

MASTERCARD/VISA CARD DISCLOSURE AND AGREEMENT

In compliance with the Truth In Lending Act, The Fidelity Bank makes the following disclosure of credit terms applicable to the use of your credit card account. Please retain this disclosure and Agreement for your future reference. To avoid additional interest charges being applied to your current purchases on next month's statement, pay the new balance on the statement in full by the next billing cycle closing date.

1. In this Disclosure and Agreement, "I," "me" and "my" shall mean the individual(s) who applied for and is granted a MasterCard/Visa Card Account; "your" and "you" shall mean The Fidelity Bank; and "Account" means my credit account established hereunder, which may be accessed by a MasterCard/Visa Card ("Card") and Special Checks ("Checks"). This disclosure and Agreement also applies to any loans obtained under said credit account by use of a Card, an automated teller machine card, or other banking card accessing an automated teller machine.
2. My Account allows me to obtain from time to time loans up to the credit limit established by you. I may obtain loans by obtaining cash advances, by charging purchases with my Card and by writing Checks you will provide me.
3. If I have been issued a Card hereunder, I may, on the terms hereof only, buy goods or services from businesses displaying the MasterCard or Interbank/Visa sign ("Merchant") or borrow cash from you or other banks displaying such signs. Each Card must be signed by me, or another authorized user, to insure proper use and I must follow any reasonable and proper procedures required by you or the Merchant honoring the Card. There is no minimum amount required on purchases obtained by the use of the Card; however, there is a \$50.00 minimum on cash advances. For "cash advances", an additional Interest Charge (a Cash Advance Fee) of 3% (minimum \$5.00, maximum \$50.00) of the amount of each cash advance will be charged. In the first billing cycle in which a cash advance is posted, the Cash Advance Fee may cause the "ANNUAL PERCENTAGE RATE" to exceed the "corresponding ANNUAL PERCENTAGE RATE" shown on the periodic billing statement for that billing cycle. The total INTEREST CHARGE imposed on the Account each cycle is the sum of the "Periodic Rate Charge" and all Cash Advance Fees imposed during such billing cycle. The "Periodic Rate Charge" is computed by multiplying the average daily balance by the monthly periodic rate. For purposes of the imposition of Cash Advance Fees, the words "cash advance" mean a cash advance loan made through the use of a Card, an ATM card or any other banking card, including Special Checks and balance transfers to the Account from credit card accounts which are maintained at other financial institutions.
4. The Checks you provide me can be used like any other personal check, except that they may not be used to make payments which are owed from time to time under the Account, or, without your written consent, to pay any other amount I owe you.
5. You will provide me with notice of my credit limit and I agree you may change my limit at any time. I agree never to exceed my credit limit. You are under no obligation to pay any Check or honor any credit card cash advance or credit card purchase which results in my credit limit being exceeded. If you elect to pay or accept any of these Checks, advances or purchases, whereby my unpaid balance exceeds my credit limit, I promise to pay these amounts without notice or demand on your part. You are not obligated to pay any Check against any deposit account I maintain with you.
6. No INTEREST CHARGE will be imposed on goods or services purchased by means of a Card if the total "New Balance" as shown on my periodic statement is paid in full by the next billing cycle closing date (which shall be at least 25 days from the previous billing cycle closing date). If I fail to pay the "New Balance" by the next billing cycle closing date, an INTEREST CHARGE will be imposed on the average daily balance outstanding on my Account for the number of days in my billing cycle.

If I obtain a loan by use of a Check or cash advance with my Card or otherwise as provided herein, an INTEREST CHARGE will be imposed from the date of the loan or advance on the average daily balance outstanding on the cash advance balance of my Account for the number of days in my billing cycle.

You will determine an "average daily balance" for (i) the purchases balance and (ii) the cash advance balance on my Account. To get the "average daily balance" of my purchases balance and my cash advance balance you will take the beginning balance of my Account each day, add any new advances and purchases, as applicable, and unpaid charges (including unpaid interest charges) and other debits, and subtract any payments or credits. This gives you the daily balance. Then, you will add up all the daily balances for the billing cycle and divide by the number of days in the billing cycle. This gives you the "average daily balance".

My INTEREST CHARGE is computed by multiplying the "average daily balance" by the monthly periodic rate of 1-1/2%, which is an Annual Percentage Rate (APR) of 18.00%.

On a monthly basis, unpaid interest charges and other unpaid charges will be consolidated into my Account balance. In this way, unpaid interest charges and other unpaid charges from prior billing cycles will be subject to, and included in, the calculation of the new INTEREST CHARGE.

