# Cardmember Agreement: Part 1 of 2

**As of:** 09/30/2014

**Costco TrueEarnings Card**
**Issuer:** American Express Bank, FSB

## Rates and Fees Table

| Interest Rates | |
|---|---|
| **Annual Percentage Rate (APR) for Purchases** | **Prime Rate + 11.99%**<br>This is a variable APR. See *Explanation of Variable Rates* below. |
| **APR for Balance Transfers** | **Prime Rate + 11.99%** for any balance transfer requests we may accept.<br>This is a variable APR. See *Explanation of Variable Rates* below. |
| **APR for Cash Advances** | **Prime Rate + 21.99%**<br>This is a variable APR. See *Explanation of Variable Rates* below. |
| **Penalty APR and When it Applies** | **Prime Rate + 23.99%**<br>This is a variable APR. See *Explanation of Variable Rates* below.<br>This APR will apply to your account if you:<br>1) make one or more late payments; or<br>2) make a payment that is returned.<br>**How Long Will the Penalty APR Apply?** If the penalty APR is applied, it will apply for at least 6 months. We will review your Account every 6 months after the penalty APR is applied. The penalty APR will continue to apply until you have made timely payments with no returned payments during the 6 months being reviewed. |
| **Paying Interest** | Your due date is at least 25 days after the close of each billing period. We will not charge you 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 on the transaction date. |
| **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 website of the Consumer Financial Protection Bureau at http://www.consumerfinance.gov/learnmore** |
| **Fees** | |
| **Annual Membership Fee** | **None** |
| **Transaction Fees**<br>• Balance Transfer<br>• Cash Advance<br>• Foreign Transaction | <br>Either **$5** or **3%** of the amount of each transfer, whichever is greater.<br>Either **$5** or **3%** of the amount of each cash advance, whichever is greater.<br>**2.7%** of each transaction after conversion to US dollars. |
| **Penalty Fees**<br>• Late Payment<br>• Returned Payment<br>• Overlimit | <br>Up to **$37**<br>Up to **$37**<br>**None** |

**How we calculate interest:** We use the Average Daily Balance method (including new transactions). See the *How we calculate interest* section in Part 2.

**Explanation of Variable Rates:** If the Prime Rate increases, variable APRs (and corresponding DPRs) will increase. In that case, you may pay more interest and may have a higher Minimum Payment Due. When the Prime Rate changes, the resulting changes to variable APRs take effect as of the first day of the billing period. The Daily Periodic Rate (DPR) is 1/365th of the APR, rounded to the nearest one ten-thousandth of a percentage point.

## How Rates and Fees Work

| Rates | | |
|---|---|---|
| **Penalty APR for new transactions** | The penalty APR applies to new transactions if:<br>• you do not pay at least the Minimum Payment Due by the Payment Due Date 2 times in 12 billing periods, or<br>• your payment is returned by your bank. | If the penalty APR applies to a balance, it will apply to charges added to that balance 15 or more days after we send you notice.<br>We will review your Account every 6 months after the penalty APR is applied. The penalty APR will continue to apply until you have made timely payments with no returned payments during the 6 months being reviewed. |
| **Penalty APR for existing balances** | If you do not pay at least the Minimum Payment Due within 60 days after its Payment Due Date, we can apply the penalty APR to those balances it does not already apply to. After you pay on time for 6 billing periods in a row, the penalty APR will no longer apply to those balances (but it may still apply to other balances as described above). | |

| Fees | |
|---|---|
| We add fees to a purchase balance, unless we tell you otherwise. | |
| **Annual Membership** | This fee is on the *Rates and Fees Table* on page 1 of Part 1. |
| **Late Payment** | Up to $37. If we do not receive the Minimum Payment Due by its Payment Due Date, the fee is $26. If this happens again within the next 6 billing periods, the fee is $37. However, the late fee will not exceed the Minimum Payment Due. Paying late may also result in a penalty APR. See *Penalty APR for new transactions* and *Penalty APR for existing balances* above. |
| **Returned Payment** | Up to $37. If you make a payment that is returned unpaid the first time we present it to your bank, the fee is $26. If you do this again within the same billing period or the next 6 billing periods, the fee is $37. However, the returned payment fee will not exceed the applicable Minimum Payment Due. A returned payment may also result in a penalty APR. See *Penalty APR for new transactions* above. |
| **Returned Check** | $38 if you use your card to cash a check at one of our approved locations and the check is returned unpaid. We will also charge you the unpaid amount. |
| **Overlimit** | None. See *Credit limit and cash advance limit* in Part 2. |
| **Account Re-opening** | $25 if your Account is cancelled, you ask us to re-open it, and we do so. |
| **Balance Transfer** | 3% of the transaction, with a minimum of $5. A different fee may apply if stated in a promotional offer or at the time of a transaction. This fee is a finance charge. We will add it to the same balance as the balance transfer. |
| **Cash Advance** | 3% of the withdrawal and other services you obtain (including any fee charged by the ATM operator), with a minimum of $5. We will add this fee to the cash advance balance. |
| **Foreign Transaction** | 2.7% of the converted U.S. dollar amount. This fee is a finance charge. See Part 2 for *Converting charges made in a foreign currency.* |

