

The City National Bank of Taylor

CARDHOLDER AGREEMENT FOR VISA/MASTERCARD

The person(s) ("Cardholder", whether one or more) who signed and returned the Application for a VISA/MASTERCARD, ("Card") has requested CITY NATIONAL BANK OF TAYLOR ("Issuer") to extend to Cardholder open-end credit. This Card is being furnished to Cardholder by issuer in reliance on part upon the information supplied by Cardholder in the Application. By Cardholder's use of this Card, Cardholder agrees with issuer as follows:

1. Cardholder has accepted the revolving third-party account ("Account") made available to Cardholder by Issuer and authorizes Issuer to pay for Cardholder's account items reflecting credit purchases and leases of goods or services ("Credit Purchases") and loans ("Cash Advances") obtaining through use of the Card. Credit Purchases may be purchased or leased by means of such Card by Cardholder from any retail business establishment who honors same ("Seller") upon execution of sales slip evidencing such Credit Purchase and bearing the account number of Cardholder embossed on the face of such Card or, in the case of telephone orders and mail orders, pursuant to the then current operating rules and regulations of MasterCard. Additionally, Cash Advances may be obtained through use of such Card (a) upon execution of written request of Cardholder in a form furnished to him from any financial institution that is a member, alone or in association with others, of MASTERCARD, Inc. and (b) upon execution of a written separate agreement with Issuer for a MASTERCARD overdraft financing agreement, if offered by Issuer. All Credit Purchases and Cash Advances are effected at the option of the Seller and the cash advancing bank, respectively, and Issuer shall not be responsible for refusal by any Seller or cash advancing bank to honor the Card or any "Related Card", as defined in Paragraph 2 below. Any refund, adjustment or credit allowed by Seller shall not be by cash but rather by a credit advice to Issuer, which shall be shown as a credit on Cardholder's account statement with Issuer.

2. Cardholder promises to pay Issuer at the address specified on the periodic statement (see paragraph 5 below) for all such credit extended, together with and **FINANCE CHARGE** as herein provided, all such payment to be in lawful money of the United States of America. Cardholder will pay, in their equivalent in U.S. Dollars, all charges in a foreign currency, which equivalent will be determined by reference to the amount in U.S. Dollars the Issuer shall have paid in good faith to the person presenting the item to Issuer. Cardholder shall be liable and agrees to pay Issuer for Credit Purchases made by, or for the Cash Advances extended to, Cardholder or anyone else using such Card, unless the use of such Card is by a person other than the Cardholder (a) who does not have actual, implied or apparent authority for such use, and (b) from which Cardholder receives no benefit. Additionally, Cardholder shall be jointly and severally liable and agrees to pay for all Credit Purchases and Loans Obtained through the use of any other card bearing Cardholder's account number that has been issued to another person by reason of such person being a member of Cardholder's family, or otherwise issued upon Cardholder's request (all such Cards bearing the same MASTERCARD account number are herein collectively called "Related Cards").

3. Issuer shall inform Cardholder from time to time of the maximum amount of debt ("Credit Limit") that may be outstanding on the Account at any time, which Credit Limit is made a part of this Agreement by reference. Cardholder agrees not to use or permit the use of the Card in any manner that would cause the outstanding balance in the account to ever exceed the Credit Limit. If the outstanding balance in the Account ever exceeds the Credit Limit, Cardholder shall pay such excess to Issuer immediately upon notice from Issuer.

4. Cardholder agrees to promptly notify Issuer of any change of address by writing Issuer at this address: City National Bank of Taylor, P. O. box 1099, Taylor, Texas 76574.

5. As of the end of each monthly billing cycle, Cardholder will be furnished a periodic statement showing, among other things, (I) the amount owed ("Previous Balance") at the beginning of the billing cycle, (II) the amount of all Cash Advance, Credit Purchases, and FINANCE CHARGE posted to the Account during the billing cycle, (III) the amount of all payments and credits posted to the Accounts during the billing cycle, and (IV) the total amount due ("New Balance") at the end of the billing cycle, which amounts is the sum of (I) and (II) less (III).

