

05-203-CD
Calvalty Portfolio et al vs. Angela Heatley

vs. ANGELA M. HEATLEY

Calvalty Portfolio et al v. Angela Heatley
2005-203-CD

2014707

THIS IS AN ARBITRATION MATTER. ASSESSMENT OF
DAMAGES HEARING REQUIRED.

GORDON & WEINBERG, P.C.

BY: FREDERIC I. WEINBERG, ESQUIRE

Identification No.: 41360

PAUL M. SCHOFIELD, JR., ESQUIRE

Identification No.: 81894

21 SOUTH 21ST STREET

PHILADELPHIA, PA 19103

215/988-9600

FILED

*106 to City
M 10:47 AM 100 to City*

FEB 14 2005

William A. Shaw
Prothonotary

Cavalry Portfolio Services,
LLC as assignee of Cavalry
Investments, LLC, as assignee
of eCast Settlement Corp. as
assignee of Chase
7 Skyline Drive
Hawthorne, NY 10532

COURT OF COMMON PLEAS
CLEARFIELD COUNTY

vs.

DOCKET NO. : 05-203-(1)

Angela M. Heatley
1619 Cooper Avenue
Grassflat PA 16839

NOTICE

YOU HAVE BEEN SUED IN COURT. IF YOU WISH TO DEFEND AGAINST THE CLAIMS SET FORTH IN THE FOLLOWING PAGES, YOU MUST TAKE ACTION WITHIN TWENTY (20) DAYS AFTER THIS COMPLAINT AND NOTICE ARE SERVED, BY ENTERING A WRITTEN APPEARANCE PERSONALLY OR BY ATTORNEY AND FILING IN WRITING WITH THE COURT YOUR DEFENSES OR OBJECTIONS TO THE CLAIMS SET FORTH AGAINST YOU. YOU ARE WARNED THAT IF YOU FAIL TO DO SO THE CASE MAY PROCEED WITHOUT YOU AND A JUDGEMENT MAY BE ENTERED AGAINST YOU BY THE COURT WITHOUT FURTHER NOTICE FOR ANY MONEY CLAIMED IN THE COMPLAINT OR FOR ANY OTHER CLAIM OR RELIEF REQUESTED BY THE PLAINTIFF. YOU MAY LOSE MONEY OR PROPERTY OR OTHER RIGHTS IMPORTANT TO YOU.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

David S. Meholick, Court Admin.
Clearfield County Courthouse
Clearfield, PA 16830
(814) 765-2641

COMPLAINT IN CIVIL-ACTION

1. At all times relevant hereto, the defendant(s) was the holder of a credit card, which at the request of the defendant(s) was issued to the defendant(s) by the plaintiff under the terms of which the plaintiff agreed to extend to defendant(s) the use of plaintiff's credit facilities.

2. Defendant(s) accepted and used the aforesaid credit card so issued and by so doing agreed to perform the terms and conditions prescribed by the plaintiff for the use of said credit card.

3. The defendant(s) received and accepted goods and merchandise and/or accepted services or cash advances through the use of the credit card issued by the Plaintiff. A true and correct copy of the Statement of Account is attached hereto as Exhibit "A".

4. All the credits to which the defendant(s) is entitled have been applied and there remains a balance due in the amount of \$3,005.69.

5. Plaintiff has made demand upon the defendant(s) for payment of the balance due of \$3,005.69 but the defendant(s) has failed and refused and still refuses to pay the same or any part thereof.

WHEREFORE, plaintiff claims of the defendant(s) the sum of \$3,005.69 at the rate of 9.99% from the date of March 26, 2001,

together with costs and attorney fees.

GORDON & WEINBERG, P.C.

BY: 

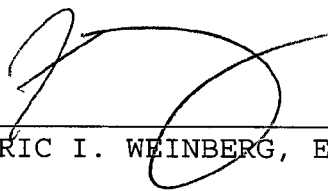
FREDERIC I. WEINBERG, ESQUIRE
PAUL M. SCHOFIELD, JR., ESQUIRE
Attorney for Plaintiff

P01E

VERIFICATION

FREDERIC I. WEINBERG, ESQUIRE, hereby states that he is the attorney for the Plaintiff(s) in this action and verifies that the statements made in the foregoing pleading are true and correct to the best of his knowledge, information and belief.

The undersigned understands that the statements herein are made subject to the penalties of 18 Pa.C.S.A. Section 4904 relating to unsworn falsification to authorities.