**Part 1, Part 2 and any supplements or amendments make up your Cardmember Agreement.**

# Supplement to the Cardmember Agreement

## How Your Reward Program Works

### The TrueEarnings® Program from Costco and American Express

| | | |
|---|---|---|
| **How you earn rewards** | You will earn an annual reward based on the eligible purchases on your TrueEarnings® Card from Costco and American Express (*Card Account*) during an annual reward period. An *annual reward period* is 12 billing periods in a row beginning with the one that includes February 1st. If your billing cycle changes, the length of your annual reward period will also change. *Eligible purchases* are purchases for goods and services minus returns and other credits.<br><br>Eligible purchases do NOT include:<br>• fees or interest charges,<br>• balance transfers,<br>• cash advances,<br>• purchases of traveler's checks,<br>• purchases or reloading of prepaid cards, or<br>• purchases of any cash equivalents.<br><br>You will earn an annual reward of:<br>• **3%** on the first $4,000 of purchases of gasoline at Costco and at gas stations located in the U.S. during an annual reward period. However, instead of 3%, you will earn a reward of only **1%** for:<br>  • purchases of gasoline made at superstores, supermarkets and warehouse clubs (other than Costco).<br>  • purchases of gasoline at Costco and at gas stations located in the U.S. after the first $4,000 during an annual reward period.<br>• **2%** for eligible purchases at restaurants located in the U.S.<br>• **2%** for eligible travel purchases. Eligible travel purchases are: airfare for a scheduled flight on a passenger carrier, hotel stays (excluding timeshares, banquets and events), car rentals from select major car rental companies listed at americanexpress.com/rewards-info, and other purchases from Costco Travel, cruise lines, travel agencies and tour operators.<br>• **1%** on all other eligible purchases, including at Costco. | Purchases made through a third-party payment account or on an online marketplace (with multiple retailers) will not earn a higher percentage reward.<br><br>Merchants are typically assigned codes and categorized based on what they primarily sell. A purchase will not earn a higher percentage reward if the merchant, or a particular merchant location, uses a code that is not eligible for a higher percentage reward. For questions about a higher percentage reward on a purchase, call the number on the back of your Card.<br><br>A purchase may not earn a higher percentage reward if the merchant submits the purchase using a mobile or wireless card reader or if you use a mobile or digital wallet.<br><br>Please visit **americanexpress.com/rewards-info** for more information about rewards. |
| **Receiving and redeeming your reward coupon** | Your reward is distributed annually via U.S. Mail in the form of a reward coupon on the **last page of your February billing statement**, redeemable at any U.S. Costco Warehouse, including in Puerto Rico, for merchandise or cash. Requests for cash may be fulfilled in the form of a check at the Costco Warehouse's discretion. | **Coupon must be redeemed in person prior to its expiration date of August 31st in the year in which it is issued.**<br><br>You or an Additional Cardmember can redeem your coupon. You may not transfer it to anyone else.<br><br>You will not receive a reward coupon if your reward is less than $1 or your account is cancelled at the time it is scheduled to be sent.<br><br>You are eligible to receive and redeem only one annual reward coupon for each Card Account. |

| | | |
|---|---|---|
| **When you will forfeit your reward** | You will forfeit eligible purchases on a statement if the Minimum Payment Due shown on that statement is not paid by the Closing Date of the next billing period. | |
| **Other things you should know about this program** | You will only earn rewards for eligible purchases for personal, family or household use.<br><br>The Card is only available to you if you have a Costco Membership in your name. You must maintain your Costco Membership to redeem the reward coupon. We may cancel your Card Account and participation in this program if you do not maintain your Costco Membership.<br><br>We may change the terms of this program at our discretion. If you violate or abuse this program, you may forfeit some or all of your reward. | We will not issue a reward coupon if the total annual reward is less than $1.00.<br><br>The reward coupon is issued to you as part of this reward program and has no value outside of this program.<br><br>If you redeem more than one reward coupon for an award period, we will adjust your account's current cash back reward balance for the duplicate rewards redeemed. |

# Cardmember Agreement: Part 2 of 2



## How Your American Express Account Works

### Introduction

**About your Cardmember Agreement**

This document together with Part 1 make up the Cardmember Agreement *(Agreement)* for the *Account* identified on page 1 of Part 1. Any supplements or amendments are also part of the Agreement.

