

Design and Testing of Effective Truth in Lending Disclosures

Findings from Qualitative Consumer Research

December 15, 2008

Submitted to:

Board of Governors of the Federal Reserve System



Submitted by:



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EXECUTIVE SUMMARY

BACKGROUND AND DESCRIPTION OF PROJECT

In 1968, the Truth in Lending Act (TILA) was enacted by Congress to protect consumers by requiring that certain key pieces of information be disclosed to them by lenders at various points in time. The Federal Reserve Board (the “Board”) was assigned by Congress the responsibility of implementing TILA, and currently does so through its Regulation Z.

In 2004, the Board began the process of revisiting some portions of Regulation Z to determine whether revisions were necessary. Among the rules being reviewed are those that relate to open-end credit, which includes general-purpose credit cards. The goal of the review is to ensure that the regulations lead to disclosures that consumers would most likely pay attention to, understand and comprehend, and would be able to use in their decisionmaking.

The Board contracted with Macro International Inc. (“Macro”) in April 2006 to assist it in this effort. In the first phase of its work, Macro conducted two rounds of focus groups¹ and five rounds of cognitive interviews with consumers². Early rounds of focus groups and interviews solicited feedback on current credit card disclosure forms, as well as information on how these forms are used by consumers. For later rounds, Macro developed new model disclosure forms which were revised on an iterative basis based on findings from each round of interviews. The results of these focus groups and interviews informed the proposed revisions to Regulation Z that the Board released for public comment in June 2007, and some of the disclosure forms that were developed through testing were included as model forms with the proposal. Findings from the first phase of research were summarized in a previous report to the Board.

Following the release of the Board’s June 2007 proposal, Macro conducted three more rounds of cognitive interviews to continue to test and refine the model forms. As before, between each round of interviews, Macro made revisions to the forms being tested to address consumer comprehension issues that became apparent in testing. This report describes the methodology and key findings from this second phase of consumer testing, which took place between March and August of 2008. Initial findings from this phase of work informed the Board’s additional proposed revisions to Regulation Z that were released in May 2008, and the results described in this report will be used in the development of the Board’s final rules, to be released in December 2008.

SUMMARY OF METHODOLOGY

This phase of testing was carried out through a total of 25 ninety-minute interviews in three locations: Philadelphia, PA; Chicago, IL; and Los Angeles, CA. Participants in each of the three

¹ Each focus group consisted of between eight and thirteen people that discussed issues identified by the Board staff and raised by a moderator from Macro.

² The cognitive interviews consisted of one-on-one discussions with consumers.

locations were recruited by telephone using a structured screening instrument in order to ensure the selection of a range of participants in terms of gender, age, and ethnicity.

In each interview, the participant was shown several mock disclosure documents and asked to review them just as they normally would for their own account. They were asked to “think aloud” while doing so—in other words, to describe what they were thinking as they read, and to indicate if they saw anything that they found interesting, surprising, or confusing. When the participant indicated that he or she was finished, the interviewer asked a series of follow-up questions to test the participant’s understanding of the document.

Three different types of disclosures related to credit card accounts were addressed in these three rounds of testing:

- **Solicitation and Application Disclosures:** Tabular disclosures, often called “Schumer Box” disclosures, are provided on or with direct-mail solicitations and applications for credit cards to help consumers compare and shop for credit cards. Some testing was also conducted with solicitation letters, which are generally included with credit card offers sent in the mail.
- **Periodic Statements:** These disclosures typically are given on a monthly basis to inform the consumer about transactions, fees, and interest charges incurred in the previous billing cycle. These statements inform consumers of when they must make a payment in order to avoid additional charges, as well as the minimum payment amount. Periodic statement models used in these rounds of testing also included a notice informing participants of changes to their account terms.
- **Convenience Checks:** These checks (sometimes called “balance transfer checks”) are given to consumers as additional devices to access their credit card accounts. They are usually included with monthly statements or sent to cardholders in a separate mailing.

SUMMARY OF FINDINGS

Findings Related to Schumer Boxes

Solicitation Letter

- Almost all participants understood that when the solicitation letter offered a credit limit of “up to \$2,500,” if they applied for the card they might receive a credit limit of less than \$2,500. One solicitation letter model used in Philadelphia provided a range of credit limits (\$500 to \$2,500); all participants who saw this range understood what it meant.
- Some solicitation letter models used in Chicago and Los Angeles included a sentence in bold typeface that indicated that applicants’ credit limits would be determined based on their credit history, income, and debts. Almost none of the participants noticed this sentence when reviewing the solicitation letter. However, almost all understood that their

credit limit would be determined by these factors based on prior knowledge and experience.

Annual Percentage Rates

- Most Schumer Box models used in testing were divided into two sections: “Interest Rates and Interest Charges” and “Fees.” Two models used in Philadelphia grouped some information into a third section, titled “Other Terms That Affect Your Interest Charges,” that contained rows about minimum interest charges, balance calculation, payment allocation, and the grace period. The use of this third section did not appear to impact consumers’ ability to find or understand this information.
- In each round of testing, at least one of the models used provided a range of possible initial APRs for purchases, along with text stating that applicants’ actual rates would be determined based on their creditworthiness. This information was phrased differently in different rounds; in Philadelphia models stated that the initial rate would be determined “based on your creditworthiness and other factors,” while models used in Chicago and Los Angeles indicated that the rate would be determined “based on your credit history, income, and debts, as well as other factors.” This change in wording did not have an effect on consumer understanding. In fact, a large majority of participants assumed that this is how their initial rate would be determined even before reading this text.
- One of the models used in Philadelphia indicated that the variable APR on purchases would “never go lower than 5.99% or higher than 19.99%.” All but one participant understood what this meant; the remaining participant incorrectly thought that he or she would be able to select his or her APR from this range.
- Some of the models used displayed APRs for balance transfers and purchases as two separate rows. In other cases, the APRs for purchases and balance transfers were the same, and were shown in a single row labeled “APRs for Purchases and Balance Transfers.” Testing provided some, though not conclusive, evidence that providing the APR for balance transfers in a separate row may make it easier for consumers to identify this rate.

Loss of Introductory APR

- When asked whether the Schumer Box provided any information about how they could lose their introductory rates before the end of the promotional period, less than half of participants were able to find the row containing this information. About a third incorrectly referred to the Penalty APR row, while the remainder could find no information in the Schumer Box about reasons they would lose their introductory APR prematurely. The location of the row in the Schumer Box did not have a noticeable effect on participants’ ability to find this information.
- Some of the models used in Chicago and Los Angeles included a cross reference in rows describing introductory APRs that indicated that the introductory rate could end early, and directing participant’s attention to the row describing when this might occur. However,

there was no strong evidence that the presence of this cross reference increased the likelihood of participants' seeing this row.

- Two different labels were used for this row: “Loss of Introductory APR” and “How You Could Lose Your Introductory APR.” There was no evidence that either label was more effective.

Penalty Fees

- Two models used in Philadelphia listed the over-the-credit limit fee on the front of the Schumer Box, while all other models used in these three rounds listed this fee on the back. There was some evidence that displaying the fee on the back made it more difficult for consumers to find; all participants who saw the first two models successfully identified this fee, as opposed to only half of participants who were shown models that provided the fee on the back.
- Some of the models used in Philadelphia and Chicago combined two types of fees into the same row if the amount of the fee was the same. There was no evidence that doing so made it more difficult for participants to find these fees.

Minimum Interest Charge

- Interview participants in Chicago and Los Angeles were specifically asked about the Minimum Interest Charge row in the Schumer Boxes. Just over half of the participants could correctly explain what a “minimum interest charge” was; the most common misconception was that cardholders would be charged this amount of money whether or not they paid off their balance.
- Almost none of the participants commented on this row of the Schumer Box when reviewing the models. When asked how important this information was to them, almost all indicated that it was not important because the amount shown was so small (\$1.50).

Board Website

- About half of participants mentioned the website when asked if there was any information in the Schumer Box about where they could get more information about credit cards.
- Schumer Box models used in Philadelphia provided the Board's credit card website in a section separate from those that described account terms, while models used in Chicago and Los Angeles included this information in the last row of the “Interest Rates and Interest Charges” section. This difference did not significantly impact the likelihood that participants noticed this information.
- Just over half of participants in the three rounds of testing understood that the Board website would provide general information about selecting and using credit cards. The remaining participants incorrectly assumed that the website would provide information about the terms of the specific credit card offer described in the Schumer Box.

- Less than half of participants indicated that they would be likely to go to this website. Most other participants indicated that would probably not use the website because they did not think the information provided would be useful to them.

Understanding of Two-Cycle Billing

- Two models used in Philadelphia provided a description of the difference between two-cycle and one-cycle billing and indicated that “in some cases, two-cycle billing leads to higher interest charges.” Participants who saw these models understood that under two-cycle billing, cardholders can be charged interest on balances during both the current and previous billing cycle. However, almost all incorrectly believed that two-cycle billing would always lead to higher interest charges than one-cycle billing.
- Another model used in Philadelphia did not explain one-cycle and two-cycle billing, but instead simply noted that the account being offered would use two-cycle billing and that “in some situations” this billing method could lead to higher interest charges. None of the participants who saw this model could explain what two-cycle billing was; two thought it meant that cardholders would receive two statements each billing period.³

Payment Allocation

- Two of the three models used in Philadelphia included information about how cardholders’ payments would be applied between different balances. About half of participants who were shown these models could find this information when asked.
- More than half of participants already understood coming into the interview that banks usually apply payments to lower-rate balances before higher-rate balances. Of those participants that did not, none understood payment allocation any better after reading the explanation provided.
- Among those participants who did understand that payments are usually allocated to lower-rate balances first, several commented that they thought this practice was unfair.

Grace Period

- When asked if there was any way that they could avoid paying interest on new purchases, most participants found the row in the Schumer Box related to this topic. Even among those who did not find this row, however, almost all understood that if they paid their balance in full they would not be charged any interest.
- Some of the Schumer Box models included the phrase “excluding promotional balances” in the text of this row. At least half of participants did not understand this phrase. However, this did not impact their comprehension of the rest of the information in the row; participants tended to simply ignore this phrase when reading.

³ Models in Chicago and Los Angeles used this same treatment of two-cycle billing, but participants were not asked about it.

- In various models, the row in the Schumer Box related to the grace period was labeled “How to Avoid Paying Interest on Purchases,” “Grace Period,” or “Interest-Free Period.” There was no clear evidence that the label of this row had any impact on consumer comprehension. However, in Los Angeles participants were shown all three options and asked which would be the clearest title for this row. Two thirds chose “How to Avoid Paying Interest on Purchases,” while the remaining third selected “Interest-Free Period”.

Available Credit Disclosure

- When asked whether their entire credit limit would be available to them when their account was opened, just over half of participants in Chicago and Los Angeles were able to find the disclosure on this topic in the Set-Up and Maintenance Fees section of the Schumer Box.⁴
- After reading this disclosure, all participants understood that their initial credit limit would be reduced by the amount shown because of fees.
- Most participants initially assumed that the amount by which their credit was reduced was the sum of the set-up and maintenance fees shown in the Schumer Box. Several noticed that this was not the case, but the fact that the numbers did not add up as expected did not appear to concern them.⁵
- The models used in Chicago and Los Angeles used several different wordings for this disclosure, but these variations did not have a noticeable impact on the extent to which consumers understood how their initial credit limit would be determined.

Other Reasons Your APRs May Change

- One of the Schumer Box models used in Philadelphia included a row titled “Other Reasons Your APRs May Change” that indicated that the issuer could change the APRs shown for any reason. Only 2 of 8 participants noticed this row, and most said that even if the row did not appear in the Schumer Box they would still assume that the bank could change the APRs at any time.

Findings Related to Periodic Statements

Late Payment Warning

- Over the three rounds of testing, about two thirds of participants were able to find information on the statement models about what would happen if they made a late payment on their account. Models used in Chicago and Los Angeles used different formats for displaying payment information; there was no evidence that this had an impact on consumers’ ability to find the Late Payment Warning.

⁴ This disclosure did not appear in the models used in Philadelphia, so participants were not asked this question.

⁵ The forms that were used in Chicago and Los Angeles were designed to be compliant with proposed rules issued in May 2008 by the Board and other federal banking agencies. For this reason, the amount by which the initial available credit was reduced was less than the sum of the set-up and maintenance fees.

Notice about Minimum Payments

- When asked if there was any information on the statements about the negative consequences of paying only the minimum payment each month, about two thirds of participants were able to locate the Notice about Minimum Payments. However, even those that could not find this information on the statement generally understood that paying only the minimum payment would lead to higher interest charges and would increase the length of time it took to pay off a balance.
- As with the Late Payment Warning, variations in the formatting of payment information in the Chicago and Los Angeles rounds of testing did not have a noticeable impact on participants' ability to find the Notice about Minimum Payments.
- Most participants understood what information they could get by calling the 1-800 number in the Notice about Minimum Payments. A few did not realize that the numbers provided in the notice were only an example and did not reflect the actual balance and APR reflected in the statement, and therefore were confused as to how the content provided through the telephone service would differ from what was already shown on the statement.
- About a quarter of participants indicated that they would be likely to seek out additional information through the 1-800 number shown or online. Most others indicated that this information would not be useful to them, either because they do not pay only the minimum payment or because they are already aware of the negative consequences of doing so.
- Participants in Chicago and Los Angeles were asked whether they would prefer to get this information through a 1-800 number or online. Slightly more than half indicated that they would prefer to get the information by telephone.

Payment Due Time

- Both models used in Chicago listed the time that payment was due (2:00 p.m.) next to the due date. They also included an asterisk next to the payment due time, with a reference below indicating this time only applies to electronic payments and that information on other types of payments was available on the back of the statement. The back of the statement indicated that mailed payments were due at 5:00 p.m. However, three quarters of participants incorrectly stated that mailed payments were due at 2:00.
- The models used in Los Angeles explicitly stated next to the due time that this time only applies to electronic payments. Again, however, over half of participants incorrectly stated that the time would also apply to mailed payments.
- Less than a quarter of participants in the two rounds were able to successfully find the information about the time mailed payments are due on the back of the statement.

Chronological vs. Grouped Transaction Lists

- In all three rounds, one periodic statement model included a transaction list that provided transactions in chronological order, while the other had a list that was grouped by

transaction type. In each round, participants who were given the grouped transaction list were more likely to be able to identify the number of fees they were charged, compared with those who saw a chronological list.

- In Chicago, participants had more difficulty matching transaction fees to their corresponding transactions when looking at a grouped list. In Los Angeles, however, participants who saw a grouped list were better able to match transactions to fees than their counterparts who were given a chronological list.

Payment Allocation

- In Philadelphia, participants were given the opportunity on the payment coupon to indicate how they would like their payment allocated between their balances on purchases, balance transfers, and cash advances. Most participants tried to pay down the balance on which they had the highest APR. However, most completed the form incorrectly in that they either wrote payment amounts in the wrong place or did not follow directions.
- Participants in Chicago and Los Angeles were given a revised version of the payment allocation form to complete. Unlike in Philadelphia, most participants followed directions and wrote payment amounts in the correct place on the form. However, only a small percentage allocated payments between balances in the way that would actually be most advantageous to them.

Changes to Interest Rates and Account Terms

- When asked, almost all participants in all three rounds were able to find information on their periodic statement about impending changes to their interest rates and/or other account terms. About half commented on these changes during their first reading of the statement.
- Models used in Philadelphia offered participants the right to “opt out” of the changes in interest rates and account terms shown but explained that by opting out, the card could no longer be used. Almost all participants understood what this meant, although one did not understand that by opting out (s)he would no longer be able to use the card. Most participants indicated that they would opt out rather than accepting the changes to their rates and other terms.
- In Philadelphia, about half of participants who saw a statement that described impending changes to account terms understood what it was saying. Of those who saw a statement indicating that the Penalty APR had been triggered, all understood that this rate would be applied to their account. All but one understood that their promotional APR on balance transfers would be increased to the standard rate.
- Models used in Chicago and Los Angeles included different information about changes in interest rates and account terms than those used in Philadelphia, and formatted the information in two different ways. In general, the models used in Los Angeles were more effective at communicating this information to participants:

- Regardless of which form they were shown, none of the participants in Chicago could correctly identify the date when the changes would begin to apply. About half of participants in Los Angeles were able to do so.
- Of participants who saw statements that indicated that the Penalty APR was being applied to the account, all participants in both rounds understood that the rate would only apply to transactions made after the date shown. All participants also understood that if they became 30 days late on their account the Penalty APR would apply to earlier transactions as well. None of the participants in Chicago understood that if they had promotional APRs they would lose them and the standard rate would apply; two of five participants in Los Angeles understood this.
- Of participants who saw statements that indicated that their account terms were changing, about half of those in Chicago understood that the new APR on purchases would apply only to transactions made after the date shown. About half also understood that if the Penalty APR was already being charged, the new rate would not immediately apply. In both cases the models used in Los Angeles were more effective in communicating these concepts.
- In both Chicago and Los Angeles, less than half of participants who saw statements with change-in-terms notices realized that more detailed information about the changes was provided in a separate insert.

Fee-Inclusive APR

- Over the three rounds of testing, four of 25 participants could explain the meaning of the Fee-Inclusive APR. Other participants had a variety of interpretations of this term, including: the year-to-date interest charges expressed as a percentage; the interest rate paid on fees that are charged; the interest rate charged if the cardholder pays late; and the amount of fees you would be charged for making different transactions.
- The forms used in these three rounds used two different labels for this term: “Fee-Inclusive APR” and “APR including Interest and Fees.” There was no evidence that either label was more effective.

Findings Related to Convenience Checks

- In Philadelphia, information about the terms of convenience checks was provided on a separate insert; the checks themselves provided the introductory APR and a reference to see the insert for more information. When asked questions about the terms of the checks, just over half of participants noticed the reference to the insert and located the information.
- In Chicago and Los Angeles, a table of account terms relating to the use of convenience checks was provided on the same page as the checks themselves. In these two rounds:
 - All participants were able to correctly identify the introductory rate on check transactions, as well as the date this rate would no longer apply.

- All but one were able to correctly identify the fee that they would be charged for making a check transaction.
- More than half of participants understood that they would be charged interest beginning on the day of the transaction—that is, that there was no grace period for check transactions.
- More than half of participants understood that if they made a check transaction after the “use by date” shown, they would be charged their APR on cash advances. Most other participants assumed that they would still be charged the introductory APR.
- All models indicated that after the initial period ended, cardholders would be charged their APR for cash advances on balances for check transactions. One of the models used in Chicago provided the current APR on cash advances; all participants who saw this model were able to find and correctly identify this information. Other models did not display the current APR on cash advances, but instead provided a phone number cardholders could call to get this information. Most participants saw this phone number and understood its intended use, but several commented that they did not like the fact that the bank would make them call to get this information.

SECTION I: INTRODUCTION

BACKGROUND

In 1968, the Truth in Lending Act (TILA) was enacted by Congress to protect consumers by requiring that certain key pieces of information be disclosed to them by lenders at various points in time. The Federal Reserve Board (the “Board”) was assigned by Congress the responsibility of implementing TILA, and currently does so through its Regulation Z.

In 2004, the Board began the process of revisiting some portions of Regulation Z to determine whether revisions were necessary. Some of the rules being reviewed relate to open-end credit, of which the primary example is general-purpose credit cards. The goal of the review is to ensure that the regulations lead to disclosures that consumers would most likely pay attention to, understand and comprehend, and be able to use in their decisionmaking.

The Board contracted with Macro International Inc. (“Macro”) in April 2006 to assist it in this effort. Macro began by conducting two rounds of focus groups and one round of cognitive interviews through which it gathered information from consumers on how they use current credit card disclosure forms. Following this formative work, Macro worked with the Board to develop a set of revised model disclosures, and proceeded to conduct four rounds of cognitive interviews through which the effectiveness and clarity of these disclosures was tested. Between each round of interviews, Macro made amendments to the models to address comprehension issues that became apparent. The results of this research had a strong influence on the proposed revisions to Regulation Z that the Board released for public comment in June 2007, and some of the revised disclosure forms that were developed through testing were included as model forms with the proposal. The results of these research and design efforts are described in a Macro report released in May 2007, titled “Design and Testing of Effective Truth in Lending Disclosures.”⁶

Following the release of this proposal, Macro conducted three more rounds of cognitive interviews to continue to test and refine the model forms. Just as they did earlier in the project, between each round of interviews Macro’s design team made revisions to the model forms that were tested. These revised forms were then used in the subsequent round of testing.

This report describes the methodology and key findings from this second phase of consumer testing, which took place between March and August of 2008.

TYPES OF DISCLOSURES ADDRESSED

As noted above, the purpose of the research described in this report was to provide the Board with the information it needs to develop regulations and model disclosure forms that will ensure

⁶ This report is accessible on the Board’s website at <http://www.federalreserve.gov/DCCA/RegulationZ/20070523/Execsummary.pdf>.

that consumers receive the information they need in a clear, easy-to-read format that will enable them to make sound financial decisions related to credit cards. Three different types of disclosures related to credit card accounts were addressed in these three rounds of testing:

- **Solicitation and Application Disclosures:** Tabular disclosures (often referred to as “Schumer Box” disclosures) are provided on or with direct-mail solicitations and applications for credit cards to help consumers compare and shop for credit cards. Of the disclosures addressed in this study, this is the only one for which a specific layout is currently required by the Board. A limited number of research questions in this project also involved solicitation letters, which are generally included with credit card offers sent in the mail. Unlike the Schumer Box these letters are not required, but the Bankruptcy Act requires that the solicitation letter contain certain disclosures if the letter discloses a discounted introductory rate.
- **Periodic Statements:** These disclosures typically are given on a monthly basis to inform the consumer about transactions, fees, and interest charges incurred in the previous billing cycle. These statements inform consumers of when they must make a payment in order to avoid additional charges, as well as the minimum payment amount. Periodic statement models used in these rounds of testing also included a notice informing participants of changes to their account terms.
- **Convenience Checks:** These checks (sometimes called “balance transfer checks”) are given to consumers as additional devices to access their credit card accounts. They are usually included with monthly statements or sent to cardholders in a separate mailing.

SECTION II: TESTING OF REVISED DISCLOSURE FORMS

OBJECTIVES AND METHODOLOGY

The second phase of testing of the model forms was carried out through a series of interviews in three locations: Philadelphia, PA; Chicago, IL; and Los Angeles, CA. These interviews were conducted between March and August of 2008. Before each round of interviews, Macro developed model disclosures for testing. In most cases, multiple versions of each type of disclosure were developed so that the impact of varying language or format could be studied. After each round, Macro briefed the Board on key findings, as well as their implications for form design and layout. In many cases, the results of one set of interviews were then used to develop new model forms to use at the next location.

Participants in each of the three locations were recruited by telephone using a structured screening instrument in order to ensure the selection of a range of participants in terms of gender, age, and ethnicity. The screening criteria that were used were the same in each location. The screening instrument that was used for recruitment is included as Appendix A, and a summary of participants' background and demographic information can be found in Appendix B.

Interviews in each location were approximately 90 minutes long. While the interview guide varied between rounds, the general structure of these interviews was very similar. Participants were given envelopes containing mock credit card disclosures (e.g., a solicitation letter and Schumer Box). They were first asked to read the information in the envelope just as they normally would. They were asked to “think aloud” while doing so—in other words, to describe what they were thinking as they read, and to indicate if they saw anything that they found interesting, surprising, or confusing. When they indicated that they were finished, the interviewer asked a series of follow-up questions to test their understanding of the documents.

In the following section of the interview, participants were given an envelope containing a mock periodic statement, along with mock marketing inserts and an insert notifying the cardholder of a change in their terms. Again, they were first asked to review the statement just as they normally would while “thinking aloud.” As with the credit card offers, they were then asked a series of questions to measure their comprehension of the content of the statement. They were also asked questions about the terms of convenience checks that were included with the statement.

The remainder of Section II addresses each of the three rounds of testing individually. For each round, Section II first describes the forms that were shown to consumers, and then provides a detailed list of interview findings. Section III provides a summary of key findings across all three rounds of cognitive testing.

INTERVIEWS IN PHILADELPHIA, PENNSYLVANIA (MARCH 12-13, 2008)

Forms Tested

Macro conducted eight cognitive interviews in Philadelphia on March 12 and 13, 2008. The following model forms were shown to participants in this round and can be found in Appendix C:

- Solicitation Letter: SL-8, SL-9, SL-10
- Schumer Box: SB-12A, SB-12B, SB-12C
- Periodic Statement: PS-13, PS-14

Each of the periodic statements used in this round had a convenience check attached. The convenience check displayed the introductory rate that would apply to check transactions, as well as a note that more information about check terms could be found on a separate insert that was included in the envelope given to consumers.

The periodic statements also included a notice on the first page indicating that account terms or interest rates had been changed. Model 13 indicated that the APR on purchases and late payment fees were being increased, while Model 14 indicated that the Penalty APR had been triggered on the account.

The payment coupon on the model statements included a form that cardholders could use to indicate how much of their payment they would want to allocate towards each of their types of balances. The form asked cardholders to input the “extra payment amount” in excess of their minimum payment that they would want applied to each type of balance.

Key Interview Findings

Schumer Boxes

Solicitation Letter

- When looking at solicitation letter Model 8, almost all participants understood the initial credit limit range shown (\$500 to \$2,500). When looking at Models 9 and 10, which stated only that the initial credit limit would be “up to \$2,500,” almost all participants understood that the limit they would receive might be lower than \$2,500.

Annual Percentage Rates

- Nearly all participants were able to correctly identify the APR on purchases, regardless of which Schumer Box model they were saw. Two participants initially confused the APR for purchases with the APR for balance transfers, but quickly caught their mistake. One participant mistakenly thought that the introductory APR for balance transfers that appeared on the solicitation letter also applied to purchases.