FREDERIC I. WEINBERG, ESQUIRE

EXHIBIT "A"

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MASTERCARD® and VISA® CARDMEMBER AGREEMENT

GENERAL TERMS

1. **Meaning of Words Used in This Agreement.** "Agreement" means this document (which has a binding arbitration provision that may affect your right to go to court, your right to a jury trial, and your right to participate in a class action or other representative action) and the Pricing Schedule (which may initially appear on your card carrier containing your credit card), as either may be amended from time to time. This Agreement is effective with any use of a Card or the Account by you or an Authorized User, or if you do not cancel the Account within 30 days after receiving your initial Card. In this Agreement, "you," "your" or "yours" means each person who applied for the Visa or MasterCard Account. "We," "us" or "our" means Chase Manhattan Bank USA, National Association. "Account" means the Visa or MasterCard Account for which you were issued cards and checks imprinted with your Account number. "Authorized User" means any person to whom you have given permission to use your Account. "Card" means the Visa or MasterCard card(s) issued in connection with your Account. "Check" means Chase Convenience Checks. "ATM" means Automated Teller Machine. "Our check" means a check drawn on us or one of our affiliates. "Seller" means any merchant, insurance company or its agent or broker.
2. **Services of This Account.** This Account may be used for Purchases from any Seller that accepts the Card, for Advances and for other transactions we permit such as Balance Transfers. You agree not to make or permit to be made any illegal transactions on your Account through the use of a Card, a Check or any other manner.
3. **To Use Your Card.** You must sign the panel on the back of your Card. Authorized Users of any additional Card(s) should sign their names on the panel on the back of those Cards. For Purchases, you will have to sign a sales slip that has your name, the Seller's name, and your Account number on it, unless you let the Seller complete the sales slip for you.
4. **Your Responsibilities for This Account.** You are responsible for all amounts owed on this Account, whether charged by you, a person whom you permit to obtain credit on your Account (such as by lending a person your Card), or any other person using a Card or your Account with actual, implied or apparent authority. You agree that anyone who is issued a Card for your Account (or anyone to whom you lend or give your Card) is authorized to make charges to your Account to the same extent as you and we are not responsible for controlling such use of your Account. Such authority will continue until you revoke it by notifying us, obtaining the Card in your physical possession, and if it is a Card issued to an Authorized User, by also cutting it in half. If you receive a benefit from the use of your Card or Account by another person, such use

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will not be considered unauthorized. We may require Authorized Users to repay the amount owed for the charges they make.

5. **Your Credit Line.** Your credit line is the most you may owe on your Account at any time. You will be told the amount of your credit line. You may not use your Account in any way that would cause you to go over your credit line. You may also be asked to immediately pay for any amount over your credit line. We may change your credit line or separate the amount of your credit line into available credit for Purchases and Advances. If the credit line is changed or limited, you will be notified.

6. **Overlimit Fee.** If your Account balance (including any Finance Charges and any fees and charges owed on your Account) is over your credit line at the end of a billing cycle, there will be an Overlimit Fee in the amount disclosed in Pricing Schedule Box 10. This fee will be imposed only once during the billing cycle, but will be imposed in each billing cycle that you are over your credit line even if we authorize the transaction that causes your credit line to be exceeded.

7. **Annual Fee.** If there is an Annual Fee for the Account, you will be billed the Annual Fee in the amount disclosed in Pricing Schedule Box 7 whether or not you have used the Account. If your Annual Fee has been waived, it will be billed when the waiver period has ended, and will then continue to be billed on an annual basis. The Annual Fee is non-refundable.

8. **Payments.** All payments by mail must be made and received by us in accordance with the payment instructions that appear on or with your monthly statements and accompanying envelopes. Payments must be in United States Dollars and drawn on a United States financial institution or the United States Postal Service. Payments must be made by check, money order, or electronic debit that will be honored by your bank, or such other means as we permit. In our sole discretion we will decide how to apply your payments, and we may satisfy promotional rate balances before regular/standard rate balances. Although we post your payments as of the business day we receive them as described on your statements, your Total Available Credit may not be restored for up to 15 days after we post your payment. Any check or other form of payment which you send us for less than the full balance due that is marked "paid in full" or with a similar notation or that you otherwise tender in full satisfaction of a disputed amount (conditional payments), must be sent to us at the conditional payments address listed on your monthly statement. We reserve all our rights regarding such payments. For example, if it is determined there is no valid dispute or if any such payment is received at any other address, we may accept the payment and you will still owe any remaining balance. We may refuse to accept any such payment by returning it to you, not cashing it or by destroying it. All other payments that you make should be sent to the regular payment address shown on your monthly statements.

We reserve the right to electronically collect your eligible payment checks, at first presentment and any representment, from the bank account on which the check was drawn. Our receipt of your payment check is your authorization for us to collect the

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amount of the check electronically, or if needed by a draft drawn against the bank account. Checks will be collected electronically by sending the check amount along with the check, routing and account numbers to your bank. Your bank account may be debited as early as the same day we receive your payment. The original check will be destroyed and an image will be maintained in our records.

