

## PART 1 OF 2: AGREEMENT

## 1. ABOUT THIS AGREEMENT

Part 1 and 2 together make your Cardmember Agreement and Account Opening Table ("Agreement") and govern your Credit Card Account with us (your "Account").

Part 1 contains Terms and Conditions.

Part 2 contains Annual Percentage Rate ("APR") and fee information. Please read and keep both parts of this Agreement.

**This Agreement includes an Arbitration provision. If you are a Servicemember or dependent covered by the protections of the Military Lending Act, the Arbitration provision does not apply to you.**

## 2. KEY TERMS

"You" and "your" means each person who:

- Applied for this Account, and/or
- agrees to pay for the Account.

"We," "us," and "our" means HSBC Bank USA, N.A. "Agreement" means Parts 1 and 2 of this document and any supplements or amendments. "Card" means any card, card number or other device we issue to access your Account. "Network" means Visa International, Mastercard International Incorporated or other governing credit card network, as applicable.

## 3. USING YOUR ACCOUNT

Your card must be signed before using. When you receive this Agreement, use the Account, or sign or keep the Card, you agree to:

- the terms of this Agreement; plus
- any amendments or supplements to the Agreement.

### TYPES OF USE

You may use your Account for:

- Purchases;
- Balance Transfers;
- and Cash Advances.

We may limit the amount and/or frequency of any type of use at any time.

Balance transfers include credit card checks, unless otherwise disclosed.

Cash advances include cash you get:

- over the counter (e.g., at a bank);
- overdrafts;
- at an ATM, and
- from other purchases we define as "cash-like" (e.g., money orders, traveler's checks, casino chips, or lottery tickets).

## ALLOWED USE

### You agree to:

- use your Account only for lawful purposes
- use your Account for only personal, family, household, or charitable purposes; and
- repay us for all costs related to uses not allowed under this Agreement.

### You are not allowed to use your Account:

- To make payments to this credit Card or any other loan payments to us or our affiliates; or for internet gambling.

If you have given permission to use this card to someone, these transactions are not consider unauthorized and you will be liable for these purchases.

## USING THE ACCOUNT

### At times we may:

- decline a transaction if there is not enough available credit and for any other reason; and/or
- require our Authorization before allowing a transaction.

Any merchant may request to check your ID

We are not liable if:

- a merchant refuses your card; and/or
- we do not complete your transaction for any reason.

## 4. CREDIT LIMIT

When we first send your Card, we will tell you:

- the total credit limit on your Account.

If a cash advance limit is not shown on your billing statement, it means your total credit limit is available for cash advances.

We may change these limits from time to time. Whenever this occurs, we will notify you:

- on your billing statement; and/or
- by sending a notice.

You agree to:

- Keep your Account balance (which includes interest and other charges) within your credit limit; and
- Pay any over limit amount that might occur.

Your available credit may not reflect your payments for up to 14 days. If a transaction exceeds your available credit, we may decline it.

## 5. INTEREST RATES

### ABOUT YOUR APRs

Your APRs are shown in Part 2.

A Daily Periodic Rate is used to determine your Interest Charges in any billing cycle. To determine this rate, we divide your APR by 365; then round this number up to the next hundred thousandth of a percentage point.

### PROMOTIONAL OR INTRODUCTORY APR

We may offer you special Promotional or Introductory APRs from time to time. If we do, we will tell you:

- The eligible transaction types;
- how long this APR will last; and
- any other special terms of the offer.

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## HOW A VARIABLE RATE MAY CHANGE

Your variable APRs can change with each monthly billing cycle.

We will apply each APR to the applicable balance for each type of Transaction. Each variable APR will be equal to:

- a) the amount shown in Part 2 ("Spread"); plus
- b) the U.S. "Prime Rate" as defined below.

The Prime Rate will be as shown in the Money Rates table of The Wall Street Journal that is in effect on the last day of the month.

Any changes in the Prime Rate will take effect on the first day of your billing cycle beginning in the next month.

An increase in the U.S. Prime Rate will increase your Daily Periodic Rates. It may also increase your:

- Interest Due; and/or
- Minimum Payment Due.

