to us within 10 days telling us that you still refuse to pay. If you do so, we cannot report you as delinquent without also reporting that you are questioning your bill. We must tell you the name of anyone to whom we reported you as delinquent, and we must let those organizations know when the matter has been settled between us. If we do not follow all the rules above, you do not have to pay the first $50 of the amount you question even if your bill is correct.

YOUR RIGHTS IF YOU ARE DISSATISFIED WITH YOUR CREDIT CARD PURCHASES. If you dissatisfied with the goods or services that you have purchased with your credit card and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the purchase.

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

1. The purchase must have been made in your home state or within 100 miles of your current mailing address, and the purchase price must have been more than $50. (Note: Neither of these is necessary if your purchase was based on an advertisement we mailed to you, or if we own the company that sold you the goods or services.)
2. You must have used your credit card for the purchase. Purchases made with cash advances from an ATM or with a check that accesses your credit card account do not qualify.
3. You must not yet have fully paid for the purchase.

If all of the criteria above are met and you are still dissatisfied with the purchase, contact us in writing or electronically at: **Card Services, Pentagon Federal Credit Union, Box 456, Alexandria, VA 22313-0456**, or online at PenFed.org. While we investigate, the same rules apply to the disputed amount as discussed above. After we finish our investigation, we will tell you our decision. At that point, if we think you owe an amount and you do not pay, we may report you as delinquent.

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

AMEX DEF Form 1221 09/12 POD FDR M-106709

PENTAGON FEDERAL CREDIT UNION

PENFED DEFENDER AMERICAN EXPRESS® CARD

Cardholder Agreement and Disclosure Statement

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

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

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

3. CHANGE IN TERMS. You agree that the terms of this Agreement are applicable to any cardmember. You also agree that we can change the terms of this Agreement at any time by adding, deleting, or modifying any provision of the Agreement. Termination of the account by you or PenFed will not affect your obligation to pay the Account balance plus any finance charge and other charges you owe under this Agreement. You are responsible for all transactions made to your account after termination, unless the transactions were unauthorized. Should you choose to cancel your Account, the terms in effect at the time that you cancel the Account will apply until the outstanding balance of the Account is paid in full, unless you are in default. Your card will no longer be available for use for new transactions, including purchases, as the Account will be closed (if it is not already closed). Any cash rewards you have earned will be forfeited. If you do not notify us of your decision to terminate the account by the date stated in any notice we provide, or if you notify us but then use the Account after the date stated in the notice, you will be deemed to accept all changes to the Account's terms and conditions of this Agreement. If you are in default because your payment has not been received within 60 days of the due date, you do not have the right to reject the changes we make to this Agreement or the Account's terms and conditions.

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

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

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

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

6. PAYMENTS. A payment delivered by regular U.S. mail must be sent to the address indicated on your periodic statement. Your payment by mail must be a check or money order in U.S. dollars with your account number on the check or money order and drawn on a U.S. financial institution, and be accompanied by the payment voucher from your statement. Write your account number on your check or money order. All such payments will be posted to your account as of the date we receive them provided we receive them before 5:00 PM at the address indicated on your periodic statement. Payments received at other locations or not conforming to these procedures may be delayed in posting, but not more than 5 business days from the date of receipt. PenFed, in its sole discretion, may accept a check for payment on your Account even though payment was made before the date of the check or a check which has a date more than 6 months old. For the first six months all payments received from PenFed members who have held membership for six months or less will be credited to your Account as of the date we receive them, but credit in the amount of the payment will not be available to you for 10 calendar days. Payments made electronically through our automated telephone service, member service representatives, or our website will be subject to any processing times disclosed with those payments. Your minimum payment due is the greater of $15 or 2% of the new balance plus the past due amount, if any, and/or all amounts in excess of the authorized credit line/limit shown on the periodic statement. If the new balance does not exceed $15, only the new balance total is due and is shown as the minimum payment due. All past due or over limit amounts are due and must be fully paid immediately upon notification. You may, however, pay the total amount due, which is shown as the new balance, or you may pay any additional amount you wish over the minimum payment due. If your payment is not honored or we must return it to you because it could not be processed, a charge may be made to your account in the amount indicated for "returned payment" on Pentagon Federal's current Schedule of Service Fees brochure. In addition, for the 6 months following any such dishonored payment, any payments you make will be credited to your account as of the date we receive them, but credit in the amount of the payment will not be available to you for 10 calendar days. You understand and agree that payments will be applied first to the card balance bearing the highest rate of interest, then to each successive balance bearing the next highest rate of interest until the payment is exhausted. You understand and agree that payments will be applied in the following order: **(1)** finance charge; **(2)** credit life fee (if any); **(3)** previous balance cash advances; **(4)** previous balance purchases; **(5)** new cash advances; and **(6)** new purchases.

