

## **CREDIT CARD CONTRACT AND INITIAL DISCLOSURE STATEMENT**

Please read this Contract carefully. Your credit card account will be / is governed by this Contract. In the Contract, "Bank", "we", "our" and "us" refer to Bank of Botetourt, ("Bank") and we are the creditor. "You", "your" and "applicant" are the person(s) who apply to us for the Credit Account. "Contract" means the terms and conditions outlined in this Contract that governs the use of your Credit Account and Card. "Credit Account" or "Account" means the credit card account we open for you, which is used to record transaction activity made by you when you access or otherwise use the line of credit we extend to you. "Credit Limit" means the maximum amount of credit which may be outstanding at any time on the Credit Account. You have requested an Account(s) from us. You agree (jointly and severally if more than one) to be bound by the terms and conditions contained in this Contract. The credit limit will be determined by the Bank. This credit card is only available to cardholders of Bank of Botetourt.

1. **Your Responsibility for the Account:** You are responsible for the balance on the account and you agree to pay the balance under the terms of the Contract. You need to sign the back of the Card. You need to protect and control the Card use by not letting any other person use it. If you let another person use it, you agree to be responsible for any charges they make. The Cards remain our property and you agree to return them upon our request or we have the right to have a merchant keep the card and return it to us. If your card is lost or stolen or you suspect unauthorized use of your Account, you agree to notify us immediately.
2. **Using the Account:** You can use the Card and your Account to make charges as long as you do not charge more than your credit limit. We can close or suspend the account at any time. We can also limit the number or amount of charges you can make on the Account. You may select a PIN (Personal Identification Number) to use ATM's to obtain Cash Advances. Your Card and Account cannot be used for illegal charges and cannot be used for online gambling.
3. **Your Credit Limit:** The Credit Limit is printed on your Statements. You may not exceed your Credit Limit at any time. If your balance is more than your Credit Limit, you must pay the amount over your Credit Limit immediately and we may suspend your account. Your Cash Advance limit will be 100% of your total credit limit.
4. **Monthly Billing Statements:** We will send you a statement every month with the account activity, fees and interest. It will also show your Minimum Payment and Payment Due Date. If you have any questions about your periodic statement, please write or call **Bank of Botetourt, P.O. Box 339, Buchanan, VA, 24066 or call toll-free 1- 866-420-2265.**
5. **Minimum Payment and Monthly Payment:** You may pay your entire balance at any time, without penalty. You must pay at least the Minimum Payment each month by the payment due date. The Payment Due Date will be twenty-five (25) days from the Closing Date. The Closing Date is the last day of the billing cycle.  
Monthly Payment: If your balance is less than \$25, the Monthly Payment is the balance. If your balance is greater than \$25, your Monthly Payment is 2% of the balance or \$25 whichever is greater.  
Minimum Payment: The Minimum Payment is the sum of any past due Monthly Payments plus the current Monthly Payment plus any amount over your credit limit.  
If you do not pay your Minimum Payment due by the Payment Due Date, you will be billed a Late Fee each month until the account is not past due.
6. **Applying your Payments:** In general, the payment will be applied in the following order: Unpaid Interest, Unpaid Fees and other Charges; and then principal balance. Payments on an account over the Minimum Payment due will be applied to the highest interest rate balance before being applied to other balances. Making payments over your Minimum Payment Due does not pre-pay your future Minimum Payments.
7. **Payment Methods:** All payments must be made in U.S. dollars and drawn on a financial institution located in the United States. Do not send cash through the mail.
8. **When Interest is Charged:** Interest will be charged on Purchases if you did not pay the previous balance in full by the Payment Due Date (which will be 25 days after the "Bill Date" disclosed in the Monthly periodic statement) There is no minimum interest assessed. We will charge interest on the Average Daily Balance (including new purchases). We calculate the interest charge on your account by multiplying the Monthly

periodic rate to the “average daily balance” of your account. To get the “average daily balance” we take the beginning balance of your account each day, add any new purchases, and subtract any payments or credits. This gives us the daily balance. Then, we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle. This gives us the “average daily balance”. The Monthly periodic rate is the Annual Percentage Rate for Purchases divided by 12. For Cash Advances, you cannot avoid paying interest. We will charge interest on the Average Daily Balance (including new cash advances). We calculate the interest charge on your account by multiplying the Monthly periodic rate to the “average daily balance” of your account. To get the “average daily balance” we take the beginning cash advance balance of your account each day, add any new Cash Advances, and subtract any payments or credits. This gives us the daily balance. Then, we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle. This gives us the “average daily balance”. Cash Advance continues to accrue interest until payment of the total Cash Advance balance is posted. Interest accrued from the last statement date until the Cash Advance payoff date will appear on the next statement. The Monthly periodic rate is the Annual Percentage Rate for Cash Advance divided by 12.