## ABOUT THE PENALTY APR

If you do not make your Minimum Payment Due by the Payment Due Date, we may apply a Penalty APR to your Account. We will notify you before the Penalty APR goes into effect.

If this occurs:

- The Penalty APR will apply for at least 6 months.
- Refer to Part 2 of this Agreement, for information on how we apply the Penalty APR to transactions.
- The Penalty APR will no longer apply if you make the next 6 consecutive minimum payments on or before the Payment Due Date.
- If you do not make the required 6 consecutive minimum payments on or before the Payment Due Date, the Penalty APR may continue to apply to both new and existing balances indefinitely.
- We will review your Account every 6 months to determine if the Penalty APR should be reduced.

## 6. INTEREST CHARGES

### HOW INTEREST CHARGES ARE CALCULATED

To determine your periodic Interest Charges on each billing statement, we:

- Determine the Average Daily Balance for each type of transaction; (for example, purchases, balance transfers, and cash advances); then
- Multiply this number by the applicable daily Periodic Rate; then
- Multiply this number by the total number of days in the billing cycle.

We use the applicable Daily Periodic Rate in effect on the billing statement closing date.

### HOW DAILY BALANCE IS DETERMINED

To determine your Daily Balance, we:

- Take the beginning balance for each type of transaction that day; then
- Add the following that were incurred on that day:
  - a) Any new transactions;
  - b) Any previous day's periodic Interest Charges;
  - c) Any Finance Charges; and
  - d) Any fees and charges, then
- Subtract any payments and/or credits.

We also make any needed adjustments. For example:

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- If a transaction posts after, but occurs before the start of a billing cycle, we may adjust the amount above to include this transaction. It will be included as of the first day of the billing cycle in which it posts.
- If your Account is subject to a grace period during the billing cycle, your payments will be subtracted from all Daily Balances in the current billing cycle.
- If a transaction for a returned payment or a dispute resolved in our favor posts after the beginning of the billing cycle, we will make this adjustment:

The applicable Daily Balance(s) and any related Interest Charge calculations will be adjusted to include the transaction amount as of the date of the original payment or transaction.

To calculate your Average Daily Balance, we:

- Add the Daily Balances for each day of the billing cycle; then
- Divide this total by the number of days in the billing cycle.
- If a transaction posts after, but occurs before the start of a billing cycle, we may adjust the amount above to include this transaction. It will be included as of the first day of the billing cycle in which it posts.
- If your Account is subject to a grace period during the billing cycle, your payments will be subtracted from all Daily Balances in the current billing cycle.
- If a transaction for a returned payment or a dispute resolved in our favor posts after the beginning of the billing cycle, we will make this adjustment:

The applicable Daily Balance(s) and any related Interest Charge calculations will be adjusted to include the transaction amount as of the date of the original payment or transaction.

To calculate your Average Daily Balance, we:

- Add the Daily Balances for each day of the billing cycle; then
- Divide this total by the number of days in the billing cycle.

## PAYING INTEREST

Your due date is at least 25 days after the close of each billing cycle. Your Account has a grace period on purchases. We will not charge you interest on new purchases if you pay your previous non-promotional balance including fees and Interest Charges, by the due date each month. We will begin charging interest on cash advances and balance transfers on the transaction date. You cannot avoid paying interest on cash advances and balance transfers. However, no Interest will be charged on new purchase for any billing cycle when:

- You paid your entire non-promotional balance plus any fees and finance charges in the previous month on time; and
- You pay your entire current month's non-promotional balance plus any fees and finance charges on time as well.

## 7. PAYMENTS

### PROMISE TO PAY

You promise to pay for all:

- credit we extend; plus
- Interest Charges and other fees or charges; plus
- collection costs and attorney fees as allowed by law.

If your Account is a joint Account, each of you is jointly and individually responsible for amounts due. This remains true in the event of death, divorce or other events that affect liability between you and the other person.

If any joint Account holder request to not be liable for future transactions, we may close the Account.