- All participants understood that when a range of rates was provided in the APR for Purchases row, it meant that the consumer’s initial APR would be determined within that range based on his or her credit score. Most participants were able to identify the text in the Schumer Box that indicated this, and even those that did not see this text assumed based on prior knowledge that their initial rate would be based on their creditworthiness.
- Over half of participants were able to correctly identify the APR that they would pay on cash advances. However, both participants who were shown Model 12C (which displayed the APRs for purchases and balance transfers in the same row) did not correctly identify the cash advance APR.
- Model 12A indicated that the variable APR on purchases would “never go lower than 5.99% or higher than 19.99%.” All but one participant understood what this meant; the remaining participant assumed that he/she would be able to select his/her APR from that range.

Penalty APR

- When asked whether going over their credit limit would impact their APRs, most participants saw the reference in the over-the-credit limit fee row to the Penalty APR row and correctly noted that their rates would increase if they exceeded their credit limit twice. Participants who saw Model 12A, in which the over-the-credit limit fee row and its reference to the Penalty APR row were printed on the back, were less likely to answer this question correctly.
- Even after reading the list of specific triggers in the Penalty APR row, several participants assumed that the Penalty APR could be charged even in situations not described. Even though the Penalty APR row indicated that the new rate would not be applied until cardholders had gone over their credit limit twice, at least three participants thought that the bank might still increase their rate after they went over their limit only once. One suspected that despite what the Schumer Box said, the bank could apply the Penalty APR at any time it wished.

Loss of Introductory APR

- When asked whether there were any reasons that they might lose their introductory rates before the end of the promotional period, half of participants correctly referred to the information in the “Loss of Introductory APR”/“How You Could Lose Your Introductory APR” row. Two assumed that the penalty triggers shown in the Penalty APR row also represented the reasons that the introductory rate might end. The remaining two participants could not find any information in the Schumer Box about why introductory rates might end early.
- The models used in this round used two different labels for this row: “Loss of Introductory APR” and “How You Could Lose Your Introductory APR.” This difference did not have any discernable affect on participants’ ability to find or understand this information.

Transaction and Penalty Fees

- Most participants were able to correctly identify the fee for balance transfers. One participant became confused because (s)he thought the reference to “see Fees section below” meant to look at the row immediately below (i.e., the “APR for Cash Advances” row). Another participant thought that there would be no fee on balance transfers during the introductory period.
- Models 12B and 12C displayed the over-the-credit limit fee on the front of the page, while Model 12A displayed this fee on the back. All participants who saw Models 12B or 12C were able to identify the over-the-credit limit fee, while only half of those who saw Model 12A were able to do so. One participant specifically commented that the fee was harder to find in Model 12A because it was “hidden on the back.”

Board Website

- When asked whether the Schumer Box provided any information about where to obtain more information about credit cards, half of participants were able to find the reference to the Board’s website.
- Most participants understood what kind of information would be provided on the site, but at least two incorrectly believed that it would contain information about the terms of the specific account described in the offer.
- Two of the participants in this round indicated that they would be likely to visit this website. Others indicated that they would not, either because they do not use the internet, they thought the information would be too abstract to be useful, or they did not believe they needed more information about credit cards.

Understanding of Two-Cycle Billing

- Models 12B and 12C described the difference between one-cycle and two-cycle billing. All participants who were shown these models understood that under two-cycle billing, interest could be charged on balances during both the current and the previous billing cycles. However, only one understood that two-cycle billing would not lead to higher interest payments if a consumer never paid in full.
- Of the four participants who saw Model 12A—which noted that two-cycle billing was used but did not include a description of this term—none understood what the phrase “two-cycle billing” meant. Two of the participants thought it meant that the cardholder would receive two bills per month; the other two stated that they did not know.

Payment Allocation

- Models 12B and 12C included information about how cardholders' payments would be applied to different balances. Half of participants were able to find this information when asked.
- More than half of participants already understood prior to the interview that banks usually apply payments to lower-rate balances before higher-rate balances. Participants that did not initially know this did not understand it any better after reading the text in the Schumer Box.
- Those participants who understood the implications of payment allocation expressed frustration that banks allocated payments in this way, and some commented that the practice was "not fair." Most, however, did not believe there was anything they could do to avoid this practice because they believe it is widespread.

Grace Period

- When asked whether there was any way to avoid paying interest on new purchases, half of the participants were able to find the information in the "How to Avoid Paying Interest on Purchases" row. Even among those that did not see this text in the Schumer Box, however, almost all understood that if they paid their balance by the due date they would not be charged any interest on purchases.
- After being directed to read the information in this row, all participants understood what it meant. However, two participants commented that they did not understand the phrase "excluding promotional balances," and it is possible that others did not as well.
- Models 12B and 12C displayed the row about the grace period in a separate section of the Schumer Box labeled "Other Terms That Affect Your Interest Charges," while Model 12A included the row in the "Interest Rates and Interest Charges" section. This difference did not have any noticeable effect on participants' ability to locate or understand the information.

Other Reasons APRs May Change

- Participants in Philadelphia were asked to compare two Schumer Boxes. One (Model 12D1) included a row that indicated that the bank could change APRs "at any time for any reason"; the other (Model 12D2) did not include this row. Only two of the eight participants noticed this difference.
- After this difference was pointed out to them, participants were asked to comment on what it meant. Most participants said that they would assume that the bank in Model 12D2 could probably change rates at any time as well, even though this right was not specifically stated in the Schumer Box.

Periodic Statements

Late Payment Warning and Notice about Minimum Payments

- All participants were able to find the Late Payment Warning when asked if there was any information on the statement about what would happen if they made a late payment. Two participants specifically commented on this warning the first time they read the statement.
- When asked if there was any information on the statement about the negative consequences of making only the minimum payment each month, half of the participants were able to find the Notice about Minimum Payments. However, almost all participants understood, even before the interview, that paying only the minimum payment each month would lead to higher interest charges.
- Half of participants indicated that they would be likely to call the 1-800 number shown in the notice.

Chronological vs. Grouped Transaction List

- All participants who saw Model 13, on which the transaction list was grouped by transaction type, were able to identify the number of fees charged. One person who saw Model 14, on which transactions were listed chronologically, answered this question incorrectly because he or she overlooked one fee in the list.
- In order to test their ability to match fees to their corresponding transactions, participants were asked to explain why they had been charged foreign transaction fees. However, almost none of the participants were familiar with the term “foreign transaction fee” because of their lack of experience with this type of transaction.
- Grouping transactions by type seemed to make it easier for consumers to identify the total amount of interest that was being charged. All participants who saw Model 13 were able to answer this question, while only one of those who saw Model 14 was able to do so correctly.

Payment Allocation

- Most participants were pleasantly surprised by the option to allocate their payments, and indicated that they had never been offered this opportunity by their bank. However, most filled out the form incorrectly. For example, four participants listed the entire amount they wanted applied to each balance, rather than the “extra” payment above the minimum payment. Conversely, one wrote the minimum payment in the “amount enclosed” box, rather than the entire amount of the payment (s)he was making.
- Despite their difficulties with completing the payment allocation form, most attempted to pay down the balance with the highest interest rate. One split the payment between transactions in a seemingly arbitrary fashion. Another intended to pay down the balance

with the highest interest rate, but mistakenly compared Fee-Inclusive APRs rather than nominal APRs.

Changes to Interest Rates and Account Terms

- Most participants noticed that there would be future changes to interest rates or account terms upon their first reading of the statement. The remaining participants were able to find this information when asked if there was any mention of changes to the account.
- Model 13 indicated that changes to the APR on purchases and late payment fee would soon go into effect. Most participants understood these changes, although one participant thought that notice was describing an increase in the consumer's rate to the Penalty APR and another did not notice the mention of the late payment fee.
- Three participants who saw Model 13 were asked what would happen if they were already paying the Penalty APR on their balances; two of the three correctly said that the new APRs listed in the table would not apply immediately.
- Model 14 indicated that the Penalty APR had been triggered. All participants who saw this version understood that the new rate would be applied. Three of four understood that the promotional APR on balance transfers would be raised to the standard rate, while the fourth incorrectly thought the promotional rate would remain unchanged.
- The models used in Philadelphia offered participants the opportunity to opt out of changes. About half commented on this upon their first reading of the statement; all others found the information when prompted. Almost all understood how this opt out would work, although one participant did not understand that after (s)he opted out the card could no longer be used.
- Regardless of which model they saw, most participants indicated that they would opt out of changes. One participant who was shown Model 14 said that his decision would be based on how much he relied on the card—that he would not want to pay the penalty rate, but might be forced to if he needed a credit card and did not have another option. One who was shown Model 13 said that he probably would not opt out because the increase in the APR on purchases was fairly small (14.99% to 16.99%).

Fee-Inclusive APRs

- Two of the eight participants in Philadelphia understood the meaning of the Fee-Inclusive APR. One of the two thought this information would be helpful; the other felt it was not useful because “there was no way to avoid these fees.” The remaining participants articulated a variety of incorrect interpretations of the Fee-Inclusive APRs, including: the interest rate paid on fee amounts; the interest rate paid on year-to-date totals; a separate interest rate that is charged on balances in addition to the nominal APR; or the percentage of transactions that were of different types.

- Model 13 referred to this term as the “Fee-Inclusive APR,” while Model 14 called it the “APR including Interest and Fees.” This difference did not have any discernable impact on participants’ understanding of the topic.
- When asked to identify the interest rate (s)he would pay on balance transfers, one participant confused the nominal and Fee-Inclusive APRs.

Year-to-Date Totals of Fees and Interest

- Almost half of participants commented on the “year-to-date” fee and interest totals upon their first reading of the statement. Most others were able to find this information when asked to look for it. Participants’ reaction to this information was very positive; most indicated that they would find it useful.

Convenience Checks

- The periodic statement models used in this round of testing included a convenience check, which displayed an introductory APR and a reference to a separate insert containing other terms related to use of the check. When asked to answer questions about terms of the check, just over half of participants looked for and found the insert. Other participants did not notice the reference to the insert, and were therefore unable to answer any subsequent questions.
- Among those participants who found the insert, all correctly identified the interest rate and fee that they would be charged for using the check, and all but one participant understood that there was no grace period on check transactions. Several participants did not notice the text on the insert indicating that if they used the check after the “use by date” shown, they would be charged their regular APR on cash advances instead of the introductory rate. However, participants that did notice this text understood what it meant.

Minimum Payment Telephone Script

- The interviews included testing of a draft script for a telephone service that would provide an estimate of how long it would take to pay off a credit card balance paying only the minimum payment each month. This script asked consumers to input their current balance in whole dollars. However, only one third was able to correctly input the current balance; the remaining participants incorrectly entered the number of dollars and cents.
- The script also asked participants to enter the numbers to the left of the decimal point in their highest APR. However, only two participants input the correct APR to input (i.e., the APR on cash advances). Most others input either the APR on purchases (because it was the rate with which they were most familiar) or the new rate referenced in the notice of account changes on the first page of the statement.
- Near the end of the telephone service, consumers were told that they could request two additional pieces of information: “how long it would take to pay off your account if you

pay a specific dollar amount each month” and “how much you would have to pay each month to pay off your balance in a specific amount of time.” Most participants understood what both of these options meant. Those participants that did not incorrectly assumed that these options were offering general advice about how to pay off credit card balances more quickly.

- Most participants indicated that they would find the additional options more useful than the original estimate of how long it would take to pay their card off using the minimum payment, because the information provided by these options would help them make a plan to pay off the balance. Several participants commented that the original time estimate was less useful, and even “depressing.”

INTERVIEWS IN CHICAGO, ILLINOIS (JULY 15-16, 2008)

Forms Tested

Eight cognitive interviews were conducted in Chicago, IL on July 15 and 16, 2008. The following model forms were shown to participants in this round and can be found in Appendix C:

- Solicitation Letter: SL-11, SL-12
- Schumer Box: SB-13A, SB-13B
- Periodic Statement: PS-15, PS-16
- Convenience Check: CC-6, CC-7

Unlike in Philadelphia, for this round of testing, convenience checks were provided as a separate insert in the same envelope as the periodic statement. Terms of the checks were displayed on the same page as the checks themselves, rather than on a separate notice.

As in Philadelphia, the periodic statement models included a notice on the first page indicating that account terms or interest rates had been changed. Model 15 indicated that the APR on purchases and late payment fees were being increased, while Model 16 indicated that the Penalty APR had been triggered on the account. The content of these notices was different than in Philadelphia; for example, the notices used in Chicago indicated that the changes described would only apply to transactions made after a given date.

Like the models used in the previous round, the payment coupon on the model statements included a form that cardholders could use to indicate how much of their payment they would want to allocate towards each of their types of balances. This form was structured differently than that shown to consumers in Philadelphia, however; it listed a minimum payment for each type of balance, and then asked the cardholder to input the amount of the total payment that he or she would want applied to each.

Key Interview Findings

Schumer Boxes

Solicitation Letter

- Six of eight participants understood that they were being offered a credit limit of up to \$2,500, but that the amount they actually received could be less than that amount. One participant assumed that (s)he would definitely receive a limit of \$2,500, while the eighth could not find any information on the solicitation letter about the credit limit (s)he was being offered.
- Once the fact that they were being offered a limit of “up to \$2,500” was pointed out to them, all eight participants understood that the limit they actually received would be based on their income and/or creditworthiness. Most participants answered this question solely

based on their prior knowledge rather than anything they read in the offer; one participant found this information on the bottom of the back of the Schumer Box. None of the participants saw the sentence in the solicitation letter that described how their credit limit would be determined.

Annual Percentage Rates

- When viewing a credit card offer that displayed a range of initial APRs for purchases (Model 13A), five of eight participants understood that their initial APR would fall in this range. Of the five, three saw the language indicating that their APR would be determined based on their “credit history, income, and debts, as well as other factors.” Those that did not see this language still understood that their APR would be based on their creditworthiness.
- Six of eight participants correctly identified the APR that they would pay on balance transfers when it appeared in a separate row (Model 13A). When the APR on balance transfers was included in the same row as the APR on purchases (as in Model 13B), five of eight participants correctly identified the rate. Of the three who answered this question incorrectly, at least two appeared to have difficulty finding the information because APRs for two different types of transactions were provided in the same row.

Penalty APR

- When asked whether their APR would change if they went over their credit limit, all but one participant correctly indicated that if they exceeded their limit twice their rate would increase to the Penalty APR. The remaining participant correctly identified the actions that would trigger the Penalty APR, but misidentified the actual rate.

Loss of Introductory APR

- When looking at Model 13A, seven participants were asked whether there was any way that they could lose their introductory APR before the end of the promotional period. Only two participants found the information in the “Loss of Introductory APR” row. Three participants pointed to the Penalty APR row, and incorrectly indicated that these were the triggers that would cause them to lose their introductory APR. The remaining two participants did not see any reference in the Schumer Box to how they could lose their introductory APR before the end of the promotional period.
- Model 13A included a reference in the APR for Balance Transfers row, indicating that participants should refer to the Loss of Introductory APR section for more information about why their rates might change. Model 13B did not include this reference. While this reference was successful in directing at least two participants to the correct row, there was no conclusive evidence that including the reference increased the percentage of participants who could find this information.

Penalty Fees

- Participants in this round of testing had more difficulty than in previous rounds finding information about penalty fees. Only four of eight participants were able to identify the fee that they would be charged for making a late payment in Model 13A, and only two participants were able to identify the fee that they would be charged for going over their credit limit in Model 13B. In both cases, one reason for this was that these fees appeared on the back of the page, and several participants did not turn to the back when looking for this information.
- In Model 13B, the over-the-credit limit fee was provided in the same row as the returned payment fee, since these fees were the same. While only two participants were able to find the over-the-credit limit fee when asked, it was not clear whether this was because this fee was displayed as part of a combined row or because it appeared on the back of the page.

Minimum Interest Charge

- Most of the participants were able to correctly explain the meaning of the “Minimum Interest Charge” row. One incorrectly thought that the \$1.50 minimum interest charge was a fee that would be charged for each transaction over a set amount, while a second thought that it meant that each period the bank could charge any amount of interest it wished above \$1.50.
- Participants were shown a version of the Schumer Box that did not include any information about a minimum interest charge, and were then asked what they thought this meant. Five assumed that this would mean there was no minimum interest charge on the account, and that the amount of interest charged could be as low as \$0.01. Of the remaining participants, two did not understand what a “minimum interest charge” was (see above), while the third assumed that a minimum charge would exist whether or not it was shown in the Schumer Box.
- Six participants were asked how important it would be to them whether or not their account had a minimum interest charge. One indicated that it would be important because (s)he would prefer not to pay any more interest than necessary. The remaining five indicated that it was not important to them because they did not consider \$1.50 to be a lot of money.

Board Website

- When asked whether there was any information in the Schumer Box about how they could get more information about credit cards, all but one participant identified the reference to the Board’s website. Two commented on the website during their first reading of the form; the remainder only found the reference after they were asked to do so.
- Half of the participants understood what kind of information they would be able to find at this website; the remainder incorrectly believed that they would be able to learn more about the terms of this specific credit card offer.

- Half of the participants indicated that they would go to the Board’s website if they saw this reference. Most others said that they did not need more information about selecting and using credit cards.

Grace Period

- When asked if there was any way they could avoid paying interest on new purchases, most participants found and understood the information in the “How to Avoid Paying Interest on Purchases” row of the Schumer Box. In all cases but one, however, participants understood, even before reading the form, that they would not be charged any interest if they paid off their balance each month.
- Four participants were asked what the phrase “promotional balances” meant in the context of the “How to Avoid Paying Interest on Purchases” row. Of these four, two understood the phrase, while two did not.

Available Credit Disclosure

- When asked what their initial credit limit would be when they first opened their account, half of participants saw the disclosure in the Set-Up and Maintenance Fees section that indicated that their initial credit would be decreased due to fees that were charged. The other half of participants did not notice this disclosure.
- All participants who saw this disclosure understood that their available credit would be decreased by \$63 because of fees they were charged. When asked, however, none of the four participants could explain why their limit had been decreased by this specific amount. Most assumed that \$63 was the sum of several of the set-up fees shown on the offer, even though this was not actually the case.⁷ Two noticed that the numbers did not add up as they expected, but this did not seem to concern them.
- When asked how much available initial credit they would have if they were given a credit limit of \$500 (instead of the \$250 limit used as an example in the disclosure), participants gave a range of answers from \$287 to \$437. Most either multiplied the available credit shown in the disclosure by two (since the credit limit had doubled) or subtracted \$63 from \$500.

Periodic Statements

Late Payment Warning and Notice about Minimum Payments

- Five of eight participants were able to find information on the statement about what would happen if they made a late payment.

⁷ The forms that were used in Chicago were designed to be compliant with proposed rules issued in May 2008 by the Board and other federal banking agencies. For this reason, the amount by which the initial available credit was reduced (\$63) was less than the sum of the set-up and maintenance fees.

- When asked whether there was any information on the periodic statement about the negative consequences of paying the minimum balance, all but one participant was able to find the information.
- The section of the statement containing both the Late Payment Warning and Notice about Minimum Payments was formatted differently in the two models used in Chicago. However, this difference did not have a noticeable impact on participants' ability to find this information.
- Six of the eight participants understood what information they could get through the phone number or website shown in the "Notice about Minimum Payments." One incorrectly thought that the phone number and website would provide information about "why it would take a long time to pay off the balance," while a second indicated that the number would provide general advice about how to manage a credit card account.
- None of the participants said that they would be likely to call the phone number or go to the website shown. Most participants said it was not necessary, either because they do not normally make minimum payments or because they already know that it would take a long time to pay off their balance making only the minimum payment each month.
- When asked whether they would be more likely to call the phone number or use the website, five participants said that they would prefer to call the phone number while three said they would rather go online.

Time Payment Due

- Next to the due date, the models used in Chicago provided a time that payments were due (2:00 p.m.). There was also a reference indicating that this time only applied to electronic payments, and that cardholders should turn to the back of the statement for information about other types of payments. When asked what time a mailed payment would be due, however, six of the eight participants incorrectly thought it would be due at 2:00 p.m. The other two participants saw the reference to the back of the monthly statement and were able to find the text that stated mailed payments would be due at 5:00 p.m.

Chronological vs. Grouped Transaction Lists

- Seven of eight participants correctly indicated that the periodic statement showed that they had been charged fees. All seven were also able to indicate the number of fees that they had been charged. The one person who did not know that (s)he had been charged fees viewed a statement in which the transaction list was chronological, not grouped by transaction type.
- Later in the interview, participants were shown a cash advance fee and asked to identify the transaction that had led to the fee being charged. Of those that saw chronological lists, all four were able to identify the cash advance that led to the fee. Of those that saw grouped

lists, however, three were unable to do so because they were looking for the cash advance in the “purchases” section of the transactions list.

Payment Allocation

- As in Philadelphia, the payment coupon on both periodic statement models included a form that participants could use to allocate their payment between their different balances. However, this form was formatted differently than that used in the earlier round. Of the eight participants, two participants used the form to allocate their payments in the way that would be most financially advantageous for them—that is, they paid the minimum amount for purchases and balance transfers and allocated the rest of their payment to cash advances, which had the highest APR. Others allocated their payments as follows:
 - One participant allocated the minimum amount to purchases and cash advances and the remainder to balance transfers, because (s)he believed that the rate on balance transfers was going to increase to the Penalty Rate of 28.99% (in fact, the statement indicated that rates on other types of transactions were going to increase to that level).
 - One allocated the entire payment to cash advances, without realizing that (s)he had to pay a minimum amount towards purchases and balance transfers.
 - One allocated the entire payment to purchases, because it “doesn’t make any difference” and “purchases seems like the most general category.”
 - One allocated an equal amount to all three balances, in order “to balance it out.”
 - One participant paid the minimum amount to cash advances and balance transfers and allocated the rest of the payment to purchases; the reasoning behind this decision was unclear.
 - One participant did not complete the form at all, because (s)he did not understand what information (s)he was supposed to provide.
- Model 16 included the APRs for each transaction type on the payment coupon, while Model 15 did not. This did not have a noticeable effect on how participants completed the payment allocation form.

Changes to Interest Rates and Account Terms

- All participants in this round were able to find information on the statements about impending changes to their account terms or interest rates.
- None of the participants understood that the changes shown would begin to apply on 8/10. All participants mistakenly thought that the changes would apply on 7/10, which was actually the cut-off date for which transactions would be impacted by the changes disclosed.

- Of participants who saw Model 15, half understood that the new APR on purchases would only apply to transactions made after 8/10, and that the current APR would continue to apply to transactions made before that date. The other participants assumed that the new APR would apply to all balances. Half of the participants also understood that if the Penalty APR was in effect, the new APR on purchases would not immediately apply.
- Only one of the four participants who saw Model 15 realized that more detailed information about the changes was provided in a separate insert with the statement.
- Of participants who saw Model 16, which indicated that the Penalty APR was being applied to the account, all understood that the new rate would only apply to transactions after 7/10, and that the current rate would continue to apply to transactions before that date. All also understood that if they became 30 days late on their account the Penalty APR would be applied to transactions before 7/10 as well. None understood that if they had promotional APRs they would lose them and the standard rate would apply.

Fee-Inclusive APR

- One of eight participants correctly interpreted the Fee-Inclusive APR. Others had a variety of incorrect interpretations of this term, including:
 - Your interest rate if you paid late (i.e., the Penalty Rate);
 - The fees you would be charged if you made different types of transactions; or
 - The APR after the introductory period ends.
- Model 15 referred to this term as the “Fee-Inclusive APR,” while Model 16 called it the “APR including Interest and Fees.” This difference did not have any discernable impact on participants’ understanding of the topic.

Convenience Checks

- All eight participants understood that if they used the convenience checks provided with the periodic statement, the initial APR on those transactions would be 1.7%. Seven of the eight understood that this rate would only apply through March 2009.
- Four of the eight were shown Model 7 of the convenience check insert, which provided a phone number that cardholders could call to find out the rate rather than giving the actual go-to rate that would apply in March 2009. All four participants found and understood this information. However, two of the four participants commented that they did not like the fact that they would have to call to find out what their interest rate would be.
- Four participants saw Model 8, which indicated that the go-to rate would be the APR on cash advances and showed the current rate. All four participants were able to find this information when asked and understood what it meant.

- Six of the eight participants understood that if they used the checks after the “Use By Date” shown, they would be charged their APR on cash advances. The other two incorrectly thought that they would still be charged the introductory rate of 1.7%.
- All eight participants understood that they would be charged a fee for using the checks, and were able to identify the amount of the fee when asked.
- Seven of the eight participants understood that there was no way to avoid paying interest on transactions made with the checks—that is, that they would be charged interest starting on the day the transaction took place.

Minimum Payment Telephone Script

- When going through the automated script, six participants correctly input the dollar amount of their current balance as the directions indicated. The other two participants gave answers that were very close; one rounded the balance off to the nearest dollar (\$1,789), while another rounded it to \$1,800.
- When asked to input their “highest current APR,” five participants correctly answered 21.99%, their APR on cash advances. Two input 14.99%, their current APR on purchases, while one input 16.99%, the new rate for purchases shown in the notice of changes in terms on the first page.
- As in Philadelphia, at the conclusion of the telephone script participants were given two options for additional information. The first option indicated that participants could get “an estimate of how long it would take to pay off your account if you pay a specific dollar amount each month”; while the second provided participants the opportunity to hear “an estimate of how much you would have to pay each month to pay off your balance in a specific amount of time.” Seven participants understood what the first option was offering, while six understood the second. In all cases, those that did not understand these options said that they offered the same information as the original script.