7. DEFAULT. You will be in default if you fail to make any payment on time, if you exceed the credit limit established for the Account, if you become insolvent or file bankruptcy, if you become incompetent or die, if a judgment or garnishment should be issued against any of your property including any of your Accounts with us, if we in good faith consider our or your obligations or your ability to repay or perform your obligations with us unsafe or insecure, or if you fail to live up to any of your other agreements with us, to include any PenFed policy or procedure. Subject to law, if you default on this Agreement, we can, without giving anyone notice, demand immediate payment of the remaining balance due including but not limited to any unpaid finance charges, late fees and any other charges due under this Agreement. You also agree our obligation for further credit extensions shall immediately end and we may terminate your Account without further notice to you. We can do this if you make any false or misleading statements on your requests for an advance, if you die, file for bankruptcy or if any other creditor tries to seize your property. If your required minimum payment has not been received within 60 days of the due date, we

may end your promotional rates, including your promotional Balance Transfer APR. If collection is necessary, you agree to pay all costs of collection, including attorney's fees and court costs, in an amount not more than 25 percent of the balance due.

8. VARIABLE RATES One or more APRs that apply to your account may vary with changes to the Prime Rate, which means your rate can increase. We calculate the APR by adding a margin to the Prime Rate published in The Wall Street Journal. If The Wall Street Journal stops publishing the Prime Rate, we will select a similar reference rate and inform you on your billing statement or through a separate notice. The "Prime Rate" is the highest (U.S.) Prime Rate published in the Money Rates section of The Wall Street Journal. A margin is the percentage we add to the Prime Rate to calculate the APR. Twice a year, on the Tuesday in the last full week before January 1 and the Tuesday in the last full week before July 1, we determine what the Prime Rate is, as published in the Wall Street Journal. We then add a margin of 6.74% to the Prime Rate to get the APR. If the APR increases, you will have to pay a higher periodic finance charge and may have to make a higher minimum payment.

9. PROMOTIONAL ANNUAL PERCENTAGE RATE. At our option a special promotional rate may be offered from time to time. The specific terms will be provided at the time of the offer. Generally, the promotional APR will only apply to select transactions (i.e. purchases or balance transfers) during the promotional period. The APR rates for all other transactions, not outlined in the promotion as eligible for the promotional APR, will remain unchanged. If your required minimum payment is not received within 60 days of the due date, we may end your promotional rates, including your promotional Balance Transfer APR.

10. ACCOUNT CLOSURE. You or anyone jointly liable for the Account may terminate the Account at any time by notifying us orally or in writing. However, this will not relieve you or any of the other joint owners from liability for the repayment of any obligations arising from the use of the Account. Upon receipt of your notice, we may close your Account or suspend your account privileges at any time without prior notice. You must return all of the Cards to us upon request.

11. THIRD PARTY DISCLOSURE. We may disclose information to third parties about your account in order to advise 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, to evaluate your current credit worthiness or as otherwise provided by law.

12. To protect us if you are in default on any credit extended or cash advanced under this account, you pledge all of your shares, deposits, payments and dividends which may be received, whether held jointly or individually, up to the amount of your outstanding balance. The foregoing pledge includes the right to apply funds available to you in any jointly held account on your date of death. This does not include your individual retirement account (IRA). We may take all the shares needed by us to repay your credit extension or cash advance. If it is necessary to take all of your shares for the payment of this account, you understand your membership in PenFed may end. Collateral securing other loans with the credit union may also secure this loan.

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

14. ILLEGAL CARD USE. You agree that illegal use of your Card by cardholders(s) will be deemed an action of default and/or breach of contract and your account and other related services may be terminated at our discretion. You further agree, should illegal use occur, to waive any right to sue PenFed for such illegal use or any activity directly or indirectly related to it. You also agree to indemnify and hold PenFed harmless from any suits or other legal action or liability, directly or indirectly, resulting from such illegal use.

15. AUTHORIZED USER. You may request us to issue a Card to an individual who has no financial responsibility under this Agreement. An Authorized User has the same access to your Account as you do, subject to any limitations we may impose. An Authorized User has no authority to add or delete Cardholders, request a replacement Card or terminate or modify this Agreement. You may terminate an Authorized User's authority to access your Account at any time. To do this, you must return the Card to PenFed. You agree that you are responsible for all charges and cash advances made by an Authorized User, including charges made before the Card is returned, recurring charges, or charges made without the use of the Card initiated by the Authorized User after termination of the Authorized User's access.