When you use the Account (or you sign or keep the card), you agree to the terms of the Agreement.

**Changing the Agreement**

We may change this Agreement, subject to applicable law. We may do this in response to the business, legal or competitive environment. This written Agreement is a final expression of the agreement governing the Account. The written Agreement may not be contradicted by any alleged oral agreement.

We cannot increase the interest rate on existing balances except in limited circumstances. Changes to some terms may require 45 days advance notice, and we will tell you in the notice if you have the right to reject a change. We cannot change certain terms during the first year of your Cardmembership.

**Words we use in the Agreement**

***We***, ***us***, and ***our*** mean the issuer shown on page 1 of Part 1. ***You*** and ***your*** mean the person who applied for this Account and for whom we opened the Account. You and your also mean anyone who agrees to pay for this Account. You are the ***Basic Cardmember.*** You may request a card for an ***Additional Cardmember*** (see *About Additional Cardmembers* in Part 2).

***Card*** means any card or other device that we issue to access your Account. A ***charge*** is any amount added to your Account, such as purchases, cash advances, balance transfers, fees and interest charges. A ***purchase*** is a charge for goods or services. A ***cash advance*** is a charge to get cash or cash equivalents. A ***balance transfer*** is a charge to pay an amount you owe on another credit card account.

To ***pay*** by a certain date means to send your payment so that we receive it and credit it to your Account by that date (see *About your payments* in Part 2).

### About using your card

**Using the card**

You may use the card to make purchases. At our discretion, we may permit you to make cash advances or balance transfers. You cannot transfer balances from any other account issued by us or our affiliates.

You may arrange for certain merchants to store your card number and expiration date, so that, for example:

- the merchant may charge your account at regular intervals; or
- you may make charges using that stored card information.

We may (but are not required to) tell these merchants if your expiration date or card number changes or if your account is cancelled. You must notify the merchants directly if you want them to stop charging your Account.

Keep your card safe and don't let anyone else use it. If your card is lost or stolen or your Account is being used without your permission, contact us right away. You may not use your Account for illegal activities.

**Promise to pay**

You promise to pay all charges, including:

- charges you make, even if you do not present your card or sign for the transaction,
- charges that other people make if you let them use your Account, and
- charges that Additional Cardmembers make or permit others to make.

**Credit limit and cash advance limit**

We assign a *Credit Limit* to your Account. We may make part of your Credit Limit available for cash advances (*Cash Advance Limit).* There may also be a limit on the amount you can withdraw from ATMs in a given period. The Credit Limit and Cash Advance Limit are shown on page 1 of Part 1 and on each billing statement.

We may increase or reduce your Credit Limit and Cash Advance Limit. We may do so even if you pay on time and your Account is not in default.

You agree to manage your Account so that:

- your Account balance (including fees and interest) is not more than your Credit Limit, and
- your cash advance balance (including fees and interest) is not more than your Cash Advance Limit.

We may approve charges that cause your Account balance to go over your Credit Limit. If we do this, we will not charge an overlimit fee. If we ask you to promptly pay the amount of your Account balance above your Credit Limit, you agree to do so.

**Declined transactions**

We may decline to authorize a charge. Reasons we may do this include suspected fraud and our assessment of your creditworthiness. This may occur even if the charge would not cause you to go over your Credit Limit and your Account is not in default. We are not responsible for any losses you incur if we do not authorize a charge. And we are not responsible if any merchant refuses to accept the card.

## About your payments

### When you must pay

You must pay at least the Minimum Payment Due by the Payment Due Date. The Minimum Payment Due and Payment Due Date are shown on each billing statement.

Each statement also states the time and manner by which you must make your payment for it to be credited as of the same day it is received. For your payment to be considered on time, we must receive at least the Minimum Payment Due in such time and manner by the Payment Due Date shown on your billing statement.

Each statement also shows a Closing Date. The Closing Date is the last day of the billing period covered by the statement. Each Closing Date is about 30 days after the previous statement's Closing Date.

### How to make payments

Make payments to us in U.S. dollars with:

- a single check drawn on a U.S. bank, or
- a single negotiable instrument clearable through the U.S. banking system, for example a money order, or
- an electronic payment that can be cleared through the U.S. banking system.

When making a payment by mail:

- make a separate payment for each account,
- mail your payment to the address shown on the payment coupon on your billing statement, and
- write your Account number on your check or negotiable instrument and include the payment coupon.