INTERVIEWS IN LOS ANGELES, CALIFORNIA (AUGUST 5-6, 2008)

Forms Tested

Nine cognitive interviews were conducted in Los Angeles, CA on August 5-6, 2008. The following model forms were shown to participants in this round and can be found in Appendix C:

- Solicitation Letter: SL-13, SL-14
- Schumer Box: SB-14A, SB-14B
- Periodic Statement: PS-17, PS-18
- Convenience Checks: CC-8

As in Chicago, convenience checks were provided as a separate insert in the same envelope as the periodic statement. Again, terms of the checks were displayed on the same page as the checks themselves, rather than on a separate notice.

As in previous rounds, the periodic statement models both included a notice on the first page indicating that account terms or interest rates were going to change. Model 17 indicated that the APR on purchases and returned payment fees were being increased, while Model 18 indicated that the Penalty APR had been triggered on the account. While the content of these notices was mostly the same as in Chicago, the wording and formatting of this information was significantly different.

The payment coupons on the statement models included the same payment allocation form that was used in interviews in Chicago.

Key Interview Findings

Schumer Boxes

Solicitation Letter

- Eight of nine participants understood that based on the credit card offer they reviewed, they would receive a credit limit of any amount up to \$2,500. The remaining participant incorrectly thought that his/her credit limit would definitely be \$2,500.
- Of the eight participants who understood that the credit limit they received would fall into a range, all but one participant understood that their limit would be determined by their creditworthiness, income, and similar factors. In almost all cases this understanding was based on prior knowledge; only one of the participants saw the sentence disclosing this information in the solicitation letter.

Annual Percentage Rates

- When looking at Model 14B, which displayed a range of possible initial APRs on purchases, five of the nine participants understood that their initial rate would fall in this range. Of these five, four saw the text indicating that their initial APR would depend on their “credit history, income, and debts, as well as other factors.” The remaining participant understood from prior experience that this is how initial APRs would be determined.
- Only three of nine participants were able to identify the APR on balance transfers that they would be charged when looking at Model 14B. While this percentage was lower than in other rounds, it was unclear whether this was due to the fact that in this model, the APRs for balance transfers and purchases were provided in the same row.

Penalty APR

- All nine participants understood that if they went over their credit limit their interest rate would increase. All but one correctly identified the Penalty APR as the new rate they would be charged.

Loss of Introductory APR

- Only four of nine participants understood that when the account was opened, an introductory rate on balance transfers would be in effect. Of those four, only one participant correctly understood the conditions under which (s)he could lose that introductory rate before the end of the promotional period. Two participants incorrectly looked to the Penalty APR row for this information, while the fourth did not see any information about why rates might change.
- Model 14A included a reference in the APR for Balance Transfers indicating that participants should refer to the Loss of Introductory APR section for more information about why their rates might change. However, due to the low number of participants who understood that an introductory rate would apply to balance transfers, it was difficult to tell whether this reference was effective at drawing participants’ attention to this information.

Transaction and Penalty Fees

- Less than half of participants were able to identify the fee that they would be charged for making a balance transfer.
- About half of the participants realized that they would be charged a fee for going over their credit limit. For those that did not, the reason was usually that they did not turn to the back of the page, which is where this fee was disclosed on the models used in Los Angeles

Minimum Interest Charge

- Four of the nine participants correctly understood the meaning of the Minimum Interest Charge row. Four participants incorrectly thought this amount of interest would be charged every month, even if the balance was paid off in full. One participant thought that this represented an additional monthly charge for using the card.
- Most participants assumed that if no Minimum Interest Charge row appeared in the Schumer Box it would mean that no minimum charge existed. Two participants, however, suspected that if no minimum charge was disclosed it meant that such a charge still existed but was so high that the issuer would not want customers to know about it.
- As in Chicago, most participants indicated that the minimum interest charge was not an important term for them because the amount was so low. One noted, “I spent more than that parking outside today.”

Board Website

- When asked whether there was any information in the Schumer Box about where they could find assistance related to credit cards, only a third of the participants mentioned the Board website.
- When asked what information would be available at the Board website, just under half of the participants understood that they would find general information and advice about selecting and using credit cards. Others incorrectly assumed that they would find information about this specific offer, such as how to apply, a more detailed description of fees, or whether or not the issuer was reputable.
- About half of participants indicated that they would be likely to go to this website if it were available.

Grace Period

- All participants understood that if they paid off their balance in full each month, they would not be charged interest on new purchases. Again, however, this understanding was based largely on prior knowledge—almost half of participants never noticed the row in the Schumer Box containing this information.
- The two Schumer Box models used in this round used two different labels for the row describing the grace period. In Model 14A this row was labeled “Grace Period,” while in Model 14B it was labeled “Interest-Free Period.” There was no evidence that this label had an impact on consumer understanding; as noted above, all participants understood this concept regardless of which model they saw.
- Participants in this round were asked which of three phrases—“Grace Period,” “Interest-Free Period,” or “How to Avoid Paying Interest on Purchases”—would be the clearest label

for this row. Two thirds of participants selected “How to Avoid Paying Interest on Purchases”, although one indicated that banks would never use that phrase because it was “too clear.” The remaining three participants selected “Interest-Free Period”.

- Most participants did not understand what was meant by the phrase “excluding promotional balances” in this row; one thought it referred to the purchase of items at a store that were on sale. Participants did not seem concerned that they did not understand this phrase; most simply ignored it when reading the text in the row.

Available Credit Disclosure

- When asked whether their entire credit limit would be available when their account was opened, about two thirds of participants were able to find the disclosure on this topic in the Set-Up and Maintenance Fees section of the Schumer Box.
- After reading the disclosure, all participants understood that their available credit would be decreased because of set-up fees that were assessed at account-opening. As in Chicago, however, none of the participants understood exactly how the amount of available credit shown in the example was calculated.
- When asked how much available credit they would have if they received a \$500 credit limit instead of \$250 (the limit mentioned in the example provided), participants gave a range of answers from \$350 to \$437. Most participants subtracted some combination of the set-up and maintenance fees shown from \$500. One multiplied the amount of available credit from a \$250 limit by two.
- The two models used in this round contained two different wordings for this disclosure; the language used in Model 14B also provided the sum of set-up and maintenance fees that would be charged over the first year. This difference did not seem to impact consumer understanding; most participants did not seem interested in the sum of the fees that they would pay over the first year since the individual fees were listed below.

Periodic Statements

Late Payment Warning and Notice about Minimum Payments

- About half of participants were able to find information on the statement about what would happen if they made a late payment.
- When asked if there was any information on the statement about the negative consequences of making only the minimum payment each month, two thirds of participants were able to find the Notice about Minimum Payments. Participants who could not find this notice still understood based on prior knowledge that paying only the minimum payment would increase both interest charges and the length of time it would take to pay off a balance.

- As in Philadelphia, the section of the statement containing both the Late Payment Warning and Notice about Minimum Payments was formatted differently in the two models used. Again, this difference in formatting had no noticeable impact on how easily participants found the information.
- About two thirds of participants understood what information would be available through the phone number and website shown in the Notice on Minimum Payments. A few, however, were confused because they did not realize that the information in the notice was only an example. As a result, they did not understand what new information the phone number and website would provide.
- Two of nine participants indicated that they would be likely to use the phone number or website to get more information. Most other participants indicated that they would not need this information because they do not make minimum payments on their card.
- When asked whether they would prefer to get this information by phone or through the website, two thirds of participants indicated that they would use the phone while the others said they would go online.

Payment Due Time

- As in Chicago, the models used in Los Angeles included a payment due time and a reference that this time only applies to electronic payments. In Los Angeles, this reference was more prominent than it had been in the previous round. Still, however, just over half of the participants incorrectly thought that a mailed payment would be due at 2:00 p.m. Three participants understood that the cut-off hour for mailed payments was different from those of electronic payments, but were not able to find information about when mailed payments were due. Only one participant was able to find information about mailed payments on the back of the statement.

Chronological vs. Grouped Transaction Lists

- Of five participants who saw statement Model 17, which had a transaction list that was grouped by transaction type, four were able to correctly identify the number of fees that they had been charged. Of the five who saw Model 18, which had a chronological transaction list, only two were able to identify the number of fees.⁸
- All five participants who saw the statement with a grouped transaction list were able to identify the fee that they had been charged on their first cash advance. Of the five who saw statements with chronological lists, one could not identify this fee and one did not realize that a cash advance had been made.

⁸ One participant was shown both statements over the course of the interview.

Payment Allocation

- When completing the form on the payment coupon, one of the nine participants allocated payments in the way that would be most financially beneficial to him or her—that is, applied the minimum payment to all transaction types and then applied the remainder to cash advances, which had the highest APR. Another also did so correctly, but rounded numbers so that (s)he wouldn't have to do any calculations. Others gave a wide range of responses, including:
 - Applying the entire payment to cash advances because it had the highest APR (without making the minimum payment to other balances);
 - Applying the entire payment to purchases because it had the largest balance, or because it “represented the largest number of creditors”; and
 - Splitting the payment evenly between the three balances.

Changes to Interest Rates and Account Terms

- All but two participants were able to find information on the statements about impending changes to their account terms or interest rates.
- About half of participants understood that the changes shown would begin to apply on 9/10. The other participants mistakenly thought that the changes would apply on 8/10, which was actually the cut-off date for which transactions would be impacted by the changes disclosed.
- Of participants who saw Model 17, all but one understood that the new APR on purchases would only apply to transactions made after 8/10, and that the current APR would continue to apply to transactions made before that date. All but one participant also understood that if the Penalty APR was in effect, the new APR on purchases would not immediately apply.
- Only two of the five participants who saw Model 17 realized that more detailed information about the changes was provided in a separate insert with the statement.
- Of participants who saw Model 18, which indicated that the Penalty APR was being applied to the account, all understood that the new rate would only apply to transactions after 8/10, and that the current rate would continue to apply to transactions before that date. All also understood that if they became 30 days late on their account, the Penalty APR would be applied to transactions before 8/10 as well. Two understood that if they had promotional APRs they would lose them and the standard rate would apply. Other participants incorrectly thought either that their introductory rates would not be affected, or that they would change to the Penalty APR.

Fee-Inclusive APR

- One of nine participants in this round correctly interpreted the Fee-Inclusive APR. The remainder had a variety of misinterpretations of this term, such as that it represented the year-to-date interest charges expressed as a percentage.
- Model 17 referred to this term as the “Fee-Inclusive APR,” while Model 18 called it the “APR including Interest and Fees.” This difference did not have any discernable impact on participants’ understanding of the topic.

Convenience Checks

- All participants were able to identify the introductory APR for convenience check transactions, and all but one were able to identify the date that the promotional period ended.
- Both models used in Los Angeles listed a phone number that cardholders could call to find out their go-to rate, which was their APR on cash advances. Just over half of the participants were able to identify this phone number. Several incorrectly identified the fee associated with use of the checks (\$5 or 3%) as the go-to APR. Of those participants that saw the telephone number, several commented that they did not like the fact that they would have to call to find out this information; they felt the actual go-to rate should be provided with the checks.
- Only two participants understood that if they used the check after the “use-by” date the standard APR on cash advances would apply. Four participants assumed that the introductory rate would still apply if they used the check after that date, while two participants thought that the rate that would apply at that time was 3% (which represented the fee associated with the checks).
- Four of nine participants understood that there was no grace period for transactions made with these checks. The rest assumed that if they paid off the balance in full at the end of the statement period they would pay no interest.
- When asked, all but one participant was able to identify the fee associated with the checks.

Minimum Payment Telephone Script

- When asked to enter the current balance on their account, six participants were able to do so correctly. Two participants provided the correct balance, but did not round the amount to the nearest dollar as directed in the instructions. One person entered the cents along with the dollars.
- Seven participants correctly entered the highest APR on which they had a balance (21.99%). One participant entered the Fee-Inclusive APR on cash advances (61.60%),

while one participant provided the new rate on purchases provided in the notice of change in terms on the first page.

- The script used in Los Angeles offered the same two options for additional information as those used in Philadelphia and Chicago. Seven participants correctly understood what information both options were offering. One participant correctly interpreted the first option but thought the second was the same, while one participant did not understand either option.
- Two participants noted that because the interest rate they entered (21.99%) did not apply to their whole balance, the estimate provided by the telephone service would not be accurate. One participant went as far as to call the information “useless.”
- One participant suggested that the script should make it clearer that this estimate assumes that no more transactions are made using the card.

SECTION III: CONCLUSION

SUMMARY OF FINDINGS

The following is a summary of findings over all three rounds of testing addressed in this report. In this section we identify trends between rounds, as well as instances in which form variations appeared to make a significant difference in consumer comprehension.

Schumer Boxes

Solicitation Letter

- Almost all participants understood that because the solicitation letter offered a credit limit of “up to \$2,500,” if they applied for the card they might receive a credit limit of less than \$2,500. One solicitation letter model used in Philadelphia provided a range of credit limits (\$500 to \$2,500); all participants who saw this range understood what it meant.
- Some solicitation letter models used in Chicago and Los Angeles included a sentence in bold typeface that indicated that applicants’ credit limits would be determined based on their credit history, income, and debts. Almost none of the participants noticed this sentence when reviewing the solicitation letter. However, almost all understood that their credit limit would be determined by these factors based on prior knowledge and experience.

Annual Percentage Rates

- Most Schumer Box models used in testing were divided into two sections: “Interest Rates and Interest Charges” and “Fees.” Two models used in Philadelphia grouped some information into a third section, titled “Other Terms That Affect Your Interest Charges,” that contained rows about minimum interest charges, balance calculation, payment allocation, and the grace period. The use of this third section did not appear to impact consumers’ ability to find or understand this information.
- In each round of testing, at least one of the models used provided a range of possible initial APRs for purchases, along with text stating that applicants’ actual rates would be determined based on their creditworthiness. This information was phrased differently in different rounds; in Philadelphia models stated that the initial rate would be determined “based on your creditworthiness and other factors,” while models used in Chicago and Los Angeles indicated that the rate would be determined “based on your credit history, income, and debts, as well as other factors.” This change in wording did not have an effect on consumer understanding. In fact, a large majority of participants assumed that this is how their initial rate would be determined even before reading this text.

- One of the models used in Philadelphia indicated that the variable APR on purchases would “never go lower than 5.99% or higher than 19.99%”. All but one participant understood what this meant; the remaining participant incorrectly thought that he or she would be able to select his or her APR from this range.
- Some of the models used displayed APRs for balance transfers and purchases as two separate rows. In other cases, the APRs for purchases and balance transfers were the same, and were shown in a single row labeled “APRs for Purchases and Balance Transfers.” Testing provided some, though not conclusive, evidence that providing the APR for balance transfers in a separate row makes it easier for consumers to identify this rate.

Loss of Introductory APR

- When asked whether the Schumer Box provided any information about how they could lose their introductory rates before the end of the promotional period, less than half of participants were able to find the row containing this information. About a third incorrectly referred to the Penalty APR row, while the remainder could find no information in the Schumer Box about reasons they would lose their introductory APR prematurely. The location of the row in the Schumer Box did not have a noticeable effect on participants’ ability to find this information.
- Some of the models used in Chicago and Los Angeles included a reference in rows describing introductory APRs that indicated that the introductory rate could end early, and directing participant’s attention to the row describing when this might occur. However, there was no strong evidence that the presence of this reference increased the likelihood of participants seeing this row.
- Two different labels were used for this row: “Loss of Introductory APR” and “How You Could Lose Your Introductory APR.” There was no evidence that either label was more effective.

Penalty Fees

- Two models used in Philadelphia listed the over-the-credit limit fee on the front of the Schumer Box, while all other models used in these three rounds listed this fee on the back. There was some evidence that displaying the fee on the back made it more difficult for consumers to find; all participants who saw the first two models successfully identified this fee, as opposed to only half of participants who were shown models that provided the fee on the back.
- Some of the models used in Philadelphia and Chicago combined two types of fees into the same row if the amount of the fee was the same. There was no evidence that doing so made it more difficult for participants to find these fees.

Minimum Interest Charge

- Interview participants in Chicago and Los Angeles were specifically asked about the Minimum Interest Charge row in the Schumer Boxes. Just over half of the participants could correctly explain what a “minimum interest charge” was; the most common misconception was that cardholders would be charged this amount of money whether or not they paid off their balance.
- Almost none of the participants commented on this row of the Schumer Box when reviewing the models. When asked how important this information was to them, almost all indicated that it was not important because the amount shown was so small (\$1.50).

Board Website

- About half of participants mentioned the Board’s website when asked if there was any information in the Schumer Box about where they could get more information about credit cards.
- Schumer Box models used in Philadelphia provided the a reference to the Board’s credit card website in a section separate from those that described account terms, while models used in Chicago and Los Angeles included this information in the last row of the “Interest Rates and Interest Charges” section. This difference did not significantly impact the likelihood that participants noticed this information.
- Just over half of participants in the three rounds of testing described in this report understood that the Board website would provide general information about selecting and using credit cards. The remaining participants incorrectly assumed that the website would provide information about the terms of the specific credit card offer described in the Schumer Box.
- Less than half of participants indicated that they would be likely to go to this website. Most other participants indicated that would probably not use the website because they did not think the information provided would be useful to them.

Understanding of Two-Cycle Billing

- Two models used in Philadelphia provided a description of the difference between two-cycle and one-cycle billing and indicated that “in some cases, two-cycle billing leads to higher interest charges.” Participants who saw these models understood that under two-cycle billing, cardholders can be charged interest on balances during both the current and previous billing cycle. However, almost all incorrectly believed that two-cycle billing would always lead to higher interest charges than one-cycle billing.
- Another model used in Philadelphia did not explain one-cycle and two-cycle billing, but instead simply noted that the account being offered would use two-cycle billing and that “in some situations” this billing method could lead to higher interest charges. None of the

participants who saw this model could explain what two-cycle billing was; two participants thought it meant that cardholders would receive two statements each billing period.⁹

Payment Allocation

- Two of the three models used in Philadelphia included information about how cardholders' payments would be applied between different balances. About half of participants who were shown these models could find this information when asked.
- More than half of participants already understood coming into the interview that banks usually apply payments to lower-rate balances. Of those that did not, none understood payment allocation any better after reading the explanation provided.
- Among those participants who did understand that payments are usually allocated to lower-rate balances first, several commented that they thought this practice was unfair.

Grace Period

- When asked if there was any way that they could avoid paying interest on new purchases, most participants found the row in the Schumer Box related to this topic. Even among those who did not find this row, almost all participants understood that if they paid their balance in full they would not be charged any interest.
- Some of the Schumer Box models included the phrase “excluding promotional balances” in this row. At least half of participants did not understand this phrase. However, this did not impact their comprehension of the rest of the information in the row; participants tended to simply ignore this phrase when reading.
- In various models, the row in the Schumer Box related to the grace period was labeled “How to Avoid Paying Interest on Purchases,” “Grace Period,” or “Interest-Free Period.” There was no clear evidence that the label of this row had any impact on consumer comprehension. However, in Los Angeles participants were shown all three options and asked which would be the clearest title for this row. Two thirds of participants chose “How to Avoid Paying Interest on Purchases,” while the remaining third selected “Interest-Free Period.”

Available Credit Disclosure

- When asked whether their entire credit limit would be available to them when their account was opened, just over half of participants in Chicago and Los Angeles were able to find the disclosure on this topic in the Set-Up and Maintenance Fees section of the Schumer Box.¹⁰
- After reading this disclosure, all participants understood that their initial credit limit would be reduced by the amount shown because of fees.

⁹ Models in Chicago and L.A. used this same treatment of two-cycle billing, but participants were not asked about it.

¹⁰ This disclosure did not appear in the models used in Philadelphia, so participants were not asked this question.

- Most initially assumed that the amount by which their credit was reduced was the sum of the set-up and maintenance fees shown in the Schumer Box. Several noticed that this was not the case, but the fact that the numbers did not add up as expected did not appear to concern them.
- The models used in Chicago and Los Angeles used several different wordings for this disclosure, but these variations did not have a noticeable impact on the extent to which consumers understood how their initial credit limit would be determined.

Other Reasons Your APRs May Change

- One of the Schumer Box models used in Philadelphia included a row titled “Other Reasons Your APRs May Change” that indicated that the issuer could change the APRs shown for any reason. Only two of eight participants noticed this row, and most said that even if the row did not appear in the Schumer Box, they would still assume that the bank could change the APRs at any time.

Periodic Statements

Late Payment Warning

- Over the three rounds of testing discussed in this report, about two thirds of participants were able to find information on the statement models about what would happen if they made a late payment on their account. Models used in Chicago and Los Angeles used different formats for displaying payment information; there was no evidence that this had an impact on consumers’ ability to find the Late Payment Warning.

Notice about Minimum Payments

- When asked if there was any information on the statements about the negative consequences of paying only the minimum payment each month, about two thirds of participants were able to locate the Notice about Minimum Payments. However, even those that could not find this information on the statement generally understood that paying only the minimum payment would lead to higher interest charges and would increase the length of time it took to pay off a balance.
- As with the Late Payment Warning, variations in the formatting of payment information in the Chicago and Los Angeles rounds of testing did not have a noticeable impact on participants’ ability to find the Notice about Minimum Payments.
- Most participants understood what information they could get by calling the 1-800 number in the Notice about Minimum Payments. A few did not realize that the numbers provided in the notice were only an example, and therefore were confused as to how the content provided through the telephone service would differ from what was already shown on the statement.

- About a quarter of participants indicated that they would be likely to seek out additional information through the 1-800 number shown or online. Most others indicated that this information would not be useful to them, either because they do not pay only the minimum payment or because they are already aware of the negative consequences of doing so.
- Participants in Chicago and Los Angeles were asked whether they would prefer to get this information through a 1-800 number or online. Slightly more than half indicated that they would prefer to get the information by telephone.

Payment Due Time

- Both models used in Chicago listed the time that payment was due (2:00 p.m.) next to the due date. They also included an asterisk next to the payment due time, with a reference below indicating this time only applies to electronic payments and that information on other types of payments was available on the back of the statement, which stated that mailed payments are due at 5:00 p.m. However, three quarters of participants incorrectly stated that mailed payments are due at 2:00 p.m.
- The models used in Los Angeles explicitly stated next to the due time that this time only applies to electronic payments. Again, however, over half of participants incorrectly stated that the time would also apply to mailed payments.
- Less than a quarter of participants in the two rounds were able to successfully find the information about the time mailed payments are due on the back of the statement.

Chronological vs. Grouped Transaction Lists

- In all three rounds, one periodic statement model included a transaction list that provided transactions in chronological order, while the other had a list that was grouped by transaction type. In each round, participants who were given the grouped transaction list were more likely to be able to identify the number of fees they were charged, compared with those who saw a chronological list.
- In Chicago, participants had more difficulty matching transaction fees to their corresponding transactions when looking at a grouped list. In Los Angeles, however, participants who saw a grouped list were better able to match transactions to fees.

Payment Allocation

- In Philadelphia, participants were given the opportunity on the payment coupon to indicate how they would like their payment allocated between their balances on purchases, balance transfers, and cash advances. Most participants tried to pay down the balance on which they had the highest APR. However, most participants did not know how to complete the allocation form, and did so incorrectly.
- Participants in Chicago and Los Angeles were given a revised version of the payment allocation form to complete. Unlike in Philadelphia, most participants completed the form

correctly. However, only a small percentage allocated payments between balances in the way that would actually be most advantageous to them.

Changes to Interest Rates and Account Terms

- When asked, almost all participants in all three rounds of testing discussed in this report were able to find information on their statement about impending changes to their interest rates and/or other account terms. About half commented on these changes during their first reading of the statement.
- Models used in Philadelphia offered participants the right to “opt out” of the changes shown. Almost all participants understood what this meant, although one did not understand that by opting out, (s)he would no longer be able to use the card. Most participants indicated that they would opt out rather than accept the changes to their rates and other terms.
- In Philadelphia, about half of participants who saw a statement that described impending changes to account terms understood what it was saying. Of those who saw a statement indicating that the Penalty APR had been triggered, all understood that this rate would be applied to their account. All but one understood that their promotional APR on balance transfers would be increased to the standard rate.
- Models used in Chicago and Los Angeles included different information about changes than those used in Philadelphia, and the information was formatted in two different ways. In general, the models used in Los Angeles were more effective at communicating this information to participants:
 - Regardless of which form they were shown, none of the participants in Chicago could correctly identify the date when the changes would begin to apply. About half of participants in Los Angeles were able to do so.
 - Of participants who saw statements that indicated that the Penalty APR was being applied to the account, all participants in both rounds understood that the rate would only apply to transactions made after the date shown. All participants also understood that if they became 30 days late on their account the Penalty APR would apply to earlier transactions as well. None of the participants in Chicago understood that if they had promotional APRs they would lose them and the standard rate would apply; two of five participants in Los Angeles understood this.
 - Of participants who saw statements that indicated that their account terms were changing, about half of those in Chicago understood that the new APR on purchases would apply only to transactions made after the date shown. About half also understood that if the Penalty APR was already being charged, the new rate would not immediately apply. In both cases the models used in Los Angeles were more effective in communicating these concepts.

- In both Chicago and Los Angeles, less than half of participants who saw statements with change-in-terms notices realized that more detailed information about the changes was provided in a separate insert.

Fee-Inclusive APR

- Over the three rounds of testing discussed in this report, four of 25 participants could explain the meaning of the Fee-Inclusive APR. Other participants had a variety of interpretations of this term, including: the year-to-date interest charges expressed as a percentage; the interest rate paid on fees that are charged; the interest rate charged if the cardholder pays late; and the amount of fees you would be charged for making different transactions.
- The forms used in the three rounds of testing discussed in this report used two different labels for this term: “Fee-Inclusive APR” and “APR including Interest and Fees.” There was no evidence that either label was more effective.