9. **Account Fees:** You agree to pay us the following fees which will be billed to your account as a purchase; however will not accrue interest:
  - a. Late Fee: You will be billed up to \$25 if your payment is not received by the payment due date.
  - b. Returned Payment Fee: You will be billed up to \$35 if your payment is returned for any reason.
  - c. Cash Advance Fee: You will be billed a fee of 3% of the amount of each cash advance
  - d. Balance Transfer Fee: You will be billed 3% of the amount of each balance transfer
  - e. Foreign Transaction Fee: You will be charged a 1% foreign transaction fee for each charge converted from a foreign currency to U.S. dollars.
  - f. Statement Copy Fee: You will be billed \$5 for each statement requested.
  - g. Retrieval Fee: You will be billed \$5 for each document you request, other than a statement copy.
  - h. Replacement Card Fee: \$0
  - i. Rush Card Fee: You will be billed \$35 if you request a card be sent by express courier.
10. **Lost or Stolen Cards:** If your card is lost, stolen or being used without your permission, call us toll-free 1-844-352-5695, 24 hours a day. You should also write to us. Do not use the Card or Account after you have notified us. You will not be responsible for any unauthorized use after you notify us of the loss, theft or unauthorized use.
11. **If Card is Refused:** We are not responsible and have no liability if your Card or Account is not accepted for a charge. Although you may have the credit available, we may be unable to authorize credit due to system difficulties or mistakes. If your Account is over the Credit Limit or past due, authorization for charges will be declined.
12. **Cardholder Privacy:** We will send you a Privacy Notice annually. Your telephone calls with our representatives may be recorded for quality and other purposes. We may use automated telephone equipment or pre-recorded telephone calls to contact you at any number you provide to us or that we obtain, including any cellular telephone number. You agree that we will not be responsible for the release of information to anyone who has gained possession of a Card or Identification Number, Credit Account Number or Social Security Number.
13. **Your Billing Rights: Keep this Document 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: **Bank of Botetourt, P.O. Box 339, Buchanan, VA, 24066 or call toll-free 1- 866-420-2265.** In your letter, give us the following information: Your name and account number; the dollar amount of the suspected error; a description of the 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; 1) Within 60 days after the error appeared on your statement and 2) If you have enrolled in automatic payment, at least 3 business days before the 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.

**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: 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: These limitations do not apply 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 at: **Customer Service, P.O. Box 182477, Columbus, OH, 43272-4935**. 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.

14. **ARBITRATION: PLEASE READ THIS PROVISION OF THE AGREEMENT CAREFULLY. YOU AGREE THAT ANY DISPUTE WILL BE RESOLVED BY 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. IN ARBITRATION, A DISPUTE IS RESOLVED BY AN ARBITRATOR INSTEAD OF A JUDGE OR JURY. ARBITRATION PROCEDURES ARE SIMPLER AND MORE LIMITED THAN COURT PROCEDURES. YOU ALSO AGREE ANY ARBITRATION WILL BE LIMITED TO THE DISPUTE BETWEEN YOU AND US AND WILL NOT BE PART OF A CLASS-WIDE OR CONSOLIDATED ARBITRATION PROCEEDING.**

a. **Agreement to Arbitrate:** You and we agree that any Dispute will be resolved by Arbitration. This agreement is governed by the Federal Arbitration Act (FAA), 9 USCS § 1 et seq. and the substantive law of the South Carolina.

b. **Definitions:** Arbitration is a means of having an independent third party resolve a Dispute. A "Dispute" is any controversy or claim between you and us. The term Dispute is to be given its broadest possible meaning and includes, without limitation, all claims or demands (whether past, present or future, including events that occurred prior to the opening of this Account), based on any legal or equitable theory (tort, contract or otherwise), and regardless of the type of relief sought (i.e. money, injunctive relief or declaratory relief). A Dispute includes, by way of example and without limitation, any claim based upon federal or state constitution, statute, ordinance, regulation, or common law, and any issue concerning the validity, enforceability or scope of this arbitration agreement. The term "you" includes any cosigner, co-obligor, guarantor, joint user or Authorized User and also your heirs, guardian, personal representative

or trustee in bankruptcy. The term “us” includes our employees, officers, directors, attorneys, affiliated companies, predecessors and assigns, as well as our marketing, servicing and collection representatives and agents.