If your payment meets the above requirements, we will credit it to your Account as of the day we receive it, as long as we receive it by the time disclosed in your billing statement.

If we receive it after that time, we will credit the payment on the day after we receive it.

If your payment does not meet the above requirements, there may be a delay in crediting your Account. This may result in late fees and additional interest charges (see *How Rates and Fees Work* on page 2 of Part 1).

If we decide to accept a payment made in a foreign currency, we will choose a rate to convert your payment into U.S. dollars, unless the law requires us to use a particular rate.

If we process a late payment, a partial payment, or a payment marked with any restrictive language, that will have no effect on our rights and will not change this Agreement.

### How we apply payments and credits

Your Account may have balances with different interest rates. For example, purchases may have a lower interest rate than cash advances. If your Account has balances with different interest rates, here is how we generally apply payments in a billing period:

- We apply your payments, up to the Minimum Payment Due, first to the balance with the lowest interest rate, and then to balances with higher interest rates.
- After the Minimum Payment Due has been paid, we apply your payments to the balance with the highest interest rate, and then to balances with lower interest rates.

In most cases, we apply a credit to the same balance as the related charge. For example, we apply a credit for a purchase to the purchase balance. We may apply payments and credits within balances, and among balances with the same interest rate, in any order we choose.

## About your Minimum Payment Due

### How we calculate your Minimum Payment Due

To calculate the Minimum Payment Due for each statement, we start with the *higher* of:

**(1)** interest charged on the statement plus 1% of the New Balance (excluding any overlimit amount, penalty fees and interest on the statement); or
**(2)** $35.

Then we add any penalty fees shown on the statement and 1/24th of any overlimit amount, round to the nearest dollar, and add any amount past due.

Your Minimum Payment Due may also include any additional amount specified in a promotional offer. Your Minimum Payment Due will not exceed your New Balance. You may pay more than the Minimum Payment Due, up to your New Balance, at any time.

***EXAMPLE:*** *Assume that your New Balance is $3,000, interest is $29.57, and you have no overlimit amount, penalty fees, or amounts past due.*

**(1)***$29.57 + 1% x ($3,000 - $29.57) = $59.27*
**(2)** *$35*

*The higher of (1) or (2) is $59.27, which rounds to $59.00.*

## About interest charges

### When we charge interest

We charge interest beginning on the date of each transaction. You can avoid paying interest on purchases as described below. However, you cannot avoid paying interest on cash advances and balance transfers.

If you pay the New Balance on every statement by the Payment Due Date, we will not charge interest on purchases.

If you pay the New Balance on a statement by the Payment Due Date and then you pay less than the New Balance on the following statement by the Payment Due Date, we will not charge interest on the portion of the purchase balance that we apply that payment to. But we will charge interest on unpaid purchases.

If you do not pay the New Balance on a statement by the Payment Due Date and then:

- you pay the New Balance on the next statement by the Payment Due Date, we will not charge interest on purchases from the date of your payment to the Closing Date of the billing period in which you made that payment. But we will charge interest on purchases from the beginning of that billing period until the date of your payment.
- you pay the New Balance on each of the next two statements by their Payment Due Dates, we will not charge interest on purchases on the following statement.

Also, we will not charge interest on purchases on a statement if the Previous Balance on that statement is zero or a credit balance.

### How we calculate interest

We calculate interest for a billing period by first figuring the interest on each balance. Different categories of transactions--such as purchases and cash advances--may have different interest rates. Balances within each category may also have different interest rates.

We use the **Average Daily Balance method (including new transactions)** to figure interest charges for each balance. The total interest charged for a billing period is the sum of the interest charged on each balance.

**Interest**

The interest charged for a balance in a billing period, except for variations caused by rounding, equals:

- Average Daily Balance (*ADB*) ***x***
- Daily Periodic Rate (*DPR*) ***x***
- number of days the DPR was in effect.

**ADB**

To get the ADB for a balance, we add up its *daily balances*. Then we divide the result by the number of days the DPR for that balance was in effect. If the daily balance is negative, we treat it as zero.

**DPR**

A DPR is 1/365th of an APR, rounded to one tenthousandth of a percentage point. Your DPRs are shown in *How Rates and Fees Work* on page 2 of Part 1.

***EXAMPLE: Calculating Interest***

*Assume that you have a single interest rate of 15.99%, your ADB is $2,250 and there are 30 days in the billing period.*

*The **DPR** is 15.99% ÷ 365 days = 0.0438%*

*The **Interest** is $2,250 x 0.0438% x 30 days = $29.57*

**Daily Balance**

For each day a DPR is in effect, we figure the daily balance by:

- taking the *beginning balance* for the day,
- adding any new charges,
- subtracting any payments or credits; and
- making any appropriate adjustments.