### HOW WE APPLY PAYMENTS

- When you make a payment, we apply the Minimum Payment Amount Due to the balance on your monthly statement with the highest APR first.
- Payment amounts in excess of your Minimum Payment Due will be applied to balances with higher APRs before balances with lower APRs.
- We apply payments to balances appearing on your monthly billing statement before being applied to new transactions. An example of a new transaction is a recent purchase or cash advance that has not yet been included in the New Balance as shown on your statement.

If you do not pay your non-promotional balance in full each month, you may not be able to avoid interest charges on new purchases.

## INTERNAL

## MINIMUM PAYMENT DUE

Your Minimum Payment Due ("Payment Due") each billing cycle will be as follows:

1. If your New Balance is \$25 or less, your Payment Due is equal to your New Balance.
2. If your New Balance is more than \$25, your Payment Due is equal to any amount past due, plus the greater of:
  - a) \$25
  - b) 1% of your New Balance; plus--Billed Late Payment Fees plus  
--Billed Interest Charges

Unless your Payment Due is equal to your new Account balance, it will be rounded up to the nearest dollar.

## WHEN AND HOW TO PAY

You agree to:

- Pay at least the Minimum Payment Due as shown on your billing statement, and described in this Agreement.
  - Make this payment in time to be credited by no later than the Payment Due Date.
- If you wish, you may pay more than the Minimum Payment Due or the entire balance at any time.

Payments must be:

- made in U.S. dollars; and
- paid from a U.S. financial institution, and sent in a form that is acceptable to us.

Acceptable forms of payment include:

- a check or money order; or
- an electronic funds transfer

If you want to write any special conditions on your payment, such as "paid in full", "without recourse", or similar language, you must mark this clearly on your payment. Send this payment to the address noted on your statement as the "Billing Inquiry" address.

Unless you follow the above directions, we may accept a payment marked with special conditions and not agree to those conditions, and will not lose any of our rights.

By sending us a check for payment on your Account, you authorize us either to:

- use information from your check to initiate an electronic fund transfer from your payment account according to the terms of the check; or
- to process this transaction as a check.

When we use your check to make an electronic fund transfer:

- funds may be withdrawn from your payment account the same day we receive your payment: and
- you will not receive your check back from your bank.

When you use our optional payment by phone service, you agree that:

- we may make an electronic funds transfer from the bank account you choose; or
- we may process the payment the same way we would process a check.

You authorize the amount and timing of each payment. Please retain this authorization for your records.

If your payment is returned:

- the amount you paid will be reversed back to your Account and may be applied to a different category than originally posted; and
- interest Charges may be restored back to the payment date at the APR for that transaction.

## 8. FEES AND INTEREST CHARGES

### TREATMENT OF FEES AND INTEREST

Any fees or Interest will be added to your purchase balance unless otherwise stated in this Agreement.

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#### MINIMUM INTEREST CHARGE

If you are charged Interest, the charge will be no less than the Minimum Interest Charge listed in Part 2. The Minimum Interest Charge will be allocated to each balance category subject to an Interest Charge.

#### BALANCE TRANSFER FEE

This fee is shown in Part 2. This fee:

- applies to balance transfers and credit card checks; and
- is charged as of the date the transfer or check posts to your Account; and
- is added to the same balance as the balance transfer; and
- is a Finance Charge.

#### CASH ADVANCE FEE

This fee is shown in Part 2. It applies to:

- cash you get over the counter (e.g., at a bank);
- cash you get at an ATM; and
- other “cash-like” transactions (such as money orders, travelers checks, casino chips, or lottery tickets)

This fee is:

- charged as of the date the transaction posts to your Account; and
- added to the cash advance balance; and
- a Finance Charge.

#### OVERDRAFT TRANSACTION FEE

This fee is shown in Part 2.

This fee:

- is only applicable to HSBC credit card Accounts providing overdraft protection to designated HSBC Bank deposit accounts;
- applies if your Account is utilized to cover any overdraft on your designated deposit account; and is computed on the amount of each overdraft transaction; and
- added to the cash advance balance; and
- is a Finance Charge.