7. You will bill me monthly on a date selected by you for amounts becoming due hereunder. Upon receipt, I shall examine each bill and immediately notify you of any charge or item which I believe to be in error or subject to dispute. Any charge or item as to which you are not notified within sixty (60) days after billing date shall be conclusively deemed to be correct to the extent permitted by law. I understand and agree that Checks I have written will not be returned to me with my periodic statements; however, I may obtain a photostatic or microfilm copy of any such Check from your records (for which, I may be required to pay your normal research and copying charges).
8. I agree to pay a minimum monthly payment of the greater of (i) \$25.00, (ii) 3% of the amount I owe, or (iii) the sum of (A) interest charges accrued since the last billing cycle (including, but not limited to, cash advance fees), and (B) any late fees, over-credit-limit fees, returned payment fees, and annual charges that have been posted on my account since the last billing cycle, plus (C) 1% of the amount I owe. I have the right to repay the entire amount I owe at any time, or pay an amount greater than the minimum payment. I agree that even if I pay more than the minimum payment during any particular billing cycle, a minimum payment will still be due in subsequent billing cycles, unless you notify me otherwise. I agree to mail all payments due under this Agreement to the address you furnish me on my periodic statement so that you receive them on or before their due dates. A late payment fee in the amount of up to \$25.00 will be assessed for any payment received after the stated due date on the monthly billing statement. My late charge will not exceed, however, the outstanding principal balance of my Account. All payments will be applied first to interest charges, then to other charges, then to the unpaid balance of cash advances and lastly to the unpaid balance of purchases. You may allow me to skip making the minimum monthly payment as to certain billing cycles ("payment holiday"). If I accept the "payment holiday," you will continue to apply interest charges but no late payment charges will be imposed. For the billing cycle following a "payment holiday," all credit terms disclosed herein (including minimum payment requirements and applicable late payment charges) will again apply.

A Fee for Documents in the amount of \$5.00 per copy will be assessed for a copy of a charge slip or other document not in connection with a billing error.

A Research Fee of \$15.00 per hour will be charged in connection for all requests for information initiated by the customer that are not made in connection with a billing error.

9. If I incur a charge in a foreign currency, the charge will be converted by MasterCard or Visa International into a U.S. dollar amount. MasterCard and Visa International will use the procedures set forth in its Operating Regulations in effect at the time that the transaction is processed. Currently, MasterCard and Visa International regulations provide that the currency conversion rate to be used is either a wholesale market rate or a government-mandated rate in effect one day prior to the processing date, increased by 1%. The currency conversion rate in effect on the processing date may differ from the rate in effect on the transaction date or on the posting date.
10. Credit obtained with Checks shall be effected solely by use of Checks furnished by you imprinted with my Account number and only those whose names are imprinted thereon and whose signatures appear on the Account application may sign same; provided, however, I understand and agree that I am liable and responsible for all Checks written under this Agreement if signed by anyone who had authority to do so from anyone who has signed this Agreement. You will not be liable or responsible for payment of postdated Checks, or if by reason of payment of postdated Checks or Checks which I have requested you not to pay, other Checks are dishonored and returned unpaid. You will not be responsible or liable for dishonoring and returning a Check unpaid (a) if payment thereof would cause my available line of credit limit to be exceeded, or (b) by reason of my then being in default under, or in breach of, the terms of the Agreement, or (c) by reason of my privileges under this Agreement having theretofore been revoked. Should you, in your discretion, pay any Check which could have been properly dishonored or returned unpaid by you for any reason above stated or for any other reason, I agree, nevertheless, to pay the amount of said Check, pursuant hereto. Payment of a Check should not constitute a waiver of amounts due and unpaid at that time.
11. You may refuse to issue or reissue a Card or Checks or may revoke or limit Card use or privileges relating to the use of Checks with or without my knowledge or notice to me. Card and Checks at all times remain your property and may be repossessed by you at any time. Upon revocation of Card or withdrawal of privileges of use of Checks or Card, Checks and any other cards or devices which access the credit Account must be surrendered upon demand or upon knowledge of revocation or withdrawal to you or your agent designated to repossess same. No expired or revoked or otherwise invalid Card or Checks shall be used to obtain, or attempt to obtain, credit.
12. At the time of obtaining such cash advance, or making each purchase or credit transaction through use of Card, I or my authorized user shall sign a cash advance slip or sales slip, as the case may be, evidencing the transaction. The word "slip" shall include a draft or any other instrument acknowledging or recognizing the transaction.
13. You shall have no liability or responsibility if any Merchant refuses to honor a Card or Checks. No refunds will be made to, or accepted by, me with respect to any adjustments for goods or services purchased. Any adjustment in connection therewith shall be accomplished only by credit to my Account, authorized by a properly executed credit slip.