Convenience Checks

- In Philadelphia, information about the terms of convenience checks was provided on a separate insert; the checks themselves provided the introductory APR and a reference to see the insert for more information. When asked questions about the terms of the checks, just over half of participants noticed the reference to the insert and located the information.
- In Chicago and Los Angeles, a table of account terms relating to the use of convenience checks was provided on the same page as the checks themselves. In these two rounds:
 - All participants were able to correctly identify the introductory rate on check transactions, as well as the date this rate would no longer apply.
 - All but one participant were able to correctly identify the fee that they would be charged for making a check transaction.
 - More than half of participants understood that they would be charged interest beginning on the day of the transaction—that is, that there was no grace period for check transactions.
 - More than half of participants understood that if they made a check transaction after the “use by date” shown, they would be charged their APR on cash advances. Most other participants assumed that they would still be charged the introductory APR.
 - All models indicated that after the initial period ended, cardholders would be charged their APR for cash advances on balances for check transactions. One of the models used in Chicago provided the current APR on cash advances; all participants who saw this model were able to find and correctly identify this information. Other models did not display the current APR on cash advances, but instead provided a phone number cardholders could call to get this information.

Most participants saw this phone number and understood its intended use, but several commented that they did not like the fact that the bank would make them call to get this information.

Minimum Payment Telephone Script

- The interviews in all three rounds included testing of a draft script for a telephone service that would provide an estimate of how long it would take to pay off a credit card balance paying only the minimum payment each month. In Philadelphia, when asked by the script to enter their current balance two thirds of participants included digits after the decimal point even though they were instructed not to. Because of these results, the script was revised following the Philadelphia round of testing. These changes proved effective; in Chicago and Los Angeles almost all participants input their current balance correctly, although several rounded it to the nearest dollar.
- The script also asked participants to enter their highest APR. Few participants were able to do so correctly in Philadelphia, but again subsequent changes to the script proved effective—about half of participants in Chicago answered this question correctly, as did most of those in Los Angeles
- At the end of the telephone script, participants were given the opportunity to request two more pieces of information: “how long it would take to pay off your account if you paid a specific dollar amount each month,” and “how much you would have to pay each month to pay off your balance in a specific amount of time.” Most participants understood what information they would get from these two options, while a few did not understand the difference between them.

RELEVANCE OF INTERVIEW FINDINGS FOR BOARD POLICY

Representatives of the Board have attended all rounds of testing, and Macro has provided periodic briefings on results and recommendations. The Board has used the findings described in this report in three primary ways. First, the Board released a new set of proposed revisions to Regulation Z in May 2008. Some of the Board’s proposals at that time were informed by findings from consumer testing in Philadelphia.

Second, the qualitative findings described above were a key factor in the design of an experimental quantitative test that was conducted in the fall of 2008. This study, which was also carried out by Macro International, consisted of over 1,000 mall intercept interviews with consumers in seven locations across the country. Participants were each shown a set of disclosure forms, and were then asked a series of questions to test their comprehension of the content. By varying aspects of the disclosures between forms, Macro was able to measure the impact of certain variables on consumer understanding. The design variables that were tested in this study were those whose impact on consumer understanding the Board felt had not been conclusively determined through cognitive interviews. Some of these variables included whether APRs for different transactions are provided in separate or combined rows in the Schumer Box,

whether notices of changes in terms are displayed on the first or second page of the periodic statement, and whether transaction lists on periodic statements are grouped by type or chronological.¹¹

Finally, the results of the interviews described in this report, as well as findings from the quantitative study, will be an important source of data for the Board as it finalizes its final rules related to open-end credit for release in December 2008. By relying heavily on direct cognitive testing of model forms, the Board hopes to ensure that its new regulations will lead to financial disclosures that will be easy for consumers to read and understand, and as a result will help them make well-informed financial decisions.

¹¹ Findings from this quantitative study will be provided to the Board in a separate report to be released in December 2008.

**APPENDIX A:
SAMPLE RECRUITING
PROTOCOL**



Participant Screener for Federal Reserve Board Interviews

General Information and Recruiting Specifications

- Participant stipend is \$75
- INTERVIEWERS: Ask all participants to bring their reading glasses if necessary, because they will be asked to read over several credit card documents as part of the interview.

Screening Questions

- Q1. Do you currently have one or more general-purpose credit cards, such as MasterCard, Visa, Discover or American Express? Please do not include debit or bank cards, or credit cards that can only be used at a single chain of stores.
- No → *Explain that because the topic of the focus group is the use of general-purpose credit cards, participation is limited to people who use this type of card. Thank respondent politely and end call.*
 - Yes → Continue
- Q2: Are you the person in your household who is responsible for making credit card decisions, such as choosing a new credit card or deciding how much to pay each month?
- No → *Thank respondent politely and end call.*
 - Yes → Continue
 - Yes, in cooperation with my [spouse, partner, etc.] → Continue
- Q3: Do you currently work for a bank or a credit card company?
- No → Continue
 - Yes → *Thank respondent politely and end call.*
- Q4: ARTICULATION QUESTION: Please describe the ways in which you get information about your credit card account.
- If respondent gives a thoughtful, articulate answer → Continue
 - If respondent does not give a thoughtful, articulate answer → *Thank respondent politely and end call.*

Screening Question	Screening Criteria:
<p>Q5: Each month, people with credit cards have the option of paying their full balance, or paying a smaller amount and keeping a balance on their card. Think of your primary credit card account—that is, the credit card that you use most often.¹ How frequently do you pay the full balance on your primary credit card?</p> <p>a) Always or almost always b) Sometimes c) Hardly ever</p>	<ul style="list-style-type: none"> • At least 2 <u>but no more than 3</u> recruits must respond “a” to Q5
<p>Q6: In the past 2 years, have you transferred a balance from one credit card to another?</p> <p>a) Yes b) No</p>	<ul style="list-style-type: none"> • At least 4 recruits must respond “a” to Q6
<p>Q7: In the past 2 years have you used your credit card to obtain cash at an ATM, or have you used a convenience check your credit card company sent you?</p> <p>a) Yes b) No</p>	<ul style="list-style-type: none"> • At least 5 <u>but no more than 6</u> recruits must respond “a” to Q7
<p>Q8: What is the credit limit on your primary credit card account (i.e., the maximum balance that you are allowed to have at any one time)?</p> <p>a) Under \$500 b) \$500 to \$3000 c) Over \$3000 d) Don’t know</p>	<ul style="list-style-type: none"> • At least 5 recruits must respond “a” or “b” to Q8
<p>Q9: How long ago did you get your first credit card?</p> <p>a) Less than 5 years ago b) 5 to 10 years ago c) More than 10 years ago</p>	<ul style="list-style-type: none"> • No more than 2 recruits should respond “a” to Q9

¹ If participant indicates that they are unsure of which credit card they use most often, tell them that to choose their “primary credit card” based on which has the largest account balance.

<p>Q10: Have you opened a new general-purpose credit card account in the past 12 months?</p> <p>a) Yes b) No</p>	<ul style="list-style-type: none"> • At least 5 recruits should respond “a” to Q10
<p>Q11: What is your age?</p> <p>a) 18 to 25 b) 26 to 35 c) 36 to 45 d) 45 to 60 e) 61+</p>	<ul style="list-style-type: none"> • At least 2 recruits should respond “a” or “b” • At least 5 recruits should respond “c”, “d”, or “e”
<p>Q12: What is your ethnicity?</p> <p>a) White b) African-American c) Latino d) Asian e) Other</p>	<ul style="list-style-type: none"> • At least 3 recruits should respond “b”, “c”, “d”, or “e” to Q12
<p>Q13: What is the highest level that you reached in school?</p> <p>a) Attended some high school b) Graduated from high school c) Attended some college d) Graduated from college</p>	<ul style="list-style-type: none"> • At least 4 recruits should respond “a” or “b” to Q13
<p>Q14: Gender</p>	<ul style="list-style-type: none"> • At least 3 recruits of each gender

**APPENDIX B:
PARTICIPANT
DEMOGRAPHIC AND
BACKGROUND
INFORMATION**

	Round 1: Philadelphia, PA (n=8)	Round 2: Chicago, IL (n=8)	Round 3: Los Angeles, CA (n=9)	Total¹ (n=25)
Gender				
Male	3	3	4	10 (37%)
Female	5	5	5	15 (63%)
Age				
18-25	0	0	1	1 (4%)
26-35	2	1	2	5 (20%)
36-45	4	2	3	9 (36%)
46-60	1	4	2	7 (28%)
61+	1	1	1	3 (12%)
Race/Ethnicity				
Caucasian	6	6	4	16 (64%)
African-American	2	2	2	6 (24%)
Hispanic	0	0	2	2 (8%)
Asian	0	0	1	1 (4%)
Education Level				
Graduated from high school	4	2	4	10 (40%)
Some college	2	2	2	6 (24%)
Graduated from college	2	4	3	9 (36%)
How long ago did you get your first credit card?				
Less than 5 years	0	1	0	1 (4%)
5 to 10 years	4	1	4	9 (36%)
More than 10 years	4	6	5	15 (60%)
Have you opened a new general-purpose credit card account in the past 12 months?				
Yes	3	3	5	11 (44%)
No	5	5	4	14 (56%)
How often do you pay the full balance on your primary credit card?				
Always or almost always	3	1	2	6 (24%)
Sometimes	2	6	4	12 (48%)
Hardly ever	3	1	3	7 (28%)

¹ Percentages may not add to 100 because of rounding.

**APPENDIX C:
DISCLOSURE FORMS
USED IN TESTING**

**Cognitive Interviews:
Philadelphia, PA
(March 2008)**

Solicitation Letters Used in Philadelphia Interviews

- Model SL-8
- Model SL-9
- Model SL-10

Your Artesian Bank Visa® Platinum comes with everything you expect in a premium credit card:

Platinum Services

- **Zero Liability** for unauthorized card transactions that are reported promptly.*
- **Verified by Visa** for secure online shopping using a personal password.
- **Free Extra Cards** for members of your family.
- **Worldwide Acceptance**, use your Visa card everywhere Visa credit cards are accepted.
- **Instant Cash Around the Globe at Over 800,000 ATM Locations.**

* Claims may be filed against posted and settled transactions subject to dollar limits and verification, and must be reported within 60 days of the statement.

Helpful Hints

- Shred statements, receipts and bills before you throw them away.
- Be discreet when providing confidential data in a public setting.
- Always take your ATM receipts with you.
- Never give account numbers or personal information over the phone to unknown callers.
- Don't carry your birth certificate or Social Security card in your wallet or purse.
- Get more helpful information on how to guard against identity theft with Visa's [Protect Your Identity](#) guide.

To request your Artesian Bank Visa® Platinum Card:



Mail Your

Acceptance Certificate



Visit

www.artesianbank.com



Call

number printed on front of the letter

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www.artesianbank.com



Call

number printed on front of the letter

0% Introductory APR for Balance Transfers* (until January 2009, then 14.99%¹)


*APR on Purchases is between 7.99% and 15.99%



You're Invited to Apply!

Dear Potential Customer:

If your "To Do" list is out of control, maybe it's time to simplify your finances. You've been a valued customer, and we'd like to say thanks by offering you an Artesian Bank Visa® Platinum Card with a 0% introductory APR for balance transfers. Call us at 1.800.555.5098—you're invited to apply! Plus, your new card includes:

- ✓ **0% introductory APR** for balance transfers (not purchases or cash advances)
- ✓ **Credit Line** up to \$2,500 (minimum of \$500)
- ✓ **Overdraft Protection²** — Use your card as ODP on your Universal Bank checking account
- ✓ **Total Security Protection[®] package** — Zero liability for unauthorized card transactions that are reported promptly³, fraud monitoring,  privacy features

Reply by March 25, 2008 to accept this great introductory rate offer. Put it on your "To Do" list and call or go online today! Your new Platinum Card is waiting for You!

Sincerely,

Ryan M. Miller
Senior Vice President

P.S. Call 1.800.555.5098 or return the attached certificate by March 25, 2008 to accept this offer.

¹Please see table enclosed for more information on rates and fees.

²All standard cash advance fees and finance charges are imposed whenever an overdraft protection advance takes place. Please see the Terms and Conditions on the enclosed insert for more information about Overdraft Protection.

³Claims may be filed against posted and settled transactions subject to dollar limits and verifications, and must be reported within 60 days of the statement.

Detach here and mail back the bottom half

A7869649827
ILZ-CDA-0606
ITA-POX-1NO-0606



Acceptance Certificate

*****AUTO**SCH 5-DIGIT 20813
A7869649827 C0A-V70
CN0606-008-709-659

Initial Credit: \$2,500 (minimum of \$500)

Reply by: March 25, 2008

Phone: 1.800.555.5098

Artesian Bank
P.O. Box 1234
Thornville, FL 56789

Step 1 <input type="checkbox"/> YES! I'd like to receive the Complimentary Companion Mini Card.			
Step 2	SOCIAL SECURITY NUMBER [][][]-[][][]-[][][][][]	DATE OF BIRTH [][]-[][]-[][][][]	HOME TELEPHONE ([][]) [][][]-[][][][]
	GROSS YEARLY HOUSEHOLD INCOME ¹ \$ [][][]-[][][]-[][][][]	MOTHER'S MAIDEN NAME [][][][] [][][][] [][][][]	WORK TELEPHONE ([][]) [][][]-[][][][]
	<input type="checkbox"/> SELF-EMPLOYED	E-MAIL ADDRESS (OPTIONAL) [][][][]-[][][][]-[][][][]	
Step 3	<input type="checkbox"/> Please check here if you would like overdraft protection		Overdraft protection is only available if you provide a valid Artesian Bank checking account.
Step 4	Income from alimony child support, or separate maintenance payment need not be revealed if you do not wish us to consider it as a basis for repayment. Minimum annual income of \$9,000 (\$14,000 in California)		
By signing below, you agree to the authorizations, terms and conditions on the enclosed insert. X SIGN HERE APPLICANT SIGNATURE		REQUEST AN ADDITIONAL CARD (Print the name of the person who is authorized to use your account.) PRINT NAME OF AUTHORIZED USER (FIRST NAME, MIDDLE INITIAL, LAST NAME)	
Save Today on Balance Transfers with a 0% Introductory APR			
ACCOUNT NUMBER [][][][]-[][][][]-[][][][][][]	PAYEE [][][][] [][][][] [][][][]	EXACT AMOUNT TO BE TRANSFERRED \$ [][][]-[][][]-[][][][]	
ACCOUNT NUMBER [][][][]-[][][][]-[][][][][][]	PAYEE [][][][] [][][][] [][][][]	EXACT AMOUNT TO BE TRANSFERRED \$ [][][]-[][][]-[][][][]	

Balance transfer requests will be processed in the order above. Each balance transfer request must be at least \$100. Allow 3-4 weeks to process. Please see the enclosed insert for Fee and Rate Information.

To help process your request without delay, please provide complete account information with your signature above.

Your Artesian Bank Visa® Platinum comes with everything you expect in a premium credit card:

Platinum Services

- **Zero Liability** for unauthorized card transactions that are reported promptly.*
- **Verified by Visa** for secure online shopping using a personal password.
- **Free Extra Cards** for members of your family.
- **Worldwide Acceptance**, use your Visa card everywhere Visa credit cards are accepted.
- **Instant Cash Around the Globe at Over 800,000 ATM Locations.**

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- Always take your ATM receipts with you.
- Never give account numbers or personal information over the phone to unknown callers.
- Don't carry your birth certificate or Social Security card in your wallet or purse.
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Solicitation and Application Disclosures (“Schumer Boxes”) Used in Philadelphia Interviews

- Model SB-12A
- Model SB-12B
- Model SB-12C
- Model SB-12D1
- Model SB-12D2

Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases	7.99% to 15.99% when you open your account, based on your creditworthiness and other factors. After that, this APR will vary with the market based on the Prime Rate. It will never go lower than 5.99% or higher than 19.99%.
APR for Balance Transfers	0.00% (Intro. APR through your January 2009 billing cycle) 14.99% (Standard APR after January 2009) Balance transfer fees will also apply (see Fees section below).
APR for Cash Advances	23.99% This APR will vary with the market based on the Prime Rate. It will not go lower than 17.99% or higher than 26.99%. Cash advance fees will also apply (see Fees section below).
Penalty APR and When it Applies	31.99% This APR may be applied to the entire balance on your account if you: <ol style="list-style-type: none"> 1) Make a late payment twice in a six-month period; 2) Go over your credit limit twice in a six-month period; 3) Make a payment that is returned; or 4) Do any of the above on another account that you have with us. <p>How Long Will the Penalty APR Apply?: If your APRs are increased for any of these reasons, the Penalty APR will apply until you make six consecutive minimum payments when due and do not exceed your credit limit during that time period.</p>
Loss of Introductory APR	You may lose your introductory APR if you make a late payment or the account is closed for any reason (including closure based on a default on another account that you have with us). If this occurs, we will apply your standard APR to your outstanding balance.
Other Reasons Your APRs May Change	With the exception of the introductory APR on balance transfers, we reserve the right to change the APRs on this account at any time for any reason.
How To Avoid Paying Interest On Purchases	Your due date is at least 24 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire outstanding balance (excluding promotional balances) by the due date each month.
Minimum Interest Charge	If you are charged interest, the charge will be no less than \$0.75.

Fees	
Annual Fee	None
Transaction Fees	
• Balance Transfer	Either \$5 or 3% of the amount of each transfer, whichever is greater (maximum fee: \$100).
• Cash Advance	Either \$10 or 3% of the amount of each cash advance, whichever is greater.
• Foreign Transaction	2% of the amount of each transaction.
Penalty Fees	
• Late Payment	\$33 if balance is less than or equal to \$1,000; \$38 if balance is more than \$1,000 (Your APRs may also increase; see Penalty APR section above.)

Fees (cont.)

Penalty Fees (cont.)

- Returned Payment **\$35** (Your APRs may also increase; see Penalty APR section above.)
- Over-the-Credit Limit **\$29** (Your APRs may also increase; see Penalty APR section above.)

For Credit Card Tips from the Federal Reserve Board

To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at www.federalreserve.gov/location.

How We Will Calculate Your Interest: There are two methods that can be used to calculate your interest: “one-cycle” billing or “two-cycle” billing. In some situations, two-cycle billing leads to higher interest charges. **For this account, we will use two-cycle billing.**

State Law Disclosures

Notice to New York State Residents: Consumer reports may be requested in connection with the processing of your application and any resulting account. Upon request, we will inform you of the names and addresses of any consumer reporting agencies which have provided us with such reports. **Notice to Ohio Residents:** Ohio laws against discrimination require that all creditors make credit equally available to all creditworthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio Civil Rights Commission

administers compliance with this law. **Notice to Married Wisconsin Residents:** No agreement, individual statement, or court order applying to marital property will adversely affect the creditor’s interest unless the creditor, prior to the time credit is extended, is furnished with a copy of the agreement, statement, or order, or has actual knowledge of the adverse provision when the obligation to the creditor is incurred. **Notice to California Residents:** Regardless of your marital status, you may apply for credit in your name alone.

Billing Rights Summary

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 in a separate letter at the “Billing Inquiries” address on your billing statement. Write us as soon as possible. We must hear from you no later than 60 days after we send 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 Notices

We must acknowledge your letter within 30 days, unless we 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 finance 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 will not have to pay any finance charges, and you will have to make 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 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.

Periodic Finance Charge Calculation

We compute Periodic Finance Charges each day for purchases, cash advances, and balance transfers (which we refer to as transaction categories) by using the following equation: Average Daily Balance x number of days in the billing period x Daily Periodic Rate. (You may refer to the finance charge summary on the front of your billing statement for these amounts.) Then we add all the Periodic Finance Charges for each transaction category to get the total Periodic Finance Charges for your Account. The Average Daily Balance is shown as zero if no Periodic Finance Charges apply to the balance in a transaction category.

We use the two-cycle average daily balance (including new transactions) method of calculating the balance upon which we impose Periodic Finance Charges. This means if you did not pay the New Balance shown on the billing statement you received during the previous billing period by the Payment Due Date, we will impose Periodic Finance Charges on new purchases that first appeared on that billing statement, as

well as new purchases that first appear on the current billing statement, unless we already imposed Periodic Finance Charges on the purchases on your previous billing statement. We compute the average daily balance for each transaction category by adding up all the daily balances in a billing period for a transaction category and dividing the total by the number of days in the billing cycle. We compute the daily balance for each transaction category on each day by the first adding the following to the previous day’s daily balance: transactions made that day, fees charged that day and Periodic Finance Charges accrued on the previous day’s daily balance; and by then subtracting any credits and payments that are applied against the balance of the transaction category on that day. In calculating the daily balance for the previous billing period, we consider the “previous day’s daily balance” to have been zero on the first day of the billing period.

Mini Card, U.S. Pat. 6,471,127B2. Credit subject to approval.

Credit cards issued by Artesian Bank, N.A. (USA).

©2008 Artesian Bank



Recycled Paper

Interest Rates	
Annual Percentage Rate (APR) for Purchases	8.99% to 19.99% when you open your account, based on your creditworthiness and other factors. After that, your APR will vary with the market based on the Prime Rate.
APR for Balance Transfers	0.00% (Intro. APR through your December 2008 billing cycle) 15.99% (Standard APR after December 2008) Balance transfer fees will apply (see Fees section below).
APR for Cash Advances	21.99% This APR will vary with the market based on the Prime Rate. Cash advance fees will apply (see Fees section below).
Penalty APR and When it Applies	28.99% This APR will be applied to the entire balance on your account if you: <ol style="list-style-type: none"> 1) Make a late payment twice in a six-month period; 2) Go over your credit limit twice in a six-month period; 3) Make a payment that is returned; or 4) Do any of the above on another account that you have with us. How Long Will the Penalty APR Apply?: If your APRs are increased for any of these reasons, the Penalty APR will apply until you make six consecutive minimum payments when due and do not exceed your credit limit during that time period.
How You Could Lose Your Introductory APR	You will lose your introductory APR if you perform any of the actions listed in the Penalty APR row above. If this occurs, we will apply the Penalty APR to your outstanding balance.

Fees	
Annual Fee	None
Transaction Fees <ul style="list-style-type: none"> • Balance Transfer • Cash Advance • Foreign Transaction 	<p>Either \$5 or 3% of the amount of each transfer, whichever is greater (maximum fee: \$100).</p> <p>Either \$5 or 3% of the amount of each cash advance, whichever is greater.</p> <p>2% of the amount of each transaction.</p>
Penalty Fees <ul style="list-style-type: none"> • Late Payment • Returned Payment or Over-the-Credit Limit 	<p>\$29 if balance is less than or equal to \$1,000; \$35 if balance is more than \$1,000 (Your APRs may also increase; see Penalty APR section above.)</p> <p>\$29 (Your APRs may also increase; see Penalty APR section above.)</p>

TURN OVER for more important information about your account.

Other Terms That Affect Your Interest Charges

How Your Payments Will Be Applied	Payments may be applied to balances with lower APRs first. If you have balances at higher APRs, you may pay more in interest because these balances cannot be paid off until all lower-APR balances are paid in full (including balance transfers you make at the introductory rate).
How To Avoid Paying Interest On Purchases	Your due date is at least 20 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire outstanding balance by the due date each month.
How We Will Calculate Your Interest	There are two methods that can be used to calculate your interest: "one-cycle" billing or "two-cycle" billing. In some situations, two-cycle billing leads to higher interest charges. For this account, we will use two-cycle billing. <ul style="list-style-type: none">• "Two-cycle" billing: Under this method, if you pay your entire outstanding balance in one billing cycle but then do not pay the entire balance in the following cycle, we will charge you interest on balances during both cycles.• "One-cycle" billing: Under this method used by some other banks, under the circumstances described above you would be charged interest on balances only during the current cycle, not the previous cycle.
Minimum Interest Charge	If you are charged interest, the charge will be no less than \$1.50.

For Credit Card Tips from the Federal Reserve Board

To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at www.federalreserve.gov/location.

State Law Disclosures

Notice to New York State Residents: Consumer reports may be requested in connection with the processing of your application and any resulting account. Upon request, we will inform you of the names and addresses of any consumer reporting agencies which have provided us with such reports. **Notice to Ohio Residents:** Ohio laws against discrimination require that all creditors make credit equally available to all creditworthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio Civil Rights

Commission administers compliance with this law. **Notice to Married Wisconsin Residents:** No agreement, individual statement, or court order applying to marital property will adversely affect the creditor's interest unless the creditor, prior to the time credit is extended, is furnished with a copy of the agreement, statement, or order, or has actual knowledge of the adverse provision when the obligation to the creditor is incurred. **Notice to California Residents:** Regardless of your marital status, you may apply for credit in your name alone.

Periodic Finance Charge Calculation

We compute Periodic Finance Charges each day for purchases, cash advances, and balance transfers (which we refer to as transaction categories) by using the following equation: Average Daily Balance x number of days in the billing period x Daily Periodic Rate. (You may refer to the finance charge summary on the front of your billing statement for these amounts.) Then we add all the Periodic Finance Charges for each transaction category to get the total Periodic Finance Charges for your Account. The Average Daily Balance is shown as zero if no Periodic Finance Charges apply to the balance in a transaction category.

We use the two-cycle average daily balance (including new transactions) method of calculating the balance upon which we impose Periodic Finance Charges. This means if you did not pay the New Balance shown on the billing statement you received during the previous billing period by the Payment Due Date, we will impose Periodic Finance Charges on new purchases that first appeared on that

billing statement, as well as new purchases that first appear on the current billing statement, unless we already imposed Periodic Finance Charges on the purchases on your previous billing statement. We compute the average daily balance for each transaction category by adding up all the daily balances in a billing period for a transaction category and dividing the total by the number of days in the billing cycle. We compute the daily balance for each transaction category on each day by the first adding the following to the previous day's daily balance: transactions made that day, fees charged that day and Periodic Finance Charges accrued on the previous day's daily balance; and by then subtracting any credits and payments that are applied against the balance of the transaction category on that day. In calculating the daily balance for the previous billing period, we consider the "previous day's daily balance" to have been zero on the first day of the billing period.