If you requested overdraft privileges:

- we will lend you from your available cash advance credit limit the amount needed to cover any overdraft due to insufficient funds on the HSBC Bank deposit account;
- we will transfer to the deposit account the amount of the overdraft, rounded to the next full dollar
- we may not make a transfer if you do not have sufficient unused credit available or are delinquent, in this case:

The overdraft will be subject to the usual deposit account rules and Fees.

- we have the right to cancel this Account or your overdraft loan privileges at any time.

#### ANNUAL FEE

None

#### LATE PAYMENT FEE

It is charged in any billing cycle that you do not pay at least the Minimum Payment Due by the Payment Due Date. The Late Payment Fee for the first time you are late is \$27. If another payment is late in the next 6 billing cycles then your fee is \$37. This fee will not exceed the amount of your Minimum Payment Due.

#### RETURNED PAYMENT FEE

It is charged each time a check or other form of payment to us is returned or not honored. The Returned Payment Fee is up to \$25. The Returned Payment Fee will not exceed the amount of your Minimum Payment Due.

#### COPY REQUEST FEE

A fee may be charged each time a copy of a document is requested. The fee amount will be disclosed at the time of your request.

#### FEES AND LIMITS

The fees that apply to your Account are shown in the purchase balance unless otherwise stated in this Agreement.

If charging any fee shown in Part 2 would exceed first-year fee limits set by law, we may charge an amount allowed by law.

If we do this, it does not affect our ability to charge the full fee amount later.

#### INTERNAL

## 9. TRANSACTIONS MADE IN FOREIGN CURRENCIES

If you make a transaction in a foreign currency, the transaction will be converted by the Network, into a U.S. dollar amount in accordance with its operating regulations or conversion procedures in effect at the time the transaction is processed. The currency conversion rate in effect on the processing date may differ from the rate in effect on the transaction or posting date. The Network may change the procedures, from time to time, at its own discretion.

## 10. YOUR BILLING RIGHTS

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:**

**HSBC Bank USA, N.A. PO Box 9, Buffalo, NY 14240 or at the address shown on your billing statement.**

**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. 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:

- 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.
- 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 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 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:**

- 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.)

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- 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.
- 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 at:

**HSBC Bank USA, N.A. PO Box 9, Buffalo, NY 14240**

While we investigate, the same rules apply to the disputed amount as decision. 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.

## 11. CREDIT REPORTING

You agree that we may obtain and use credit information about you from others such as:

- merchants or stores;
- other lenders;
- consumer reporting agencies.

If you fail to meet the terms of this Agreement, we may send a negative report to consumer reporting agencies.

If you believe we have reported inaccurate information about your Account to any consumer reporting agency, you should:

- Notify us and ask us to correct the inaccurate information by writing to us at:

**HSBC Bank USA, N.A., PO Box 9, Buffalo, NY 14240.**

When you write to us, please include:

- your Account number; and
- the specific information you believe is not correct; and why you believe it is not correct.

## 12. AUTHORIZED USERS

You may:

- request additional Cards for others; and/or
- permit others to use your Card or Account Number.

You are responsible for all charges made on additional Account Cards or by authorized users.

To revoke another person's permission to use your Account, you must:

- notify us; and
- retrieve and destroy any Cards, checks or other Account access devices from that person.

We may provide information about this Account to credit reporting agencies for both the Primary Cardmember and Authorized Users, if any.

## 13. CHANGE OF TERMS

We may change this Agreement as allowed by applicable law. This may include changing, adding, or removing terms. We may do this in response to legal, business, competitive environment or other reasons not listed here.

We may increase the APR on existing balances in limited circumstances. Changes to some terms may require at least 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 Account.

## 14. ACCOUNT CLOSURE AND DEFAULT

### CARDMEMBER INITIATED ACCOUNT CLOSURE

You can close your Account at any time by:

- calling the number on the back of your Card; or
- mailing your request to the "Billing Inquiries" address noted on your billing statement.

Once you close the Account:

- you will no longer be able to make transactions.
- you must destroy your Card(s) and any unused credit card checks; and
- you will still be responsible for all amounts owed according to the terms of this Agreement.

INTERNAL



- if you are enrolled in a Rewards Program, and you close your Account you will forfeit all your Rewards Program Points earned as of the date the Account is closed.