9. Expedited Payment Fee. We may in our discretion permit you to make payments by authorizing us on your behalf to transfer funds from a deposit or other account to your Account. For each such payment, you will be charged an Expedited Payment processing fee in the amount disclosed in Pricing Schedule Box 10.

10. Returned Payment Fee. You will be charged the Returned Payment fee in the amount disclosed in Pricing Schedule Box 10 for each check or any other form of payment which is returned to us or which we cannot process under our normal operating procedures.

11. Minimum Payment. You may pay either the Minimum Payment or any amount over that up to the New Balance. Your Minimum Payment must be in accordance with our payment instructions and received by the time of day on the Payment Due Date shown on your statement. Your Minimum Payment is calculated by taking the New Balance and deducting any amounts which you have properly notified us are in dispute (see notice "In Case of Errors or Inquiries About Your Bill") and multiplying that amount by the minimum payment percentage shown in Pricing Schedule Box 10. If the resulting amount is more than the minimum dollar amount for a minimum payment shown in Pricing Schedule Box 10, it will be reduced to the next lowest dollar. If the resulting amount is less than that minimum dollar amount, it will be increased to that minimum dollar amount. If the Minimum Payment as calculated herein is less than the Total Finance Charge as shown on your statement, your Minimum Payment for that statement instead will equal the Total Finance Charge (rounded up to the nearest dollar). We add to your Minimum Payment any Past Due Amounts and, at our option, any amounts in excess of your credit line. The Minimum Payment will never be more than the New Balance.

12. Late Payment Fee/Charge. There will be a Late Payment Fee/Charge in the amount disclosed in Pricing Schedule Box 10 if we do not receive in accordance with our payment instructions the Minimum Payment by the time of day on the Payment Due Date shown on your monthly statement.

13. If Your Cards or Checks are Lost or Stolen. If someone used your Card(s) or Checks without your permission or if they are lost or stolen, contact us immediately. You may call or write. Call toll free 1-800-441-7681 anytime from all 50 states, Washington, D.C., Puerto Rico, and the U.S. Virgin Islands. For all other locations call 813-884-2997 collect. Write to: P.O. Box 15919, Wilmington, DE 19850-5919. You may be liable for the unauthorized use of your Card(s) in an amount not to exceed \$50 in any case where your Card(s) are lost or stolen and you fail to contact us within twenty-four (24) hours. You will not be liable for such unauthorized use if you contact

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us in the manner described immediately above within the twenty-four (24) hour time limit or before the unauthorized use occurs.

14. Card Replacement Fee. You may be charged a Card Replacement fee in the amount disclosed in Pricing Schedule Box 10 for any special services for a Card such as obtaining any Card on an expedited basis.

15. If Your Card or Check is Refused. We are not responsible if a Seller, Bank or ATM refuses to honor your Card, Check or other transaction on your Account. Although you may have credit available, we may not authorize credit for a particular transaction due to operational difficulties or, in our discretion, for any other appropriate reason.

Transactions made above a certain dollar amount may require authorization before the transaction is approved. The number of transactions you make in one day may be limited by us. This is done for security reasons, and as such, the details of how the authorization system works are not listed in this Agreement. Neither we nor our agents will be responsible if authorization for a transaction is not given. If your Account is overlimit or delinquent, credit authorization for transactions may be declined.

16. Monthly Statements. Each month there is a debit or credit balance of more than \$1, or a Finance Charge has been imposed on your Account, we will send you a statement.

17. Copy Fee. You will be charged the Copy fee in the amount disclosed in Pricing Schedule Box 10 for each original or copied sales slip, copied statement, and copy of any other record or document that you request. The fee is not owed if a request for such record or document reveals a billing error or unauthorized use on your Account as defined by the Federal Reserve Board's Regulation Z.

18. Billing Errors. If you have a dispute about your Account, notify us as soon as possible. Please read the notice "In Case of Errors or Inquiries About Your Bill." This notice explains your legal rights about billing errors and defenses under Federal Law and how you must notify us. If any adjustment is made, we will credit your Account.