6. Cardholder agrees to pay the Issuer, within 25 days "Payment Due Date" from the "Closing Date" shown on the periodic statement, the sum of (I) either (a) the entire New Balance or (b) at Cardholder's option, an amount which shall be at least 3% of the New Balance or \$15.00, whichever is greater, and (III) any amount that is past due and any amount that is in excess of the Credit Limit, if the New Balance is less than \$15.00, it shall be paid in full. If Cardholder has given Issuer a proper notification of a billing error, as that term is defined in the Truth-in-Lending Act and Regulation Z promulgated by the Board of Governors of the Federal Reserve System, the minimum payment will not include any amount attributable to the items covered by such notification until Issuer shall have complied with the Act and the Regulation.

7. If the Cardholder obtains Cash Advances, or elects to pay for Credit Purchases in installment in the manner provided in paragraph 6 (I) (b) hereof, each statement will include, and Cardholder agrees to pay, a **FINANCE CHARGE**, calculated at a **Periodic Rate**, subject to the Limitation provided below. The **Periodic Rate** is calculated by dividing the **ANNUAL PERCENTAGE RATE** by 12. The **ANNUAL PERCENTAGE RATE** may be changed by Issuer from time to time in

accordance with applicable law, provided, however, the **ANNUAL PERCENTAGE RATE** will not exceed 18%. Any increase in the **ANNUAL PERCENTAGE RATE** applicable to the Account will take the form of higher payment amounts.

8. A **FINANCE CHARGE** will be imposed on Credit Purchases only if you elect not to pay the entire New Balance shown on your monthly statement for the previous billing cycle within a 25 day period, a **FINANCE CHARGE** will be imposed on the unpaid average daily balance of such Credit Purchases from the Statement closing date (but not on Credit Purchases posted during the current billing period) and will continue to accrue until the closing date of the billing cycle preceding the date on which the entire New Balance is paid in full or until date of payment, if more than 25 days from the closing date.

The **FINANCE CHARGE** for a billing cycle is computed by applying the monthly Periodic Rate to the average daily balance of Credit Purchases, which is determined by dividing the sum of the daily balances during the billing cycle by the number of days in the cycle. Each daily balance of Credit Purchases is determined by subtracting from the outstanding unpaid balance of Credit Purchases at the beginning of the billing cycle any payments as received and credits as posted to your account, but excluding any unpaid **FINANCE CHARGES**.

9. All payments received by the close of the business day at any of the City National Bank of Taylor locations, will be credited to the Account as of the date of receipt of payment. If mailing payment to the statement address, please allow 7 to 10 business days for credit to be given.

10. Your cash advance balance may not exceed 50% of your total credit limit. This will not apply to existing cash advance balances.

11. Issuer may, after giving any notice required by law without liability to Cardholder and without affecting Cardholder's liability to Issuer for credit previously extended, decline to make further advances for Cardholder's account under this open end credit arrangement and revoke the Card. The Card, at all times, remains the property of Issuer, and Cardholder agrees to surrender the Card to Issuer upon demand and to not transfer the Card to any third party. If the Card is lost or stolen, Cardholder agrees to notify Issuer immediately and to cooperate with Issuer, including but not limited to providing Issuer with all facts and information known by or reasonably available to Cardholder regarding such loss or theft.

12. If Cardholder requests Issuer to increase the Credit limit, Cardholder agrees to furnish promptly to Issuer such additional financial or other information as Issuer may reasonably request.

13. If (a) Cardholder defaults in any payment request to be made on the Account or otherwise violates any provision of this Agreement or (b) Cardholder dies or seeks to obtain any relief as a debtor in any proceeding under any bankruptcy, insolvency, or debtor-relief-law, issuer may at its election (i) decline to extend further credit under this Agreement (and Cardholder agrees not to make further Credit Purchase or to obtain further Cash Advances) and (ii) declare all amounts then owed to Issuer by Cardholder immediately due and payable, without prior notice or demand of any kind, which notice and demand are hereby waived by Cardholder.

