



**FREEDOM ACCOUNT DISCLOSURE AGREEMENT**

<b>Interest Rate and Finance Charges</b>	
<b>APR for Balance Transfers</b>	<b>18.00%</b>
<b>Paying Interest</b>	You will be charged interest from the transaction date
<b>Fees</b>	
<b>Annual Fee</b>	<b>\$25.00</b>
<b>Penalty Fees</b>	
• <b>Late Payment</b>	<b>5% of the payment amount up to a maximum of \$25.00</b>
<b>Other Fees</b>	
• <b>Set Up Fee</b>	<b>\$15.00 (one time fee)</b>

How We Will Calculate Your Balance: We use a method called “average daily balance method (including new transactions).” Additional information provided below.

Billing Rights: Information on your rights to dispute transactions and how to exercise those rights is provided on the back of this agreement.

If your checking account is a joint account or an account that another person may use, then the words “you” and “your” in this agreement refer to all persons who may use your account. Freedom Account advances are loans and will be made by crediting your checking account in multiples of \$100.00, or with the unused portion of your credit line if less than \$100.00, whenever checks honored or other charges to your account exceed the balance in your account. If the advance required to cover your check exceeds the available balance of your Freedom Account, no advances will be made and your check will be handled according to NSF check procedures. Each time you write a check, the bank will charge you the usual service charge, if any, it imposes for maintenance of your checking account.

**PROMISE TO PAY:** When you incur a Freedom Account advance, you promise to repay the loan, plus any finance charge and late charges, and you promise to be bound by the terms of this Agreement. You will repay by making payments each month as described in the next paragraph.

**PAYMENTS:** As a monthly payment, the bank will deduct from your checking account, 25 days after a date a regular statement is rendered, 5% of the average monthly account balance or a minimum monthly payment of \$25.00, whichever is greater.

**MONTHLY STATEMENTS:** An up-to-date description of your Freedom Account activity will appear on your monthly statement.

**FINANCE CHARGES:** The finance charges on your account will consist of your monthly finance charges. Finance charges will accrue when the account is activated.

1. **Monthly Finance Charges:** Your finance charge for each month will be calculated at the periodic rate of 1.5% (**18%** ANNUAL PERCENTAGE RATE) on your average daily balance during the statement cycle. Finance charges are added to the outstanding balance when a regular statement is rendered. There is no grace period during which you may repay an advance without incurring a monthly finance charge.
2. **Balance Computation Method:** The Finance Charge Calculation Method applicable to your Freedom account is the **Average Daily balance method (including new transactions)**. We figure the finance charge on your account by applying the periodic rate to the “average daily balance” of your account (including new transactions). To get the “average daily balance” we take the beginning balance of your account each day, add any advances and subtract any payment 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.”

**LATE CHARGES:** If you fail to pay any amount within seven days of the due date, the bank may collect a late charge of 5% of the payment you missed up to a maximum of \$25.00.

**ENTIRE BALANCE DUE:** If you miss two consecutive monthly payments or otherwise do not follow the terms of this Agreement, the bank may, without notice declare all sums owed under this obligation and any other obligations to be payable immediately and the bank’s commitment to make transfers under this Agreement will terminate. The bank can also do this if you make any false or misleading statements on any credit application, if you die, file for bankruptcy, if any other creditor tries to seize your property or if we have reason to believe that you will be unable to maintain your account in good standing. The bank’s failure to exercise any right under this Agreement will not be considered a waiver of its rights.

**COLLECTION COSTS:** Also, subject to any limits under applicable law, upon default you agree to pay for any expenses incurred by the bank in protecting or enforcing its rights under this Agreement, including reasonable attorneys’ fees and legal expenses.

**SECURITY INTEREST, OFFSET:** To the extent permitted by applicable law, we reserve a right of setoff in all your accounts with us (whether checking, savings, or some other account), including without limitation, all accounts you may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. You authorize us, to the extent permitted by applicable law, to charge or setoff all sums owing on this Agreement against any and all such accounts.

**OTHERS USING YOUR ACCOUNT:** You agree that loans may be made by checks drawn by anyone authorized to draw checks on your account. The obligations of you and the other persons who may use your account are joint and several.

**NO CREDIT ACTIVITY:** If your Freedom Account credit is not used you are not responsible for paying any finance charge. You pay only the regular service charge for maintenance of your checking account.

**CANCELLATION:** Either party may terminate this Agreement by written notice to the other, but termination will not affect obligations incurred prior to the notice.

**CHANGE OF TERMS:** The bank may upon 30 days prior written notice to you amend or change any provision or term of this Agreement.

**APPLICATION:** The law of Virginia shall govern all rights and duties hereunder.

**NOTICE:** See reverse side for important information regarding your rights to dispute billing errors.

## **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 Lancaster  
P.O. Box 1869  
Kilmarnock, VA 22482

In your letter, give us the following information:

- *Account information:* Your name and account number.
- *Dollar amount:* The dollar amount of the suspected error.
- *Description of 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:

- Within 60 days after the error appeared on your statement.
- At least 3 business days before an automated 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.

#### **What Will Happen After We Receive Your Letter**

##### **When we receive your letter, we must do two things:**

1. 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.
2. 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.



EQUAL HOUSING LENDER