.

You must pay in U.S. dollars, without restrictive terms, and according to our standard payment instructions. Mailed payments should be sent to the address included on your bill.

If you pay late

You will be charged a late payment fee of up to \$25 if the minimum payment is received 10 or more days past the due date.

In addition, if you make a late payment, you will be in default and you may be subject to the Penalty Interest Rate.

At our option, we may provide for a payment skip option, which means that you may be allowed to skip making the minimum payment for specified billing cycles.

How interest is calculated

You pay interest on cash advances or balance transfers from the date they are charged to your account. We will not charge you interest on purchases during the next billing cycle if you pay your full balance by the due date each month. This is called a grace period. If you do not take advantage of the grace period, we will charge interest starting the day you make a purchase.

We choose which balances to pay with the minimum payment. We apply payments above the minimum to balances with the highest APRs first. We calculate interest using the average daily balance method, including new purchases.

2. Features of your account

Checks and ATM usage

If we issue you checks we treat them as cash advances when they are presented for payment. We may refuse to issue or reissue checks and may also end, limit or modify the use of the checks. You agree not to date any check later than the date you write it.

If you use your card at an ATM, you may be subject to additional ATM terms and conditions. There may be minimum and/or maximum limits on the amount of a cash advance dispensed from electronic terminals that accept the card.

Privacy

We may report information to third parties about your account in order to advise these third parties, such as American Express Travel Related Services Company, Inc., American Express Global Network Services, credit reporting agencies or merchants of the existence or condition of your account, as allowed by law.

We may share information about the account with joint account holders and authorized users. We may contact you by telephone, email, mail, or other means. You expressly allow us to obtain information about you that is relevant to the review and evaluation of your account, including from credit reporting agencies.

The Privacy Notice further explains how we may share your data and is also available on our website at PenFed.org/Privacy-Policy

Billing and other disputes

If your bill has an error or a charge you did not authorize, you must tell us in writing within 60 days after you get that bill. You must follow all instructions on that bill. If we find no error after investigation, you owe us the original amount plus applicable interest and fees.

If you are not satisfied with a purchase, you may not have to pay if you contact us in writing before paying us for that purchase. You must follow all dispute instructions on your bill and assign to us your claim against the merchant.

No cash refund will be made to you with respect to any adjustment for goods or services you purchase. All adjustments will be made by credit to your PenFed account.

The Billing Rights Notice further explains your rights.

Processing your payments

Different payment methods will involve different payment processing times.

If you have been a PenFed member for less than 6 months, all payments we receive from you will be credited to your account as of the date we process them, but credit in the amount of the payment will not be available for 10 calendar days.

For the 6 months following any returned payment, any payments you make will be credited to your account as of the date we process them, but credit in the amount of the payment will not be available for 10 calendar days.

3. Changes to your account

We reserve the right to change some of your rates and other terms in accordance with the law. You cannot change the terms of this agreement. Letters and bills may also contain changes to this contract, as may workout arrangements.

Changes may affect APRs, your credit limits, your minimum payment, and other parts of this contract. Your behavior may cause automatic changes to occur. The boxes below explain some, but not all, of the possible changes.

Penalty APR applies

If your minimum payment is not received within 60 days of the due date, your new and existing balances will be subject to the non-variable Penalty Interest Rate of 17.99%.

This will remain in place until you make three consecutive monthly payments on or before the due date.

We will give you 45 days advance notice before this change takes effect.

Other rate increases

Unless the Penalty APR applies, an APR will not change during a promotional period. After a promotional period ends, however, the APR will change to the non-promotional rate without notice.

A non-promotional rate can change without notice for new and existing balances if the Prime Rate changes. In addition, for new balances, it can change for any reason on 45 days notice once the account has been open for at least a year.

Credit limits

We may increase or decrease your credit limits at any time and for any reason. There will be no advance notice.

Some fees and other terms

We may change certain fees and other terms for any reason. We will give you up to 45 days notice for certain fee and minimum payment calculation changes. If you are in default, you will not have the right to reject such changes.