Interest Rates	
Annual Percentage Rate (APR) for Purchases and Balance Transfers	<p>0.00% (Intro. APR through your December 2008 billing cycle)</p> <p>15.99% (Standard APR after December 2008)</p> <p>After December 2008, your APR will vary with the market based on the Prime Rate.</p> <p>Fees will apply to balance transfers (see Fees section below).</p>
APR for Cash Advances	<p>21.99%</p> <p>Fees will apply to cash advances (see Fees section below).</p>
Penalty APR and When it Applies	<p>28.99%</p> <p>This APR may be applied to the entire balance on your account if you:</p> <ol style="list-style-type: none"> 1) Make a late payment twice in a six-month period; 2) Go over your credit limit twice in a six-month period; 3) Make a payment that is returned; or 4) Do any of the above on another account that you have with us. <p>How Long Will the Penalty APR Apply?: If your APRs are increased for any of these reasons, the Penalty APR will apply until you make six consecutive minimum payments when due and do not exceed your credit limit during that time period.</p>
How You Could Lose Your Introductory APR	<p>You will lose your introductory APR if you perform any of the actions listed in the Penalty APR row above. If this occurs, we will apply either your standard APR or the Penalty APR to your outstanding balances.</p>

Fees	
Annual Fee	None
Transaction Fees <ul style="list-style-type: none"> • Balance Transfer • Cash Advance • Foreign Transaction 	<p>Either \$5 or 3% of the amount of each transfer, whichever is greater (maximum fee: \$100).</p> <p>Either \$5 or 3% of the amount of each cash advance, whichever is greater.</p> <p>2% of the amount of each transaction.</p>
Penalty Fees <ul style="list-style-type: none"> • Late Payment • Returned Payment or Over-the-Credit Limit 	<p>\$29 if balance is less than or equal to \$1,000; \$35 if balance is more than \$1,000 (Your APRs may also increase; see Penalty APR section above.)</p> <p>\$29 (Your APRs may also increase; see Penalty APR section above.)</p>

Other Terms That Affect Your Interest Charges	
How Your Payments Will Be Applied	<p>Payments may be applied to balances with lower APRs first. If you have balances at higher APRs, you may pay more in interest because these balances cannot be paid off until all lower-APR balances are paid in full (including purchases and balance transfers you make at the introductory rate).</p>
<p>TURN OVER for more important information about your account.</p>	

Other Terms That Affect Your Interest Charges (cont.)

How To Avoid Paying Interest On Purchases	Your due date is at least 20 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire outstanding balance by the due date each month.
How We Will Calculate Your Interest	There are two methods that can be used to calculate your interest: "one-cycle" billing or "two-cycle" billing. In some situations, two-cycle billing leads to higher interest charges. For this account, we will use two-cycle billing. <ul style="list-style-type: none">• "Two-cycle" billing: Under this method, if you pay your entire outstanding balance in one billing cycle but then do not pay the entire balance in the following cycle, we will charge you interest on balances during both cycles.• "One-cycle" billing: Under this method used by some other banks, under the circumstances described above you would be charged interest on balances only during the current cycle, not the previous cycle.
Minimum Interest Charge	If you are charged interest, the charge will be no less than \$1.50.

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We compute Periodic Finance Charges each day for purchases, cash advances, and balance transfers (which we refer to as transaction categories) by using the following equation: Average Daily Balance x number of days in the billing period x Daily Periodic Rate. (You may refer to the finance charge summary on the front of your billing statement for these amounts.) Then we add all the Periodic Finance Charges for each transaction category to get the total Periodic Finance Charges for your Account. The Average Daily Balance is shown as zero if no Periodic Finance Charges apply to the balance in a transaction category.

We use the two-cycle average daily balance (including new transactions) method of calculating the balance upon which we impose Periodic Finance Charges. This means if you did not pay the New Balance shown on the billing statement you received during the previous billing period by the Payment Due Date, we will impose Periodic Finance Charges on new purchases that first appeared on that billing statement, as well as new purchases that first appear on the current billing statement, unless we already

imposed Periodic Finance Charges on the purchases on your previous billing statement. We compute the average daily balance for each transaction category by adding up all the daily balances in a billing period for a transaction category and dividing the total by the number of days in the billing cycle. We compute the daily balance for each transaction category on each day by the first adding the following to the previous day's daily balance: transactions made that day, fees charged that day and Periodic Finance Charges accrued on the previous day's daily balance; and by then subtracting any credits and payments that are applied against the balance of the transaction category on that day. In calculating the daily balance for the previous billing period, we consider the "previous day's daily balance" to have been zero on the first day of the billing period.

Balance Transfer

Artesian Bank reserves the right to decline to process any balance transfer for any reason. If you have a dispute with a creditor and pay that balance by transferring it to your new Visa Platinum Card account, you may lose certain dispute rights. By making a balance transfer, you understand that future payments will be applied to promotional offers (which are normally at a lower interest rate) prior to any existing or new regular balances on the account. It will take 3-4 weeks to process your request. Therefore,

you will still need to make payments on your other accounts to keep them current until your request is complete. Your Balance Transfer requests will be processed in the order listed on the Balance Transfer form. We will make the maximum possible partial payment. Partial payment will not be made on more than one account. Finance charges (if and where applicable) will begin on the date that the balance transfer posts to your Artesian Bank account.

Mini Card, U.S. Pat. 6,471,127B2. Credit subject to approval.

Credit cards issued by Artesian Bank, N.A. (USA).

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Recycled Paper

Interest Rates	
Annual Percentage Rate (APR) for Purchases	9.99% This APR will vary with the market based on the Prime Rate.
APR for Balance Transfers	0.00% (Intro. APR through your December 2008 billing cycle) 15.99% (Standard APR after December 2008) Balance transfer fees will apply (see Fees section below).
APR for Cash Advances	23.99% This APR will vary with the market based on the Prime Rate. Cash advance fees will apply (see Fees section below).
Penalty APR and When it Applies	29.99% This APR will be applied to the entire balance on your account if you: <ol style="list-style-type: none"> 1) Go over your credit limit twice in a twelve-month period; 2) Make a late payment twice in a six-month period; 3) Make a payment that is returned due to lack of funds; or 4) Do any of the above on another account that you have with us. <p>How Long Will the Penalty APR Apply?: If your APRs are increased for any of these reasons, the Penalty APR will apply until you make six consecutive minimum payments when due and do not exceed your credit limit during that time period.</p>
How You Could Lose Your Introductory APR	You will lose your introductory APR if you perform any of the actions listed in the Penalty APR row above. If this occurs, we will apply the Penalty APR to your outstanding balance.
Other Reasons Your APRs May Change	With the exception of the introductory APR on balance transfers, we reserve the right to change the APRs on this account at any time for any reason.

Fees	
Annual Fee	None
Transaction Fees <ul style="list-style-type: none"> • Balance Transfer • Cash Advance • Foreign Transaction 	<p>Either \$5 or 3% of the amount of each transfer, whichever is greater (maximum fee: \$100).</p> <p>Either \$10 or 5% of the amount of each cash advance, whichever is greater.</p> <p>2% of the amount of each transaction.</p>
Penalty Fees <ul style="list-style-type: none"> • Late Payment • Returned Payment or Over-the-Credit Limit 	<p>\$24 if balance is less than or equal to \$1,000; \$39 if balance is more than \$1,000 (Your APRs may also increase; see Penalty APR section above.)</p> <p>\$40 (Your APRs may also increase; see Penalty APR section above.)</p>

Other Terms That Affect Your Interest Charges

How Your Payments Will Be Applied	Payments may be applied to balances with lower APRs first. If you have balances at higher APRs, you may pay more in interest because these balances cannot be paid off until all lower-APR balances are paid in full (including balance transfers you make at the introductory rate).
How To Avoid Paying Interest On Purchases	Your due date is at least 25 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire outstanding balance by the due date each month.
How We Will Calculate Your Interest	There are two methods that can be used to calculate your interest: “one-cycle” billing or “two-cycle” billing. In some situations, two-cycle billing leads to higher interest charges. For this account, we will use one-cycle billing.
Minimum Interest Charge	If you are charged interest, the charge will be no less than \$1.50.

For Credit Card Tips from the Federal Reserve Board

To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at www.federalreserve.gov/location.

Interest Rates	
APR for Purchases and Balance Transfers	<p>0.00% (Intro. APR through your February 2009 billing cycle)</p> <p>15.99% (Standard APR after February 2009)</p> <p>Balance transfer fees will apply (see Fees section below).</p>
APR for Cash Advances	<p>24.99%</p> <p>This APR will vary with the market based on the Prime Rate.</p> <p>Cash advance fees will apply (see Fees section below).</p>
Penalty APR and When it Applies	<p>26.99%</p> <p>This APR may be applied to the entire balance on your account if you:</p> <ol style="list-style-type: none"> 1) Make a late payment twice in a six-month period; 2) Go over your credit limit twice in a six-month period; 3) Make a payment that is returned; or 4) Do any of the above on another account that you have with us. <p>How Long Will the Penalty APR Apply?: If your APRs are increased for any of these reasons, the Penalty APR will apply until you make twelve consecutive minimum payments when due and do not exceed your credit limit during that time period.</p>
How You Could Lose Your Introductory APR	<p>You will lose your introductory APR if you perform any of the actions listed in the Penalty APR row above. If this occurs, we will apply the Penalty APR to your outstanding balance.</p>

Fees	
Annual Fee	None
Transaction Fees	<ul style="list-style-type: none"> • Balance Transfer: Either \$5 or 3% of the amount of each transfer, whichever is greater. • Cash Advance: Either \$10 or 3% of the amount of each cash advance, whichever is greater. • Foreign Transaction: 2% of the amount of each transaction.
Penalty Fees	<ul style="list-style-type: none"> • Late Payment: \$29 if balance is less than or equal to \$1,000; \$35 if balance is more than \$1,000 (Your APRs may also increase; see Penalty APR section above.) • Over-the-Credit Limit: \$30 (Your APRs may also increase; see Penalty APR section above.) • Returned Payment: \$42 (Your APRs may also increase; see Penalty APR section above.)

Other Terms That Affect Your Interest Charges	
How Your Payments Will Be Applied	<p>Payments may be applied to balances with lower APRs first. If you have balances at higher APRs, you may pay more in interest because these balances cannot be paid off until all lower-APR balances are paid in full (including balance transfers you make at the introductory rate).</p>
How To Avoid Paying Interest On Purchases	<p>Your due date is at least 20 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire outstanding balance by the due date each month.</p>

TURN OVER for more important information about your account.

Other Terms That Affect Your Interest Charges (cont.)

How We Will Calculate Your Interest	<p>There are two methods that can be used to calculate your interest: “one-cycle” billing or “two-cycle” billing. In some situations, two-cycle billing leads to higher interest charges. For this account, we will use two-cycle billing.</p> <ul style="list-style-type: none">• “One-cycle” billing: Under this method, if you pay your entire outstanding balance in one billing cycle but then do not pay the entire balance in the following cycle, we will charge you interest on balances only during the current cycle, not the previous cycle.• “Two-cycle” billing: Under this method used by some other banks, under the circumstances described above you would be charged interest on balances during both cycles.
Minimum Interest Charge	If you are charged interest, the charge will be no less than \$1.00.

For Credit Card Tips from the Federal Reserve Board

To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at www.federalreserve.gov/location.

Periodic Statements Used in Philadelphia Interviews

- Model PS-13
- Model PS-14
- Back of Periodic Statement Pages

Artesian Bank Credit Card Account Statement
Account Number 1234 5678 9012 3456
February 21, 2008 to March 22, 2008

Summary of Account Activity	
Previous Balance	\$535.07
Payments	-\$450.00
Other Credits	-\$13.45
Purchases	+\$847.57
Balance Transfers	+\$785.00
Cash Advances	+\$0.00
Past Due Amount	+\$0.00
Fees Charged	+\$69.45
Interest Charged	+\$10.89
New Balance	\$1,784.53
Credit limit	\$2,000.00
Available credit	\$215.47
Statement closing date	3/22/2008
Days in billing cycle	30

Payment Information	
New Balance	\$1,784.53
Minimum Payment Due	\$48.00
Payment Due Date	4/16/08
Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay a \$35 late fee and your APRs may be increased up to the Penalty APR of 28.99%.	
Notice about Minimum Payments: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example, if you had a balance of \$1,000 at an interest rate of 17% and always paid only the minimum required, it would take over 7 years to repay the entire balance. For a personalized estimate of the time it would take you to repay your balance making only minimum payments, call 1-800-555-5555.	

QUESTIONS?
 Call Customer Service 1-800-987-5521
 Lost or Stolen Credit Card 1-800-987-5521

Please send billing inquiries and correspondence to:
 PO Box 5524, Newark, DE 19711

Notice of Changes to Your Interest Rates

The following is a summary of changes that are being made to your account terms. For more detailed information, please refer to the booklet enclosed with this statement. The effective date of these changes is 5/10/08. Note: The change to your APR for purchases described below will not go into effect at this time if you are already being charged a higher Penalty APR on purchases. In this case, this change will go into effect when the Penalty APR no longer applies.

Your Right to Opt Out of Changes: You have the right to stop any rate increases described below. If you do so, these increases will not go into effect for your current balances, but **you will not be able to use this account for new transactions.** To opt out, call us at 1-800-555-6789 or mail back the opt-out form included with this statement. **We must receive notice of your decision to opt out by 5/9/08; if we do not, the rate increases will go into effect for your account, including current balances.**

Revised Terms, as of 5/10/08	
APR for Purchases	16.99%
Late Payment Fee	\$32 if your balance is less than or equal to \$1,000; \$39 if your balance is more than \$1,000

Transactions

Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount
Payments and Other Credits				
854338203FS8000Z5	2/25	2/25	Payment Thank You	\$450.00-
045148714518979874	3/4	3/5	Macy's #78 Decatur GA	\$13.45-
Purchases				
5884186PS0388W6YM	2/22	2/23	Citgo Food Mart #74 Atlanta GA	\$2.05
0544400060ZLV72VL	2/24	2/25	CVS Pharmacy #7338 003 Atlanta GA	\$12.11
554328608008W90M0	2/24	2/25	Easy Saver 877-844-9564 PA	\$114.95
55541860705RDYD0X	2/25	2/26	Eckerd Drugs #2708 Atlanta GA	\$4.63
054830709LYMRPT4L	2/25	2/26	Wayfield Foods #1 S9B Atlanta GA	\$7.35
564891561545KOSHD	2/25	2/26	Acme #1456 Atlanta GA	\$14.35
841517877845AKOJIO	2/25	2/26	Citgo #1276 Decatur GA	\$40.35
1542202074TWWTV48G	2/26	2/26	Visit Scotland Invernes Purch: 64.00 GBP	\$121.50

(transactions continued on next page)

5825 TRD 2 100 7 Page 1 of 2 8382 4000 USM2 0003 050118 O1AC5825 35ADM

Please detach this portion and return with your payment to insure proper credit. Retain upper portion for your records.

Account Number: 1234 5678 9012 3456
New Balance: \$1,784.53
Minimum Payment Due: \$48.00
Payment Due Date: 4/16/08

AMOUNT ENCLOSED: \$

Please indicate address change and additional cardholder requests on the reverse side.

Artesian Bank
 P.O. Box 5147
 Newark, DE 19711

Applying your payment: If you are paying more than the minimum payment, to which balances should we apply this extra amount?

Transaction type	Extra payment amount
Purchases	\$ _____
Cash advances	\$ _____
Balance transfers	\$ _____



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Artesian Bank Credit Card Account Statement
Account Number 1234 5678 9012 3456
February 21, 2008 to March 22, 2008

Transactions (cont.)				
Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount
895848561561894KOH	2/26	2/27	Save-A-Lot Grocery #287 Atlanta GA	\$27.68
1871556189456SAMKL	2/26	2/27	Best Buy Atlanta GA	\$124.76
2564894185189LKDFID	2/27	2/28	Shell Oil #8765 Athens GA	\$32.87
14547847586KDOL564	2/28	2/28	Castle Store London #196	\$196.50
			Purch: 104.00 GBP	
14547847586KDDL564	3/28	3/1	Eckerd Drugs #2708 Atlanta GA	\$14.76
256489156189451516L	3/1	3/2	Walmart #2998 Athens GA	\$3.76
2564894185189LKDFID	3/1	3/3	Macys #78 Decatur GA	\$13.45
178105417841045784	3/2	3/6	Citgo Food Mart #74 Atlanta GA	\$2.35
8456152156181SDSA	3/5	3/12	Shell Oil #8765 Athens GA	\$25.00
31289105205648AWD	3/11	3/12	Easy Saver 877-844-9564 PA	\$7.34
04518478415615ASD	3/11	3/16	Save-A-Lot Grocery #287 Atlanta GA	\$10.56
0547810544898718AF	3/15	3/17	Shell Oil #8765 Athens GA	\$24.50
056489413216848OP	3/16	3/17	Walmart #2998 Athens GA	\$8.76
054894561564ASDW	3/17	3/18	Acme #1456 Atlanta GA	\$14.23
5648974891AD98156	3/19	3/20	Macys #78 Decatur GA	\$23.76
Balance Transfers				
4545754784KOHUIOS	2/27	3/1	Balance Transfer	\$785.00
Fees				
9525156489SFD4545Q	2/23	2/23	Late Fee	\$35.00
56415615647OJSNDS	2/26	2/26	Foreign Transaction Fee *Transaction Fee*	\$5.00
84151564SADS8745H	2/27	2/27	Balance Transfer Fee *Transaction Fee*	\$23.55
256489156189451516L	2/28	2/28	Foreign Transaction Fee *Transaction Fee*	\$5.90
TOTAL FEES FOR THIS PERIOD				\$69.45
Interest Charged				
			Interest Charge on Purchases	\$6.31
			Interest Charge on Cash Advances	\$4.58
TOTAL INTEREST FOR THIS PERIOD				\$10.89
2008 Totals Year-to-Date				
			Total fees charged in 2008	\$90.14
			Total interest charged in 2008	\$18.27

Interest Charge Calculation			
Your Annual Percentage Rate (APR) is the annual interest rate on your account.			
Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charge
Purchases	14.99% (v)	\$512.14	\$6.31
Cash Advances	21.99% (v)	\$253.50	\$4.58
Balance Transfers	0.00%	\$637.50	\$0.00
(v) = Variable Rate			

APRs including both Interest and Fees			
The APRs in this table are the actual APRs for this period when transaction or fixed fees are taken into account as well as interest.			
Type of Balance	Interest Charges	Transaction or Fixed Fees	APR including Interest and Fees
Purchases	\$6.31	\$10.90	40.32%
Cash Advances	\$4.58	\$0.00	21.99%
Balance Transfers	\$0.00	\$23.55	36.00%

Need extra cash? Use this check and get a low, promotional 1.7% Annual Percentage Rate through November 2008!

Interest and Fee information: Please see insert enclosed with this periodic statement for important information on interest and fees that apply to the use of this check.

481	
DATE _____ 20____ 62-16	
PAY TO THE ORDER _____ \$ _____	
_____ DOLLARS	
Wilmington, Delaware	
FOR _____	_____

Artesian Bank Credit Card Account Statement
Account Number 1234 5678 9012 3456
February 21, 2008 to March 22, 2008

Summary of Account Activity	
Previous Balance	\$535.07
Payments	-\$450.00
Other Credits	-\$13.45
Purchases	+\$847.57
Balance Transfers	+\$785.00
Cash Advances	+\$0.00
Past Due Amount	+\$0.00
Fees Charged	+\$69.45
Interest Charged	+\$10.89
New Balance	\$1,784.53
Credit limit	\$2,000.00
Available credit	\$215.47
Statement closing date	3/22/2008
Days in billing cycle	30

Payment Information	
New Balance	\$1,784.53
Minimum Payment Due	\$48.00
Payment Due Date	4/16/08
Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay a \$35 late fee and your APRs may be increased up to the Penalty APR of 28.99%.	
Notice about Minimum Payments: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example, if you had a balance of \$1,000 at an interest rate of 17% and always paid only the minimum required, it would take over 7 years to repay the entire balance. For a personalized estimate of the time it would take you to repay your balance making only minimum payments, call 1-800-555-5555.	

QUESTIONS?
 Call Customer Service 1-800-987-5521
 Lost or Stolen Credit Card 1-800-987-5521

Please send billing inquiries and correspondence to:
 PO Box 5524, Newark, DE 19711

Notice of Changes to Your Interest Rates

You have triggered the Penalty APR of 28.99%. Effective 5/10/08, we will apply the penalty rate to all non-promotional balances on this account. We may keep your APRs at this level indefinitely. Effective 5/10/08, you will also lose any promotional rates and we will apply the standard rates to any promotional balances.

Your Right to Opt Out of Changes: You have the right to stop the penalty rate increase on your non-promotional balances. If you do so, we will not apply the penalty rate to your current balances, but **you will not be able to use this account for new transactions.** To opt out, call us at 1-800-555-6789 or mail back the opt-out form included with this statement. **We must receive notice of your decision to opt out by 5/9/08; if we do not, the penalty rate will go into effect for all non-promotional balances, including current balances.** Whether or not you opt out of penalty rate increases, the rate on all promotional balances will increase from the Promotional APR to the Standard APR.

Transactions					
Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount	
5884186PS0388W6YM	2/22	2/23	Citgo Food Mart #74 Atlanta GA	\$2.05	
9525156489SFD4545Q	2/23	2/23	Late Fee	\$35.00	
0544400060ZLV72VL	2/24	2/25	CVS Pharmacy #7338 003 Atlanta GA	\$12.11	
554328608008W90M0	2/24	2/25	Easy Saver 877-844-9564 PA	\$114.95	
854338203FS8000Z5	2/25	2/25	Payment Thank You	\$450.00	
054830709LYMRPT4L	2/25	2/26	Wayfield Foods #1 S9b Atlanta GA	\$7.35	
564891561545KOSHD	2/25	2/26	Acme #1456 Atlanta GA	\$14.35	
841517877845AKOJIO	2/25	2/26	Citgo #1276 Decatur GA	\$40.35	
55541860705RDYD0X	2/25	2/26	Eckerd Drugs #2708 Atlanta GA	\$4.63	
1542202074TWWTV48G	2/26	2/26	Visit Scotland Invernes	\$121.50	
			Purch: 64.00 GBP		
564891561545KOSHD	2/26	2/26	Foreign Transaction Fee *Transaction Fee*	\$5.00	
895848561561894KOH	2/26	2/27	Save-a-Lot Grocery #287 Atlanta GA	\$27.68	

(transactions continued on next page)

Please detach this portion and return with your payment to insure proper credit. Retain upper portion for your records.

Please indicate address change and additional cardholder requests on the reverse side.

Artesian Bank
 P.O. Box 5147
 Newark, DE 19711

Account Number: 1234 5678 9012 3456
New Balance: \$1,784.53
Minimum Payment Due: \$48.00
Payment Due Date: 4/16/08

AMOUNT ENCLOSED: \$

Applying your payment: If you are paying more than the minimum payment, to which balances should we apply this extra amount?

Transaction type	Extra payment amount
Purchases	\$ _____
Cash advances	\$ _____
Balance transfers	\$ _____



Artesian Bank Credit Card Account Statement
Account Number 1234 5678 9012 3456
February 21, 2008 to March 22, 2008

Transactions (cont.)				
Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount
1871556189456SAMKL	2/26	2/27	Best Buy Atlanta GA	\$124.76
4545754784KOHUIOS	2/27	2/27	Balance Transfer	\$785.00
84151564SADS8745H	2/27	3/1	Balance Transfer Fee *Transaction Fee*	\$23.55
2564894185189LKDFD	2/27	2/28	Shell Oil #8765 Athens GA	\$32.87
14547847586KDOL564	2/28	2/28	Castle Store London #196 Purch: 104.00 GBP	\$196.50
256489156189451516L	2/28	2/28	Foreign Transaction Fee *Transaction Fee*	\$5.90
2564561023184102315	2/28	3/1	Eckerd Drugs #2708 Atlanta GA	\$14.76
55542818705RASD0X	3/1	3/2	Walmart #2998 Athens GA	\$3.76
289189194ASDS8744	3/1	3/3	Macys #78 Decatur GA	\$13.45
178105417841045784	3/2	3/6	Citgo Food Mart #74 Atlanta GA	\$2.35
8456152156181SDSA	3/5	3/12	Shell Oil #8765 Athens GA	\$25.00
31289105205648AWD	3/11	3/12	Easy Saver 877-844-9564 PA	\$7.34
045148714518979874	3/11	3/15	Macys #78 Decatur GA	\$13.45
04518478415615ASD	3/11	3/16	Save-a-Lot Grocery #287 Atlanta GA	\$10.56
0547810544898718AF	3/15	3/17	Shell Oil #8765 Athens GA	\$24.50
056489413216848OP	3/16	3/17	Walmart #2998 Athens GA	\$8.76
054894561564ASDW	3/17	3/18	ACME #1456 Atlanta GA	\$14.23
5648974891AD98156	3/19	3/20	Macys #78 Decatur GA	\$23.76
TOTAL FEES FOR THIS PERIOD				\$69.45
Interest Charge on Purchases				\$6.31
Interest Charge on Cash Advances				\$4.58
TOTAL INTEREST CHARGES FOR THIS PERIOD				\$10.89

2008 Totals Year-to-Date	
Total fees charged in 2008	\$90.14
Total interest charged in 2008	\$18.27

Interest Charge Calculation			
Your Annual Percentage Rate (APR) is the annual interest rate on your account.			
Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charge
Purchases	14.99% (v)	\$512.14	\$6.31
Cash Advances	21.99% (v)	\$253.50	\$4.58
Balance Transfers	0.00%	\$637.50	\$0.00
(v) = Variable Rate			

Fee-Inclusive APR			
The Fee-Inclusive APRs in this table are the APRs that you paid this period when transaction or fixed fees are taken into account as well as interest.			
Type of Balance	Interest Charges	Transaction or Fixed Fees	Fee-Inclusive APR
Purchases	\$6.31	\$10.90	40.32%
Cash Advances	\$4.58	\$0.00	21.99%
Balance Transfers	\$0.00	\$23.55	36.00%

Need extra cash? Use this check and get a low, promotional 1.7% Annual Percentage Rate through November 2008!

