

of California to the extent that California law is not inconsistent with controlling federal laws including Regulation Z and the Credit Card Accountability, Responsibility, and Disclosure Act. You also understand that California's choice of law rules shall not be applied if that would result in the application of non- California law.

**CHANGE IN TERMS:** This Agreement is the contract which applies to all transactions on your Account even though the sales, cash advances, credit or other slips you sign or receive may contain different terms. You understand that we may amend, modify, add to, or delete from this Agreement any of its terms and conditions including the method of application and the amount of periodic INTEREST CHARGES, effective as to any unpaid balance outstanding and any subsequent advance, by mailing or delivering a notice of the change to you at your last known address. You also understand that any such notice will be mailed or delivered at least forty-five (45) days prior to the effective date of the change as required by federal or other law. Notice of a change in terms is required, but may be sent as late as the effective date of the change where the change has been agreed to, in writing by you, or the periodic INTEREST CHARGE has been increased because of your delinquency or default. A “Right to Cancel” statement will accompany the advanced notice of changes to your Card program.

**LIMITATIONS ON APR INCREASES:** We will not be allowed to increase the APR, fees, or finance charge during the first year of a new credit card account unless one of the following exceptions applies: 1) an increased APR, that will apply after a disclosed period of time, was disclosed at account opening, 2) an increase in an APR due to the completion of a workout arrangement or failure to comply with a workout arrangement; or 3) If a minimum payment is more than 60 days late, and we provide a 45-day advance notice of the increased APR. Promotional APRs will be at least six months in length.

**CREDIT INFORMATION:** You authorize us to investigate your credit standing when opening, renewing or reviewing your Account, and you authorize us to disclose information regarding your Account to credit bureaus and other parties to the extent permitted by law.

**TERMINATION:** We may terminate this Agreement upon adverse reevaluation of your credit worthiness or your failure to live up to any of the terms of this Agreement. Either you or we may terminate this Agreement for other good cause. In no event shall any termination relieve you of your obligation to repay fees incurred or sums already borrowed, collection costs, Late Charges, if any, Over Limit Charges, if any, and periodic INTEREST CHARGES.

**YOUR BILLING RIGHTS:** This notice contains important information about your rights and responsibilities under the Fair Credit Billing Act.

**NOTIFICATION IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR STATEMENT:** If you think your statement is wrong, or if you need more information about a transaction on your statement, you must write to us on a separate sheet at theas possible. We must hear from you no later than sixty (60) days after we send you the first statement on which the error or problem appears. You

can telephone us, but doing so will not preserve your rights. In your letter, you should give us the following information:

- Your name and account number.
- The dollar amount of the specified error.
- Describe the error and explain if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

**YOUR RIGHTS AND OUR RESPONSIBILITIES AFTER WE RECEIVE YOUR WRITTEN NOTICE:** We must acknowledge your letter within thirty (30) days, unless we have corrected the error by then. Within ninety (90) days, we must either correct the error or explain why we believe the statement was correct. After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including INTEREST CHARGES, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of the statement that are not in question.

If we find that we made a mistake on your statement, you will not have to pay any FINANCE CHARGES related to any questioned amount. If we did not make a mistake, you may have to pay FINANCE CHARGES, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write us within ten (10) days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your statement. We must tell you the name of anyone to whom we reported you. We must tell anyone we report you to that the matter has been settled between you and us when the matter is resolved.

If we do not follow these rules, we cannot collect the first \$50.00 of the questioned amount, even if your bill was correct.

#### SPECIAL RULE FOR CREDIT CARD PURCHASES

If you have a problem with the quality of property or services that you purchased with a 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 property or services. There are two limitations on this right: (a) you must have made the purchase in your home state, or, if not within your home state, within 100 miles of your current mailing address; and (b) the purchase must have been more than \$50.00. These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.