4. Additional Information

Proper account use

If you use the card for illegal or fraudulent purposes, you will be in default and we may close your account without notice. You waive any right to sue PenFed for such illegal use, or any action directly or indirectly related to it. You agree to indemnify and hold PenFed harmless from any suits or other legal action or liability, directly or indirectly, resulting from such illegal use.

You must promptly notify us of any financial condition changes that may affect your creditworthiness, or any change in your name, mailing address, or e-mail address. If we ask, you must provide us with a current loan application.

We may—but are not required to—accept a check for payment on your account even though payment was made before the date of the check or the check has a date more than 6 months old.

You are responsible for the possession and use of the card and you must maintain the confidentiality of the PIN we may assign you. You must 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. Notify us at 800-732-8268 or 541-225-6790 from overseas, or by writing us at PenFed Card Services, Box 456, Alexandria, VA 22313-0456.

Account closing

We can close the account at any time without notice. You or a joint account holder can close the account by calling or writing to us. In either case, you must pay all outstanding amounts on the account, including all authorized transactions made to your account after closure. If we close the account or you default, we can demand immediate payment in full, as allowed by law. Interest will continue to accrue on unpaid balances. You will give up any rewards points or miles you have earned unless you redeem them before the account is closed. You must cancel any recurring charges and you are responsible for paying such charges even if you closed the account.

Some of our rights

We agree to extend credit to you and advance amounts up to your credit limit, but transaction limits or other restrictions may apply. We reserve the right to not allow charges, including a recurring charge that we previously allowed, and charges that cause you to go over your credit limit. Your credit limits are not increased by any credit balance on the account.

If we sue you to collect debt owing on the account, you agree to pay us reasonable attorneys' fees and costs. We may assign the contract to another person without notice. You cannot assign the contract.

The card remains the property of PenFed and we may revoke it without notice at any time. The card must be surrendered to us upon demand.

You agree that we do not waive our rights under this agreement if we fail to assert them.

Share pledge

To protect us if you are in default, you pledge all of your shares, deposits, payments and dividends which you may receive, whether held by you individually or jointly, up to the amount of your outstanding balance. By opening a credit card account, you expressly authorize PenFed, at any time and without notice to you, to charge against any balance in your accounts, including accounts in which you are a joint owner, to pay any amounts you owe the credit union. This does not include any IRAs you may have with the credit union. We can also use all or any part of the money from your individual or joint accounts, including any otherwise protected by law that may not otherwise be available to PenFed. You provide us with the right to charge your accounts by: granting a special power of attorney, giving your express consent, and recognizing the existence of PenFed's statutory lien created by law. We also have the right to apply any funds that may be available to you in any jointly held account on your date of death. If it is necessary for us to take all of your shares in payment of this account, you understand your membership in PenFed may end. You may withdraw your approval of the power of attorney and consent for PenFed to apply such funds to pay any such indebtedness by notifying PenFed in writing. In response, PenFed may terminate any and all services that you have with the credit union. If you have any other loans with PenFed that are secured by collateral, PenFed has the option to use that collateral to also secure this loan.

Other terms

Other defined terms in this contract are as follows. "We" or "us" or "PenFed" means Pentagon Federal Credit Union and any and all directors, officers and employees of same. "You" means yourself and any authorized users of the account.

This agreement binds and benefits us and our assigns and successors and binds you, your estate and your personal representatives. If part of this agreement is found to be unenforceable, the rest will remain in effect.

We do not guarantee that your card will be accepted when you attempt to use it.

Federal law and the law of the Commonwealth of Virginia will govern all disputes between us about this account.

Information about this card is accurate as of September 30, 2012 but may have changed since then. To find out what may have changed, please go to PenFed.org or call 800-732-8268.



