DISCOVER®

# PRICING SCHEDULE

This is an example of terms that were available to recent applicants as of 6/30/16. They may not be available now. If you apply, your terms will be based on the terms of the offer when you apply. This Pricing Schedule is part of the Cardmember Agreement.

| Interest Rates and Interest Charges | |
|---|---|
| Annual Percentage Rate (APR) for Purchases | From **11.24%** to **23.24%.** This APR will vary with the market based on the Prime Rate.[1] |
| APR for Balance Transfers | From **11.24%** to **23.24%.** This APR will vary with the market based on the Prime Rate.[1] |
| APR for Cash Advances | **25.24%.** This APR will vary with the market based on the Prime Rate.[1] |
| Penalty APR and When It Applies | **None** |
| Paying Interest | Your due date is at least 25 days after the close of each billing period (at least 23 days for billing periods that begin in February). We will not charge you any interest on purchases if you pay your entire balance by the due date each month. We will begin charging interest on cash advances and balance transfers as of the later of the transaction date or the first day of the billing period in which the transaction posted to your Account. |
| Minimum Interest Charge | If you are charged interest, the charge will be no less than $0.50. |

| Fees | |
|---|---|
| Annual Fee | **None** |
| Balance Transfer Fee | **3%** of the amount of each transfer. |
| Cash Advance Fee | Either **$10** or **5%** of the amount of each cash advance, whichever is greater. |
| Late Fee | **None** the first time you pay late. After that, up to **$35.** |
| Returned Payment Fee | Up to **$35.** |

**How We Will Calculate Your Balance:** We will use a method called "daily balance (including current transactions)". See the Cardmember Agreement for details.

[1] The purchase and balance transfer APR is equal to the Prime Rate plus a margin from 7.74% to 19.74%.
The Cash Advance APR is equal to the Prime Rate plus a margin of 21.74%.

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# CARDMEMBER AGREEMENT

Thank you for choosing Discover® card. This Agreement explains the current terms and conditions of your Account. The enclosed Pricing Schedule is part of this Agreement. Please read this Agreement, including the Pricing Schedule, carefully. Keep them for your records. Contact us if you have any questions. We have included a "Definitions" section for your reference on page 4.

## ACCEPTANCE OF AGREEMENT

You accept this Agreement if you do not cancel your Account within 30 days after receiving a Card. You also accept this Agreement if you or an Authorized User use the Account. You may, however, reject the "Arbitration of Disputes" section as explained in that section.

## CHANGES TO YOUR AGREEMENT

The rates, fees and terms of this Agreement may change from time to time. We may add or delete any term to this Agreement. If required by law, we will give you advance written notice of the change(s) and a right to reject the change(s). We will not charge any fee or interest charge prohibited by law.

## USING YOUR ACCOUNT

**Permitted Uses**

You may use your Account for Purchases, Balance Transfers and Cash Advances. You may not use it for illegal transactions.

**Authorized Users**

You may request additional Cards for Authorized Users. You must notify us if you wish to cancel the authority of an Authorized User to use your Account.

**Joint Accounts**

If your Account is a joint Account

- each of you agrees to be liable individually and jointly for the entire amount owed on the Account; and
- any notice we mail to an address provided by either of you for the Account will serve as notice to both of you.

**Checks**

If we provide you with Checks, we will tell you whether we will treat the Check as a Purchase, Balance Transfer or Cash Advance. You may not use these Checks to pay any amount you owe us.

**Credit Authorizations**

We may not authorize a transaction for security or other reasons. We will not be liable to you if we decline to authorize a transaction or if anyone refuses your Card, Check or Account number.

**Credit Lines**

We will tell you what your Account credit line is. You must keep your Account balance below your Account credit line. If you do not, we may request immediate payment of the amount by which you exceed it. We may establish a lower credit line for Cash Advances. We may increase or decrease your Account credit line or your Cash Advance credit line without notice. We may delay increasing your available credit by the amount of any payment that we receive for up to 10 business days.

## FEES (See your Pricing Schedule for Additional Fees)

**Late Fee**

We will not charge a Late Fee the first time you do not make the Minimum Payment Due by the Payment Due Date. After that, if you do not pay the Minimum Payment Due by the Payment Due Date, we will charge you a Late Fee. The fee is $25 if you were not charged a Late Fee during any of the prior six billing periods. Otherwise, the fee is $35. This fee will never exceed the Minimum Payment Due that was due immediately prior to the date on which the fee was assessed.