FARMERS INSURANCE FEDERAL CREDIT UNION BLUE VISA® CREDIT CARD DISCLOSURE	
Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases	7.99%
APR for Cash Advances	7.99%
APR for Balance Transfer Advances*	7.99%
Penalty APR and When It Applies	18.00%* This APR may be applied to your account if you: 1) Make your payment 60 days late or 2) A returned payment causes your account to become 60 days late
How to Avoid Paying Interest on Purchases	Your due date is at least 21 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire balance by the due date each month and your previous balance is zero or a credit balance.
Minimum Finance Charge	\$ .50 if Finance Charges are due on account.
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 <a href="http://www.consumerfinance.gov/learnmore">http://www.consumerfinance.gov/learnmore</a>
Fees	
Annual Fee / Set Up / Maintenance	\$0
Transaction Fees <ul style="list-style-type: none"><li>• Cash Advance</li><li>• Foreign Transactions</li></ul>	2% of advance 1% of each foreign transaction amount in U.S. Dollars
Penalty Fees <ul style="list-style-type: none"><li>• Late Payment</li><li>• Over Limit</li><li>• Returned Payment</li></ul>	Up to \$30.00 Up to \$20.00 Up to \$35.00
Other Fees <ul style="list-style-type: none"><li>• Sales Draft</li><li>• Replacement Card</li></ul>	\$10.00 \$5.00 (first replacement is FREE)

**How We Calculate Your Balance:** We use a method called “average adjusted daily balance (excluding new purchases).” Billing Rights: Information on your rights to dispute transactions is provided in your Account Agreement and Disclosure.  
\*Rates are current as of 9/30/2011 and are subject to change.

## FARMERS INSURANCE FEDERAL CREDIT UNION BLUE VISA® CREDIT CARD AGREEMENT AND DISCLOSURE

In this Agreement and Disclosure Statement the words you, your and yours mean each and all of those who apply for the card or who sign or use the BLUE VISA® CREDIT CARD. We, us, our and ours mean FARMERS INSURANCE FEDERAL CREDIT UNION. Card means the BLUE VISA® CREDIT CARD issued to you and any duplicates and renewals we may issue. Account means your BLUE VISA® account with us.

See BLUE VISA® Rates Summary on Back Page

**PAYMENT:** You promise to pay us in lawful money of the United States at our office or at the address set forth on your periodic statement, all sums advanced to you or any person you permit to use this Account based on the terms and at the rates set forth herein. Payments will continue until you have paid in full the unpaid balance, INTEREST CHARGE and any other fees and charges.

**ANNUAL PERCENTAGE RATE and MONTHLY PERIODIC RATE:** The ANNUAL PERCENTAGE RATE for the Select Visa® is a 7.99% non-variable rate, which corresponds to a Monthly Periodic Rate of .67%.

**INTEREST CHARGES:** The INTEREST CHARGES for a billing cycle will be the sum of the following components:

**CASH ADVANCE FEE:** : One (1) component of the INTEREST CHARGE is the Cash Advance Fee. Cash Advance transactions are subject to a Cash Advance Fee equal to 2% of the total dollar amount of Cash Advance transactions which are posted to your Account during the billing cycle, not to exceed the maximum rate permitted to federal credit unions during the billing cycle.

**MONTHLY PERIODIC FINANCE CHARGE:** The second (2) component of the INTEREST CHARGE is the Monthly Periodic INTEREST CHARGE. The Monthly Periodic INTEREST CHARGE for each billing cycle will be calculated by multiplying the Average Adjusted Daily Balance (see below) for your Account for the billing cycle by the Monthly Periodic Rate for your Account. Will be posted for each individual balance type.

**CALCULATION OF THE AVERAGE ADJUSTED DAILY BALANCE:** We calculate your Average Adjusted Daily Balance (the balance which is subject to the Monthly Periodic Rate) as follows: The Average Adjusted Daily Balance for your Account is the average of the adjusted daily balances for each day of the billing cycle.

To calculate the Adjusted Daily Balance each day, we take the following steps: We take the outstanding balance (all amounts you owe) at the start of the day. Then, in the sequence in which the amounts post to your Account, we add the amounts of all debits and subtract the amounts of all payments and credits which post to your Account that day. Payments are applied first to any unpaid FINANCE CHARGE from previous billing cycles, then to Late Charges, then to any Over Limit Charge, and then to the balance of your Account. Credits are applied first to the particular type of debit which is being credited, if any, and then to the balance of your Account. After applying payments and credits, we subtract any amount of the FINANCE CHARGE, Late Charges, and Over Limit



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Charge that remains unpaid. Then, we also subtract the amount of any Cash Advance transaction that posts to your Account on that day or on any previous day in the same billing cycle. The result is the Adjusted Daily Balance for that day.