19. Currency Conversion. If you effect a transaction with your MasterCard card or Visa card in a currency other than U.S. dollars, MasterCard International Incorporated or Visa International, as appropriate, will convert the charge into a U.S. dollar amount. MasterCard International or Visa International will use its conversion procedure, which is disclosed to institutions that issue MasterCard cards or Visa cards, respectively. Currently, the currency conversion rate used by MasterCard International or Visa International to determine the transaction amount in U.S. dollars for such transactions is generally either a government-mandated rate or a wholesale rate determined by MasterCard International or Visa International, as appropriate, for the processing cycle in which the transaction is processed, increased by an adjustment factor established from time to time by MasterCard International and Visa International, respectively. The currency conversion rate used by MasterCard International or Visa International on the date your transaction is processed by MasterCard International or Visa International may differ from the rate that would have been used on the purchase or transaction date

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or the cardholder statement posting date. The adjustment factor that is part of the currency conversion rate is one percent, but may be changed from time to time by MasterCard International or Visa International, respectively. For each such transaction converted into a U.S. Dollar amount that must be converted back into a foreign currency because of a refund or other reversal of the transaction, the same currency conversion rate formula and procedures will be used.

20. Foreign Currency Transaction Fee. For each transaction in a foreign currency, we will charge a foreign currency transaction fee equal to the percentage amount shown in Pricing Schedule Box 10 multiplied by the converted transaction amount. This fee may be abbreviated as "For. Tran. Fee."

21. Authorization to Provide Information. You authorize us to provide certain information on you and your Account to our affiliates and others, including any company whose name or mark may appear on the Cards. Complete details regarding our rights to share information and your right to opt-out of certain information being shared is provided to you when you first receive an Agreement and at least once each calendar year thereafter.

22. Disputing Account Information Reported to Credit Bureaus. We furnish information about your Account to credit bureaus. You have the right to dispute the accuracy of the information reported by writing us at P.O. Box 15823, Wilmington, DE 19850-5823.

23. Changing the Terms of This Agreement. We may change any of the terms of this Agreement, including without limitation by adding new terms or by deleting or modifying existing terms. We will notify you of any such changes as required by law. Any changes to this Agreement can apply to all outstanding unpaid indebtedness and any new transactions on your Account. We may sell or transfer your Account and any amounts owed on your Account to another person at any time. If we do, this Agreement will still be in effect and any successor will have our rights in this Agreement to the extent assigned.

24. Default and Collection Costs. Your Account will be in default and we can require that the total outstanding balance be paid if: (1) you fail to pay any amount owed under this Agreement when due; (2) you exceed the credit limit in effect on your Account; (3) you do not follow the terms of this Agreement; (4) your ability to pay us is materially impaired (including, but not limited to, bankruptcy or insolvency proceedings that are initiated by or against you); or (5) you default on any other loan or credit obligation you have with us or another creditor. We do not have to notify you or demand payment in order to take this action. If you are in default, we may, as permitted by law: cancel your credit privileges and require you to pay the unpaid balance immediately; require you to pay interest at the rate of two percent (2%) a month on the unpaid balance when we deem your Account to be six or more billing cycles past due; and require you to pay reasonable attorney's fees, any court costs and other collection costs incurred by us in the collection of any amounts you owe under this Agreement.

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25. Cancellation. We may close your Account at any time. You will be responsible for repaying any Purchases, Advances or other outstanding charges that are still due on your Account. Your Card is issued as a way of letting you use your Account. It may not be transferred. If we request the Card(s), you must return them. Any services not described in this Agreement that may be provided from time to time in connection with the Account are not part of this Agreement and may be changed or cancelled at any time without notice or refund.

26. Governing Law. This Agreement is governed by the laws of the United States of America (federal law) and the State of Delaware. Any dispute concerning any item in this Agreement will be resolved by those laws.

27. Telephone Monitoring. You agree that your telephone communications with us may be monitored and recorded to improve customer service and security.

28. Delayed Enforcement. We may delay enforcing or not enforce any of our rights under this Agreement without losing any of them.

29. Severability. The invalidity of any provision of this Agreement shall not affect the validity of any other provision.

30. Consumer Reports. We may obtain consumer credit reports from credit bureaus on you at any time in connection with any extension of credit on your Account, to review your Account, or for other permitted purposes.

SPECIAL RATES/OFFERS

1. Special Rates. From time to time, we may offer you special Periodic Rates and terms on your Account for all or part of any balances on your Account. For example, these offers may involve (i) balance transfer transactions using special checks or other written request forms we provide or verbal requests for such transfers which we agree to honor (referred to as "Balance Transfers" for purposes of this Agreement), (ii) Advances transactions using special Convenience Checks or other written request forms we provide or verbal requests for such transfers which we agree to honor (these special Advances transactions are also subject to the TERMS FOR ADVANCES below), or (iii) other offers on your Account such as introductory, promotional or other reduced rate offers on Purchases, Balance Transfers and/or Advances. If we do make such an offer, we will advise you in the offer of the special rates, how long they will be in effect, and the balances to which they will apply. Unless otherwise provided in the offer, your regular rates will apply after the special rates expire. If a special rate is variable, then the "Variable Rate" terms of this Agreement (including the Pricing Schedule) will apply. Any special rate offered to you may change to your regular Preferred Pricing rate if you fail to make any required minimum payment on your Account by the Payment Due Date. Any special rate offered to you or any regular Preferred Pricing rate may change to your Non-Preferred rate if you fail to meet the conditions of the "Preferred Customer Pricing Eligibility" section of this Agreement.

