

## **Explanation of TNB's Credit Card 'Notice of Change in Terms' to Your Card Agreement**

Many WFCU members have asked if I would comment on the changes in TNB's credit card statement. So, here is TNB's letter and **WFCU's/my thoughts, in red**, after each paragraph to their changes. If you have any further questions, please feel free to call or email me.

Thanks, John Burke

We are amending your Credit Card Agreement and Disclosure Statement to reflect the changes in your Westminster FCU account issued by Town North Bank Nevada, N.A. (the "Bank"). These changes are effective February 22, 2008 and only affect your Westminster FCU Credit Card Account that is referenced above. We encourage you to read this notice and save it for future reference. The new terms, which include an arbitration provision, will apply to current and future balances in both active accounts and accounts that no longer have charging privileges.

**If you do not wish to accept the new terms, you must notify us in writing of your decision by February 21, 2008. Please include your name, address and account number on the correspondence and mail it to: Town North Bank Nevada, N.A., P.O. Box 777160, Henderson NV 89077-7160. If you give us this notice, your charging privileges will be canceled (if not previously canceled), but you may pay off any outstanding unpaid balance of your Account under your prior terms.**

**You may elect to opt-out of the arbitration provision only (without affecting your charging privileges) by notifying us in writing at Arbitration Opt-Out, P.O. Box 815159, Dallas, TX 75381-9713 within sixty days from the date in which you received this notice, and including in the notice your name, address and account number and a clear statement that you do not wish to resolve disputes through arbitration.**

### **Summary of Changes**

**Arbitration.** We are adding a provision to your Agreement that disputes are subject to binding arbitration. Arbitration replaces the right to go to court, including the right to a jury and the right to participate in a class action or similar proceeding. A copy of the full "Arbitration" provision is set forth below under "New Provisions". Read the Arbitration provision carefully. It provides you with an opportunity to opt out within sixty (60) days from the date in which you received this notice if you do not wish to resolve disputes through arbitration.

**Variable Rate.** We are changing the way we determine the index used to calculate your variable rate. Currently, we determine the index by looking to the highest U.S. Prime Rate published in the "Money Rates" section of the Wall Street Journal ("Prime Rate") two business days prior to your Statement/Closing Date for that billing period. For billing cycles commencing on or after February 22, 2008, we will determine the index on the last business day of the month by looking to the highest Prime Rate published at any time within the immediate 3 preceding months, including the month in which the index is determined, subject to a minimum of 6.00%. This change could result in a higher cost of credit to you as compared to the current way that we determine the index. For example, if this change were in effect on December 31, 2007, the index determined on that date would have been 7.50% instead of 7.25%. The index is added to the applicable Base Rate to determine the **ANNUAL PERCENTAGE RATE** effective on your Account for the applicable billing period. Please refer to your periodic statement or the addendum included with your Card Agreement for the Base Rate that applies to your Account or call 1- 866-231-0314. A copy of the full provision describing the new way that we will determine the index used to calculate your variable rate is set forth below under "New Provisions".

**Penalty Rate and Fee Increases.** We are increasing the penalty rate, balance transfer fees and late fees that apply to your Account. The new penalty rate, balance transfer and late fee provisions are set forth below under "New Provisions". **Member FDIC**