We add a new charge to a daily balance as of its transaction date.

**Beginning balance**

For the first day of a billing period, the beginning balance is the ending balance for the prior billing period, including unpaid interest. For the rest of the billing period, the beginning balance is the previous day's daily balance *plus an amount of interest equal to the previous day's daily balance multiplied by the DPR for that balance*. *This method of figuring the beginning balance results in daily compounding of interest.*

When an interest rate changes, the new DPR may come into effect during--not just at the beginning of--the billing period. When this happens, we will create a new balance and apply the new DPR to it. To get the beginning balance on the first day for this new balance, we multiply the previous day's daily balance by the old DPR and add the result to that day's daily balance.

**Other methods**

To figure the ADB and interest charges, we may use other formulas or methods that produce equivalent results. Also, we may choose not to charge interest on certain types of charges.

### Determining the Prime Rate

We use the Prime Rate from the Money Rates section (or successor section) of *The Wall Street Journal.* The Prime Rate for each billing period is the Prime Rate published in *The Wall Street Journal* 2 days before the Closing Date of the billing period.

*The Wall Street Journal* may not publish the Prime Rate on that day. If it does not, we will use the Prime Rate from the previous day it was published. If *The Wall Street Journal* is no longer published, we may use the Prime Rate from any other newspaper of general circulation in New York, New York. Or we may choose to use a similar published rate.

If the Prime Rate increases, variable APRs (and corresponding DPRs) will increase. In that case, you may pay more interest and may have a higher Minimum Payment Due. When the Prime Rate changes, the resulting changes to variable APRs take effect as of the first day of the billing period.

## Other important information

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| **About Additional Cardmembers** | At your request, we may issue cards to Additional Cardmembers. They do not have accounts with us but they can use your Account subject to the terms of this Agreement. We may report an Additional Cardmember's use of your Account to credit reporting agencies.<br><br>You are responsible for all use of your Account by Additional Cardmembers and anyone they allow to use your Account. You must pay for all charges they make. | You authorize us to give Additional Cardmembers information about your Account and to discuss it with them.<br><br>If you want to cancel an Additional Cardmember's right to use your Account (and cancel their card) you must tell us. |
| **Converting charges made in a foreign currency** | If you make a charge in a foreign currency, we will convert it into U.S. dollars on the date we or our agents process it. Unless a particular rate is required by law, we will choose a conversion rate that is acceptable to us for that date. The rate we use is no more than the highest official rate published by a government agency or the highest interbank rate we identify from customary banking sources on the conversion date or the prior business day. This rate may differ from rates that are in effect on the date of your charge. We will bill charges converted by establishments (such as airlines) at the rates they use. | |
| **Changing your billing address** | You must notify us immediately if you change the:<br>● mailing address to which we send billing statements; or<br>● e-mail address to which we send notice that your billing statement is available online. | If you have more than one account, you need to notify us separately for each account.<br><br>We may update your billing address if we receive information that it has changed or is incorrect. |
| **Closing your Account** | You may close your Account by calling us or writing to us. | |
| **Cancelling or suspending your Account** | We may:<br>● cancel your Account,<br>● suspend the ability to make charges,<br>● cancel or suspend any feature on your Account, and<br>● notify merchants that your Account has been cancelled or suspended.<br><br>If we do any of these, you must still pay us for all charges under the terms of this Agreement. | We may do any of these things at our discretion, even if you pay on time and your Account is not in default.<br><br>If your Account is cancelled, you must destroy your cards.<br><br>We may agree to reinstate your Account after a cancellation. If we do this, we may:<br>● reinstate any additional cards issued on your Account,<br>● charge you any applicable annual fees, and<br>● charge you a fee for reinstating the Account. |
| **About default** | We may consider your Account to be in default if:<br>● you violate a provision of this Agreement,<br>● you give us false information,<br>● you file for bankruptcy,<br>● you default under another agreement you have with us or an affiliate,<br>● you become incapacitated or die, or<br>● we believe you are unable or unwilling to pay your debts when due. | If we consider your Account in default, we may, to the extent permitted by federal and applicable state law:<br>● suspend your ability to make charges,<br>● cancel or suspend any feature on your Account,<br>● require you to pay more than your Minimum Payment Due immediately, and<br>● require you to pay your Account balance immediately. |
| **Collection costs** | You agree to pay all reasonable costs, including attorneys' fees, that we incur to collect amounts you owe. | |
| **Credit reports** | You agree that we will obtain credit reports about you, investigate your ability to pay, and obtain information about you from other sources, including information to verify and re-verify your employment and income. And you agree that we will use such information for any purposes, subject to applicable law.<br><br>You agree that we will give information about the Account to credit reporting agencies. We will tell a credit reporting agency if you fail to comply with any term of this Agreement. This may have a negative impact on your credit report.<br><br>If you believe information we have given to a credit reporting agency is incorrect, write to us at: American Express Credit Bureau Unit, P.O. Box 981537, El Paso, TX 79998-1537. When you write to us, tell us the specific information you believe is incorrect. | |
| **Sending you notices** | We mail you notices through the U.S. mail, postage prepaid, and address them to you at the latest billing address on our records. Any notice that we send you this way is deemed to be given when deposited in the U.S. mail. | |
| **We may contact you** | **Servicing and collections**<br>If we need to contact you to service your account or to collect amounts you owe, you authorize us (and our affiliates, agents and contractors) to contact you at any number you provide, from which you call us, or at which we believe we can reach you. We may contact you in any way, such as calling or texting. We may contact you using an automated dialer or prerecorded messages. We may contact you on a mobile, wireless or similar device, even if you are charged for it.<br><br>**Call monitoring**<br>We may monitor and record any calls between you and us. | |