#### HSBC INITIATED ACCOUNT CLOSURE

At any time, for any reason, HSBC may take any of these actions subject to applicable law:

- close your Account;
- suspend your access to new credit;
- reduce your credit limit; and/or
- not renew your Card.

Once HSBC closes your Account:

- if we close your Account, you agree to destroy your Card(s) and any unused credit card checks.
- if your Account is closed for any reason, the terms of this Agreement still apply to Account balances until your Account is paid in full.
- if your Account is closed you will not be able to use your Account for new transactions and you will forfeit all your Rewards Program Points as of the date the Account is closed.
- we reserve the right to close your Account if it is inactive.

#### ACCOUNT DEFAULT

We may consider your Account to be in Default if you:

- fail to make the Minimum Payment Due when due;
- exceed your credit limit;
- become the subject of bankruptcy proceedings, foreclosure, repossession, lien or judgment, garnishment, or attachment;
- give us misleading, false, or incomplete information;
- fail to give us a current physical address when you apply and whenever you move;
- make payments to us that are returned unpaid by your bank or other financial institution; or
- write any credit card checks that are returned unpaid by us;
- default under any other agreement or security agreement you have with us or one of our affiliates; and/or become incompetent or deceased.

If we incur any costs to collect your balance owed, including any attorney fees, we may charge you for these costs as permitted by applicable law, and we will apply your payments first to these costs.

## 15. MISCELLANEOUS

#### LOST OR STOLEN CARD/CHECKS

You agree to notify us immediately if:

- your Card or credit card checks are lost or stolen; or
- your Account is used without your permission.

You may call at any time. The phone number is listed on your billing statement.

#### RECURRING BILL PAYMENTS

If you authorize any company to bill charges on a recurring basis to your Account, we may provide the company with information about your:

- Account number;
- Account status; and
- Account expiration date.

You must notify the company when and if you no longer want to allow them to charge your Account. If you default with us or if we change your Account or Account number for any reason:

- we may refuse or suspend future recurring charges; and you must set up the recurring charges again and/or make other payment arrangements with the company.

#### UPDATING YOUR RECORDS

You agree:

- to give us prompt advance notice of any change in your name, mailing address, phone number, or employer;
- to promptly give us accurate financial information about you if we ask for it; and
- the Department of Motor Vehicles may release your home address to us if we ever need to locate you.

#### MONITORING PRACTICES

You agree that we may listen to and record phone calls between you and our representatives.

#### ACCOUNT ASSIGNMENT

#### INTERNAL

We may sell, assign or transfer all or any part of your Agreement and Account without notice to you. You may not sell, assign or transfer your Account.

#### WAIVERS

If we delay or take no action allowed under this Agreement, for any reason, we will not lose or limit any of our rights under this Agreement on any other occasion.

#### SEVERABILITY

If a term is found to be invalid under any applicable law, rule or regulation, then all other terms of this Agreement will remain valid.

#### APPLICABLE LAWS

This Agreement is governed by Virginia law (without regard to its conflict of laws principals) and federal law.

We make our credit decisions and extend credit to you under this Agreement from Virginia. This Agreement is:

- entered into in Virginia; and maintained in Virginia.

This is true whether or not you use your Card in Virginia.

#### Missouri Residents:

**Oral agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable. To protect you (borrower(s)) and us (creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.**

## 16. ARBITRATION

PLEASE READ THIS ARBITRATION PROVISION CAREFULLY. IF YOU DO NOT WANT DISPUTES TO BE RESOLVED THROUGH ARBITRATION, YOU MUST FOLLOW THE INSTRUCTIONS FOR REJECTING ARBITRATION NOTED BELOW. IF ARBITRATION IS CHOSEN BY ANY PARTY, NEITHER YOU NOR WE WILL HAVE THE RIGHT TO HAVE A CLAIM HEARD IN COURT OR HAVE A JURY TRIAL ON THE CLAIM. IN ADDITION, YOU AND WE WILL NOT HAVE THE RIGHT TO PARTICIPATE IN A CLASS ACTION AS A REPRESENTATIVE OR MEMBER OF A CLASS. 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. IF YOU ARE COVERED BY THE PROTECTIONS OF THE MILITARY LENDING ACT, THIS ARBITRATION PROVISION DOES NOT APPLY TO YOU.

