

Delta Community Young Adult Financial Responsibility Pledge

Between: **Parent /Guardian Name:** _____

And: **Young Adult Name:** _____

Understanding and using credit responsibly is an important step toward having a sound and strong financial future. Before applying for a Delta Community Visa credit card, I will prepare myself for this opportunity by reviewing the key features of the card program, credit agreement and definitions outlined in this document so that I'm fully aware of what it means to have and use a credit card product.

I also understand the importance of tracking all of my purchases to be able to effectively budget each month and make on-time payments. In order to successfully manage my finances, I'll register for Delta Community's Online Banking service and take advantage of the other online tools (i.e. Mobile Banking, eAlerts and eStatements) to stay on top of my account balance, payment due date and other account activity.

I will take advantage of any financial seminars or online information that Delta Community offers whenever possible to continue to learn more about budgeting, saving, managing credit and investments.

If I encounter any challenges with my account or making my payments on time, I'll immediately contact Delta Community and/or my parent/guardian to help me.

Account Terms & Definitions

Account -- Money deposited with a financial institution for investment and/or safekeeping purposes.

Available balance -- The balance that remains when all payments made during a billing cycle are subtracted from the balance from the previous billing cycle. This balance does not include finance charges for the current billing cycle.

Annual fee -- A yearly fee charged to a customer to participate in an open-ended credit program.

Annual percentage rate (APR) -- The cost of credit expressed as a yearly rate. APR is a percentage that results from an equation considering the amount financed, the finance charges, and the term of the loan.

Authorized User -- A person who has been given permission to make changes to a credit account. This status must be given by the primary account user. An authorized user is not

legally responsible for repaying the account.

Average Daily Balance -- The balance that results from adding together all the daily balances of a credit account in the billing cycle and dividing by the number of days in the billing cycle. This balance is often used to calculate finance charges.

Balance -- An outstanding amount of money. In banking, balance refers to the amount of money in a particular account. In credit, balance refers to the amount owed.

Balance Transfer-- Repayment of one credit debt with another credit source.

Balance Transfer Fee-- The fee charged to transfer balances between two credit sources. This fee is often a percentage of the amount transferred.

Bankruptcy -- A legal action taken when a credit holder cannot repay his or her debt. It modifies or eliminates the legal responsibility to repay some forms of debt. This is a serious action that can have serious consequences on a consumer's financial future.

Billing Cycle -- The period of time that a credit statement covers.

Billing Statement -- The summary of all actions applied to a credit account during a billing cycle. These can include payments, purchases, finance charges, fees and other transactions.

Cardholder Agreement -- The written statement that defines and explains all legal terms for a credit card account. It includes payment terms, billing dispute procedures and communications guidelines, among other items.

Cash Advance Fee-- A fee assessed when a card holder uses a credit card to obtain cash. These fees are often charged as a percentage of the cash obtained or as a flat fee.

Charge-off -- When your creditor elects to transfer a delinquent account to a category called a "bad debt" or loss and turns the account over to a collection agency.

Co-signer -- The person who signs on a credit agreement in addition to the primary applicant. This person is legally responsible for repayment of the debt.

Credit -- In business, buying or borrowing on the promise to repay at a later date. In any credit arrangement there is a creditor (a person, bank, store, or company to whom money is owed) and a debtor (the person who owes money). In bookkeeping, credit is a sum of money due to an individual or institution.

Credit Bureau -- An agency that checks credit information and keeps a complete file on people who apply for and use credit.

Credit Card -- A plastic card that gives access to a line of credit. Users are limited in how much they can charge, but they are not required to repay the full amount each month.

Credit Limit -- The maximum amount of money a borrower can access in a credit account.

Credit Rating -- A financial institution's evaluation of whether a person is suitable to receive credit. Credit ratings are based on an individual's financial behavior such as payment history, capacity to repay, and capital.

Credit Report -- A summary of the credit usage of a consumer, including payment histories and current status of all credit accounts. This plays a very large part in the decision to grant credit to a consumer.

Default -- A status assigned to a cardholder if he or she fails to perform or conform to all the items listed in the cardholder agreement.

Fixed Rate -- An interest rate that does not vary over time.

Foreign Currency Surcharge—A fee charged when a card purchase utilizes a foreign currency and it must be converted into the cardholder's home currency.

Grace Period -- The length of time between the use of credit to make a purchase and the start of interest on the amount charged.

Index -- A published interest rate that is used to determine the actual rate charged with a variable interest rate account. The prime rate, published in the Wall Street Journal, is often used as the index.

Interest -- The fee paid for the use of money. Interest may be paid, for example, by an individual to a bank for credit card use, or by a bank to an individual for holding a savings account. Interest is expressed in terms of annual percentage rate (APR).

Joint Account -- A deposit or loan account established in the names of more than one person (e.g., parent/child, wife/husband).

Late Payment Fee -- A fee charged to a consumer if his or her monthly payment is made after the due date stated on the billing statement.

Line of Credit -- An authorized amount of credit given to an individual, business, or institution.

Minimum Payment -- The smallest payment a consumer can make in a billing cycle to keep the account from going into default.

Open-end Credit -- A line of credit that may be used over and over again, including credit cards, overdraft credit accounts, and home equity lines of credit.

Penalty Rate -- A higher interest rate imposed on an account when it has lapsed into default.

Periodic Rate -- The interest rate described in relation to a specific amount of time. The monthly periodic rate, for example, is the cost of credit per month. The daily periodic rate is the cost of credit per day.

Posting Date -- The date when a transaction appears on your account.

Previous Balance -- The balance that has carried over from the previous billing period.

Prime Rate -- An index rate that is used to determine the APR in a variable interest rate account.

Revolving Line of Credit -- A credit agreement that allows a consumer to borrow a set amount of money, then after repayment of any portion of that money, the consumer may borrow again up to the original set amount. A credit card is a form of revolving credit.

Transaction Date -- The date that a purchase was made or a cash advance was taken.

Truth in Lending Act -- A law that requires a lender to inform a borrower of the amount financed, total finance charges, annual percentage rate, payment schedule, and many more important figures.

Unsecured Debt -- A credit source that is not guaranteed with collateral.

Underwriting -- The process of verifying data and approving a loan.

Variable Rate -- An interest rate that changes and is determined by adding the index rate to the previously disclosed margin.

Parent Signature: _____ **Date:** _____

Young Adult Signature: _____ **Date:** _____