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| **About insurance products** | We or our affiliates may tell you about insurance and non-insurance products, services or features that may have a fee. One of our affiliates may act on behalf of a provider of these products. The affiliate may be compensated for this. The insurance products are not offered or sold by us or on our behalf. Our affiliates may get additional compensation when AMEX Assurance Company or another affiliate is the insurer or reinsurer. Compensation may influence what products and providers we or our affiliates tell you about.<br><br>We may share information about you with our affiliates so they can identify products that may interest you. We may be compensated for this information. |
| **How we handle electronic debits from your checking account** | When you pay us by check, you authorize us to electronically deduct the amount from your bank or other asset account.<br><br>We may process the check electronically by transmitting to your financial institution:<br>● the amount,<br>● the routing number,<br>● the account number, and<br>● the check serial number.<br><br>If we do this, your payment may be deducted from your bank or other asset account on the same day we receive your check. Also, you will not receive that cancelled check with your bank or asset account billing statement.<br><br>If we cannot collect the funds electronically, we may issue a draft against your bank or other asset account for the amount of the check. |
| **ExpressPay** | Cards issued on your Account may be equipped with ExpressPay. ExpressPay enables you to make charges without having the card swiped or imprinted. You can call us to deactivate ExpressPay at any time. Also, we may deactivate ExpressPay at any time. |
| **Privacy Act of 1974 notice** | Some federal agencies may accept the card under authority of statute. When you make charges at these agencies, we collect certain charge information. That information may be put to routine uses such as processing, billing and collections. It may also be aggregated for reporting, analysis and marketing use. Other routine uses by agencies may be published in the Federal Register. |
| **Convenience checks** | Convenience checks (including balance transfer checks) are checks that we may send you to access your Account. The following terms will apply to use of those checks unless otherwise disclosed with the check.<br><br>If you use a convenience check, we may decline it. If we decline it, you may have to pay returned check fees or other penalties to whomever you wrote the check.<br><br>If you use a convenience check and we honor it, we will charge interest beginning as of the date we receive the check. You cannot avoid paying interest on convenience check transactions.<br><br>We will charge a fee for each convenience check transaction. This fee is 3% of the transaction, with a minimum of $5. This fee is a finance charge. We will add the fee to the same balance that we add the convenience check transaction to.<br><br>We will charge $29 each time you ask us to stop payment on a convenience check.<br><br>A convenience check is not a card. You may not use convenience checks to pay this or any other account with us or our affiliates. If you use a convenience check, we will apply the:<br>● cash advance APR if you make it payable to cash, to you, or to a bank, brokerage or similar asset account, or to a mortgage or insurance provider.<br>● purchase APR if you make it payable to a merchant.<br>● balance transfer APR if you use it to transfer a balance from another creditor.<br>● penalty APR if it applies to your Account. |
| **Changing benefits** | We have the right to add, modify or delete any benefit, service, or feature of your Account at our discretion. |
| **Assigning the Agreement** | We may sell, transfer or assign this Agreement and your Account. We may do so at any time without notifying you. You may not sell, assign or transfer your Account or any of your obligations under this Agreement. |
| **Assigning claims** | If you dispute a charge with a merchant, we may credit the Account for all or part of the disputed charge. If we do so, you assign and transfer to us all rights and claims (excluding tort claims) against the merchant. You agree that you will not pursue any claim against the merchant for the credited amount. And you must cooperate with us if we decide to do so. |
| **We do not waive our rights** | We may choose to delay enforcing or to not exercise rights under this Agreement. If we do this, we do not waive our rights to exercise or enforce them on any other occasion. |
| **Governing law** | Utah law and federal law govern this Agreement and your Account. They govern without regard to internal principles of conflicts of law. We are located in Utah. We hold your Account in Utah. We entered into this Agreement with you in Utah.<br><br>In addition, if your billing address is in the State of Maryland, to the extent, if any, that Maryland law applies to your account, we elect to offer your card account pursuant to Title 12, Subtitle 9 of the Maryland Commercial Law Article. |
| **Notice to Oregon Residents** | Service charges not in excess of those permitted by law will be charged on the outstanding balances from month to month. You may pay more than the minimum payment due, up to your entire outstanding balance, at any time. |
| **Notice for residents of Washington State** | In accordance with the Revised Code of Washington Statutes, Section 63.14.167, you are not responsible for payment of interest charges that result solely from a merchant's failure to transmit to us within seven working days a credit for goods or services accepted for return or forgiven if you have notified us of the merchant's delay in posting such credit, or our failure to post such credit to your account within three working days of our receipt of the credit. |