#### DEFINITIONS

In this Arbitration provision, "we", "us" and "our" 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, your application for an account, this Agreement or the relationship between you and us. If you have signed an Overdraft Protection Loan Agreement linking one or more checking accounts to your Account to provide overdraft protection, "Claim" also includes any current or future claim, dispute or controversy relating to the Overdraft Protection Loan Agreement and related linked checking account transactions. "Claims" include any Claims related to advertising, debt collection or credit reporting and any Claim by or against any of our agents or any third parties, including any Claim related to advertising, debt collection or credit reporting and any Claim by or against any of our agents or any third parties. "Claims" include but are not limited to initial claims, cross-claims, counterclaims and third-party claims. "Claims" include but are not limited to Claims based in tort, contract, fraud, common law, equity, statutes and regulations of any kind.

#### CLAIMS SUBJECT TO ARBITRATION

Either you or we may require that any Claim be submitted to arbitration, except that: (1) only a court may decide any dispute about the validity, enforceability or scope of this Arbitration provision; and (2) we will not require arbitration for any individual Claim you file in small claims court as long as the Claim is an individual Claim pending in that court.

You or we may demand 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

#### INTERNAL

CLAIMS MAY ONLY BE ARBITRATED ON AN INDIVIDUAL BASIS. CLAIMS MAY NOT BE ARBITRATED ON A CLASS ACTION BASIS, ON A REPRESENTATIVE BASIS OR ON BEHALF OF THE GENERAL PUBLIC.

THE ARBITRATOR'S AUTHORITY IS LIMITED TO CLAIMS BY OR AGAINST YOU AND US ALONE. CLAIMS MAY NOT BE JOINED OR CONSOLIDATED UNLESS YOU AND WE AGREE IN WRITING. THE ARBITRATOR MAY NOT AWARD INJUNCTIVE OR OTHER RELIEF THAT IS PRIMARILY FOR THE BENEFIT OF THE GENERAL PUBLIC.

If a court determines that any of these Limitations on Arbitration is unenforceable with respect to a Claim, then this entire Arbitration provision (other than this sentence) will not apply to that Claim.

#### HOW TO START AN ARBITRATION

To start an arbitration, contact the American Arbitration Association ("AAA") (1-800-778-7879, adr.org). AAA will administer the arbitration unless you and we agree in writing to use a different arbitration administrator or a different administrator is appointed by a court.

#### ARBITRATION PROCEDURES

This Arbitration provision is governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16 (the "FAA"). Virginia law shall apply to the extent state law is relevant under the FAA. The administrator's rules that are in effect when a Claim is filed will apply unless those rules conflict with this Arbitration provision. 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. Subject to the Limitations on Arbitration section above, the arbitrator may 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 based on documents, through a telephonic hearing or by an in-person hearing. At any party's request, the arbitrator will offer 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 administrator and all parties in writing. The administrator 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 with jurisdiction. An arbitration award and any judgment confirming it cannot be used in any case or arbitration except to enforce the award. Arbitration hearings will take place by telephone or in the federal judicial district where you live.

#### 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.

#### INSTRUCTIONS FOR REJECTING ARBITRATION

You may reject this Arbitration provision. To do so, you must send a written notice to us stating that you reject arbitration. Your rejection notice must be signed by you and include your name, address and Account number. **Your letter notifying us that you reject this Arbitration provision must be postmarked within 60 days of the Account Opening Date. If you do not know your Account Opening Date, please call the number listed on the back of your card to obtain the date. You must mail your rejection notice to HSBC Bank, N.A. P.O Box 9, Buffalo, NY 14240. This is the only way that you can reject this Arbitration provision.** If you reject this Arbitration provision, all other parts of the Agreement will continue to apply. Rejecting this Arbitration provision has no effect on any other agreements.

#### CONTINUATION

This Arbitration provision 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. Except as otherwise provided in the Limitations on Arbitration section above, if any portion of this Arbitration provision is deemed invalid or unenforceable, the remaining portions of this Arbitration provision will still apply.