### New Provisions

**ARBITRATION PROVISION AND WAIVER OF TRIAL BY JURY.** (a) You should read this Arbitration Provision and Waiver of Trial by Jury (“**Arbitration Provision**”) carefully. It provides that you waive your right to a trial by a court or a jury as well as certain other rights in any dispute related to your Card, your Account or this Agreement. (b) Opt Out. If you wish to opt out of this Arbitration Provision, you must notify the Bank in writing, within sixty (60) days from the date in which you received this notice. You may notify the Bank that you wish to opt out of this Arbitration Agreement through written notification by mail to: **Arbitration Opt-Out, PO Box 815159, Dallas, TX 75381-9713**. Your written notification must include your name, address and account number, as well as a clear statement that you do not wish to resolve disputes through arbitration. Your decision to opt out of this Arbitration Agreement will have no adverse effect on your relationship with the Bank or the delivery of services to you by the Bank. (c) Any Claim brought by you or by us shall be resolved, upon the election of either you or us, by binding arbitration pursuant to this Arbitration Provision and the procedures of the National Arbitration Forum (“**NAF**”) or the American Arbitration Association (“**AAA**”), as selected by the party electing to use arbitration. NAF can be contacted at: National Arbitration Forum, P.O. Box 50191, Minneapolis, MN 55405, 1-800-474-2371, [www.adrforum.com](http://www.adrforum.com). AAA can be contacted at: American Arbitration Association, 1633 Broadway, 10th Floor, New York, New York 10019, Toll free: 1-800-778-7879, [www.adr.org](http://www.adr.org). (d) In this Arbitration Provision, the term “**Claim**” means any claim, dispute or controversy between you and us arising from or relating to your Card, your Account or this Agreement including the validity, enforceability or scope of this Arbitration Provision or the Agreement. “**Claim**” includes claims of every kind and nature, including but not limited to: initial claims, counterclaims, cross-claims and third-party claims; claims brought under contract, tort, statutory, regulatory or any other legal theory; and claims seeking any type of relief (including money damages, injunctive or declaratory relief). “**Claim**” does not include any challenge to the validity and effect of the Class Action Waiver, which must be decided by a court. The terms “**we**” and “**us**” in this Arbitration Provision shall mean us and our subsidiaries, affiliates, licensees, predecessors, successors, and assigns; and all of their agents, employees, directors and representatives, and all third party contractors, marketers, merchants and servicers. (e) **YOU AND WE HEREBY KNOWINGLY AND VOLUNTARILY WAIVE THE RIGHT TO LITIGATE ANY CLAIM IN COURT OR HAVE A JURY TRIAL ON ANY CLAIM, OR TO ENGAGE IN DISCOVERY EXCEPT AS PROVIDED FOR IN THE PROCEDURES OF THE NAF OR AAA, AS APPLICABLE (THE “PROCEDURES”), EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN FOR A SMALL CLAIM. FURTHER, YOU WILL NOT HAVE THE RIGHT TO PARTICIPATE IN A REPRESENTATIVE CAPACITY OR AS A MEMBER OF ANY CLASS OF CLAIMANTS PERTAINING TO ANY CLAIM SUBJECT TO ARBITRATION. EXCEPT AS SET FORTH BELOW, THE ARBITRATOR’S DECISION WILL BE FINAL AND BINDING. NOTE THAT OTHER RIGHTS THAT YOU WOULD HAVE IF YOU WENT TO COURT ALSO MAY NOT BE AVAILABLE IN ARBITRATION.** (f) Notwithstanding anything to the contrary in this Arbitration Provision, either party may file and pursue a Claim in a small claims court of your state or municipality (“**Small Claim**”), but the Claim must proceed only on an individual basis and not in a representative capacity or class action so long as that Claim is not transferred or appealed to a different court, in which case either party may elect arbitration. (g) **Class Action Waiver.** No Claim submitted to arbitration is heard by a jury or may be brought as a class action or as a private attorney general. You do not have the right to act as a class representative or participate as a member of a class of claimants with respect to any Claim submitted to arbitration (Class Action Waiver). The parties to this Agreement acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is non severable from this agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the parties' agreement to arbitrate (except for this sentence) shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. Any Claim resolved by arbitration shall be arbitrated on an individual basis by a single arbitrator. The arbitrator’s authority to resolve Claims is limited to Claims between you and us alone, and the arbitrator’s authority to make awards is limited to you and us alone. Furthermore, Claims brought by you against us or by us against you may not be joined or consolidated in arbitration with Claims brought by or against someone other than you, unless otherwise agreed to in writing by all parties. (h) Any arbitration hearing that you attend shall take place in the federal judicial district of your residence at the time the claim is filed. At your written request, we will consider advancing and/or reimbursing any arbitration filing fee, or administrative and hearing fees that you are required to pay to pursue a Claim in arbitration. The arbitrator will decide who will ultimately be responsible for paying those fees. If you file a claim against us, in no event will you be required to reimburse us for any arbitration filing, administrative, or hearing fees in an amount greater than what your court costs would have been if the Claim had been resolved in a state court with jurisdiction. Each party shall bear its own attorney’s, expert’s and witness fees, which shall not be considered costs of arbitration; however, if a statute gives you the right to recover these fees, or fees paid to the Administrator, then these statutory rights will apply in arbitration. (i) This Arbitration Provision is made pursuant to a transaction involving interstate commerce, and shall be governed by the Federal Arbitration Act, 9 U.S.C. Sections