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2. **Balance Transfer Transactions and other Special Offers.** The terms of this Agreement apply to any special offers. Balance Transfer transactions are treated as Purchases except as noted in this Agreement or any offer we make to you. These transactions will not be eligible for the grace period for Purchases, except as stated in the terms of any Balance Transfer offer made to you. We may identify Balance Transfers and the related promotional balances by different terms such as "Transferred Balance" or "Balance Transfer." Balance Transfer and other special offers are subject to conditions, including that a special rate is contingent on a transaction from the offer posting to your Account before the expiration date of the offer, a transaction from the offer may not be used to pay amounts you owe to any JPMorgan Chase bank or company, and other conditions that will be disclosed in the offers. If you do not meet those conditions, we reserve the right to refuse to honor that transaction or to treat a Balance Transfer or Purchase transaction as an Advance. Certain of the TERMS FOR ADVANCES below apply to such special offers, including the Declined Check fee and Stop Payment fee (sections 2 and 3 respectively), as well as our right not to accept certain checks (section 6). The Service Charge for Advances (section 5) will apply for Advances offers.

3. **Transaction Fee for Balance Transfer Transactions.** For each Balance Transfer transaction described in any offer we may make to you, we may charge a Transaction Fee **FINANCE CHARGE** in the amount disclosed in Pricing Schedule Box 9. This fee may be reduced or waived in our sole discretion in any offer we make to you. Transaction Fees are part of the Finance Charge. The addition of Balance Transfer Transaction Fees may cause the Annual Percentage Rate for Balance Transfer transactions to exceed the nominal Annual Percentage Rate shown on your statement.

4. **Delayed Payment Program.** We may offer you in our discretion from time to time a special promotion (the "Program") which applies to Qualified Transactions (defined below) made using your Account during a specified usage period. When the Program is offered to you, these terms may apply to Purchases, Balance Transfers and/or Advances that are posted to your Account during the usage period and, if the offer provides, that meet or exceed a specified dollar amount and/or that are made at any eligible merchant location ("Qualified Transactions"). We will notify you of the dollar amount of Qualified Transactions, the eligible merchant locations, the date of the usage period and the ending date of the Program when we offer the Program to you. If the offer provides, during the Program until its ending date Qualified Transactions will not be included in your Account balance for the purpose of calculating the Minimum Payment due each month under the "Minimum Payment" section of your Agreement. If the offer provides, during the Program until its ending date Qualified Transactions will not be subject to any periodic rate Finance Charges, so that such Qualified Transactions are not added to the daily balances described in the "Calculation of Finance Charge for Balance Transfers, Advances and Purchases" section of your Agreement. If any amount of Qualified Transactions is not paid in full by the ending date of the Program, the remaining balance will thereafter be included in the Minimum

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Payment calculation and accrue Finance Charges in accordance with the regular terms of your Agreement. The special terms of the Program may apply only if your Account is in good standing at the time a Qualified Transaction is made, and remains in good standing throughout the Program. Except as modified by the Program, all of the terms of your Agreement remain in effect. Following termination of the Program, your regular Account terms will again apply to all Purchases, Balance Transfers and/or Advances.

TERMS FOR ADVANCES

1. **Advances.** An Advance is a cash loan or similar transaction. You may take an Advance as follows. 1) Using your Checks. These Checks may only be used by the person(s) whose names are pre-printed on the Checks. We will not certify these Checks. 2) Using any of our ATM's or any ATM, which may be provided for your use by another financial institution or company. 3) Using a Cash Advance slip. Cash Advance slips may be obtained from any of our branches or from any bank that accepts the Card. 4) Using the official check mailed to you in response to your request. 5) Using any other service that may be connected to your savings or checking accounts, which may be offered by us, that allows you to take Advances on this Account. 6) Entering into transactions that involve the purchase of items convertible to cash or similar transactions, which we may treat as Advances, including but not limited to wire transfers, money orders, travelers cheques, gaming transactions, and tax payments. Advances may also be referred to as Cash Advances or Cash.
2. **Declined Check Fee.** You will be charged the fee in the amount disclosed in Pricing Schedule Box 10 for each Check, Balance Transfer Check or other form of Advance or Balance Transfer which cannot be processed because you are over your credit line, or would be if such check or transaction were processed, or your Account is delinquent or closed.
3. **Stop Payment Fee.** You will be charged the fee in the amount disclosed in Pricing Schedule Box 10 for each request you make for us to stop payment on a Check, Balance Transfer Check or other form of Advance or Balance Transfer that we make on your behalf or to cancel a stop payment request. You must provide us with any information we reasonably require in order to process your stop payment or cancellation request. We do not have to honor any stop payment or cancellation request unless we have a reasonable opportunity to act on it before the Check, Balance Transfer Check or other form of Advance or Balance Transfer is paid or approved for payment. We will not be liable in any way for any stop payment or cancellation request that we honor or fail to honor if we used ordinary care.
4. **Limits on Advances.** For Advances taken from an ATM, there is a limit for each transaction and a daily limit that you may obtain.
5. **Service Charge/Transaction Fee for Advances.** For each Advance, there will be a Transaction Fee **FINANCE CHARGE** in the amount disclosed in Pricing Schedule