Interest and Fee information: Please see insert enclosed with this periodic statement for important information on interest and fees that apply to the use of this check.

481	
DATE _____	20____ 62-16
PAY TO THE ORDER _____	\$ _____
_____	DOLLARS
Wilmington, Delaware	
FOR _____	_____

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Grace Period on New Purchases (at least 25 days)

You can avoid Interest Charges on new Purchases that posted to this statement if your Previous Balance is zero (or a credit balance) and we receive full payment of the New Balance by the Payment Due Date. If so, you have from the date you made your purchases until the payment Due Date on the front to avoid any interest charge on that purchase. If your Previous Balance is greater than zero, there is no time period to pay the New Balance and avoid additional interest charges. There is no grace period for Cash Advances and Balance Transfers.

Explanation of Interest Charges and Transaction Fees

We calculate periodic interest charges using the applicable monthly periodic rates separately for each feature (e.g., purchases, balance transfers, cash advances, promotional balances, or overdraft advances). We calculate the monthly periodic rate for each feature by dividing the APR for each feature by 12. There is a minimum charge in any billing cycle in which you owe any periodic interest charges, and a transaction charge for each balance transfer, cash advance, or check transaction, in the amounts stated in your Cardmember Agreement, as amended.

To get the daily balance for each day of the current billing cycle, we take the beginning balance for each feature, add any new transactions or other debits (including fees, unpaid interest charges and other charges), subtract any payments or credits, and make other adjustments. Transactions are added as of the transaction date, the beginning of the billing cycle in which they are posted to your account, or a later date of our choice (except that check transactions are added as of the date deposited by the payee or a later date of our choice). Fees are added either on the date of a related transaction, the date they are posted to your account, or the last day of the billing cycle. This gives us that day's daily balance. A credit balance is treated as a balance of zero. If a daily periodic rate applies to any feature we multiply the daily balance by the daily periodic rate to get your periodic interest charges for that day. We then add these periodic interest charges to your daily balance to get the beginning balance for the next day. (If more than one daily periodic rate could apply based on the average daily balance, we will use the daily periodic rate that applies for the average daily balance amount at the end of the billing cycle to calculate the daily periodic interest charges each day.) If this statement shows a previous cycle average daily balance for purchases, we do the same thing for each day of the previous cycle to get the daily balance of purchases for the previous billing cycle. However, the daily balance for previous billing cycle purchases is considered to be zero for each day of the previous billing cycle if a periodic interest charge was already billed on purchases itemized on your previous statement or we receive payment of your New Balance on your previous statement in full by the date and time your payment was due.

To get your total periodic interest charge for a billing cycle when a daily periodic rate(s) applies, we add all of the daily periodic interest charges for all features. To determine an average daily balance, we add your daily balances and divide by the number of the days in the applicable billing cycle(s). If you multiply the average daily balance for each feature by the applicable daily periodic rate, and then multiply each of these results by the number of days in the applicable billing cycle(s), and then add all of the results together, the total will also equal the periodic interest charges for the billing cycles except for minor variations due to rounding. To get your total periodic interest charge for a billing cycle when a monthly periodic rate(s) applies, multiply the average daily balance for each feature by the applicable monthly periodic rate and add the results together. The total will equal the periodic interest charges for the billing cycle, except for minor variations due to rounding.

Account Renewal Information for Open Accounts

If your account has an Annual Fee and it is billed on this Statement, we will reverse the fee if you cancel your account and pay off any existing Balance within 30 days of receipt of this Statement. Otherwise, the Annual Fee is non-refundable. You may continue to use your account during the 30-day period before you cancel. To cancel, write us at the Billing Inquiries address or call us at the phone number on the front.

Your Liability

Our records show that you are liable for any outstanding balance on this account if your name appears on the front of this statement or you otherwise agreed.

Report a Lost or Stolen Card Immediately

Call the 24-hour toll free number 1.800.555.6666. Do not use your account after you report a lost or stolen card.

Cardholder Security Plan™/Payment Protection Plan

If you have questions about your enrollment or need to file for benefits, please call the applicable toll free number below (Monday-Friday, 7:00 a.m.-10:00 p.m. Central Time): Cardholder Security Plan-1.888.668.6938; Payment Protection Plan-1.888.838.0056.

Service for International Calling

Dial the AT&T Direct access code for the country you are in and dial 1.888.801.3723. For a list of access codes visit www.artesian.com and select Credit Cards. You may also call us collect at 1.757.677.4701.

Service for Hearing-Impaired (TTY/TDD)

Contact our service for the hearing-impaired at 1.800.222.7365.

Pay on-line at www.artesian.com or mail your payment to:

Artesian Bank, PO BOX 5147, SIOUX FALLS, SD 57117-5147.

BILLING RIGHTS SUMMARY STATEMENT DISCLOSURE:

In Case of Error or Billing Inquiries

If you think your bill is wrong, or if you need more information about a transaction on your bill, you must write to us (on a separate sheet) at PO BOX 1390, Norfolk, VA 23501-1390 as soon as possible to preserve your rights. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. 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

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your questions, we cannot report you as delinquent or take any action to collect the amount you question.

Special Rate for Credit Card Purchases

If you have a problem with the quality of goods 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 not have to pay the remaining amount due on the goods or services. You have this protection only when the purchase price was more than \$50 and the purchase was made in your home state or within 100 miles of your mailing address (if we own or operate the merchant, or if we mailed you the advertisement for the property or service, all purchases are covered regardless of the amount or location of purchase).

IMPORTANT CREDIT BUREAU REPORTING INFORMATION REQUIRED BY FEDERAL LAW TO BE DISCLOSED TO YOU

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.

For address changes, you may access your account online at: www.artesian.com, call 1.800.555.6666 or write your address changes below. If you choose to call the 800# provided, you must have your credit card present. Please include your account number to ensure accurate processing.

Address

City State Zip

Home Phone Work Phone

E-mail Address

By providing us with your e-mail address, you agree that we may communicate with you by electronic mail.

Prompt Crediting of Payments

We will credit any payments as of the date we receive it as long as it is mailed with the enclosed payment coupon and received by us no later than 5:00 PM at either the P.O. Box on the front or the P.O. Box above. Crediting of all other payments may be delayed up to 5 days. All payments must be in the form of a check or money order drawn in U.S. dollars on a financial institution located in the U.S. or the U.S. Post Office or made by electronic funds transfers, however cash payments may be made in person at our banking centers only.

Periodic Statement Inserts Used in Philadelphia Interviews

- Change-in-Terms Insert (Model PSCT-2)
- Check Information Insert
- Opt-Out Insert (for use with Periodic Statement Model 13)
- Opt-Out Insert (for use with Periodic Statement Model 14)



**NOTICE OF AMENDMENT TO
ARTESIAN BANK CARDMEMBER AGREEMENT**

This notice informs you of the changes to the Artesian Bank Cardmember Agreement that will be effective and will apply to your Account for billing periods ending after May 10, 2008. Please read this notice carefully and retain it with your records.

Purchase APR

For your account, the Daily Periodic Rate for the variable Customary APR for credit card purchases will be based on 1/365th of the sum of the Index plus an additional percentage ("Spread"). Under your new contract terms this Spread is 9.00%. As a result the minimum rate of FINANCE CHARGE for the variable Customary APR for credit card purchases will be a Daily Periodic Rate of .04655% (corresponding 16.99% ANNUAL PERCENTAGE RATE). For example, for billing cycles ending February 1, 2008, the rate of FINANCE CHARGE for the variable Customary APR would have been a Daily Periodic Rate of .04655% (corresponding 16.99% ANNUAL PERCENTAGE RATE).

Late Fee

We charge you a late fee each time that you do not make the Minimum Payment Due that was required to be paid by the Payment Due Date. Under your new account terms this fee is \$32 if your balance is less than or equal to \$1,000, or \$39 if your balance is more than \$1,000.

If you would like to receive a copy of the most current version of the Artesian Bank Cardmember Agreement, please call 1-800-555-1234.

Interest and Fee Information on Convenience Checks

The following is interest and fee information that applies to the convenience check included with this periodic statement.

Interest and Fee Information	
APR for Check Transactions	1.7% (Promotional APR through your November 2008 billing cycle) After November 2008, you will be charged the APR for Cash Advances, currently 21.99%.
Use by Date	You must use the check by 4/1/08 for the promotional APR to apply. If you use the check after that date, we may still honor the check but you will not receive the promotional APR. Instead, the standard APR for Cash Advances will apply.
Fee	Either \$5 or 3% of the amount of each transaction, whichever is greater.
Paying Interest	We will begin charging interest on these check transactions on the transaction date.

**Cognitive Interviews:
Chicago, IL
(July 2008)**

Solicitation Letters Used in Chicago Interviews

- Model SL-11
- Model SL-12

0% Introductory APR for Balance Transfers* (until May 2009, then 15.99%¹)

*APR on Purchases is between 8.99% and 19.99%



You're Pre-Approved!²

Dear Potential Customer:

We'd like to congratulate you on being pre-approved for a new Artesian Bank Visa® Platinum Card! Transfer your higher-rate credit card balances to your new Platinum Card at a [0% introductory APR](#). Plus, your new card includes:

- ✓ **0% introductory APR** for balance transfers (not purchases or cash advances)
- ✓ **Credit Line** up to \$2,500
- ✓ **Total Security Protection® package** — Zero liability for unauthorized card transactions that are reported promptly³, fraud monitoring, and privacy features



Reply by August 25, 2008 to accept this great introductory rate offer. Put it on your "To Do" list and call or go online today! Your new Platinum Card is waiting for You!

Sincerely,

Ryan M. Miller
Senior Vice President

P.S. You're Pre-Approved²—call 1.800.555.5098 or return the attached certificate by August 25, 2008 to accept this offer!

¹ Please see table enclosed for more information on rates and fees.

² In some instances, we may not be able to open an account for you. Please see "Notice About This Pre-Approved Offer" section in the accompanying Terms and Conditions.

³ Claims may be filed against posted and settled transactions subject to dollar limits and verifications, and must be reported within 60 days of the statement.

You can choose to stop receiving "prescreened" offers of credit from this and other companies by calling toll-free 1.888.567.8688. See "PRESCREEN & OPT-OUT NOTICE" section in the accompanying Terms and Conditions for more information about pre-screened offers.

Detach here and mail back the bottom half

A7869649827
ILZ-CDA-0606

ITA-POX-1NO-0606



Acceptance Certificate

*****AUTO**SCH 5-DIGIT 20813
A7869649827 C0A-V70
CN0606-008-709-659

Initial Credit: Up to \$2,500

Reply by: August 25, 2008

Phone: 1.800.555.5098

Artesian Bank
P.O. Box 1234
Thornville, FL 56789

Step 1 <input type="checkbox"/> YES! I'd like to receive the Complimentary Companion Mini Card.			
Step 2	SOCIAL SECURITY NUMBER [][][]-[][][]-[][][][][]	DATE OF BIRTH [][]-[][]-[][][][]	HOME TELEPHONE ([][]) [][][]-[][][][]
	GROSS YEARLY HOUSEHOLD INCOME ¹ \$ [][][]-[][][]-[][][][]	MOTHER'S MAIDEN NAME [][][][] [][][][] [][][][]	E-MAIL ADDRESS (OPTIONAL) [][][][] [][][][] [][][][] [][][][] [][][][]
	<input type="checkbox"/> SELF-EMPLOYED		
Step 3	<input type="checkbox"/> Please check here if you would like overdraft protection		Overdraft protection is only available if you provide a valid Artesian Bank checking account.
Step 4	Income from alimony child support, or separate maintenance payment need not be revealed if you do not wish us to consider it as a basis for repayment. Minimum annual income of \$9,000 (\$14,000 in California)		
By signing below, you agree to the authorizations, terms and conditions on the enclosed insert. <input checked="" type="checkbox"/> SIGN HERE APPLICANT SIGNATURE		REQUEST AN ADDITIONAL CARD (Print the name of the person who is authorized to use your account.) PRINT NAME OF AUTHORIZED USER (FIRST NAME, MIDDLE INITIAL, LAST NAME)	
Save Today on Balance Transfers with a 0% Introductory APR			
ACCOUNT NUMBER [][][][]-[][][][]-[][][][][][]	PAYEE [][][][] [][][][] [][][][]	EXACT AMOUNT TO BE TRANSFERRED \$ [][][]-[][][]-[][][][]	
ACCOUNT NUMBER [][][][]-[][][][]-[][][][][][]	PAYEE [][][][] [][][][] [][][][]	EXACT AMOUNT TO BE TRANSFERRED \$ [][][]-[][][]-[][][][]	

Balance transfer requests will be processed in the order above. Each balance transfer request must be at least \$100. Allow 3-4 weeks to process. Please see the enclosed insert for Fee and Rate Information.

To help process your request without delay, please provide complete account information with your signature above.

Your Artesian Bank Visa® Platinum comes with everything you expect in a premium credit card:

Platinum Services

- **Zero Liability** for unauthorized card transactions that are reported promptly.*
- **Verified by Visa** for secure online shopping using a personal password.
- **Free Extra Cards** for members of your family.
- **Worldwide Acceptance**, use your Visa card everywhere Visa credit cards are accepted.
- **Instant Cash Around the Globe at Over 800,000 ATM Locations.**

* Claims may be filed against posted and settled transactions subject to dollar limits and verification, and must be reported within 60 days of the statement.

Helpful Hints

- Shred statements, receipts and bills before you throw them away.
- Be discreet when providing confidential data in a public setting.
- Always take your ATM receipts with you.
- Never give account numbers or personal information over the phone to unknown callers.
- Don't carry your birth certificate or Social Security card in your wallet or purse.
- Get more helpful information on how to guard against identity theft with Visa's [Protect Your Identity](#) guide.

To request your Artesian Bank Visa® Platinum Card:



Mail Your

Acceptance Certificate



Visit

www.artesianbank.com



Call

number printed on front of the letter

Your Artesian Bank Visa® Platinum comes with everything you expect in a premium credit card:

Platinum Services

- **Zero Liability** for unauthorized card transactions that are reported promptly.*
- **Verified by Visa** for secure online shopping using a personal password.
- **Free Extra Cards** for members of your family.
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To request your Artesian Bank Visa® Platinum Card:



Mail Your

Acceptance Certificate



Visit

www.artesianbank.com



Call

number printed on front of the letter

Solicitation and Application Disclosures (“Schumer Boxes”) Used in Chicago Interviews

- Model SB-13A
- Model SL-13B

Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases	8.99% to 19.99% when you open your account, based on your credit history, income, and debts, as well as other factors. After that, this APR will vary with the market based on the Prime Rate.
APR for Balance Transfers	0.00% (Intro. APR through your May 2009 billing cycle) 15.99% (Standard APR after May 2009) See "Loss of Introductory APR" section below for reasons your introductory APR might end before May 2009. Balance transfer fees will also apply (see Fees section below).
APR for Cash Advances	23.99% This APR will vary with the market based on the Prime Rate. Cash advance fees will also apply (see Fees section below).
Loss of Introductory APR	You may lose your introductory APR if you make a late payment or the account is closed for any reason (including closure based on a default on another account that you have with us). If this occurs, we will apply your standard APR to your outstanding balance.
Penalty APR and When it Applies	31.99% This APR may be applied to your account if you: <ol style="list-style-type: none"> 1) Make a late payment twice in a six-month period; 2) Go over your credit limit twice in a six-month period; 3) Make a payment that is returned; or 4) Do any of the above on another account that you have with us. How Long Will the Penalty APR Apply?: If your APRs are increased for any of these reasons, the Penalty APR will apply until you make six consecutive minimum payments when due and do not exceed your credit limit during that time period.
How To Avoid Paying Interest On Purchases	Your due date is at least 24 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire outstanding balance (excluding promotional balances) by the due date each month.
Minimum Interest Charge	If you are charged interest, the charge will be no less than \$1.50.
For Credit Card Tips from the Federal Reserve Board	To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at www.federalreserve.gov/location .

Fees	
Set-up and Maintenance Fees	NOTICE: Some of these set-up and maintenance fees will be assessed before you begin using your card and will reduce the amount of credit you initially have available. For example, if you are assigned the minimum credit limit of \$250, you will pay about \$63 in set-up and maintenance fees in the first month and your initial available credit will be only about \$187. For the next 11 months, you will pay about \$6 per month in set-up and maintenance fees.
• Annual Fee	\$60
• Account Set-up Fee	\$35 (one-time fee)
• Participation Fee	\$30 annually (\$2.50 per month)
• Account Maintenance Fee on Closed Accounts	\$30 annually (\$2.50 per month on closed accounts with an outstanding balance of \$30 or more)

Fees (cont.)

Transaction Fees <ul style="list-style-type: none">• Balance Transfer• Cash Advance• Foreign Transaction	<p>Either \$5 or 3% of the amount of each transfer, whichever is greater (maximum fee: \$100).</p> <p>Either \$5 or 3% of the amount of each cash advance, whichever is greater.</p> <p>2% of the amount of each transaction.</p>
Penalty Fees <ul style="list-style-type: none">• Late Payment• Returned Payment• Over-the-Credit Limit	<p>\$29 if balance is less than or equal to \$1,000; \$35 if balance is more than \$1,000 (Your APRs may also increase; see Penalty APR section above.)</p> <p>\$29 (Your APRs may also increase; see Penalty APR section above.)</p> <p>\$35 (Your APRs may also increase; see Penalty APR section above.)</p>

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

TERMS AND CONDITIONS

Billing Rights Summary

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 in a separate letter at the "Billing Inquiries" address on your billing statement. Write us as soon as possible. We must hear from you no later than 60 days after we send 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 Notices

We must acknowledge your letter within 30 days, unless we 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 finance 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 will not have to pay any finance charges, and you will have to make 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 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.

Notice About This Pre-Approved Offer

PRESCREEN & OPT-OUT NOTICE

This "pre-screened" offer of credit is based on information in your credit report indicating that you meet certain criteria. This offer is not guaranteed if you do not meet our criteria. If you do not want to receive prescreened offers of credit from this and other companies, call the consumer reporting agencies toll-free, 1-888-587-8688, or write:

- Equifax Options, P.O. Box 748123, Atlanta, GA 30374
- Experian Target Marketing, P.O. Box 919, Allen, TX 75813
- TransUnion Opt-Out Request, P.O. Box 505, Woodlyn, PA 19094

Before we approve you for a credit card, we will review your credit report and the information you provide with your response to confirm that you continue to meet the predetermined criteria for this offer. Based on this review, you may not receive a card. If approved for an account, your credit line will be at least \$250. It is possible that certain applicants directly applying for a credit card from us, now or in the future, could obtain cards on the same terms or on more favorable terms than the terms available through this offer.

Replying to this Offer

If we receive your response after the expiration date, or the name and address on this offer differ from the information you provide to us, we will treat your response as an application for an account that was not pre-screened.

Mini Card, U.S. Pat. 6,471,127B2.Credit subject to approval.

Credit cards issued by Artesian Bank, N.A. (USA).

©2008 Artesian Bank



Recycled Paper

Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases and Balance Transfers	<p>0.00% (Intro. APR through your April 2009 billing cycle)</p> <p>16.99% (Standard APR after April 2009)</p> <p>After April 2009, your APR will vary with the market based on the Prime Rate.</p> <p>Fees will apply to balance transfers (see Fees section below).</p>
APR for Cash Advances	<p>21.99%</p> <p>This APR will vary with the market based on the Prime Rate.</p> <p>Cash advance fees will also apply (see Fees section below).</p>
Loss of Introductory APR	<p>You will lose your introductory APR if you perform any of the actions listed in the Penalty APR row below. If this occurs, we will apply the standard APR to your outstanding balance.</p>
Penalty APR and When it Applies	<p>27.99%</p> <p>This APR may be applied to your account if you:</p> <ol style="list-style-type: none"> 1) Make a late payment twice in a six-month period; 2) Go over your credit limit twice in a six-month period; 3) Make a payment that is returned; or 4) Do any of the above on another account that you have with us. <p>How Long Will the Penalty APR Apply?: If your APRs are increased for any of these reasons, we may keep them at this higher level indefinitely.</p>
How To Avoid Paying Interest On Purchases	<p>Your due date is at least 26 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire outstanding balance (excluding promotional balances) by the due date each month.</p>
For Credit Card Tips from the Federal Reserve Board	<p>To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at www.federalreserve.gov/location.</p>

Fees	
<p>Set-up and Maintenance Fees</p> <ul style="list-style-type: none"> • Annual Fee • Account Set-up Fee • Participation Fee • Account Maintenance Fee on Closed Accounts <p>Transaction Fees</p> <ul style="list-style-type: none"> • Balance Transfer or Cash Advance • Foreign Transaction 	<p>NOTICE: As described below, you will pay \$111 in set-up and maintenance fees over the first year—about \$63 in the first month, and about \$5 per month for the next 11 months. If you are assigned the minimum credit limit of \$250, your initial available credit will be only about \$187 in the first month.</p> <p>\$50</p> <p>\$25 (one-time fee)</p> <p>\$36 annually (\$3.00 per month)</p> <p>\$36 annually (\$3.00 per month on closed accounts with an outstanding balance of \$30 or more)</p> <p>Either \$10 or 5% of the amount of each transfer, whichever is greater (maximum fee: \$100).</p> <p>2% of the amount of each transaction.</p>

Fees (cont.)

Penalty Fees	
• Late Payment	\$32 if balance is less than or equal to \$1,000; \$38 if balance is more than \$1,000 (Your APRs may also increase; see Penalty APR section above.)
• Returned Payment or Over-the-Credit Limit	\$32 (Your APRs may also increase; see Penalty APR section above.)

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

TERMS AND CONDITIONS

Billing Rights Summary

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 in a separate letter at the "Billing Inquiries" address on your billing statement. Write us as soon as possible. We must hear from you no later than 60 days after we send 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 Notices

We must acknowledge your letter within 30 days, unless we 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 finance 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 will not have to pay any finance charges, and you will have to make 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 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.

Notice About This Pre-Approved Offer

PRESCREEN & OPT-OUT NOTICE

This "pre-screened" offer of credit is based on information in your credit report indicating that you meet certain criteria. This offer is not guaranteed if you do not meet our criteria. If you do not want to receive prescreened offers of credit from this and other companies, call the consumer reporting agencies toll-free, 1-888-587-8688, or write:

- Equifax Options, P.O. Box 748123, Atlanta, GA 30374
- Experian Target Marketing, P.O. Box 919, Allen, TX 75813
- TransUnion Opt-Out Request, P.O. Box 505, Woodlyn, PA 19094

Before we approve you for a credit card, we will review your credit report and the information you provide with your response to confirm that you continue to meet the predetermined criteria for this offer. Based on this review, you may not receive a card. If approved for an account, your credit line will be at least \$250. It is possible that certain applicants directly applying for a credit card from us, now or in the future, could obtain cards on the same terms or on more favorable terms than the terms available through this offer.

Replying to this Offer

If we receive your response after the expiration date, or the name and address on this offer differ from the information you provide to us, we will treat your response as an application for an account that was not pre-screened.



Periodic Statements Used in Chicago Interviews

- Model PS-15
- Model PS-16
- Back of Periodic Statement Pages

Artesian Bank Credit Card Account Statement
Account Number 1234 5678 9012 3456
May 21, 2008 to June 22, 2008

Transactions (cont.)				
Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount
895848561561894KOH	5/26	5/27	Save-A-Lot Grocery #287 Atlanta GA	\$27.68
1871556189456SAMKL	5/26	5/27	Best Buy Atlanta GA	\$124.76
2564894185189LKDFID	5/27	5/28	Shell Oil #8765 Athens GA	\$32.87
14547847586KDDL564	6/28	6/1	Eckerd Drugs #2708 Atlanta GA	\$14.76
256489156189451516L	6/1	6/2	Walmart #2998 Athens GA	\$3.76
2564894185189LKDFID	6/1	6/3	Macys #78 Decatur GA	\$13.45
178105417841045784	6/2	6/6	Citgo Food Mart #74 Atlanta GA	\$2.35
8456152156181SDSA	6/5	6/7	Shell Oil #8765 Athens GA	\$25.00
31289105205648AWD	6/11	6/12	Easy Saver 877-844-9564 PA	\$7.34
04518478415615ASD	6/11	6/16	Save-A-Lot Grocery #287 Atlanta GA	\$10.56
0547810544898718AF	6/15	6/17	Shell Oil #8765 Athens GA	\$24.50
056489413216848OP	6/16	6/17	Walmart #2998 Athens GA	\$8.76
054894561564ASDW	6/17	6/18	Acme #1456 Atlanta GA	\$14.23
5648974891AD98156	6/19	6/20	Macys #78 Decatur GA	\$23.76
Cash Advances				
1542202074TWWTV48G	5/26	5/26	Best Bank/Access Cash Atlanta GA	\$121.50
14547847586KDOL564	5/28	5/28	Best Bank/Access Cash Decatur GA	\$201.50
Balance Transfers				
4545754784KOHUIOS	5/27	6/1	Balance Transfer	\$785.00
Fees				
9525156489SFD4545Q	5/23	5/23	Late Fee	\$35.00
56415615647OJSNDS	5/26	5/26	Cash Advance Fee *Transaction Fee*	\$5.00
84151564SADS8745H	5/27	5/27	Balance Transfer Fee *Transaction Fee*	\$23.55
256489156189451516L	5/28	5/28	Cash Advance Fee *Transaction Fee*	\$5.00
TOTAL FEES FOR THIS PERIOD				\$68.55
Interest Charged				
Interest Charge on Purchases				\$6.31
Interest Charge on Cash Advances				\$4.58
TOTAL INTEREST FOR THIS PERIOD				\$10.89
2008 Totals Year-to-Date				
Total fees charged in 2008				\$124.50
Total interest charged in 2008				\$47.42

Interest Charge Calculation			
Your Annual Percentage Rate (APR) is the annual interest rate on your account.			
Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charge
Purchases	14.99%	\$505.14	\$6.31
Cash Advances	21.99% (v)	\$249.93	\$4.58
Balance Transfers	0.00%	\$637.50	\$0.00
(v) = Variable Rate			

APRs including both Interest and Fees			
The APRs in this table are the actual APRs for this period when transaction or fixed fees are taken into account as well as interest.			
Type of Balance	Interest Charges	Transaction or Fixed Fees	APR including Interest and Fees
Purchases	\$6.31	\$0.00	14.99%
Cash Advances	\$4.58	\$10.00	54.00%
Balance Transfers	\$0.00	\$23.55	36.00%

Want to receive your billing statement in Spanish?
 Prefiere recibir su estado de cuenta en Espanol? Llamos al 1-800-947-9100, o elija su idioma de preferencia en www.artesianbank.com, modificando su Perfil Personal en la seccion Administrar mi Cuenta.