We add together all the Adjusted Daily Balances for each day in the billing cycle and divide the total by the number of days in the billing cycle. The result is the Average Adjusted Daily Balance for that billing cycle.

Note that Cash Advance transactions, which are posted to your Account during a billing cycle, are not included in the Average Adjusted Daily Balance for that cycle, and are, therefore, not subject to the Monthly Periodic Rate during that cycle. However, they are included in the New Balance shown on the statement for that cycle, and are, therefore, also included in the outstanding balance at the start of the first day of the next billing cycle.

Note also, that if the total of the payments and credits which is posted to your Account by the Payment Due Date shown on a statement is equal to or exceed the New Balance shown on that statement, we will not apply the Monthly Periodic Rate to your Account on your next statement.

Finally, if any statement shows a Previous Balance that is zero or is a credit balance, we will not apply the Monthly Periodic Rate to your Account on that statement.

**MINIMUM PAYMENT:** You must pay at least the Current Amount Due by the Payment Due Date shown on your statement. By separate agreement, you may authorize us to charge the Current Amount

Due automatically to your savings or checking account with us. You may, of course, pay more frequently, pay more, or pay the total New Balance in full and you will reduce your INTEREST CHARGES by doing so. You may authorize us to charge the total New Balance automatically to your savings or checking account with us. The Minimum Payment will be either (a) 2% of your total New Balance, or \$30.00, whichever is greater, or (b) your total New Balance, if it is less than \$30.00, plus (c) any portion of the Minimum Payment(s) shown on your prior statement(s), which remains unpaid. In addition, if activated, at any time your Total New Balance exceeds your

Credit Limit, you must pay the excess as well as any Over Limit Charge. Lastly, any Late Charge must also be paid. Payments made by 5:00PM of your due date will not be charged a late fee. If your current card balance represents multiple balances with different rates, payments will be applied to the portion of the card balance with the highest interest rate first. If we change our mailing address or method of handling your payments, we will not charge a late fee for 60 days – if that change causes a material delay in the crediting of your payment.

**PERIODIC STATEMENT:** Your statement will be sent out no less than 21 days before your due date. Your due date will be the 20th of each calendar month. Should your due date fall on a non-business or payment posting day, the payment will not be considered late until AFTER the first business/posting day that a payment may be posted. Your statement will include two calculations for amortization of payments: 1) Based on minimum payment how long it will take you

to pay off your balance if you continue to make only the minimum payment amount, 2) The payment amount that would be required to pay off your balance in 36 months.

**PENALTY FEES:** Penalty fees will not exceed the dollar amount for incurred infraction. This will prohibit charging penalty fees that exceed the dollar amount associated with your violation. Your Credit Card will not incur inactivity fees. You will not be billed multiple fees based on a single transaction and/or violation.

**LATE CHARGES:** If your minimum periodic payment is not received by us by the Payment Due Date as described above, your Account will be assessed a Late Charge of up to \$30.00. If you incur a late charge and have not had any previous late payments within the past six (6) months, your late fee will be up to \$25.00. If anytime during the past six (6) billing cycles your payment was late, the late fee will be up to \$30.00. If your minimum payment amount is less than the previously noted amounts, your late payment fee will be the same amount as your minimum payment amount.

**AUTHORIZATION FOR OVER LIMIT COVERAGE:** You may request Over Limit Coverage on your credit card(s). If you go over limit, you will incur a fee of up to \$20.00. If the amount that you go over limit is less than \$20, then the fee will be the amount by which you go over limit. This may increase your Annual Percentage Rate (APR). The Credit Union charges one fee per billing cycle, even if you go over your limit multiple times in the same billing cycle. Requesting the Over Limit Coverage does not guarantee the approval of the transaction. The transaction may be declined if your account is past due or significantly over your credit limit at the time of the transaction. Your Account will continue to be charged up to \$20.00 for up to two subsequent billing cycles if your balance is not reduced below your limit.

**CASH ADVANCE:** The maximum Cash Advance available on your BLUE VISA® Card Account is the amount available on your credit limit, subject to the terms and conditions of this Agreement.