1-16 (the "FAA"). The arbitration shall be governed by the applicable Procedures, except that this Arbitration Provision shall control if it is inconsistent with the applicable Procedures. The arbitrator shall apply applicable substantive law consistent with the FAA and applicable statutes of limitations and shall honor claims of privilege recognized at law and, at the timely written request of either party, shall provide a written explanation of the basis for the decision. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The arbitrator's decision will be final and binding, except as provided by the FAA. (j) Continuation: This Arbitration Provision shall survive termination of your Card, your Account and this Agreement. If any portion of this Arbitration Provision is deemed invalid or unenforceable it shall not invalidate the remaining portions of this Arbitration Provision or the Agreement, except as provided for in paragraph (g) above.

I believe Arbitration is almost always a good thing. If you should have any disputes, concerning your credit card, you don't have to deal with the hassle of hiring an attorney and going to court. So, we see this change as positive.

**INDEX USED TO CALCULATE YOUR VARIABLE RATE:** The index is determined on the last business day of each month ("index determination date") and is the highest U.S. Prime Rate published in the "Money Rates" section of the Wall Street Journal at any time within the immediate 3 preceding months, including the month in which the index is calculated, subject to a minimum of 6.00% (the "Index"). An increase or decrease in the Index will cause a corresponding increase or decrease in your variable rate on the first day of your billing cycle that begins in the same month as the index determination date. (*Example:* The Index determined on December 31, 2007 was 7.50%, which was the highest U.S. Prime Rate published in the Money Rates section of the Wall Street Journal during the months of October, November and December of 2007. If this provision were in effect on December 31, 2007, this Index would have been added to the applicable Base Rate - which was provided to you on an addendum to your Card Agreement - to determine the **ANNUAL PERCENTAGE RATE (APR)** effective on your Account for the billing cycle that began in December 2007). An increase in the Index means that you will pay higher periodic rate **FINANCE CHARGES** and have a higher Total Minimum Payment Due. If The Wall Street Journal does not publish the U.S. Prime Rate, or if it changes the definition of the U.S. Prime Rate, we may, at our sole discretion use the U.S. Prime Rate published in any other newspaper of general circulation, or we may substitute another index at our sole discretion. When a change in an applicable variable **APR** takes effect, we will apply it to any existing balances, subject to any Promotional Rate that may apply. **TNB lowered the minimum index rate from 7.5% to 6%, in response to the Fed. Reserve's drop in the Discount rate. This is a positive change.**

**PENALTY RATE.** If at any time your Account is 30 days or more past due (including during any standard, promotional or introductory rate period), the Daily Periodic Rate and corresponding **APR** for purchases, balance transfers and cash advances will automatically increase to a penalty Daily Periodic Rate of 0.073973%, which has a corresponding **APR** of **27.00%**. The penalty Daily Periodic Rate takes effect on all balances (including any promotional balances) as of the first day of the billing cycle in which you default. The penalty rate may be adjusted to the current variable standard rate after payments have been made as required for 6 consecutive months.

**Almost all credit cards have a PENALTY RATE. TNB's penalty rate only 'kicks in' after you payment is 30 days late. I don't like the 27% rate, since Westminster FCU's highest rate is only 18% but most credit card penalty rates are averaging 25%. Bottom line is, to avoid this penalty rate, don't let your payment be 30 days late.**

**BALANCE TRANSFER FEE:** For balance transfers, there is a Balance Transfer Fee, which is an additional **FINANCE CHARGE**. The Balance Transfer Fee is equal to 3% of the balance transfer, but not less than \$5 and a maximum of \$99. **This can be either a good or bad change based on how much money you transfer to the card.**

**LATE CHARGES:** We will add a late fee to your Account balance for each billing period you fail to pay the Total Minimum Payment Due by its due date. This late fee is based on your Account balance. The late fee is: \$15 on balances of \$100.00 or less, \$29 on balances of \$100.01-\$250.00, and \$34 on balances greater than \$250.00.

**This could be a good or bad change based on your account balance. The old late fee was a flat \$29.**

**All other terms of your agreement remain the same. If you have any questions regarding this notice or the implications of any of the changes, please call 1-866-231-0314.**