THE FIDELITY BANK

**Important: Please read this document and retain it for your records.
See important information on reverse side about your billing rights.**

14. Each of the following shall constitute an event of default hereunder: (a) if I default in making any payment when due and payable hereunder; (b) if I fail to comply with any provision of this Agreement or any other agreement relating to other cards or devices which access my credit Account; (c) if I die or become insolvent or make an assignment for the benefit of creditors; (d) if a petition is filed or any other proceeding is commenced under any bankruptcy, insolvency or receivership law by or against me; (e) if any writ, order or notice of attachment, levy, or garnishment is issued against me or any of my property, assets or income, or (f) the occurrence of any event which gives you reason to believe that the prospect for timely payment has been impaired or that the Card or Checks are or may be improperly used. In the event of default, at your option, all amounts owed from me to you immediately shall become due and payable with interest at the rate provided in this agreement and in such event, I agree to pay all costs of collection and reasonable attorneys' fees shall be added to the unpaid balance of the principal amount due hereunder and shall bear interest at the highest lawful rate. Furthermore, you shall have the right to cancel the Agreement and take immediate possession of all Cards and Checks.
15. I authorize you at any time and from time to time to make or have made whatever credit investigation you feel is proper to evaluate my credit, personal or financial standing and/or employment, and I authorize you to share your credit experience with credit bureaus, creditors and any others. Upon your request, I will provide you with current financial information.
16. If any Card or Check is lost, stolen, or used in an unauthorized manner, I immediately shall notify you upon discovery of such loss, theft, or unauthorized use. I shall give complete cooperation to you in your attempts to recover from unauthorized Card or Check users and shall assist in the prosecution of such persons.
17. I may cancel this Agreement at any time by notifying you in writing and returning to you any and all credit cards and/or Checks given to me. You may also cancel this Agreement at any time upon timely notification. In either case, I must continue to pay you all amount owed on my Account and in accordance with the terms contained in this Agreement.
18. You may change the terms of this Agreement at any time upon written notice mailed to me at the address I have given you, at least 15 days prior to the effective date of the change, unless a longer period is required by law. I agree that any new or changed terms, including any change in the way you compute interest or other charges, shall apply both to credit obtained on or after the effective date of the amendment and to any unpaid balance I owe on the effective date.
19. Each person who uses or authorizes the use of the Card and each person who signed the Account application or otherwise applied for and was granted the Account shall be jointly and severally liable for all loans, purchases, or advances, or other charges made on the Account, whether by Card, Check, or otherwise, and for unauthorized use of the Card or Checks to the maximum extent allowed by law. I will not be liable for any unauthorized use of a Card that occurs after I notify The Fidelity Bank, Post Office Box 8, Fuquay-Varina, North Carolina 27526, telephone: 1-800-682-2382, orally or in writing, of the loss, theft or possible unauthorized use of my Card. In any case, my liability will not exceed the maximum amount allowed by law.
20. Any notice or statements you give to me shall be considered to have been given and received when placed in the United States mail, postage prepaid, and addressed to me at the address shown on your records for this Account.
21. I agree that this Agreement shall be subject to and governed by the law of the State of North Carolina irrespective of the fact that one or more of the parties is now or may become a resident of a different state. All matters whether in contract or in tort, relating to the validity, construction, interpretation and enforcement of this Agreement, including but not limited to the rates and charges provided, shall be determined by the law of the State of North Carolina. The execution of the application for my Account shall constitute execution of this Agreement under seal.

YOUR BILLING RIGHTS: KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act. "You" and "your" means the account holder, "we", "our" and "us" mean The Fidelity Bank.

NOTIFY US IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR BILL

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us on a separate sheet of paper at the address shown following "SEND INQUIRIES TO" in the lower portion on the face of your statement. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected 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.

If you have authorized us to pay your credit card bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

YOUR RIGHTS AND OUR RESPONSIBILITIES AFTER WE RECEIVE YOUR WRITTEN NOTICE

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill 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 your bill that are not in question.

If we find that we made a mistake on your bill, you do not have to pay any interest charges related to any questioned amount. If we didn't make a mistake, you may have to pay interest 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 to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't 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 to 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 price 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.



THE FIDELITY BANK

FEDERAL CONSUMER PROTECTION ACT DISCLOSURE.

CARDHOLDER AGREEMENT.

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