**USING THE CARD:** To make a purchase or Cash Advance, there are alternative procedures to be followed. You may present the Card or Card Number to a participating VISA® CREDIT CARD plan merchant, to us or to another financial institution, and sign the sales or cash advance draft. You may complete the transaction by using your Personal Identification Number (PIN) in conjunction with the Card in an Automated Teller Machine or other type of electronic terminal that provides access to the VISA® CREDIT CARD system. You may receive a Cash Advance by initiating a transfer from your BLUE VISA® CREDIT CARD credit line through Online Banking or FONLINE/Voice Response. The Card may be used for transactions performed on the Internet.

**UNAUTHORIZED USE:** You may be liable for up to \$50.00 of unauthorized use of your Card. You will not be liable for unauthorized use that occurs after you notify us by telephone or in writing. You will call us at 800.877.2345, Monday through Friday, between 7:30AM and 3:30PM (PT), or 800.543.5073, after hours/weekends/holidays. Your liability for unauthorized use may be zero in accordance with VISA® International Incorporated regulations.

**SPECIAL RULES BY VISA:** You have zero liability for unauthorized

purchases on your VISA® which is provided under the following conditions: your account is in good standing, you have exercised reasonable care in safeguarding your card from risk of loss or theft, and you have not reported two or more incidents of unauthorized use in the past 12 months.

**ILLEGAL USE OF CARD:** Your card may not be used directly or indirectly for: 1) any illegal activity or transaction; or 2) any gambling, gaming, betting or similar activity or transaction. Further, you may not utilize your Card and/or Account for the purchase of any goods or services on the Internet that involve gambling, gaming, betting or any similar transaction or activity. However, in the event that a charge or a transaction described in this paragraph is approved, you will still be responsible for such charges.

**PREPAYMENT OR IRREGULAR PAYMENTS:** Although you need only pay your minimum scheduled payments, you understand you have the right to repay your entire loan at any time without penalty. You understand that you will only be charged INTEREST CHARGES to the date you repay your entire loan. You may make larger payments without penalty and this may reduce the total amount of INTEREST CHARGES you will pay. Any partial payment of your loan will not delay your next scheduled payment due date(s). You understand that any payment that (a) delays or (b) accelerates the reduction of your loan balance will (a) increase or (b) decrease your INTEREST CHARGES.

**DEFAULT:** You will be in default if: 1) you do not pay your minimum scheduled payments on time; 2) you fail to live up to or otherwise breach any of the terms and conditions of this Agreement or any other loan or line of credit (except any loan, line of credit or other agreement secured by real property or where otherwise prohibited by federal or state law or regulation) you may have with us; 3) your creditworthiness is impaired; 4) the value of the security is impaired; 5) you die, become insolvent or are the subject of bankruptcy or receivership proceedings; or 6) there is a change of ownership of all or any part of the security. If you are in default, we may terminate this Agreement and demand immediate payment of the entire loan without notice to you. In the event of your default, and upon termination of your credit privileges, with proper notice you understand and agree that INTEREST CHARGES may accrue at an ANNUAL PERCENTAGE RATE of 18% until you repay your entire loan.

**ACCELERATION AND COLLECTION COSTS:** If you default, we may demand payment of the unpaid balance, INTEREST CHARGES, Late Charges, Over Limit Charges and Collection Costs, if any. You understand and agree that INTEREST CHARGES at the applicable ANNUAL PERCENTAGE RATE permitted under this Agreement will continue to accrue, until you repay your entire loan. You also agree to pay our reasonable attorney fees and court costs.

**FUTURE ADVANCES AND PURCHASES:** You may request advances and make purchases in accordance with current loan policies up to your credit limit. You understand that all advances requested by you are subject to our approval.

**RESPONSIBILITY:** You agree to repay us according to the terms of this Agreement for all advances, purchases, INTEREST CHARGES, Over Limit Charges, and Late Charges, if any, arising from the use of the Account by you or any other person you permit to use your Account, even if that person exceeds your permission. Any person using the Account is jointly and severally responsible with you.

**CREDIT LIMIT:** We will establish a self-replenishing line of credit for you. You will not let the New Balance exceed this credit limit. You agree to advise us of any change in your financial condition, which may affect your credit worthiness. You may request an increase in your credit limit, subject to the Share balances available to pledge and our approval.