# Claims Resolution

Most customer concerns can be resolved by calling our Customer Service Department at the number listed on the back of your card. In the event Customer Service is unable to resolve a complaint to your satisfaction, this section explains how claims can be resolved through mediation, arbitration or litigation. It includes an arbitration provision. **You may reject the arbitration provision by sending us written notice within 45 days after your first card purchase. See *Your Right to Reject Arbitration* below.**

For this section, ***you*** and ***us*** includes any corporate parents, subsidiaries, affiliates or related persons or entities. ***Claim*** means any current or future claim, dispute or controversy relating to your Account(s), this Agreement, or any agreement or relationship you have or had with us, except for the validity, enforceability or scope of the Arbitration provision. ***Claim*** includes but is not limited to: (1) initial claims, counterclaims, crossclaims and third-party claims; (2) claims based upon contract, tort, fraud, statute, regulation, common law and equity; (3) claims by or against any third party using or providing any product, service or benefit in connection with any account; and (4) claims that arise from or relate to (a) any account created under any of the agreements, or any balances on any such account, (b) advertisements, promotions or statements related to any accounts, goods or services financed under any accounts or terms of financing, (c) benefits and services related to card membership (including fee-based or free benefit programs, enrollment services and rewards programs) and (d) your application for any account. You may not sell, assign or transfer a claim.

**Sending a Claim Notice**

Before beginning a lawsuit, mediation or arbitration, you and we agree to send a written notice (a ***claim notice***) to each party against whom a claim is asserted, in order to provide an opportunity to resolve the claim informally or through mediation. Go to americanexpress.com/claim for a sample claim notice. The claim notice must describe the claim and state the specific relief demanded. Notice to you may be provided by your billing statement or sent to your billing address. Notice to us must include your name, address and Account number and be sent to American Express ADR c/o CT Corporation System, 111 8th Ave., NY, NY 10011. If the claim proceeds to arbitration, the amount of any relief demanded in a claim notice will not be disclosed to the arbitrator until after the arbitrator rules.

**Mediation**

In mediation, a neutral mediator helps parties resolve a claim. The mediator does not decide the claim but helps parties reach agreement.

Before beginning mediation, you or we must first send a claim notice. Within 30 days after sending or receiving a claim notice, you or we may submit the claim to JAMS (1-800-352-5267, jamsadr.com) or the American Arbitration Association ("AAA") (1-800-778-7879, adr.org) for mediation. We will pay the fees of the mediator.

All mediation-related communications are confidential, inadmissible in court and not subject to discovery.

All applicable statutes of limitation will be tolled until termination of the mediation. Either you or we may terminate the mediation at any time. The submission or failure to submit a claim to mediation will not affect your or our right to elect arbitration.

**Arbitration**

You or we may elect to resolve any claim by individual arbitration. Claims are decided by a neutral arbitrator.

**If arbitration is chosen by any party, neither you nor we will have the right to litigate that claim in court or have a jury trial on that claim. Further, you and we will not have the right to participate in a representative capacity or as a member of any class pertaining to any claim subject to arbitration. Arbitration procedures are generally simpler than the rules that apply in court, and discovery is more limited. The arbitrator's decisions are as enforceable as any court order and are subject to very limited review by a court. Except as set forth below, the arbitrator's decision will be final and binding. Other rights you or we would have in court may also not be available in arbitration.**

**Initiating Arbitration**

Before beginning arbitration, you or we must first send a claim notice. Claims will be referred to either JAMS or AAA, as selected by the party electing arbitration. Claims will be resolved pursuant to this Arbitration provision and the selected organization's rules in effect when the claim is filed, except where those rules conflict with this Agreement. If we choose the organization, you may select the other within 30 days after receiving notice of our selection. Contact JAMS or AAA to begin an arbitration or for other information. Claims also may be referred to another arbitration organization if you and we agree in writing or to an arbitrator appointed pursuant to section 5 of the Federal Arbitration Act, 9 U.S.C. §§ 1-16 (***FAA***).