INTEREST RATES AND INTEREST CHARGES	
Annual Percentage Rate (APR) for Purchases and Cash Advances	9.99%* introductory rate through June 30, 2014. After that, your APR will vary with the market based on the Prime Rate.
APR for Electronic Purchases through Qualifying Retailers	0%** promotional rate for six months on purchases of electronics made between October 1, 2012 and December 31, 2012 with a qualifying retailer. After December 31, 2012, your APR for new electronic purchases will vary with the market based on the Prime Rate, and is currently 9.99% .
APRs for Balance Transfer	4.99% promotional rate for the life of the balance for transfers made between September 1, 2012 and December 31, 2012. ¹ After December 31, 2012, the APR for new balance transfers will vary with the market based on the Prime Rate, and is currently 9.99% .
Penalty APR and When it Applies	17.99% If your minimum payment is not received within 60 days, your entire account is subject to change to the non-variable Penalty APR. The Penalty APR will remain in place until you make three consecutive monthly payments on or before the due date.
How to Avoid Paying Interest on Purchases	Your due date is at least 25 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire balance by the due date each month.
Minimum Interest Charge	None
For Credit Card Tips from the Consumer Financial Protection Bureau	To learn more about factors to consider when applying for or using a credit card, visit the Consumer Financial Protection Bureau website at http://www.consumerfinance.gov/learnmore .
FEES	
Annual Fee	None
Transaction Fees	
Balance Transfer	3% (minimum \$10, maximum \$250) per transaction ²
Cash Advance	None
Foreign Transaction	None
Penalty Fees	
Late Payment	Up to \$10 if balance is less than \$1000; Up to \$20 if balance is \$1000-\$2000; Up to \$25 if balance is greater than \$2000
Over Credit Limit	None
Returned Payment	Up to \$25

How We Calculate Your Balance: We use a method called "average daily balance" (including new purchases). See your account agreement for more details. **Billing Rights:** Information on your rights to dispute transactions and how to exercise those rights is provided in your account agreement. **Balance Transfers:** ¹This transaction is subject to credit approval. ²There is no balance transfer fee on transfers made between September 1, 2012 and December 31, 2012. Promotional APR offer ends December 31, 2012. **Loss of Balance Transfer APR:** We may end your promotional Balance Transfer APR and apply the Penalty APR if we do not receive your payment within 60 days of the due date. **Premium Travel Rewards:** Cash advances, credit card checks, balances transfers and account fees are excluded from earning Premium Travel Rewards points. If your account is closed, accrued points may be forfeited. PenFed reserves the right to modify this program at any time. **Other Notes:** This Credit Card program is issued and administered by PenFed. American Express is a federally registered service mark of American Express® and is used by PenFed pursuant to a license. Terms, conditions and restrictions apply to the use of this card. Refer to the Cardholder Agreement at PenFed.org for more details. The information on this disclosure is current as of October 2012, but is subject to change. To determine if any changes have occurred since this date, call 800-732-8268. ***How the Annual Percentage Rate (APR) on Purchases and Cash Advances is Calculated During the Introductory Period:** The variable introductory APR is based on the U.S. Prime Rate ("Prime Rate") plus a margin of 6.74% and has a cap of 9.99%. If the Prime Rate decreases, the APR will also decrease. If the Prime Rate increases, the APR will still not increase above the cap of 9.99%. **How the Annual Percentage Rate (APR) on Purchases and Cash Advances is Calculated After the Introductory Period ends on June 30, 2014:** The cap will be removed, so that if the Prime Rate increases, the APR on any existing balances, new purchases and new cash advances may increase above 9.99% starting July 1, 2014. **Annual Percentage Rate (APR) on Purchases and Cash Advances:** Your APR can change in January and July of each year. ****Electronic Purchases made through Qualifying Retailers:** The promotional rate of 0% for six months applies towards purchases of electronics made at participating retailers. For a list of some of the participating retailers, please visit <https://www.PenFed.org/ElectronicsStoreList/>. Promotional APR offer ends December 31, 2012. **Ohio Residents:** The Ohio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio Civil Rights Commission administers compliance with this law. **Wisconsin Residents:** No provision of a marital property agreement, unilateral statement or court decree adversely affects the interest of the creditor unless the creditor, prior to the time the credit is granted, is furnished a copy of the agreement, statement or decree or has actual knowledge of the adverse provision when the obligation to the creditor is incurred.