## 17. MILITARY LENDING ACT

Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: the costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit account). To hear this disclosure over the phone, please call our toll-free number, 866.258.9078.

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## CARDMEMBER AGREEMENT AND DISCLOSURE STATEMENT

### Part 2 of 2: Rates, Fees and Payment Information

#### I. INTEREST RATES

**Annual Percentage Rate ("APR") and Daily Periodic Rate ("DPR") (as of 01/01/2019) Variable Rate Accounts: Your APRs are equal to the Prime Rate plus the listed Spread.**

##### **Introductory APR for Purchases**

**0% APR (corresponding 0.00000% DPR) for the first 12 months from Account opening. After that, your variable APR for Purchases will apply. If you fail to make a minimum Payment to us when due, your Introductory APR may increase to your variable penalty APR.**

##### **APR for Purchases**

**15.24%, 19.24% or 25.24% APR (corresponding 0.04175%, 0.05271% or 0.06915% DPR)**

##### **Spread used**

**9.74%, 13.74% or 19.74%**

##### **Introductory APR for Balance Transfers**

**0% APR (corresponding 0.00000% DPR) for the first 12 months from Account opening ("Introductory Period"). Balance Transfers must be posted within the first 60 days following Account opening to qualify for the 0% Balance Transfer Introductory APR. After that, your variable APR for Balance Transfers will apply. If you fail to make a minimum Payment to us when due, your Introductory APR may increase to your variable penalty APR.**

##### **APR for Balance Transfers**

**15.24%, 19.24% or 25.24% APR (corresponding 0.04175%, 0.052271% or 0.06915% DPR)**

##### **Spread used**

**9.74%, 13.74% or 19.74%**

##### **APR for Cash Advances**

**27.24% APR (corresponding 0.07463% DPR)**

##### **Spread used**

**21.74%**

##### **Penalty APR**

**32.24% APR (corresponding 0.08833% DPR)**

##### **Spread used**

**26.74%**

#### II. INTEREST CHARGES AND FEES

**Minimum Interest Charge: \$1.00**

**Paying Interest: Your due date is at least 25 days after the close of each billing cycle. Your Account has a grace period on purchases. We will not charge you interest on new purchases if you pay your previous non-promotional balance, including fees and Interest Charges, by the due date each month.**

**Balance Transfer Fee: Either \$10 or 4%, whichever is greater, will apply on each balance transfer and credit card check.**

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**Cash Advance Fee:** Either \$10 or 4%, whichever is greater, will apply on each cash advance transaction.

**Overdraft Transaction Fee:** Either \$10 or 4%, whichever is greater, will apply on the overdraft amount.

**Annual Fee:** \$0

**Late Payment Fee:** The amount of the Late Payment Fee is shown below. The Late Payment Fee will not exceed the amount of your Minimum Payment Due.

Late Payment Fee is \$27 the first time your payment is late; and, if another payment is late during the next 6 billing cycles the Late Payment Fee is \$37.

**Returned Payment Fee:** \$25. The Returned Payment Fee will not exceed the amount of your Minimum Payment Due.

### III. WHEN AND HOW TO PAY

#### Minimum Payment Due

Your Minimum Payment Due ("Payment Due") each billing cycle will be as follows:

- 1) If your New Balance is \$25 or less, your Payment Due is equal to your New Balance.
- 2) If your New Balance is more than \$25, your Payment Due is equal to any amount past due, plus the greater of:
  - a) \$25; or
  - b) 1% of your New Balance; plus
    - billed Late Payment Fees; plus
    - billed Interest Charges

Unless your Payment Due is equal to your new Account balance, it will be rounded up to the nearest dollar.

#### Pricing Addendum

#### INTEREST RATES

#### ABOUT YOUR APRS

A Daily Periodic Rate is used to determine your Interest Charges in any billing cycle. To determine this rate, we divide your APR by 365; then round this number up to the next hundred thousandth of a percentage point.

#### HOW A VARIABLE RATE MAY CHANGE

Your variable APRs can change with each monthly billing cycle. We will apply each APR to the applicable balance for each type of transaction.