**Returned Payment Fee**

If you make a payment that is not honored by your financial institution, we will charge you a Returned Payment Fee even if the payment is honored after we re-submit it. The fee is $25 if you were not charged a Returned Payment Fee during any of the prior six billing periods. Otherwise, the fee is $35. This fee will never exceed the Minimum Payment Due that was due immediately prior to the date on which the payment was returned to us.

**Returned Check Fee**

We will charge you a Returned Check Fee each time we decline to honor a Check. The fee is $25 if you were not charged a Returned Check Fee during any of the prior six billing periods. Otherwise, the fee is $35. This fee will never exceed the amount of the Check.

## ANNUAL PERCENTAGE RATES ("APRs") (See your Pricing Schedule for the APRs that apply to your Account)

**Variable APRs**

Your Pricing Schedule may include variable APRs. These APRs are determined by adding the number of percentage points that we specify to the Prime Rate. Variable APRs will increase or decrease when the Prime Rate changes. The APR change will take effect on the first day of the billing period that begins during the same calendar month that the Prime Rate changes. An increase in the APR will increase your interest charges and may increase your Minimum Payment Due.

**Penalty APR**

None

## MAKING PAYMENTS

**Payment Instructions**

- You must pay us in U.S. dollars. All checks must be drawn on funds on deposit in the U.S.
- You must pay us for all amounts due on your Account. This includes charges made by Authorized Users.
- We may refuse to accept a payment in a foreign currency. If we do accept it, we will charge your Account our cost to convert it to U.S. dollars.
- **We can accept late payments, partial payments or payments marked "payment in full" or with any other restrictive endorsement without losing any of our rights under this Agreement.**
- We credit your payments in accordance with the terms contained on your billing statement.
- If you mail your payment to an address other than the address designated on your billing statement, there may be a delay in processing and crediting the payment to your Account.

**Minimum Payment Due**

You may pay the entire New Balance shown on your billing statement at any time. Each billing period you must pay at least the Minimum Payment Due by the Payment Due Date shown on your billing statement. The Minimum Payment Due will be any amount past due plus the greater of:

- $35; or
- 2% of the New Balance shown on your billing statement; or
- $20, plus any of the following charges as shown on your billing statement: fees for any debt protection product that you enrolled in on or after 2/1/2015; Interest Charges; and Late Fees.

The Minimum Payment Due may also include amounts by which you exceed your Account credit line. However, it will never exceed the New Balance. When we calculate the Minimum Payment Due, we may subtract from the New Balance certain fees added to your Account during the billing period. The Minimum Payment Due is rounded up to the nearest dollar.

## MAKING PAYMENTS

**How We Apply Payments**

We apply payments and credits at our discretion, including in a manner most favorable or convenient for us. In all cases, we will apply payments and credits as required by applicable law.

Each billing period, we will generally apply amounts you pay that exceed the Minimum Payment Due to balances with higher APRs before balances with lower APRs as of the date we credit your payment.

## INTEREST CHARGES

**How We Calculate Interest Charges—Daily Balance Method (including current transactions)**

We calculate interest charges each billing period by first figuring the "daily balance" for each Transaction Category. Transaction Categories include standard Purchases, standard Cash Advances and different promotional balances, such as Balance Transfers.

**How We Figure the Daily Balance for Each Transaction Category**

- We start with the beginning balance for each day. The beginning balance for the first day of the billing period is your balance on the last day of your previous billing period.
- We add any interest charges accrued on the previous day's daily balance and any new transactions and fees. We add any new transactions or fees as of the later of the Transaction Date or the first day of the billing period in which the transaction or fee posted to your Account.
- We subtract any new credits and payments.
- We make other adjustments (including those adjustments required in the "Paying Interest" section).

**How We Figure Your Total Interest Charges**

- We multiply the daily balance for each Transaction Category by its daily periodic rate. We do this for each day in the billing period. This gives us the interest charges for each Transaction Category. To get a daily periodic rate, we divide the APR that applies to the Transaction Category by 365.
- We add up all the daily interest charges. The sum is the total interest charge for the billing period.

**How We Include Fees**

We add Balance Transfer Fees to the applicable Balance Transfer Transaction Category. We add Cash Advance Fees to the applicable Cash Advance Transaction Category. We add all other fees to the standard Purchase Transaction Category.