14. Cardholder agrees to pay (i) all amounts actually incurred by Issuer as court costs and attorneys' fees which are awarded by a court in a connection with the collection of amounts due by Cardholder under the Account and (ii) premiums or other identifiable charges received in connection with the permitted sale of insurance.

15. This Agreement is made pursuant to the provisions of Chapter 346 of the Texas Finance Code. THE VALIDITY, CONSTRUCTION AND ENFORCEMENT OF THIS AGREEMENT, ISSUER'S MAKING THE ACCOUNT AVAILABLE, AND ALL MATTERS ARISING OUT OF THE ISSUANCE AND USE OF THE CARD SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS AND, TO THE EXTENT APPLICABLE, THE LAWS OF THE UNITED STATES OF AMERICA, INCLUDING THE TRUTH IN LENDING ACT AND REGULATION Z OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

16. This Agreement has been entered into and is performable in Taylor, Williamson County, Texas. Williamson County, Texas shall be proper place of venue to enforce payment or performance of this Agreement. Cardholder agrees that any legal proceedings in respect of this Agreement, the Card, or the Account shall be brought in the district courts of Williamson County, Texas or the United States District Court for the Western District of Texas, Austin Division.

17. Issuer may amend this Agreement as permitted by application law. Without limitation of the preceding sentence, the terms of this Agreement including the rate index, formula or provision of law used to compute the **Finance Charge** and the **Annual Percentage Rate** are subject to revision as to current and future balances from time to time by notice from Issuer to Cardholder as permitted by law, Notice of any amendment to this Agreement shall be given as provided by Applicable state and federal law.

18. Cardholder agrees that Issuer, its agents or service companies may monitor and/or record any telephone communications with Cardholder.

19.If the Card is lost or stolen, Cardholder should notify Issuer immediately, either by writing the Issuer at P. O. Box 1099, Taylor, TX, 76574 or by calling (800)423-7503. The liability of Cardholder for unauthorized use of the Card shall not exceed the lesser of \$50.00 of the amount of money, property, labor, or services obtained by the unauthorized use before notification to Issuer. "Unauthorized use" means the use of the Card by a person, other than Cardholder, who does not have actual, implied or apparent authority for such use and from which Cardholder received no benefit.

20.If Cardholder fails to activate credit card within 180 days from date of issue, the account will be canceled.

21. For payments made 10 days after the due date, a late fee of 5% of the payment due or a maximum of \$15.00 will be charged.

22.Transaction fees for cash advances will be 2% of the amount accessed with a minimum of \$2.00 and a maximum of \$25.00

23. Any returned check will incur a \$25.00 charge against the account.

Mail notifications of lost or stolen cards to: Credit Card Security Department, P. O. Box 30035, Tampa, Florida 33030

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.

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 at the address listed on your bill. 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 the following information:

- Your name and account number
- The dollar amount of the suspended 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 questioning, or report you as delinquent. We can continue to bill you for the amount your question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay the 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 we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't 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 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 of the questioned amount, even if your bill was correct.

SPECIAL RULES 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 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 100 miles of your current mailing address; and
- (b) The purchase price must have been more than \$50

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 CITY NATIONAL BANK OF TAYLOR CREDIT CARD PROGRAM – TRUTH IN LENDING/REGULATION Z INITIAL DISCLOSURE

Dear Cardholder: Your new Visa/MasterCard credit card will soon be mailed to you. The initial disclosures required by federal law are included on this document. Also included on this document is your Cardholder Agreement and a statement containing important information regarding your rights to dispute billing errors. Keep these forms so you can refer to them if you have any questions regarding your account.

1. FINANCE CHARGE CALCULATION METHOD

Cash Advances: The **Finance Charge** on Cash Advances is calculated in accordance with Method F which is described below.