- c. **Selection of Arbitrator.** If a Dispute arises, the party asserting the claim or defense must initiate arbitration, provided you or we may first try to resolve the matter informally or through customary business methods, including collection activity. The party filing arbitration may initiate and pursue the matter with the American Arbitration Association (“AAA”) or we may agree upon a different arbitrator described below. If you claim you have a Dispute with us, but do not initiate arbitration or select an arbitrator, we may do so. You may obtain copies of the current rules of AAA and forms and instructions for initiating arbitration by contacting them as follows: American Arbitration Association, 335 Madison Avenue, Floor 10, New York, NY 10017-4605 Website: [www.adr.org](http://www.adr.org). The policies and procedures of the arbitrator will apply provided that they are consistent with this arbitration agreement. To the extent the arbitrator’s rules or procedures are different than the terms of this arbitration agreement, the terms of this agreement shall apply. If the AAA is not available to adjudicate the matter, or if the AAA is not convenient or acceptable to you, you and we may agree on one or more neutral arbitrators. If you and we cannot agree on arbitrator(s), an arbitrator will be appointed by a court with jurisdiction over the matter pursuant to the FAA.
  - d. **Cost of Arbitration:** We will pay the filing fee and any costs or fees charged by the arbitrator regardless of whether you or we initiate the arbitration. Except where otherwise provided by applicable law, each party will be responsible for its own attorneys’ fees and other expenses. Unless prohibited by law, the arbitrator may award fees, costs and reasonable attorneys’ fees to the party who substantially prevails in the arbitration.
  - e. **Place of Arbitration:** Unless you and we agree to a different location, the arbitration will be held in the same city as the U.S. District Court closest to your then-current mailing address. The arbitrator may decide the matter based upon written submissions by the parties if permitted under the arbitration rules.
  - f. **Waiver of Rights:** You are waiving your right to a jury trial, to have a court decide your Dispute, to participate in a class action lawsuit and to certain discovery and other procedures that are available in a lawsuit. The arbitrator has the ability to award all remedies available by statute, at law or in equity to the prevailing party. You and we agree that the arbitrator has no authority to conduct class-wide proceedings and will be restricted to resolving the individual disputes between you and us. If an arbitration firm or arbitrator fails or refuses to enforce the waiver of class-wide arbitration, then the Dispute will proceed in court. The validity, effect and enforceability of this waiver of class action lawsuit and class-wide arbitration is to be determined solely by a court of competent jurisdiction and not by the arbitration firm or arbitrator. If such court refuses to enforce the class-wide arbitration waiver, then it is agreed the Dispute will proceed in court rather than arbitration.
  - g. **Review of Arbitration Award.** The arbitrator shall apply applicable federal and Virginia law and the terms of your agreements with us. The arbitrator shall make written findings and the arbitrator’s award may be filed with any court having jurisdiction. The arbitration award shall be supported by substantial evidence and must be consistent with your agreements with us and applicable law or may be set aside by a court upon judicial review.
  - h. **Other Provisions:** If any portion of this arbitration agreement is subsequently deemed unenforceable, the enforceability of any other provision of this agreement shall not be affected and the unenforceable term shall be amended such that it is enforceable to the maximum extent permitted by law provided that if a class action litigation or a class-wide arbitration is permitted for any reason, either party may require that the entire Dispute be heard by a Judge, sitting without a jury, under applicable court rules and procedures. This arbitration provision shall survive: (i) termination or changes in your agreements with us, the Account, or the relationship between you and us concerning the Account; (ii) the bankruptcy of any party; and (iii) any transfer, sale or assignment of the Account, or any amounts owed on the Account, to any other person or entity.
  - i. **Right to Opt-Out:** If you do not wish to agree to arbitrate all Disputes with us, you must advise us in writing at the following address within thirty (30) days of our mailing this agreement to you at the most recent mailing address we have for you: Bank of Botetourt.
15. **Delay in Enforcement:** We can delay enforcing or fail to enforce any of our rights under this Contract without losing them.
  16. **Credit Reports:** You authorize us to obtain credit reports about you for any legitimate business purpose. We may obtain a credit report for reviewing, modifying the terms, renewing the account or collection. We may report information about your Account to credit bureaus. Late payments, missed payments, or other defaults on your Account may be reflected in your credit report.
  17. **Change in Terms of your Credit Account:** We may change any term of this Contract at any time upon notice to you as required by law. You may have the right to reject the change in terms, depending on the type of

change, and, if you do, your account will be closed and you will be able to pay off the balance under the terms of this Contact.