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Box 9. Any minimum and maximum Transaction Fees are also disclosed in the Pricing Schedule. The total amount of Transaction Fees will be shown in the descriptive portion of your statement. Transaction Fees are part of the Finance Charge. The addition of Transaction Fees may cause the Annual Percentage Rate on Advances to exceed the nominal Annual Percentage Rate shown on your statement.

6. **Our Responsibilities to Honor Checks.** We may not accept your checks if: 1) by paying a Check, a Balance Transfer Check or our check you would go over your credit line; 2) your Check, Balance Transfer Check or payment check is postdated; 3) your Cards, Checks or Balance Transfer Checks have been reported lost or stolen; 4) your Account has been cancelled or has expired. If a postdated check is paid and as a result any other check is returned or not paid, we are not responsible. You may not use a Check or Balance Transfer Check to pay any amount you owe under this Agreement.

TERMS FOR PURCHASES

You may use your Account to purchase or lease goods and services or for lodging services when making guaranteed reservations or advance deposits.

TERMS FOR BALANCE TRANSFERS, ADVANCES AND PURCHASES

1. **Calculation of Finance Charge for Balance Transfers, Advances and Purchases.** That portion of the Finance Charge which is determined by using the daily Periodic Rate is calculated separately for Balance Transfers, Advances and Purchases, but using the same method (generally known as the "average daily balance, including new transactions" method). Separate average daily balances (which may be referred to as "Finance Charge Balances") are calculated for Balance Transfers, Advances and Purchases, and each such balance is multiplied by the applicable daily Periodic Rate. Subject to the grace period for Purchases described below, Finance Charges accrue on Purchase, Advance and Balance Transfer transactions and fees beginning on the date the transaction occurs or on the first day of the billing cycle it is received by us (whichever is later), or, at our option, the date the transaction is posted to your Account. Finance Charges continue to accrue until payment in full is received.

We determine each of the average daily balances as follows. For each day in the billing cycle, we take that day's beginning balance for Balance Transfers, Advances and Purchases (an amount that includes accrued and/or unpaid Finance Charges, fees and other charges from previous billing cycles) and add any new Balance Transfers, Advances, Purchases, or other debits to the appropriate balance. We also add to each such balance an amount equal to the previous day's ending balance of Balance Transfers, Advances or Purchases multiplied by the applicable daily Periodic Rate (or if more than one rate could apply depending on the average daily balance reaching a certain level, the lowest applicable rate). We then subtract from the appropriate balance any payments or credits posted that day. This gives us the daily balances for

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Balance Transfers, Advances and Purchases. We then add all of the daily balances separately for Balance Transfers, Advances and Purchases (excluding days which end with a credit balance), and divide each sum by the number of days in the billing cycle. This gives us the average daily balances for Balance Transfers, Advances and Purchases. All fees charged to your Account are added to the appropriate Purchase balance, except for any Transaction Fee that is added to the appropriate Purchase, Advance or Balance Transfer balance. This Agreement provides for the compounding of Finance Charges.

Then we multiply each average daily balance by the applicable daily Periodic Rate, and then by the number of days in the billing cycle. The daily Periodic Rate will equal $1/365$ th of the Annual Percentage Rate. The daily Periodic Rate and Annual Percentage Rate are disclosed in the applicable portion of the Pricing Schedule, as may be amended from time to time. These **FINANCE CHARGES** determined by Periodic Rate for Balance Transfers, Advances and Purchases are added to any Transaction Fees to get the combined amount of **FINANCE CHARGE** shown on your monthly statement. For Purchases only, there is a minimum **FINANCE CHARGE** in the amount disclosed in Pricing Schedule Box 8 if a Finance Charge for Purchases is imposed.