Credit Purchases: The **Finance Charge** on Credit purchases is calculated in accordance with Method E which is described below.

2. PERIODIC RATE; ANNUAL PERCENTAGE RATE

Variable Periodic Rate: The **Annual Percentage Rate** is currently 13.92%. This rate may not be changed within the first year of opening your credit card account. After one year, we may, in our sole discretion, place in effect an **Annual Percentage Rate**, which is different from the current rate, so long as the **Annual Percentage Rate** does not exceed the maximum amount allowed by applicable law, which is currently 18% per annum.

Credit Purchases: The initial Periodic Rate used to compute the **Finance Charge** for credit purchases is 1.16% per month. The corresponding **Annual Percentage Rate** is 13.92%.

Cash Advances: The initial Periodic Rate used to compute the **Finance Charge** for cash advances is 1.16% per month. The corresponding **Annual Percentage Rate** is 13.92%.

3. MINIMUM PERIODIC PAYMENT

The minimum periodic payment required is the total New Balance as shown on your monthly billing statement if the amount is under \$15. If the New Balance exceeds \$15, the minimum periodic payment is 5% of that portion of the New Balance which does not exceed your credit limit, plus the entire portion of the New Balance in excess of your credit limit, plus any amount past due, or \$15 whichever is greater.

4. OTHER CHARGES:

Annual Fee: None

Minimum Finance Charge: None

Transaction Fee for Purchase: None

5. **BILLING ERRORS/CARDHOLDER'S RIGHTS:** See separate statement enclosed entitled "Your Billing Rights": for important information regarding your rights to dispute billing errors.

6. **PENALTY RATE:** Accounts that become delinquent more than 30 days, two times within a six month period, will be subject to a rate increase of 18%.

7. PROCESS FOR POSTING TRANSACTIONS ON BILLING STATEMENTS

A 1% International Transaction Fee will be assessed on all transactions where the merchant country differs from the country of the card issuer. The converted transaction amount will be shown separately from the International Transaction Fee on your billing statement. This fee will be assessed on all international purchases, credit vouchers, and cash disbursements.

8. FOREIGN TRANSACTION CURRENCY EXCHANGE RATE

The exchange rate for transactions in a foreign currency will be a rate selected by MasterCard from the range of rates available in wholesale currency markets for the applicable central processing date which rate may vary from the rate Visa/MasterCard itself receives, or the government mandated rate in effect for the applicable central Processing date plus the 1% International Transaction Fee.

FINANCE CHARGE CALCULATION METHODS

The **Finance Charge** Calculation Method applicable to your account for Cash Advances & Credit Purchases of goods & services that you obtain through the use of your card is specified in Paragraph 1 above and explained below:

METHOD A - A finance Charge will be imposed on Cash advances from the date made or from the first day of the billing cycle in which the Cash Advance is posted to your account, whichever is later, and will continue to accrue until the date of payment. A **Finance Charge** will be imposed on Credit Purchases from the date of the Credit Purchase is posted to your account and will continue to accrue until the date of payment.

The **Finance Charge** for a billing cycle is computed by applying the monthly Periodic Rate to the average daily balance, which is determined by dividing the sum of the daily balances during the billing cycle by the number of days in the cycle. Each daily balance is determined by adding to the Previous balance (the outstanding balance of your account at the beginning of the billing cycle) any new Cash Advances received and any new Credit Purchases posted to your account, and subtracting any payments as received or credits as posted to your account but excluding any unpaid **Finance Charges**.

METHOD E – A **Finance Charge** will be imposed on Credit Purchases only if you elect not to pay the entire New Balance shown on your monthly statement for the billing cycle during which such transactions are posted to your account within 25 days from the closing date of that statement. If you elect not to pay the entire New Balance shown on your monthly statement within that 25-day period, a **Finance Charge** will be imposed on the unpaid average daily balance of such Credit Purchases from the statement closing date (but not on Credit Purchases posted during the current billing period) and will continue to accrue until the closing date of the billing cycle preceding the date on which the entire New Balance is paid in full or until the date of payment if more that 25 days from the closing date.