We will not elect arbitration for any claim you file in small claims court, so long as the claim is individual and pending only in that court. You or we may otherwise elect to arbitrate any claim at any time unless it has been filed in court and trial has begun or final judgment has been entered. Either you or we may delay enforcing or not exercise rights under this Arbitration provision, including the right to arbitrate a claim, without waiving the right to exercise or enforce those rights.

**Limitations on Arbitration**

**If either party elects to resolve a claim by arbitration, that claim will be arbitrated on an individual basis. There will be no right or authority for any claims to be arbitrated on a class action basis or on bases involving claims brought in a purported representative capacity on behalf of the general public, other cardmembers or other persons similarly situated.**

The arbitrator's authority is limited to claims between you and us alone. Claims may not be joined or consolidated unless you and we agree in writing. An arbitration award and any judgment confirming it will apply only to the specific case and cannot be used in any other case except to enforce the award. Notwithstanding any other provision and without waiving the right to appeal such decision, if any portion of these *Limitations on Arbitration* is deemed invalid or unenforceable, then the entire Arbitration provision (other than this sentence) will not apply.

**Arbitration Procedures**

This Arbitration provision is governed by the FAA. The arbitrator will apply applicable substantive law, statutes of limitations and privileges. The arbitrator will not apply any federal or state rules of civil procedure or evidence in matters relating to evidence or discovery. Subject to the *Limitations on Arbitration,* the arbitrator may otherwise award any relief available in court. The arbitration will be confidential, but you may notify any government authority of your claim.

If your claim is for $10,000 or less, you may choose whether the arbitration will be conducted solely on the basis of documents, through a telephonic hearing, or by an in-person hearing. At any party's request, the arbitrator will provide a brief written explanation of the award. The arbitrator's award will be final and binding, except for any right of appeal provided by the FAA; however, any party will have 30 days to appeal the award by notifying the arbitration organization and all parties in writing. The organization will appoint a three-arbitrator panel to decide anew, by majority vote based on written submissions, any aspect of the decision objected to. Judgment upon any award may be entered in any court having jurisdiction. At your election, arbitration hearings will take place in the federal judicial district of your residence.

**Arbitration Fees and Costs**

You will be responsible for paying your share of any ***arbitration fees*** (including filing, administrative, hearing or other fees), but only up to the amount of the filing fees you would have incurred if you had brought a claim in court. We will be responsible for any additional arbitration fees. At your written request, we will consider in good faith making a temporary advance of your share of any arbitration fees, or paying for the reasonable fees of an expert appointed by the arbitrator for good cause.

**Additional Arbitration Awards**

If the arbitrator rules in your favor for an amount greater than any final offer we made before arbitration, the arbitrator's award will include: (1) any money to which you are entitled, but in no case less than $5,000; and (2) any reasonable attorneys' fees, costs and expert and other witness fees.

**Your Right to Reject Arbitration**

You may reject this Arbitration provision by sending a written ***rejection notice*** to us at: American Express, P.O. Box 981556, El Paso, TX 79998. Go to americanexpress.com/reject for a sample rejection notice. Your rejection notice must be mailed within 45 days after your first card purchase. Your rejection notice must state that you reject the Arbitration provision and include your name, address, Account number and personal signature. No one else may sign the rejection notice. If your rejection

notice complies with these requirements, this Arbitration provision and any other arbitration provisions in the cardmember agreements for any other currently open American Express accounts you have will not apply to you, except for Corporate Card accounts and any claims subject to pending litigation or arbitration at the time you send your rejection notice. Rejection of this Arbitration provision will not affect your other rights or responsibilities under this Claims Resolution section or the Agreement.

Rejecting this Arbitration provision will not affect your ability to use your card or any other benefit, product or service you may have with your Account.

**Continuation**

This section will survive termination of your Account, voluntary payment of your Account balance, any legal proceeding to collect a debt, any bankruptcy and any sale of your Account (in the case of a sale, its terms will apply to the buyer of your Account). If any portion of this Claims Resolution section, except as otherwise provided in the Limitations on Arbitration subsection, is deemed invalid or unenforceable, it will not invalidate the remaining portions of this Claims Resolution section.