Save Time. Save Paper. Sign up for All Electronic.
 You'll have instant access to your statement online, without that pile of paper. Get an e-mail notice when your statement is ready. Register or sign-on to www.artesianbank.com and choose Manage My Account.

Need to add an authorized user to your account?
 Just sign on to www.artesianbank.com, go to Maintenance Requests under the Manage My Account menu and elect Add Authorized User. Complete the form and submit. It's that simple!

Artesian Bank Credit Card Account Statement
Account Number 1234 5678 9012 3456
May 21, 2008 to June 22, 2008

Account Summary/Payment Information

Previous <u>Balance</u> \$535.07	Payments and <u>Other Credits</u> -\$463.45	New Activity incl. Fees <u>and Interest</u> +\$1,717.01	<u>New Balance</u> \$1,788.63	Total <u>Credit Line</u> \$2,000.00	Available <u>Credit Line</u> \$211.37
Minimum <u>Payment Due</u> \$48.00	Payment <u>Due Date*</u> 7/15/08 (by 2pm ET)	*Payment Time on Due Date: 2pm ET for electronic payments made through our website. See Crediting of Payments on back for other payment methods.			

Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay a \$35 late fee and your APRs may be increased up to the Penalty APR of 28.99%.

Notice about Minimum Payments: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example, if you had a balance of \$1,000 at an interest rate of 17% and always paid only the minimum required, it would take over 7 years to repay the entire balance. For an estimate of the time it would take you to repay your balance making only minimum payments, call 1-800-555-5555 or go to www.artesianbank.com/minimumpayment.

QUESTIONS?

Call Customer Service 1-800-987-5521
 Lost or Stolen Credit Card 1-800-987-5521

Please send billing inquiries and correspondence to:
 PO Box 1390, Norfolk, VA 23501-1390.

Notice of Changes to Your Interest Rates

You have triggered the Penalty APR of 28.99%. Beginning 8/10/08, we will apply this Penalty APR to any transactions made on or after 7/10/08 and may keep the APR at that level indefinitely. Current rates will continue to apply to transactions made before 7/10/08. However, if you become 30 days late on your account, the Penalty APR will apply to those balances as well.

If you have any low promotional APRs, you will lose them on 8/10/08. At that time, we will apply standard rates to any existing promotional balances.

Transactions

Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount
5884186PS0388W6YM	5/22	5/23	Citgo Food Mart #74 Atlanta GA	\$2.05
9525156489SFD4545Q	5/23	5/23	Late Fee	\$35.00
0544400060ZLV72VL	5/24	5/25	CVS Pharmacy #7338 003 Atlanta GA	\$12.11
554328608008W90M0	5/24	5/25	Easy Saver 877-844-9564 PA	\$114.95
854338203FS8OOOZ5	5/25	5/25	Payment Thank You	\$450.00-
054830709LYMRPT4L	5/25	5/26	Wayfield Foods #1 S9b Atlanta GA	\$7.35
564891561545KOSHD	5/25	5/26	Acme #1456 Atlanta GA	\$14.35
841517877845AKOJIO	5/25	5/26	Citgo #1276 Decatur GA	\$40.35
55541860705RDYD0X	5/25	5/26	Eckerd Drugs #2708 Atlanta GA	\$4.63
1542202074TWWTV48G	5/26	5/26	Best Bank/Access Cash Atlanta GA	\$121.50
564891561545KOSHD	5/26	5/26	Cash Advance Fee *Transaction Fee*	\$5.00
895848561561894KOH	5/26	5/27	Save-a-Lot Grocery #287 Atlanta GA	\$27.68
1871556189456SAMKL	5/26	5/27	Best Buy Atlanta GA	\$124.76
4545754784KOHUIOS	5/27	5/27	Balance Transfer	\$785.00

(transactions continued on next page)

Please detach this portion and return with your payment to insure proper credit. Retain upper portion for your records.

Account Number: 1234 5678 9012 3456
Payment Due Date: 7/16/08

Please indicate address change and additional cardholder requests on the reverse side.	Balance Type	APR	New Balance	Minimum Payment	Amount enclosed	
					\$	
Artesian Bank P.O. Box 5147 Newark, DE 19711	Purchases	14.99%	\$642.50	\$18.00	\$	
	Cash Advances	21.99%	\$337.58	\$8.00	\$	
	Balance Transfers	0.00%	<u>\$808.55</u>	<u>\$22.00</u>	\$	
			\$1,788.63	\$48.00		



Artesian Bank Credit Card Account Statement
Account Number 1234 5678 9012 3456
May 21, 2008 to June 22, 2008

Transactions (cont.)				
Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount
84151564SADS8745H	5/27	6/1	Balance Transfer Fee *Transaction Fee*	\$23.55
2564894185189LKDFD	5/27	5/28	Shell Oil #8765 Athens GA	\$32.87
14547847586KDOL564	5/28	5/28	Best Bank/Access Cash Decatur GA	\$201.50
256489156189451516L	5/28	5/28	Cash Advance Fee *Transaction Fee*	\$5.00
2564561023184102315	5/28	6/1	Eckerd Drugs #2708 Atlanta GA	\$14.76
55542818705RASD0X	6/1	6/2	Walmart #2998 Athens GA	\$3.76
289189194ASDS8744	6/1	6/3	Macys #78 Decatur GA	\$13.45
178105417841045784	6/2	6/6	Citgo Food Mart #74 Atlanta GA	\$2.35
045148714518979874	6/4	6/5	Macys #78 Decatur GA	\$13.45
8456152156181SDSA	6/5	6/7	Shell Oil #8765 Athens GA	\$25.00
31289105205648AWD	6/11	6/12	Easy Saver 877-844-9564 PA	\$7.34
04518478415615ASD	6/11	6/16	Save-a-Lot Grocery #287 Atlanta GA	\$10.56
0547810544898718AF	6/15	6/17	Shell Oil #8765 Athens GA	\$24.50
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TOTAL FEES FOR THIS PERIOD				\$68.55
Interest Charge on Purchases				\$6.31
Interest Charge on Cash Advances				\$4.58
TOTAL INTEREST CHARGES FOR THIS PERIOD				\$10.89
2008 Totals Year-to-Date				
Total fees charged in 2008				\$124.50
Total interest charged in 2008				\$47.42

Interest Charge Calculation			
Your Annual Percentage Rate (APR) is the annual interest rate on your account.			
Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charge
Purchases	14.99%	\$505.14	\$6.31
Cash Advances	21.99% (v)	\$249.93	\$4.58
Balance Transfers	0.00%	\$637.50	\$0.00
(v) = Variable Rate			

Fee-Inclusive APR			
The Fee-Inclusive APRs in this table are the APRs that you paid this period when transaction or fixed fees are taken into account as well as interest.			
Type of Balance	Interest Charges	Transaction or Fixed Fees	Fee-Inclusive APR
Purchases	\$6.31	\$0.00	14.99%
Cash Advances	\$4.58	\$10.00	54.00%
Balance Transfers	\$0.00	\$23.55	36.00%

Want to receive your billing statement in Spanish?
 Prefiere recibir su estado de cuenta en Espanol? Llamenos al 1-800-947-9100, o elija su idioma de preferencia en www.artesianbank.com, modificando su Perfil Personal en la seccion Administrar mi Cuenta.

Save Time. Save Paper. Sign up for All Electronic.
 You'll have instant access to your statement online, without that pile of paper. Get an e-mail notice when your statement is ready. Register or sign-on to www.artesianbank.com and choose Manage My Account.

Need to add an authorized user to your account?
 Just sign on to www.artesianbank.com, go to Maintenance Requests under the Manage My Account menu and elect Add Authorized User. Complete the form and submit. It's that simple!

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Grace Period on New Purchases (at least 25 days)

You can avoid Interest Charges on new Purchases that posted to this statement if your Previous Balance is zero (or a credit balance) and we receive full payment of the New Balance by the Payment Due Date. If so, you have from the date you made your purchases until the payment Due Date on the front to avoid any interest charge on that purchase. If your Previous Balance is greater than zero, there is no time period to pay the New Balance and avoid additional interest charges. There is no grace period for Cash Advances and Balance Transfers.

Explanation of Interest Charges and Transaction Fees

We calculate periodic interest charges using the applicable monthly periodic rates separately for each feature (e.g., purchases, balance transfers, cash advances, promotional balances, or overdraft advances). We calculate the monthly periodic rate for each feature by dividing the APR for each feature by 12. There is a minimum charge in any billing cycle in which you owe any periodic interest charges, and a transaction charge for each balance transfer, cash advance, or check transaction, in the amounts stated in your Cardmember Agreement, as amended.

We use the "average daily balance (including new purchases)" method to calculate your balance for each feature. For more information about this balance calculation method and how resulting interest charges were determined, call us at 1-800-987-5521.

Account Renewal Information for Open Accounts

If your account has an Annual Fee and it is billed on this Statement, we will reverse the fee if you cancel your account and pay off any existing Balance within 30 days of receipt of this Statement. Otherwise, the Annual Fee is non-refundable. You may continue to use your account during the 30-day period before you cancel. To cancel, write us at the Billing Inquiries address or call us at the phone number on the front.

Your Liability

Our records show that you are liable for any outstanding balance on this account if your name appears on the front of this statement or you otherwise agreed.

Report a Lost or Stolen Card Immediately

Call the 24-hour toll free number 1.800.555.6666. Do not use your account after you report a lost or stolen card.

Cardholder Security Plan™/Payment Protection Plan

If you have questions about your enrollment or need to file for benefits, please call the applicable toll free number below (Monday-Friday, 7:00 a.m.-10:00 p.m. Central Time): Cardholder Security Plan-1.888.668.6938; Payment Protection Plan-1.888.838.0056.

Service for International Calling

Dial the AT&T Direct access code for the country you are in and dial 1.888.801.3723. For a list of access codes visit www.artesian.com and select Credit Cards. You may also call us collect at 1.757.677.4701.

Service for Hearing-Impaired (TTY/TDD)

Contact our service for the hearing-impaired at 1.800.222.7365.

Pay on-line at www.artesianbank.com or mail your payment to: Artesian Bank, PO BOX 5147, SIOUX FALLS, SD 57117-5147.

BILLING RIGHTS SUMMARY STATEMENT DISCLOSURE:

What To Do If You Think You Find A Mistake On Your Statement

If you think there is an error on your statement, write to us at:

P.O. Box 1390
Norfolk, VA 23501-1390

You may also contact us on the web: www.artesianbank.com

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.

You must notify us of any potential errors in writing or electronically. 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.

While we investigate whether or not there has been an error, the following are true:

- 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. But, if we determine that we made a mistake, you will not have to pay the amount in question or any interest or other fees related to 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.

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: Neither of these are necessary 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 or electronically at:

P.O. Box 1390
Norfolk, VA 23501-1390

You may also contact us on the web: www.artesianbank.com

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.

IMPORTANT CREDIT BUREAU REPORTING INFORMATION REQUIRED BY FEDERAL LAW TO BE DISCLOSED TO YOU

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.

For address changes, you may access your account online at: www.artesianbank.com, call 1.800.555.6666 or write your address changes below. If you choose to call the 800# provided, you must have your credit card present. Please include your account number to ensure accurate processing.

Address _____

City _____ State _____ Zip _____

Home Phone _____ Work Phone _____

E-mail Address _____

By providing us with your e-mail address, you agree that we may communicate with you by electronic mail.

Crediting of Payments

We will credit any payments as of the date we receive it as long as a) it is mailed with the enclosed payment coupon and received by us no later than 5 pm local time at the P.O. Box on the front, or b) electronic payment is received through our website by 2 pm EST. Crediting of all other payments may be delayed up to 5 days. All payments must be in the form of a check or money order drawn in U.S. dollars on a financial institution located in the U.S. or the U.S. Post Office or made by electronic funds transfers, however cash payments may be made in person at our banking centers only.

Periodic Statement Used in Chicago Interviews

- Change-in-Terms Insert (Model PSCT-3)
- Convenience Checks (Model CC-6)
- Convenience Checks (Model CC-7)



**NOTICE OF AMENDMENT TO
ARTESIAN BANK CARDMEMBER AGREEMENT**

This notice informs you of the changes to the Artesian Bank Cardmember Agreement that will be effective and will apply to your Account on August 10, 2008. The rate increases described below will only apply to transactions made on or after July 10, 2008. Current rates will continue to apply to transactions made before July 10, 2008.

Note: The change to your APR for purchases described below will not go into effect at this time if you are already being charged a higher Penalty APR on purchases. This change will go into effect when the Penalty APR no longer applies.

The following changes will apply to your Account unless you notify us in writing that you reject them by August 3, 2008. Send your notice to P.O. Box 30937, Salt Lake City, UT 84130-0937. Your notice should include your name, address, telephone number and Account number(s) and should not be sent with any other correspondence. Calling us to indicate you reject these changes is insufficient notice. In order to process your notice, we require that the notice be provided by you directly and not through a third party. If you reject these changes, we will close your Account and you will pay us the balance that you owe us under the current terms of the Agreement. Note that these changes will not apply to your Account if your Account is closed by August 3, 2008. Use of your Account on or after August 4, 2008 means that you accept these changes even if you previously notified us that you did not agree to these changes.

Purchase APR

The rate of FINANCE CHARGE for the Customary APR for credit card purchases will be a Daily Periodic Rate of .04655% (corresponding 16.99% ANNUAL PERCENTAGE RATE).

Late Fee

We charge you a late fee each time that you do not make the Minimum Payment Due that was required to be paid by the Payment Due Date. Under your new account terms this fee is \$32 if your balance is less than or equal to \$1,000, or \$39 if your balance is more than \$1,000.

If you would like to receive a copy of the most current version of the Artesian Bank Cardmember Agreement, please call 1-800-555-1234.



This time of year offers countless opportunities, so now is the time to act! Use these checks to take advance of your low, promotional 1.7% Annual Percentage Rate (APR) through your March 2009 statement closing date!*

Use these checks before the season fades away! Or contact us at www.artesianbank.com or 1-888-555-2890.

Interest and Fee Information	
APR for Check Transactions	1.7% (Promotional APR through your March 2009 billing cycle). After March 2009 you will be charged the APR for Cash Advances, currently 21.99%.
Use by Date	You must use the check by 10/1/08 for the promotional APR to apply. If you use the check after that date, we may still honor the check but you will not receive the promotional APR. Instead, the APR for Cash Advances will apply.
Fee	Either \$5 or 3% of the amount of each transaction, whichever is greater.
Paying Interest	We will begin charging interest on these checks on the transaction date.

481

DATE _____ 20____ $\frac{62-16}{311}$

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

Wilmington, Delaware

FOR _____

482

DATE _____ 20____ $\frac{62-16}{311}$

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

Wilmington, Delaware

FOR _____

483

DATE _____ 20____ $\frac{62-16}{311}$

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

Wilmington, Delaware

FOR _____

*See additional disclosures on reverse side.

Share your account — not your card!

Give trusted family members and friends charging privileges on your account simply by adding them as users.[§] You can add up to six people at no extra cost. Each will receive a personalized credit card with the same

exceptional benefits as the card you carry. And they will have access to the same line of credit. All charges are conveniently itemized on one monthly statement, so there is just one bill to pay.

Call the toll-free number on the lower right corner of your billing statement to request additional cards today!

§ As the primary cardholder, you are responsible for all account activity incurred by additional cardholders.

		X
<small>DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE ▼ RESERVED FOR FINANCIAL INSTITUTION USE ▼</small>		

		X
<small>DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE ▼ RESERVED FOR FINANCIAL INSTITUTION USE ▼</small>		

		X
<small>DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE ▼ RESERVED FOR FINANCIAL INSTITUTION USE ▼</small>		

* Check Cash Advances (i.e., credit card access checks) and Balance Transfers are processed as Cash Advances according to the terms of your Credit Card Agreement and are subject to credit availability. The transaction date for each Check Cash Advance and Balance Transfer made by check is the date you or the person to whom the check is made payable first deposits or cashes the check. The Average Daily Balance method (including new purchases) as described in your Credit Card Agreement (and on your periodic statement) is used to compute your Cash Advance Balance. Check Cash Advances and Balance Transfers may not be used for repayment of any Artesian Bank-issued accounts; use of these checks as repayment will result in a Returned Payment Fee as described in your Credit Card Agreement.

If you would like to opt out of receiving checks like these in the future, call 1-800-555-5245.

This account is issued and administered by Artesian Bank. MasterCard and World Mastercard are federally registered service marks of MasterCard International, Inc., and are used pursuant to license. Visa is a federally registered service mark of Visa U.S.A., Inc., and is used pursuant to license.



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Use these checks before the season fades away! Or contact us at www.artesianbank.com or 1-888-555-2890.

481

DATE _____ 20____ $\frac{62-16}{311}$

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

Wilmington, Delaware

FOR _____

Interest and Fee Information	
APR for Check Transactions	1.7% (Promotional APR through your March 2009 billing cycle). After March 2009 you will be charged the APR for Cash Advances. To find out what this APR is currently, call 1-800-555-9823.
Use by Date	You must use the check by 10/1/08 for the promotional APR to apply. If you use the check after that date, we may still honor the check but you will not receive the promotional APR. Instead, the APR for Cash Advances will apply.
Fee	Either \$5 or 3% of the amount of each transaction, whichever is greater.
Paying Interest	We will begin charging interest on these checks on the transaction date.

482

DATE _____ 20____ $\frac{62-16}{311}$

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

Wilmington, Delaware

FOR _____

483

DATE _____ 20____ $\frac{62-16}{311}$

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

Wilmington, Delaware

FOR _____

*See additional disclosures on reverse side.

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§ As the primary cardholder, you are responsible for all account activity incurred by additional cardholders.

		X
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* Check Cash Advances (i.e., credit card access checks) and Balance Transfers are processed as Cash Advances according to the terms of your Credit Card Agreement and are subject to credit availability. The transaction date for each Check Cash Advance and Balance Transfer made by check is the date you or the person to whom the check is made payable first deposits or cashes the check. The Average Daily Balance method (including new purchases) as described in your Credit Card Agreement (and on your periodic statement) is used to compute your Cash Advance Balance. Check Cash Advances and Balance Transfers may not be used for repayment of any Artesian Bank-issued accounts; use of these checks as repayment will result in a Returned Payment Fee as described in your Credit Card Agreement.

		X
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**Cognitive Interviews:
Los Angeles, CA
(August 2008)**

Solicitation Letters Used in Los Angeles Interviews

- Model SL-13
- Model SL-14

Your Artesian Bank Visa® Platinum comes with everything you expect in a premium credit card:

Platinum Services

- **Zero Liability** for unauthorized card transactions that are reported promptly.*
- **Verified by Visa** for secure online shopping using a personal password.
- **Free Extra Cards** for members of your family.
- **Worldwide Acceptance**, use your Visa card everywhere Visa credit cards are accepted.
- **Instant Cash Around the Globe at Over 800,000 ATM Locations.**

* Claims may be filed against posted and settled transactions subject to dollar limits and verification, and must be reported within 60 days of the statement.

Helpful Hints

- Shred statements, receipts and bills before you throw them away.
- Be discreet when providing confidential data in a public setting.
- Always take your ATM receipts with you.
- Never give account numbers or personal information over the phone to unknown callers.
- Don't carry your birth certificate or Social Security card in your wallet or purse.
- Get more helpful information on how to guard against identity theft with Visa's [Protect Your Identity](#) guide.

To request your Artesian Bank Visa® Platinum Card:



Mail Your

Acceptance Certificate



Visit

www.artesianbank.com



Call

number printed on front of the letter

Your Artesian Bank Visa® Platinum comes with everything you expect in a premium credit card:

Platinum Services

- **Zero Liability** for unauthorized card transactions that are reported promptly.*
- **Verified by Visa** for secure online shopping using a personal password.
- **Free Extra Cards** for members of your family.
- **Worldwide Acceptance**, use your Visa card everywhere Visa credit cards are accepted.
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- Never give account numbers or personal information over the phone to unknown callers.
- Don't carry your birth certificate or Social Security card in your wallet or purse.
- Get more helpful information on how to guard against identity theft with Visa's [Protect Your Identity](#) guide.

To request your Artesian Bank Visa® Platinum Card:



Mail Your

Acceptance Certificate



Visit

www.artesianbank.com



Call

number printed on front of the letter

Solicitation and Application Disclosures (“Schumer Boxes”) Used in Los Angeles Interviews

- Model SB-14A
- Model SB-14B

Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases	8.99% to 19.99% when you open your account, based on your credit history, income, and debts, as well as other factors. After that, this APR will vary with the market based on the Prime Rate.
APR for Balance Transfers	0.00% (Intro. APR through your May 2009 billing cycle) 15.99% (Standard APR after May 2009) Your introductory APR may end before May 2009; see "Loss of Introductory APR" section below for the reasons this might happen. Balance transfer fees will also apply (see Fees section below).
APR for Cash Advances	23.99% This APR will vary with the market based on the Prime Rate. Cash advance fees will also apply (see Fees section below).
Loss of Introductory APR	We will end your introductory APR and apply the standard APR to your outstanding balance if you make a late payment or the account is closed for any reason (including closure based on a default on another account that you have with us).
Penalty APR and When it Applies	31.99% This APR may be applied to your account if you: <ol style="list-style-type: none"> 1) Make a late payment twice in a six-month period; 2) Go over your credit limit; 3) Make a payment that is returned; or 4) Do any of the above on another account that you have with us. How Long Will the Penalty APR Apply?: If your APRs are increased for any of these reasons, the Penalty APR will apply until you make six consecutive minimum payments when due and do not exceed your credit limit during that time period.
Grace Period	Your due date is at least 24 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire outstanding balance (excluding promotional balances) by the due date each month.
Minimum Interest Charge	If you are charged interest, the charge will be no less than \$1.50.
For Credit Card Tips from the Federal Reserve Board	To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at www.federalreserve.gov/location .

Fees	
Set-up and Maintenance Fees	NOTICE: Some of these set-up and maintenance fees will be assessed before you begin using your card and will reduce the amount of credit you initially have available. For example, if you are assigned the minimum credit limit of \$250, your initial available credit will be only about \$187.
• Annual Fee	\$60
• Account Set-up Fee	\$35 (one-time fee)
• Participation Fee	\$30 annually (\$2.50 per month)
• Account Maintenance Fee on Closed Accounts	\$30 annually (\$2.50 per month on closed accounts with an outstanding balance of \$30 or more)

Fees (cont.)

Transaction Fees <ul style="list-style-type: none">• Balance Transfer• Cash Advance• Foreign Transaction	<p>Either \$5 or 3% of the amount of each transfer, whichever is greater (maximum fee: \$100).</p> <p>Either \$5 or 3% of the amount of each cash advance, whichever is greater.</p> <p>2% of the amount of each transaction.</p>
Penalty Fees <ul style="list-style-type: none">• Late Payment• Returned Payment• Over-the-Credit Limit	<p>\$29 if balance is less than or equal to \$1,000; \$35 if balance is more than \$1,000 (Your APRs may also increase; see Penalty APR section above.)</p> <p>\$29 (Your APRs may also increase; see Penalty APR section above.)</p> <p>\$35 (Your APRs may also increase; see Penalty APR section above.)</p>

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

TERMS AND CONDITIONS

Billing Rights Summary

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 in a separate letter at the "Billing Inquiries" address on your billing statement. Write us as soon as possible. We must hear from you no later than 60 days after we send 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 Notices

We must acknowledge your letter within 30 days, unless we 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 finance 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 will not have to pay any finance charges, and you will have to make 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 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.