**SECURITY INTEREST — You hereby give the Credit Union a specific pledge of shares. Your pledged shares will secure your account. You may not withdraw amounts that have been specifically pledged to secure your Credit Card Account until the Credit Union agrees to release all or part of the pledged amount. Your Account is secured by the designated shares you have in this account be it an individual or joint account with the Credit Union. Other shares may be withdrawn unless you are in default under this agreement. You authorize the Credit Union to apply the balance in your individual or joint share accounts to pay any amounts due on your Account if you should default.**

**ELECTRONIC FUND TRANSACTIONS:** In the event a use of your Card or the account number of the card constitutes an electronic funds transaction, the terms and conditions of our Electronic Services Disclosure and Agreement expands or amends this Agreement.

**TRANSACTION SLIPS:** Your statement will identify the merchant, electronic terminal or financial institution at which transactions were made. Sales, Cash Advance, credit or other slips cannot be returned with the statement. You will retain the copy of such slips furnished at the time of the transaction in order to verify your monthly statement. We may make a reasonable charge for paper and electronic copies of slips you request.

**MERCHANT DISPUTES:** We are not responsible for the refusal of any participating merchants or financial institutions to honor your Card. We are subject to claims and defenses, other than tort claims, arising out of goods and services you have purchased with the Card only if you have made a good faith attempt but have been unable to obtain satisfaction from the plan merchant, and (a) your purchase was made in response to an advertisement we sent or participated in sending to you, or (b) your purchase cost more than \$50.00 and was made from a participating merchant in your state or within 100 miles of your current mailing address. Any other dispute must be resolved by you directly with the participating merchant.

**FOREIGN TRANSACTIONS:** If you effect a transaction with a VISA® CREDIT CARD in a currency other than U.S. dollars, VISA® will convert the transaction amount into a U.S. dollar amount by using its currency conversion procedure. Under the currency conversion procedure that VISA® currently uses, the non-U.S. dollar

transaction amount is converted into a U.S. dollar amount by multiplying the transaction amount in the non-U.S. dollar currency by a currency conversion rate. The currency conversion rate that VISA® typically uses is either a government-mandated rate, or a wholesale rate provided to VISA® increased by a percentage (currently 1%, subject to change). The currency conversion rate that VISA® uses for a particular transaction is the rate VISA® uses for the applicable currency when the transaction is processed. This rate may differ from the rate in effect when the transaction occurred or when it is posted to your account.

**RETURNS AND ADJUSTMENTS:** Merchants and others who honor the Card may give credit for returns or adjustments, and they will do so by sending us a credit slip, notice/notification, which will be posted to your Account. For sixty (60) days, we will hold any credit or payment that exceeds what you owe us and apply this credit balance against future purchases and cash advances. If the credit or payment is in excess of \$1.00, we will refund it to you upon written request or automatically transfer the funds to your checking or savings account after sixty (60) days.

**PAYMENTS MARKED “PAID IN FULL”:** We may accept checks, money orders, or other types of payment marked “paid in full” or using other language to indicate full satisfaction of any indebtedness, without being bound by such language or waiving any rights under this Agreement. Full satisfaction of indebtedness shall be accepted by us only in a written agreement, signed by an authorized employee of the Credit Union.

**SURRENDER OF CARD(S):** TThe Card(s) (including picture cards) remain our property, and, if we request, you must surrender to us all cards we have issued on your Account.

**LOST OR STOLEN CARD, NOTIFICATION AND LIABILITY:** You will notify us AT ONCE if you believe that the Card, Account number, PIN or any combination of the three has been lost or stolen by immediately calling us at 800.877.2345, Monday through Friday, between 7:30AM and 3:30PM (PT); or after hours/weekends/holidays at 800.543.5073. Telephoning is the best way of keeping your losses down. You understand that your total liability to us shall not exceed \$50.00 for any Account and/or Card transactions resulting from the loss, theft or other unauthorized use of the Account and/or Card that occurs prior to the time you give notice to us.

**AUTOMATIC OVERDRAFT PROTECTION:** We may clear any overdrafts from your Checking Account by an advance from your VISA® CREDIT CARD Account up to the amount required to clear your overdraft or in the amount available on your Credit Line, whichever is less, or in other such increments as we may, from time to time determines subject to the terms of this Agreement. If you are not eligible to receive an advance from us under this Agreement, your checks may be returned, and your Account could be closed.

**DELAY IN ENFORCEMENT:** We can delay enforcing any of our rights under this Agreement without losing them.

**GOVERNING LAW:** You understand and agree that this Agreement is made in California and shall be governed by the laws of the State