**Paying Interest**

**When Interest Charges Begin**

We begin to impose interest charges on a transaction, fee or interest charge from the day we add it to the daily balance. We continue to impose interest charges until you pay the total amount you owe us. **You can avoid paying interest on Purchases as described below**. However, you cannot avoid paying interest on Balance Transfers or Cash Advances.

**How to Avoid Paying Interest on Purchases ("Grace Period")**

If you paid the New Balance on your previous billing statement by the Payment Due Date shown on that billing statement, we will not impose interest charges on new Purchases, or any portion of a new Purchase, paid by the Payment Due Date on your current billing statement. New Purchases are Purchases that first appear on the current billing statement.

**How We Apply Payments May Impact Your Grace Period**

If you do not pay your New Balance in full each month, then, depending on the balance to which we apply your payment, you may not get a grace period on new Purchases.

## OTHER IMPORTANT INFORMATION

**Default**

You are in default if:

- you file bankruptcy or another insolvency proceeding is filed by you or against you;
- we have a reasonable belief that you are unable or unwilling to repay your obligations to us;
- you die or are legally declared incompetent or incapacitated;
- you fail to comply with the terms of this Agreement or any Agreement with us or an Affiliate, including failing to make a required payment when due, exceeding your Account credit line or using your Card or Account for an illegal transaction.

If you are in default, we may declare the entire balance of your Account immediately due and payable without notice.

**Collection Costs**

If we use an attorney to collect your Account, we may charge you our legal costs as permitted by law. These include reasonable attorneys' fees, court or other collection costs, and fees and costs of any appeal.

**Merchant Disputes**

If you have a dispute with a merchant, you may request a credit to your Account. If we resolve the dispute in your favor, we will issue a credit to your Account. You assign to us your claim for the credited amount against the merchant and/or any third party. At our request, you agree to provide this assignment in writing.

**Automatic Billing Arrangements**

You may set up automatic billing with a merchant. If your Account number or Card expiration date changes, you authorize us to provide this updated information to any such merchant at our discretion. You must contact the merchant directly if you wish to stop automatic billing.

**Our Privacy Policy**

We send you our Privacy Policy when you open your Account and annually. Contact us or visit Discover.com if you would like a copy. Please read it carefully. It summarizes:

- the personal information we collect;
- how we safeguard its confidentiality and security;
- when it may be shared with others; and
- how you can limit our sharing of this information.

**Reporting to Credit Reporting Agencies**

We may from time to time review your credit, employment and income records. We may report the status and payment history of your Account to credit reporting agencies and other creditors. We normally report to credit reporting agencies each month.

If you believe that information we reported is inaccurate or incomplete, please write us at Discover, PO Box 15316, Wilmington, DE 19850-5316. Please include your name, address, home phone number and Account number.

**Our Communications with You**

You agree that we (and our affiliates, agents, and contractors) may monitor or record any calls between you and us. If we need to contact you to service your Account or to collect amounts you owe to us, you authorize us (and our affiliates, agents, and contractors) to contact you at any number (i) you have provided to us (ii) from which you called us, or (iii) which we obtained and believe we can reach you at. We may contact you in any way, such as calling, texting, or email. We may contact you using an automated dialer or using pre-recorded messages. We may contact you on a mobile, wireless, or similar device, even if you are charged for it by your provider.

**Unauthorized Use**

You must notify us immediately if:

- your Card is lost or stolen; or
- you believe someone is using your Account or a Card without your permission.

**Cancellation of Your Account**

- You may cancel your Account. You will remain responsible for any amount you owe us under this Agreement.
- Any joint Accountholder may cancel a joint Account. However, both of you will remain responsible for paying all amounts owed.
- We may cancel, suspend or not renew your Account at any time without notice.

## OTHER IMPORTANT INFORMATION

| | |
|---|---|
| **Purchases and Cash Advances in Foreign Currencies** | If you make a Purchase or Cash Advance in a foreign currency, we will convert it to U.S. dollars using a rate we choose. This rate will either be a government-mandated rate, a government-published rate or the interbank exchange rate, depending on the country and currency in which the transaction is made. We use the rate in effect on the conversion date for the transaction. This rate may be different than the rate in effect on the Transaction Date for the transaction. |
| **Governing Law** | This Agreement is governed by applicable federal law and by Delaware law. However, in the event you default and we file a lawsuit to recover funds loaned to you, the statute of limitations of the state where the lawsuit is filed will apply, without regard to that state's conflicts of laws principles or its "borrowing statute." |
| **Severability** | If any part of this Agreement is found to be invalid, the rest of it will still remain in effect. However, if the Class Action Waiver in the "Arbitration of Disputes" section is invalidated in any proceeding in which you and we are involved, then the "Arbitration of Disputes" section will be void with respect to that proceeding. |
| **Enforcing this Agreement** | We may delay enforcing or not enforce any of our rights under this Agreement without losing or waiving any of them. |
| **Assignment of Account** | We may sell, assign or transfer your Account or any portion of it without notice to you. You may not sell, assign or transfer your Account without first obtaining our prior written consent. |