Notice About This Pre-Approved Offer

PRESCREEN & OPT-OUT NOTICE

This "pre-screened" offer of credit is based on information in your credit report indicating that you meet certain criteria. This offer is not guaranteed if you do not meet our criteria. If you do not want to receive prescreened offers of credit from this and other companies, call the consumer reporting agencies toll-free, 1-888-587-8688, or write:

- Equifax Options, P.O. Box 748123, Atlanta, GA 30374
- Experian Target Marketing, P.O. Box 919, Allen, TX 75813
- TransUnion Opt-Out Request, P.O. Box 505, Woodlyn, PA 19094

Before we approve you for a credit card, we will review your credit report and the information you provide with your response to confirm that you continue to meet the predetermined criteria for this offer. Based on this review, you may not receive a card. If approved for an account, your credit line will be at least \$250. It is possible that certain applicants directly applying for a credit card from us, now or in the future, could obtain cards on the same terms or on more favorable terms than the terms available through this offer.

Replying to this Offer

If we receive your response after the expiration date, or the name and address on this offer differ from the information you provide to us, we will treat your response as an application for an account that was not pre-screened.



Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases and Balance Transfers	<p>0.00% (Intro. APR through your April 2009 billing cycle)</p> <p>16.99% (Standard APR after April 2009)</p> <p>Your standard APR will vary with the market based on the Prime Rate.</p> <p>Fees will apply to balance transfers (see Fees section below).</p>
APR for Cash Advances	<p>21.99%</p> <p>This APR will vary with the market based on the Prime Rate.</p> <p>Cash advance fees will also apply (see Fees section below).</p>
Loss of Introductory APR	<p>We will end your introductory APR and apply the standard APR to your outstanding balance if you perform any of the actions listed in the Penalty APR row below.</p>
Penalty APR and When it Applies	<p>27.99%</p> <p>This APR may be applied to your account if you:</p> <ol style="list-style-type: none"> 1) Make a late payment twice in a six-month period; 2) Go over your credit limit; 3) Make a payment that is returned; or 4) Do any of the above on another account that you have with us. <p>How Long Will the Penalty APR Apply?: If your APRs are increased for any of these reasons, we may keep them at this higher level indefinitely.</p>
Interest-Free Period	<p>Your due date is at least 26 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire outstanding balance (excluding promotional balances) by the due date each month.</p>
For Credit Card Tips from the Federal Reserve Board	<p>To learn more about factors to consider when applying for or using a credit card, visit the website of the Federal Reserve Board at www.federalreserve.gov/location.</p>

Fees	
Set-up and Maintenance Fees	<p>NOTICE: As described below, you will pay \$111 in set-up and maintenance fees over the first year. Some of these set-up and maintenance fees will be assessed before you begin using your card and will reduce the amount of credit you initially have available. For example, if you are assigned the minimum credit limit of \$250, your initial available credit will be only about \$187.</p>
<ul style="list-style-type: none"> • Annual Fee • Account Set-up Fee • Participation Fee • Account Maintenance Fee on Closed Accounts 	<p>\$50</p> <p>\$25 (one-time fee)</p> <p>\$36 annually (\$3.00 per month)</p> <p>\$36 annually (\$3.00 per month on closed accounts with an outstanding balance of \$30 or more)</p>

TURN OVER for more important information about your account.

SB-14B

Fees (cont.)

Transaction Fees	
• Balance Transfer	Either \$5 or 3% of the amount of each transfer, whichever is greater (maximum fee: \$100).
• Cash Advance	Either \$5 or 3% of the amount of each cash advance, whichever is greater.
• Foreign Transaction	2% of the amount of each transaction.
Penalty Fees	
• Late Payment	\$32 if balance is less than or equal to \$1,000; \$38 if balance is more than \$1,000 (Your APRs may also increase; see Penalty APR section above.)
• Returned Payment	\$29 (Your APRs may also increase; see Penalty APR section above.)
• Over-the-Credit Limit	\$35 (Your APRs may also increase; see Penalty APR section above.)

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

TERMS AND CONDITIONS

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If you think your bill is wrong, or if you need more information about a transaction on your bill, write us in a separate letter at the "Billing Inquiries" address on your billing statement. Write us as soon as possible. We must hear from you no later than 60 days after we send 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.

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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 finance 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 will not have to pay any finance charges, and you will have to make 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 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.

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This "pre-screened" offer of credit is based on information in your credit report indicating that you meet certain criteria. This offer is not guaranteed if you do not meet our criteria. If you do not want to receive prescreened offers of credit from this and other companies, call the consumer reporting agencies toll-free, 1-888-587-8688, or write:

- Equifax Options, P.O. Box 748123, Atlanta, GA 30374
- Experian Target Marketing, P.O. Box 919, Allen, TX 75813
- TransUnion Opt-Out Request, P.O. Box 505, Woodlyn, PA 19094

Before we approve you for a credit card, we will review your credit report and the information you provide with your response to confirm that you continue to meet the predetermined criteria for this offer. Based on this review, you may not receive a card. If approved for an account, your credit line will be at least \$250. It is possible that certain applicants directly applying for a credit card from us, now or in the future, could obtain cards on the same terms or on more favorable terms than the terms available through this offer.

Replying to this Offer

If we receive your response after the expiration date, or the name and address on this offer differ from the information you provide to us, we will treat your response as an application for an account that was not pre-screened.



Periodic Statements Used in Los Angeles Interviews

- Model PS-17
- Model PS-18
- Back of Periodic Statement Pages

Artesian Bank Credit Card Account Statement
Account Number 1234 5678 9012 3456
June 21, 2008 to July 22, 2008

Transactions (cont.)				
Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount
895848561561894KOH	6/26	6/27	Save-A-Lot Grocery #287 Atlanta GA	\$27.68
1871556189456SAMKL	6/26	6/27	Best Buy Atlanta GA	\$124.76
2564894185189LKDFID	6/27	6/28	Shell Oil #8765 Athens GA	\$32.87
14547847586KDDL564	6/28	7/1	Eckerd Drugs #2708 Atlanta GA	\$14.76
256489156189451516L	7/1	7/2	Walmart #2998 Athens GA	\$3.76
2564894185189LKDFID	7/1	7/3	Macys #78 Decatur GA	\$13.45
178105417841045784	7/2	7/6	Citgo Food Mart #74 Atlanta GA	\$2.35
8456152156181SDSA	7/5	7/7	Shell Oil #8765 Athens GA	\$25.00
31289105205648AWD	7/11	7/12	Easy Saver 877-844-9564 PA	\$7.34
04518478415615ASD	7/11	7/16	Save-A-Lot Grocery #287 Atlanta GA	\$10.56
0547810544898718AF	7/15	7/17	Shell Oil #8765 Athens GA	\$24.50
056489413216848OP	7/16	7/17	Walmart #2998 Athens GA	\$8.76
054894561564ASDW	7/17	7/18	Acme #1456 Atlanta GA	\$14.23
5648974891AD98156	7/19	7/20	Macys #78 Decatur GA	\$23.76
Cash Advances				
1542202074TWWTV48G	6/26	6/26	Best Bank Cash Advance Atlanta GA	\$121.50
14547847586KDOL564	6/28	6/28	Best Bank Cash Advance Decatur GA	\$201.50
Balance Transfers				
4545754784KOHUIOS	6/27	7/1	Balance Transfer	\$785.00
Fees				
9525156489SFD4545Q	6/25	6/25	Pay-by-Phone Fee	\$33.00
56415615647OJSNDS	6/26	6/26	Cash Advance Fee *Transaction Fee*	\$5.00
84151564SADS8745H	6/27	6/27	Balance Transfer Fee *Transaction Fee*	\$23.55
256489156189451516L	6/28	6/28	Cash Advance Fee *Transaction Fee*	\$7.00
TOTAL FEES FOR THIS PERIOD				\$68.55
Interest Charged				
Interest Charge on Purchases				\$6.31
Interest Charge on Cash Advances				\$4.58
TOTAL INTEREST FOR THIS PERIOD				\$10.89
2008 Totals Year-to-Date				
Total fees charged in 2008			\$124.50	
Total interest charged in 2008			\$47.42	

Interest Charge Calculation			
Your Annual Percentage Rate (APR) is the annual interest rate on your account.			
Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charge
Purchases	14.99%	\$505.14	\$6.31
Cash Advances	21.99%	\$249.93	\$4.58
Balance Transfers	0.00%	\$637.50	\$0.00

APRs including both Interest and Fees			
The APRs in this table are the actual APRs for this period when transaction or fixed fees are taken into account as well as interest.			
Type of Balance	Interest Charges	Transaction or Fixed Fees	APR including Interest and Fees
Purchases	\$6.31	\$0.00	14.99%
Cash Advances	\$4.58	\$12.00	61.60%
Balance Transfers	\$0.00	\$23.55	36.00%

Want to receive your billing statement in Spanish?
 Prefiere recibir su estado de cuenta en Espanol? Llamos al 1-800-947-9100, o elija su idioma de preferencia en www.artesianbank.com, modificando su Perfil Personal en la seccion Administrar mi Cuenta.

Save Time. Save Paper. Sign up for All Electronic.
 You'll have instant access to your statement online, without that pile of paper. Get an e-mail notice when your statement is ready. Register or sign-on to www.artesianbank.com and choose Manage My Account.

Need to add an authorized user to your account?
 Just sign on to www.artesianbank.com, go to Maintenance Requests under the Manage My Account menu and elect Add Authorized User. Complete the form and submit. It's that simple!

Artesian Bank Credit Card Account Statement
Account Number 1234 5678 9012 3456
June 21, 2008 to July 22, 2008

Account Summary/Payment Information

Previous <u>Balance</u> \$535.07	Payments and <u>Other Credits</u> -\$463.45	New Activity <u>incl. Fees and Interest</u> +\$1,717.01	<u>New Balance</u> \$1,788.63	Total <u>Credit Line</u> \$2,000.00	Available <u>Credit Line</u> \$211.37
Minimum <u>Payment Due</u> \$48.00	Payment <u>Due Date</u> 8/16/08 <small>(by 2pm ET for electronic payments)*</small>	*Payment Time on Due Date: 2pm ET for electronic payments made through our website. See Crediting of Payments on back for other payment methods.			

Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay a \$35 late fee and your APRs may be increased up to the Penalty APR of 28.99%.

Notice about Minimum Payments: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example, if you had a balance of \$1,000 at an interest rate of 17% and always paid only the minimum required, it would take over 7 years to repay the entire balance. For an estimate of the time it would take you to repay your balance making only minimum payments, call 1-800-555-5555 or go to www.artesianbank.com/minimumpayment.

QUESTIONS?

Call Customer Service	1-800-987-5521	Please send billing inquiries and correspondence to:
Lost or Stolen Credit Card	1-800-987-5521	PO Box 1390, Norfolk, VA 23501-1390.

Notice of Changes to Your Interest Rates

You have triggered the Penalty APR of 28.99%. This change will impact your account as follows:

Transactions made on or after 8/10/08: As of 9/10/08, the Penalty APR will apply to these transactions. We may keep the APR at this level indefinitely.

Transactions made before 8/10/08: Current rates will continue to apply to these transactions. However, if you become 30 days late on your account, the Penalty APR will apply to those balances as well.

Balances with Low Promotional APRs: If you have any low promotional APRs, you will lose them on 9/10/08. At that time, we will apply standard rates to any existing promotional balances.

Transactions

Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount
5884186PS0388W6YM	6/22	6/23	Citgo Food Mart #74 Atlanta GA	\$2.05
0544400060ZLV72VL	6/24	6/25	CVS Pharmacy #7338 003 Atlanta GA	\$12.11
554328608008W90M0	6/24	6/25	Easy Saver 877-844-9564 PA	\$114.95
854338203FS8000Z5	6/25	6/25	Payment Thank You	\$450.00-
9525156489SFD4545Q	6/25	6/25	Pay-by-Phone Fee	\$33.00
054830709LYMRPT4L	6/25	6/26	Wayfield Foods #1 S9b Atlanta GA	\$7.35
564891561545KOSHD	6/25	6/26	Acme #1456 Atlanta GA	\$14.35
841517877845AKOJIO	6/25	6/26	Citgo #1276 Decatur GA	\$40.35
55541860705RDYD0X	6/25	6/26	Eckerd Drugs #2708 Atlanta GA	\$4.63
1542202074TWWTV48G	6/26	6/26	Best Bank Cash Advance Atlanta GA	\$121.50
564891561545KOSHD	6/26	6/26	Cash Advance Fee *Transaction Fee*	\$5.00
895848561561894KOH	6/26	6/27	Save-a-Lot Grocery #287 Atlanta GA	\$27.68
1871556189456SAMKL	6/26	6/27	Best Buy Atlanta GA	\$124.76
4545754784KOHUIOS	6/27	6/27	Balance Transfer	\$785.00

(transactions continued on next page)

Please detach this portion and return with your payment to insure proper credit. Retain upper portion for your records.

Account Number: 1234 5678 9012 3456
Payment Due Date: 8/16/08

Please indicate address change and additional cardholder requests on the reverse side. Artesian Bank P.O. Box 1390 Norfolk, VA 23501-1390	Balance Type	APR	New Balance	Minimum Payment	Amount enclosed
	Purchases	14.99%	\$642.50	\$18.00	\$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
	Cash Advances	21.99%	\$337.58	\$8.00	\$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
	Balance Transfers	0.00%	<u>\$808.55</u>	<u>\$22.00</u>	\$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
			\$1,788.63	\$48.00	



Artesian Bank Credit Card Account Statement
Account Number 1234 5678 9012 3456
June 21, 2008 to July 22, 2008

Transactions (cont.)				
Reference Number	Trans Date	Post Date	Description of Transaction or Credit	Amount
84151564SADS8745H	6/27	7/1	Balance Transfer Fee *Transaction Fee*	\$23.55
2564894185189LKDFD	6/27	6/28	Shell Oil #8765 Athens GA	\$32.87
14547847586KDOL564	6/28	6/28	Best Bank Cash Advance Decatur GA	\$201.50
256489156189451516L	6/28	6/28	Cash Advance Fee *Transaction Fee*	\$7.00
2564561023184102315	6/28	7/1	Eckerd Drugs #2708 Atlanta GA	\$14.76
55542818705RASD0X	7/1	7/2	Walmart #2998 Athens GA	\$3.76
289189194ASDS8744	7/1	7/3	Macys #78 Decatur GA	\$13.45
178105417841045784	7/2	7/6	Citgo Food Mart #74 Atlanta GA	\$2.35
045148714518979874	7/4	7/5	Macys #78 Decatur GA	\$13.45-
8456152156181SDSA	7/5	7/7	Shell Oil #8765 Athens GA	\$25.00
31289105205648AWD	7/11	7/12	Easy Saver 877-844-9564 PA	\$7.34
04518478415615ASD	7/11	7/16	Save-a-Lot Grocery #287 Atlanta GA	\$10.56
0547810544898718AF	7/15	7/17	Shell Oil #8765 Athens GA	\$24.50
056489413216848OP	7/16	7/17	Walmart #2998 Athens GA	\$8.76
054894561564ASDW	7/17	7/18	Acme #1456 Atlanta GA	\$14.23
5648974891AD98156	7/19	7/20	Macys #78 Decatur GA	\$23.76
TOTAL FEES FOR THIS PERIOD				\$68.55
Interest Charge on Purchases				\$6.31
Interest Charge on Cash Advances				\$4.58
TOTAL INTEREST CHARGES FOR THIS PERIOD				\$10.89

2008 Totals Year-to-Date	
Total fees charged in 2008	\$124.50
Total interest charged in 2008	\$47.42

Interest Charge Calculation			
Your Annual Percentage Rate (APR) is the annual interest rate on your account.			
Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charge
Purchases	14.99%	\$505.14	\$6.31
Cash Advances	21.99%	\$249.93	\$4.58
Balance Transfers	0.00%	\$637.50	\$0.00

Fee-Inclusive APR			
The Fee-Inclusive APRs in this table are the APRs that you paid this period when transaction or fixed fees are taken into account as well as interest.			
Type of Balance	Interest Charges	Transaction or Fixed Fees	Fee-Inclusive APR
Purchases	\$6.31	\$0.00	14.99%
Cash Advances	\$4.58	\$12.00	61.60%
Balance Transfers	\$0.00	\$23.55	36.00%

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Prefiere recibir su estado de cuenta en Espanol? Llamenos al 1-800-947-9100, o elija su idioma de preferencia en www.artesianbank.com, modificando su Perfil Personal en la seccion Administrar mi Cuenta.

Save Time. Save Paper. Sign up for All Electronic.

You'll have instant access to your statement online, without that pile of paper. Get an e-mail notice when your statement is ready. Register or sign-on to www.artesianbank.com and choose Manage My Account.

Need to add an authorized user to your account?

Just sign on to www.artesianbank.com, go to Maintenance Requests under the Manage My Account menu and elect Add Authorized User. Complete the form and submit. It's that simple!

IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Grace Period on New Purchases (at least 25 days)

You can avoid Interest Charges on new Purchases that posted to this statement if your Previous Balance is zero (or a credit balance) and we receive full payment of the New Balance by the Payment Due Date. If so, you have from the date you made your purchases until the payment Due Date on the front to avoid any interest charge on that purchase. If your Previous Balance is greater than zero, there is no time period to pay the New Balance and avoid additional interest charges. There is no grace period for Cash Advances and Balance Transfers.

Explanation of Interest Charges and Transaction Fees

We calculate periodic interest charges using the applicable monthly periodic rates separately for each feature (e.g., purchases, balance transfers, cash advances, promotional balances, or overdraft advances). We calculate the monthly periodic rate for each feature by dividing the APR for each feature by 12. There is a minimum charge in any billing cycle in which you owe any periodic interest charges, and a transaction charge for each balance transfer, cash advance, or check transaction, in the amounts stated in your Cardmember Agreement, as amended.

We use the "average daily balance (including new purchases)" method to calculate your balance for each feature. For more information about this balance calculation method and how resulting interest charges were determined, call us at 1-800-987-5521.

Account Renewal Information for Open Accounts

If your account has an Annual Fee and it is billed on this Statement, we will reverse the fee if you cancel your account and pay off any existing Balance within 30 days of receipt of this Statement. Otherwise, the Annual Fee is non-refundable. You may continue to use your account during the 30-day period before you cancel. To cancel, write us at the Billing Inquiries address or call us at the phone number on the front.

Your Liability

Our records show that you are liable for any outstanding balance on this account if your name appears on the front of this statement or you otherwise agreed.

Report a Lost or Stolen Card Immediately

Call the 24-hour toll free number 1.800.555.6666. Do not use your account after you report a lost or stolen card.

Cardholder Security Plan™/Payment Protection Plan

If you have questions about your enrollment or need to file for benefits, please call the applicable toll free number below (Monday-Friday, 7:00 a.m.-10:00 p.m. Central Time): Cardholder Security Plan-1.888.668.6938; Payment Protection Plan-1.888.838.0056.

Service for International Calling

Dial the AT&T Direct access code for the country you are in and dial 1.888.801.3723. For a list of access codes visit www.artesian.com and select Credit Cards. You may also call us collect at 1.757.677.4701.

Service for Hearing-Impaired (TTY/TDD)

Contact our service for the hearing-impaired at 1.800.222.7365.

Pay on-line at www.artesianbank.com or mail your payment to: Artesian Bank, PO BOX 5147, SIOUX FALLS, SD 57117-5147.

BILLING RIGHTS SUMMARY STATEMENT DISCLOSURE:

What To Do If You Think You Find A Mistake On Your Statement

If you think there is an error on your statement, write to us at:

P.O. Box 1390
Norfolk, VA 23501-1390

You may also contact us on the web: www.artesianbank.com

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.

You must notify us of any potential errors in writing or electronically. 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.

While we investigate whether or not there has been an error, the following are true:

- 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. But, if we determine that we made a mistake, you will not have to pay the amount in question or any interest or other fees related to 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.

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: Neither of these are necessary 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 or electronically at:

P.O. Box 1390
Norfolk, VA 23501-1390

You may also contact us on the web: www.artesianbank.com

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.

IMPORTANT CREDIT BUREAU REPORTING INFORMATION REQUIRED BY FEDERAL LAW TO BE DISCLOSED TO YOU

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.

For address changes, you may access your account online at: www.artesianbank.com, call 1.800.555.6666 or write your address changes below. If you choose to call the 800# provided, you must have your credit card present. Please include your account number to ensure accurate processing.

Address _____

City _____ State _____ Zip _____

Home Phone _____ Work Phone _____

E-mail Address _____

By providing us with your e-mail address, you agree that we may communicate with you by electronic mail.

Crediting of Payments

We will credit any payments as of the date we receive it as long as a) it is mailed with the enclosed payment coupon and received by us no later than 5 pm local time at the P.O. Box on the front, or b) electronic payment is received through our website by 2 pm EST. Crediting of all other payments may be delayed up to 5 days. All payments must be in the form of a check or money order drawn in U.S. dollars on a financial institution located in the U.S. or the U.S. Post Office or made by electronic funds transfers, however cash payments may be made in person at our banking centers only.

Periodic Statement Inserts Used in Los Angeles Interviews

- Change-in-Terms Insert (Model PSCT-4)
- Convenience Checks (Model CC-8)



**NOTICE OF AMENDMENT TO
ARTESIAN BANK CARDMEMBER AGREEMENT**

This notice informs you of the changes to the Artesian Bank Cardmember Agreement that will be effective and will apply to your Account on September 10, 2008. The rate increases described below will only apply to transactions made on or after August 10, 2008. Current rates will continue to apply to transactions made before August 10, 2008.

Note: The change to your APR for purchases described below will not go into effect at this time if you are already being charged a higher Penalty APR on purchases. This change will go into effect when the Penalty APR no longer applies.

The following changes will apply to your Account unless you notify us in writing that you reject them by September 3, 2008. Send your notice to P.O. Box 30937, Salt Lake City, UT 84130-0937. Your notice should include your name, address, telephone number and Account number(s) and should not be sent with any other correspondence. Calling us to indicate you reject these changes is insufficient notice. In order to process your notice, we require that the notice be provided by you directly and not through a third party. If you reject these changes, we will close your Account and you will pay us the balance that you owe us under the current terms of the Agreement. Note that these changes will not apply to your Account if your Account is closed by September 3, 2008. Use of your Account on or after September 4, 2008 means that you accept these changes even if you previously notified us that you did not agree to these changes.

Purchase APR

The rate of FINANCE CHARGE for the Customary APR for credit card purchases will be a Daily Periodic Rate of .04655% (corresponding 16.99% ANNUAL PERCENTAGE RATE).

Returned Payment Fee

We charge you a returned payment fee each time a payment check, automatic payment deduction, or similar instrument is not honored or is returned unsatisfied by your bank or other financial institution. Under your new account terms this fee is \$40.

If you would like to receive a copy of the most current version of the Artesian Bank Cardmember Agreement, please call 1-800-555-1234.



This time of year offers countless opportunities, so now is the time to act! Use these checks to take advance of your low, promotional 1.7% Annual Percentage Rate (APR) through your April 2009 statement closing date!*

Use these checks before the season fades away! Or contact us at www.artesianbank.com or 1-888-555-2890.

481	
DATE _____ 20____	$\frac{62-16}{311}$
PAY TO THE ORDER OF _____ \$ _____	
_____ DOLLARS	
Wilmington, Delaware	
FOR _____	_____

Interest and Fee Information	
APR for Check Transactions	1.7% (Promotional APR through your April 2009 billing cycle). After April 2009 you will be charged the APR for Cash Advances. To find out what this APR is currently, call 1-800-555-9823.
Use by Date	You must use the check by 11/1/08 for the promotional APR to apply. If you use the check after that date, we may still honor the check but you will not receive the promotional APR. Instead, the APR for Cash Advances will apply.
Fee	Either \$5 or 3% of the amount of each transaction, whichever is greater.
Paying Interest	We will begin charging interest on these checks on the transaction date.

482	
DATE _____ 20____	$\frac{62-16}{311}$
PAY TO THE ORDER OF _____ \$ _____	
_____ DOLLARS	
Wilmington, Delaware	
FOR _____	_____

483	
DATE _____ 20____	$\frac{62-16}{311}$
PAY TO THE ORDER OF _____ \$ _____	
_____ DOLLARS	
Wilmington, Delaware	
FOR _____	_____

*See additional disclosures on reverse side.

Share your account — not your card!

Give trusted family members and friends charging privileges on your account simply by adding them as users.[§] You can add up to six people at no extra cost. Each will receive a personalized credit card with the same

exceptional benefits as the card you carry. And they will have access to the same line of credit. All charges are conveniently itemized on one monthly statement, so there is just one bill to pay.

Call the toll-free number on the lower right corner of your billing statement to request additional cards today!

§ As the primary cardholder, you are responsible for all account activity incurred by additional cardholders.

		X
DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE ▼ RESERVED FOR FINANCIAL INSTITUTION USE ▼		

* Check Cash Advances (i.e., credit card access checks) and Balance Transfers are processed as Cash Advances according to the terms of your Credit Card Agreement and are subject to credit availability. The transaction date for each Check Cash Advance and Balance Transfer made by check is the date you or the person to whom the check is made payable first deposits or cashes the check. The Average Daily Balance method (including new purchases) as described in your Credit Card Agreement (and on your periodic statement) is used to compute your Cash Advance Balance. Check Cash Advances and Balance Transfers may not be used for repayment of any Artesian Bank-issued accounts; use of these checks as repayment will result in a Returned Payment Fee as described in your Credit Card Agreement.

If you would like to opt out of receiving checks like these in the future, call 1-800-555-5245.

This account is issued and administered by Artesian Bank. MasterCard and World Mastercard are federally registered service marks of MasterCard International, Inc., and are used pursuant to license. Visa is a federally registered service mark of Visa U.S.A., Inc., and is used pursuant to license.

		X
DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE ▼ RESERVED FOR FINANCIAL INSTITUTION USE ▼		

		X
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11785 Beltsville Drive
Calverton, MD 20705
www.macrointernational.com



Board of Governors
of the Federal Reserve System
20th and C Streets, NW
Washington, DC 20551
www.federalreserve.gov