Each variable APR will be equal to:

- a) the amount shown in Part 2 above ("Spread"); plus
- b) the U.S. "Prime Rate" as defined below.

The Prime Rate will be as shown in the Money Rates table of *The Wall Street Journal* that is in effect on the last day of the month. Any changes in the Prime Rate will take effect on the first day of your billing cycle beginning in the next month. An increase in the U.S. Prime Rate will increase your Daily Periodic Rates. It may also increase your:

- Interest Due; and/or
- Minimum Payment Due.

Specific Rates and Fees may be determined based on your creditworthiness.

#### APR for Purchases

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0% Introductory APR, for the first 12 months.

After that, Prime plus 9.74%, 13.74% or 19.74%

APR for Balance Transfers

0% Introductory APR, for the first 12 months.

After that, Prime plus 9.74%, 13.74% or 19.74%

APR for Cash Advances

Prime plus 21.74%

Penalty APR

Prime plus 26.74%

#### ABOUT THE PENALTY APR

If you do not make your Minimum Payment Due by the Payment Due Date, we may increase your APRs to the Penalty APR.

If this occurs:

- we will provide advance notice before the Penalty APR goes into effect.
- once the Penalty APR goes into effect, it will apply for at least 6 months. We review your Account every 6 months after the Penalty APR is applied. The Penalty APR will only apply to new transactions if your late payment is not more than 60 days late. If your payment is more than 60 days late, the Penalty APR will apply to both existing and new transactions. It will no longer apply if you make the next six consecutive minimum payments when due. If you do not make these next six consecutive minimum payments, the Penalty APR may continue to apply to both new and existing balances indefinitely. We will continue to review your Account every six months to determine if any Penalty APR should be reduced.

#### INTEREST CHARGES

How Average Daily Balance is Determined:

To determine your Daily Balance, we:

- take the beginning balance for each type of transaction that day; then
- add the following that were incurred on that day:
  - a) any new transactions;
  - b) any previous day's periodic Interest Charges;
  - c) any Finance Charges; and
  - d) any fees and charges, including any credit insurance premiums or debt cancellation fees, if these apply; then
- subtract any payments and/or credits.

To calculate your Average Daily Balance, we:

- add the Daily Balances for each day of the billing cycle; then
- divide this total by the number of days in the billing cycle.

**Paying Interest:** Your due date is at least 25 days after the close of each billing cycle. Your Account has a grace period on purchases. We will not charge you interest on new purchases if you pay your previous non-promotional balance, including fees and Interest Charges, by the due date each month. We will begin charging interest on cash

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advances and balance transfers on the transaction date. You cannot avoid paying interest on cash advances and balance transfers. However, no Interest will be charged on new purchases for any billing cycle when:

- you paid your entire non-promotional balance plus any fees and finance charges in the previous month on time; and
- you pay your entire current month's non-promotional balance plus any fees and finance charges on time as well.

**Minimum Interest Charge:** If you are charged Interest, the charge will be no less than the Minimum Interest Charge of \$1.00. The Minimum Interest Charge will be allocated to each balance category subject to an Interest Charge.

**Balance Transfer Fee:** Either \$10 or 4%, whichever is greater, will apply on each balance transfer and credit card check.

**Cash Advance Fee:** Either \$10 or 4%, whichever is greater, will apply on each cash advance transaction.

**Overdraft Transaction Fee:** Either \$10 or 4%, whichever is greater, will apply on the overdraft amount.

#### **FEES AND LIMITS**

**Annual or Periodic Membership Fee:** \$0

**Late Payment Fee:** The amount of the Late Payment Fee is shown below. The Late Payment Fee will not exceed the amount of your Minimum Payment Due.

Late Payment Fee is \$27 the first time your payment is late; and, if another payment is late during the next 6 billing cycles the Late Payment Fee is \$37.

**Over the Credit Limit Fee:** \$0

**Returned Payment Fee:** \$25. In no event will your Returned Payment Fee exceed the Minimum Payment Due.

**Required insurance, debt cancellation or debt suspension coverage:** None

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**01/2019**