## CONTACT US

Unless we tell you otherwise, you can notify us:

- by phone at 1-800-347-3085 or
- in writing to Discover, PO Box 30943, Salt Lake City, UT 84130-0943.

When writing, please include your name, address, home phone number and Account number. You must contact us within 15 days after changing your e-mail address, mailing address or phone number.

## DEFINITIONS

**"Account"** means your Discover card account.

**"Affiliate"** means our parent corporations, subsidiaries and affiliates.

**"Authorized User"** means any person you authorize to use your Account or a Card, whether you notify us or not.

**"Balance Transfer"** means a balance transferred from another creditor to your Account.

**"Card"** means any one or more Discover cards issued to you or someone else with your authorization.

**"Cash Advance"** means the use of your Account to:

- obtain cash from participating automated teller machines, financial institutions or other locations;
- purchase lottery tickets, money orders, casino chips, foreign currency or similar items.

**"Check"** means any check we send to you to access your Account.

**"Pricing Schedule"** means the document entitled, "Pricing Schedule", which lists the APRs that apply to your Account and other important information.

**"Prime Rate"** means the highest rate of interest listed as the U.S. Prime rate in the Money Rates section of *The Wall Street Journal* on the last business day of the month.

**"Purchase"** means the use of your Account to purchase or lease goods or services at participating merchants.

**"We," "us"** and **"our"** refer to Discover Bank, the issuer of your Card.

**"You," "your"** or **"yours"** refer to you and any other person(s) who are also contractually liable under this Agreement.

**"Transaction Date"** means the date shown on your billing statement for a transaction or fee.

## ARBITRATION

**Agreement to arbitrate.** In the event of a dispute between you and us arising under or relating to this Account, either may choose to resolve the dispute by binding arbitration, as described below, instead of in court. Any claim (except for a claim challenging the validity or enforceability of this arbitration agreement, including the Class Action Waiver) may be resolved by binding arbitration if either side requests it. THIS MEANS IF EITHER YOU OR WE CHOOSE ARBITRATION, NEITHER PARTY SHALL HAVE THE RIGHT TO LITIGATE SUCH CLAIM IN COURT OR TO HAVE A JURY TRIAL. ALSO DISCOVERY AND APPEAL RIGHTS ARE LIMITED IN ARBITRATION.

**CLASS ACTION WAIVER.** ARBITRATION MUST BE ON AN INDIVIDUAL BASIS. THIS MEANS NEITHER YOU NOR WE MAY JOIN OR CONSOLIDATE CLAIMS IN ARBITRATION BY OR AGAINST OTHER CARDMEMBERS, OR LITIGATE IN COURT OR ARBITRATE ANY CLAIMS AS A REPRESENTATIVE OR MEMBER OF A CLASS OR IN A PRIVATE ATTORNEY GENERAL CAPACITY.

Only a court, and not an arbitrator, shall determine the validity and effect of the Class Action Waiver. Even if all parties have opted to litigate a claim in court, you or we may elect arbitration with respect to any claim made by a new party or any new claims later asserted in that lawsuit.

**Your Right to Go To Small Claims Court.** We will not choose to arbitrate any claim you bring in small claims court. However, if such a claim is transferred, removed or appealed to a different court, we may then choose to arbitrate.

**Governing Law and Rules.** This arbitration agreement is governed by the Federal Arbitration Act (FAA). Arbitration must proceed only with the American Arbitration Association (AAA) or JAMS. The rules for the arbitration will be those in this arbitration agreement and the procedures of the chosen arbitration organization, but the rules in this arbitration agreement will be followed if there is disagreement between the agreement and the organization's procedures. If the organization's procedures change after the claim is filed, the procedures in effect when the claim was filed will apply. For a copy of each organization's procedures, to file a claim or for other information, please contact:

- AAA at 1101 Laurel Oak Rd., Voorhees, NJ 08043, www.adr.org (phone 1-877-495-4185) or
- JAMS at 620 Eighth Ave., Floor 34, New York, NY 10018, www.jamsadr.com (phone 1-800-352-5267).