There will not be a periodic rate Finance Charge on Purchases if we receive payment for the "New Balance" by the time of day on the "Payment Due Date" shown on the monthly statement. (This is known as the "grace period.") You may also avoid Finance Charges for new Purchases for the first billing cycle in which they are posted to your Account if that cycle began with a "Previous Balance" of zero or the "Previous Balance" is reduced to zero by credits or payments we receive by the time of day on the "Payment Due Date" shown on your previous monthly statement. Payments must be in accordance with our payment instructions. There is no grace period for Balance Transfers unless the terms of the Balance Transfer offer state there will be a grace period, and for Advances.

2. **Periodic Rates.** The daily Periodic Rates applied to the Balance Transfers, Purchases and Advances average daily balances and the corresponding **ANNUAL PERCENTAGE RATES** are in the Pricing Schedule. Where the Pricing Schedule includes "Variable Rate Index and Margin" information for a particular rate that applies to your Account, that rate is a variable rate and the disclosure below regarding variable rates apply for that rate. Where the Pricing Schedule does not include such "Variable Rate Index and Margin" information for any particular rate (as indicated by an "N/A" for "not applicable" or the absence of such information in the Pricing Schedule), that rate is fixed and the disclosures below regarding variable rates do not apply. Further, for any particular rate in the Pricing Schedule that is preceded by the terms "Preferred" or "Non-Preferred", that rate is subject to the "Preferred Customer Pricing Eligibility" section that appears below. When your Account satisfies the "Preferred Customer Pricing" conditions, the "Preferred" rates may apply; when it does not, the "Non-Preferred" rates apply. If different Periodic Rates apply to balances incurred before and after a certain date or transaction, we may identify such balances in promotional offers, on statements

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or otherwise using terms such as "Current" or "New" to refer to balances subject to promotional rates or new transactions, and "Prior" or "Old" to refer to balances subject to regular rates or existing balances. For example, different rates may apply to balances incurred before and after the date a Balance Transfer subject to a promotional rate offer posts to your Account, or to balances incurred before and after your Account becomes eligible for Preferred rates after a Non-Preferred rate was in effect. If the Periodic Rate for one type of balance on your Account is the same as the Periodic Rate for another balance, we may combine them and refer to those combined balances as Purchases, Balance Transfers or Advances as applicable.

3. Variable Rates. If the daily Periodic Rate and corresponding **ANNUAL PERCENTAGE RATE** that apply to your Account are variable rates (see the Pricing Schedule), they may increase or decrease from one billing cycle to another. These rates are based on the value of an index (the "Index") to which we add a margin. The Index and margin are in the Pricing Schedule. The Index plus the margin determine the nominal **ANNUAL PERCENTAGE RATE**.

If the Index is not published on the relevant date, the substitute Index we use in setting the daily Periodic Rate for Balance Transfers, Purchases and/or Advances on your Account will be the Prime Rate published in *The New York Times* or any other newspaper of national circulation selected by us. For purposes of this Agreement, the Index is merely a pricing index. It is not, and should not be considered by you to represent, the lowest or the best interest rate available to a borrower at any particular bank at any given time.

The daily Periodic Rate for Balances Transfers, Purchases and/or Advances increases when the Index increases on the relevant date, and decreases when the Index decreases on the relevant date. An increase in the rate may cause you to pay a larger Finance Charge and a higher minimum monthly payment. A decrease in the rate may cause you to pay a smaller Finance Charge and a lower minimum monthly payment. Any limit on the amount by which the daily Periodic Rate and the corresponding Annual Percentage Rate may change at any one time or over the life of your Account is set forth in the Pricing Schedule. If no limit appears for any particular rate, then that rate has no limit by which it may change.

4. Preferred Customer Pricing Eligibility. If "Preferred" and "Non-Preferred" rates appear in the Pricing Schedule, this section applies to your Account. Your Account will be reviewed every month on your Statement Closing Date to determine its continued eligibility for the Preferred or Non-Preferred rates. On each monthly review, we may change your interest rates and impose a Non-Preferred rate up to the maximum Non-Preferred rate (subject to any minimum rate) described in your Agreement for each occurrence when you do not meet the conditions described below to be eligible for Preferred rates. Any changes in your interest rates as a result of the monthly reviews for Preferred or Non-Preferred rates will be effective with the billing cycle ending on the review date.

To be eligible for Preferred rates, the following conditions must be met as of the review date: you have made at least the required minimum payments when due on your Account and on all other loans or accounts with us and your other creditors; the credit limit on your Account has not been exceeded; and any payment on your Account has not been returned unpaid.