18. **Governing Law:** This Agreement is a Virginia Revolving Credit Agreement and it and all matters arising out of the issuance of use of any card or Plan shall be governed by, and construed in accordance with, the laws of the state of Virginia.
19. **Severability:** If any provision of this Contract is invalid or unenforceable under any law, rule or regulation of any governmental agency, Federal, state or local, it shall not affect the validity or enforceability of any other provision of this agreement.
20. **Default:** You agree that we can require that you pay us the balance on your Account if the account is in default. You will be in default of this Contract if any of the following occur: You do not make the Minimum Payment on your Account on or before the Payment Due Date, You die or become legally incompetent, You become insolvent or bankrupt, You exceed or attempt to exceed your Credit Limit, You have provided us with false or misleading information or signatures at any time, You fail to comply with this Contract, or You default in the payment of any other obligation to Bank for borrowed money which is not secured by the Borrower's principal residence. If you are in default, we may immediately cancel your Account and we do not have to give you notice of cancellation. You agree that you will return the Card(s) to us. Even if an account is in default, you agree to pay Interest and Fees as defined in this Contract until your balance is paid in full. If you resolve a default situation, we can still declare the same or another default later on your Account.
21. **Cancellation:** You may cancel your Account at any time by notifying us in writing at the address on your monthly Statement and returning all cards issued on your Account (cut in half). Even if your Account is closed, you agree to pay the balance on the account under the terms of this Contract. We can suspend your Account privileges or cancel your Account at any time, for any reason. We will notify you after we do so, unless you are in default at that time. We have no obligation to notify you prior to suspending your charging privileges or cancelling your Account.
22. **Collection Costs:** Unless prohibited by applicable law, if we start collection proceedings to recover amounts you owe us by reason of this Contract, you agree to pay reasonable attorney's fees and other collection costs.
23. **Headings:** The headings used in this Contract are for convenience only and are not intended to define, limit or describe the scope or intent of this Agreement or in any way affect this Contract.

#### DISCLOSURE

| Interest Rates and Interest Charges                                       |  |
|---|--|
| <b>Annual Percentage Rate (APR) for Purchases</b>                         | <b>18.00%</b> Annual Percentage Rate is fixed  |
| <b>APR for Balance Transfers</b>  | <b>18.00 %</b> Annual Percentage Rate is fixed   |
| <b>APR for Cash Advances</b>  | <b>18.00%</b> Annual Percentage Rate is fixed  |
| <b>Paying Interest</b>  | We will not charge you any interest on purchases if you pay your entire balance by the due date each month.<br><br>The Interest charge on cash advances begins from the date you obtained the cash advance.  |
| <b>For Credit Card Tips from the Consumer Financial Protection Bureau</b> | 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              |        |
|-------------------|--------|
| <b>Annual Fee</b> | \$ .00 |



|   |   |
|---|---|
| <b>Transaction Fees</b> <ul style="list-style-type: none"><li>• Cash Advance</li><li>• Balance Transfer</li><li>• Foreign Transaction</li></ul> | 3% of the amount of each cash advance<br>3% of the amount of each cash advance<br>1% of the transaction amount. |
| <b>Penalty Fees</b> <ul style="list-style-type: none"><li>• Late Payment</li><li>• Returned Payment</li></ul>                                   | <b>\$25</b><br><b>\$35</b>  |

**How We Will Calculate Your Balance:** We use a method called “average daily balance (including new purchases).”

**Billing Rights:** Information on your rights to dispute transactions and how to exercise those rights is provided in Paragraph 15 of this Contract.

The information in this application is accurate as of February 2015. This information may change after that date. You should contact **Bank of Botetourt, P.O. Box 339, Buchanan, VA, 24066** or call toll-free **1- 866-420-2265** for any change of this information after February 2015.

**Other Disclosures:**

**Card Replacement Fee** \$5.00

**Rush Card Fee** \$35.00

**Sales Receipt/Retrieval Fee** \$5.00

**Statement Reprint Fee** \$5.00