If both AAA and JAMS are completely unavailable, and if you and we cannot agree on a substitute, then either you or we may request that a court appoint a substitute.

**Fees and Costs.** If you wish to begin an arbitration against us but you cannot afford to pay the organization's or arbitrator's costs, we will advance those costs if you ask us in writing. Any request like this should be sent to Discover, PO Box 30421, Salt Lake City, UT 84130-0421. If you lose the arbitration, the arbitrator will decide whether you must reimburse us for money we advanced for you for the arbitration. If you win the arbitration, we will not ask for reimbursement of money we advanced.

Additionally, if you win the arbitration, the arbitrator may decide that you are entitled to be reimbursed your reasonable attorneys' fees and costs (if actually paid by you).

**Hearings and Decisions.** Arbitration hearings will take place in the federal judicial district where you live. A single arbitrator will be appointed.

The arbitrator must:

- Follow all applicable substantive law, except when contradicted by the FAA;
- Follow applicable statutes of limitations;
- Honor valid claims of privilege;
- Issue a written decision including the reasons for the award.

The arbitrator's decision will be final and binding except for any review allowed by the FAA. However, if more than $100,000 was genuinely in dispute, then either you or we may choose to appeal to a new panel of three arbitrators. The appellate panel is completely free to accept or reject the entire original award or any part of it. The appeal must be filed with the arbitration organization not later than 30 days after the original award issues. The appealing party pays all appellate costs unless the appellate panel determines otherwise as part of its award.

Any arbitration award may be enforced (such as through a judgment) in any court with jurisdiction.

**Other Beneficiaries of this Provision.** In addition to you and us, the rights and duties described in this arbitration agreement apply to: our Affiliates and our and their officers, directors and employees; any third party co-defendant of a claim subject to this arbitration provision; and all joint Accountholders and Authorized Users of your Account(s).

**Survival of this Provision.** This arbitration provision shall survive:

- closing of your Account;
- voluntary payment of your Account or any part of it;
- any legal proceedings to collect money you owe;
- any bankruptcy by you; and
- any sale by us of your Account.

**You Have the Right to Reject Arbitration for this Account. You may reject the arbitration agreement but only if we receive from you a written notice of rejection within 30 days of your receipt of the Card after your Account is opened. You must send the notice of rejection to: Discover, PO Box 30938, Salt Lake City, UT 84130-0938.** Your rejection notice must include your name, address, phone number, Account number and personal signature. No one else may sign the rejection notice for you. Your rejection notice also must not be sent with any other correspondence. Rejection of arbitration will not affect your other rights or responsibilities under this Agreement. If you reject arbitration, neither you nor we will be subject to the arbitration provisions for this Account.

## Your Billing Rights:
## Keep This Document For Future Use

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

**What To Do If You Find A Mistake On Your Statement**

If you think there is an error on your statement, write to us at:
Discover
PO Box 30421
Salt Lake City, UT 84130-0421

**In your letter, give us the following information:**

- Account information: Your name and account number.
- Dollar amount: The dollar amount of the suspected error.
- Date: The date 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.
- By 5:00 PM Eastern Time on the date of your scheduled automated payment withdrawal if you want to cancel or modify your payment.

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

**What Will Happen After We Receive Your Letter**

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

1. Within 30 days of receiving your letter, we must tell you in writing 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 and notify you in writing of the correction or explain to you in writing 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 and related interest in question or report you as delinquent on that amount.
- The charge in question may continue to appear on your statement.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

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

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

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

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

**Your Rights If You Are Dissatisfied With Your Credit Card Purchases**

If you are dissatisfied with the goods or services that you have purchased with your credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the purchase.

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

1. The purchase must have been made in your home state or within 100 miles of your current mailing address, and the purchase price must have been more than $50. (Note: Neither of these are necessary if your purchase was based on an advertisement we mailed to you, or if we own the company that sold you the goods or services, or if the company that sold you the goods or services owns us.)
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.

If all of the criteria above are met and you are still dissatisfied with the purchase, contact us in writing at:
Discover
PO Box 30945
Salt Lake City, UT 84130-0945

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.