16. LIEN. You hereby appoint PenFed as your agent under a special power of attorney as well as give your express consent to enable us to charge against any balance in any of your accounts, including accounts on which you are a joint owner, to include any otherwise statutorily protected funds that may not otherwise be available by legal process, to pay any indebtedness or other outstanding financial obligation owed by you or any person who is listed as a joint owner on your accounts, including a deceased joint owner. This does not include your IRA or any other account for which this provision is not permitted. We may take such action without further notice to you or any joint owner. In regard to those funds that have a statutory protection, you understand that you may withdraw the special power of attorney and consent for PenFed to apply such funds to pay any such indebtedness by notifying us in writing. If your agency appointment or consent is withdrawn, PenFed may in its sole discretion terminate any and all services that you have with the credit union.

17. ISSUANCE/USE OF CARD. Upon receipt of the Card(s) you and all other cardholders agree that you will sign the signature panel on the back of the Card(s). The Card remains the property of Pentagon Federal Credit Union and may be revoked without notice at any time. The Card must be surrendered to us upon demand or revocation. If we employ an agent to obtain the Card your Account will be charged with any related fees. No expired, revoked or otherwise invalid Card shall be used to obtain or attempt to obtain credit. You will remain responsible to pay the amount you owe us according to the terms of this Agreement. Cancellation of the Account will also terminate any other products or services offered in conjunction with it. However, recurring charges from a third party vendor/merchant will be charged to your Account, even though you have requested cancellation. You must cancel the recurring charge with the third party merchant/vendor.

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

19. FOREIGN TRANSACTIONS. Purchases and cash advances made in foreign currencies will be debited from your account in U.S. dollars. The exchange rate between the transaction currency and the billing currency used for processing international transactions is either a wholesale market rate or the government mandated rate in effect one day prior to the date processed by American Express and may include an international transaction fee.

20. MEMBER PROTECTION PLAN. Your purchase of the Member Protection Plan ("Plan") is optional. Whether or not you purchase this protection will not affect your application for credit or the terms of any existing credit agreement you have with PenFed. If you do purchase this Plan you may cancel it at any time by notifying us in writing. You understand that you may rescind this plan within 30 days after the date your Plan becomes effective. If you rescind, any premiums you have already paid will be credited to your account. We can terminate this Agreement by giving you notice at least 30 days in advance of the termination. You understand that the Plan protects only you as the primary Member-Borrower against protected events while you are enrolled in the Plan. Co-borrowers, co-signers, guarantors and additional card holders are not eligible for protection. The premium, method of calculation and assessment are subject to change. If these terms change we will provide written notice before the change goes into effect. Premiums will accrue on a daily basis and will be billed to your account monthly. Complete details of this optional Plan are included in The Member Protection Plan Program Agreement which you will receive upon enrollment.

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

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

23. LOST/STOLEN CARD. You are responsible for the possession and use of the Card and must maintain the confidentiality of the PIN we may assign you. You will notify us at once if you believe your Card has been lost or stolen, or if you have reason to believe the Card is being used without your permission. You may notify us by calling 1-800-732-8268 OR 1-541-225-6790 from overseas, or by writing to us at PenFed Card Services, Box 456, Alexandria, VA 22313-0456.

24. LIABILITY FOR UNAUTHORIZED USE. You are liable for all authorized use of any Card issued under the Agreement regardless of the credit limit or the party using it. You agree to notify us immediately using the contact information listed in "Lost/Stolen Card", above) if you suspect unauthorized use of the Card, and to cooperate with us in the recovery of any amounts advanced based on unauthorized use. You will not be liable for any unauthorized use of the card.

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

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

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

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

YOUR BILLING RIGHTS *(Keep this notice for future use.)* This notice tells you about your rights and our responsibilities under the Fair Credit Billing Act.

WHAT TO DO IF YOU FIND A MISTAKE ON YOUR STATEMENT. If you think there is an error on your statement, write to us at: **Card Services, Pentagon Federal Credit Union, Box 456, Alexandria, VA 22313-0456.** You may also contact us on the Web via our Secure Online Message Center at: PenFed.org

In your letter give us the following information:

- *Account information:* Your name and account number.
- *Dollar amount:* The dollar amount of the suspected error.
- *Description of problem:* If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us:

- Within 60 days after the error appeared on your statement.
- At least 3 business days before an automated payment is scheduled, if you want to stop payment on the amount you think is wrong.

You must notify us of any potential errors in writing or electronically. You may call us, but if you do we are not 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 that we received your letter. We will also tell you if we have already corrected the error.
2. Within 90 days of receiving your letter, we must either correct the error or explain to you why we believe the bill is correct.

While we investigate whether or not there has been an error:

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

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

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

If you receive our explanation but still believe your bill is wrong, you must write