The **Finance Charge** for a billing cycle is computed by applying the monthly Periodic Rate to the average daily balance of Credit Purchases, which is determined by dividing the sum of the daily balances during the billing cycle by the number of days in the cycle. Each daily balance of Credit Purchases is determined by subtracting from the outstanding unpaid balance of Credit Purchases at the beginning of the billing cycle any payment s as received and credit as posted to your account, but excluding any unpaid **Finance Charges**.

If paragraph 1 above indicates that this Method E also applies to Cash Advances, a **Finance Charge** will be imposed on Cash Advances from the date of the Cash Advance or from the first day of the billing cycle in which the Cash Advances is posted to your account, whichever is later, and will otherwise be calculated in the same manner as explained above for Credit Purchases.

METHOD F – A **Finance Charge** will be imposed on Cash Advances from the date made or from the first day of the billing cycle in which the Cash advance is posted to your account, whichever is later, and will continue to accrue on the unpaid average daily balance of such Cash Advances until the date of payment if paid during the same billing cycle, or until the closing date of the billing cycle preceding the date on which the entire New Balance is paid in full or until the date of payment, if more that 25 days from the closing date. If the New Balance shown on your monthly statement for the prior billing cycle is paid in full within 25 days from the closing date of that statement, no Finance Charges will be imposed during the current billing cycle for Cash Advances posted to your account during previous billing cycles.

The **Finance Charge** for a billing cycle is computed by applying the monthly Periodic Rate to the average daily balance of Cash Advances, which is determined by dividing the sum of the daily balances during the billing cycle by the number of days in the cycle. Each daily balance of Cash Advances is determined by adding to the outstanding unpaid balance of Cash Advances at the beginning of the billing cycle any new Cash Advances posted to your account and subtracting any payments as received or credits as posted to your account but excluding any unpaid **Finance Charges**.

If paragraph 1 above indicates that this Method F also applies to Credit Purchases a **Finance Charge** will be imposed on Credit Purchases from the date of posting to your account, and will otherwise be calculated in the same manner as explained above for Cash Advances.

METHOD G – A **Finance Charge** will be imposed on Credit Purchases only if you elect not to pay the entire New Balance shown on your monthly statement for the previous billing cycle within 25 days from the closing date of that statement. If you elect not to pay the entire New Balance shown on your previous monthly statement within that 25-day period, a **Finance Charge** will be imposed on the unpaid average daily balance of such Credit Purchases from the previous statement closing date and new Credit Purchases from the date of posting to your account during the current billing cycle, and will continue to accrue until the closing date of the billing cycle preceding the date on which the entire New Balance is paid in full or until the date of payment if more than 25 days from the closing date.

The **Finance Charge** for a billing cycle is computed by applying the monthly Periodic Rate to the average daily balance of Credit Purchases, which is determined by dividing the sum of the daily balances during the billing cycle by the number of days in the cycle. Each daily balance of Credit Purchases is determined by adding to the outstanding unpaid balance of Credit Purchases at the beginning of the billing cycle any new Credit Purchases posted to your account, and subtracting any payments as received and credits as posted to your account, but excluding any unpaid **Finance Charges**.

If paragraph 1 above indicates that this Method G also applies to Cash Advances a **Finance Charge** will be imposed on Cash Advances from the date of the Cash Advance or from the first day of the billing cycle in which the Cash Advance is posted to your account, whichever is later, and will otherwise be calculated in the same manner as explained above for Credit Purchases.

IF YOU DO NOT RECEIVE YOUR CREDIT CARD WITHIN (10) DAYS OF YOUR RECEIPT OF THIS LETTER, PLEASE CONTACT THE CREDIT CARD DEPARTMENT AT CITY NATIONAL BANK OF TAYLOR (512) 352-8523.