If you do not meet all of these conditions, then you will be in default under this Agreement and your Account may lose its Preferred rates. In this event, a Non-Preferred rate up to the maximum Non-Preferred rate (subject to any minimum rate) will apply to all existing and new balances on your Account, and these balances will remain subject to a Non-Preferred rate until they are paid in full. When we review your Account in subsequent monthly reviews, we may determine to charge reduced Non-Preferred rates or reinstate Preferred rates for new Purchases, new Balance Transfers and new Advances if, for a time period not to exceed 12 months, the following conditions are met: your Account is open, you have made the required minimum payments when due on your Account and on all other loans or accounts with us and your other creditors, the credit limit on your Account has not been exceeded and any payment on your Account has not been returned unpaid. Notwithstanding the above, we may waive our rights, such as our right to enforce a Non-Preferred rate on existing and new balances until paid in full or to enforce any minimum Non-Preferred rate. However, if we do waive any of our rights and there is another occurrence when you do not meet the conditions described above to be eligible for Preferred rates, we may again impose a Non-Preferred rate up to the maximum Non-Preferred rate (subject to any minimum rate) on all existing and new balances until they are paid in full.

We may obtain consumer credit reports from credit bureaus on you at any time in the future. We may use the reports and their contents, as well as information about your Account including its payment and/or usage history and your other relationships with us and our affiliates, to review your Account including for the purposes of determining its eligibility for Preferred rates and of establishing the Non-Preferred rates that may apply to your Account.

ARBITRATION AGREEMENT

IT IS IMPORTANT THAT YOU READ THIS ARBITRATION AGREEMENT CAREFULLY. IT PROVIDES THAT YOU MAY BE REQUIRED TO SETTLE A CLAIM OR DISPUTE THAT IS COVERED BY THIS ARBITRATION AGREEMENT THROUGH ARBITRATION. EVEN IF YOU WOULD PREFER TO LITIGATE THE CLAIM IN A COURT. YOU ARE GIVING UP RIGHTS YOU MIGHT HAVE TO LITIGATE SUCH CLAIMS IN A COURT OR BEFORE A JURY OR TO PARTICIPATE IN A CLASS ACTION LAWSUIT OR OTHER REPRESENTATIVE ACTION WITH RESPECT TO SUCH A CLAIM. OTHER RIGHTS THAT YOU WOULD HAVE IF YOU WENT TO COURT, SUCH AS DISCOVERY OR THE RIGHT TO APPEAL THE DECISION, MAY NOT BE AVAILABLE IN ARBITRATION OR MAY BE MORE LIMITED. CERTAIN CLAIMS BY EITHER OF US AGAINST THE OTHER SEEKING UP TO \$25,000,

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EXCLUDING INTEREST, COSTS AND FEES, MAY BE RESOLVED BY LITIGATION AND NOT ARBITRATION.

1. **Binding Arbitration.** This Arbitration Agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and be enforceable under the Federal Arbitration Act (the "FAA"), 9 U.S.C. §1-16 as it may be amended. This Arbitration Agreement sets forth the circumstances and procedures under which claims (as defined below) may be resolved by arbitration instead of being litigated in court.

2. **Claims Covered.** Any claim or dispute ("Claim", which term may refer to more than one claim as is appropriate for the context in which it is used) by either you or us against the other, or against the employees, agents, or assigns of the other arising from or relating in any way to the Cardmember Agreement, any prior Cardmember Agreement, your credit card Account or the advertising, application or approval of your Account, will, at the election of either you or us, be resolved by binding arbitration. This Arbitration Agreement governs all Claims, whether such Claims are based on law, statute, contract, regulation, ordinance, tort, common law, constitutional provision, or any legal theory of law such as respondent superior, or any other legal or equitable ground and whether such Claims seek as remedies money damages, penalties, injunctions, or declaratory or equitable relief. Claims subject to this Arbitration Agreement include Claims regarding the applicability of this Arbitration Agreement or the validity of the entire Cardmember Agreement or any prior Cardmember Agreement. As used in this Arbitration Agreement, the term "Claim" is to be given the broadest possible meaning. Notwithstanding the foregoing, a Claim may be resolved by litigation and is not subject to arbitration under this Arbitration Agreement if (1) the only remedy that will be sought by either of the parties is monetary damages; (2) neither party will seek a recovery in excess of \$25,000, excluding interest, costs and fees; and (3) the only parties to the litigation will be you and us. If one party wants a Claim to be resolved by arbitration, but the other party believes the Claim may be litigated subject to this small claims exception, the party seeking arbitration may require reasonable assurance from the other party that the conditions are true and that the party wishing to resolve the Claim by litigation will take no action now or in the future to change the nature of the Claim so that it would no longer meet the conditions of this small claims exception. If such reasonable assurance is not provided, the party seeking such assurance may require the Claim to be resolved by arbitration.

As used in this Arbitration Agreement, the term "Claims" includes claims that arose in the past, or arise in the present or the future. If a party elects to arbitrate a Claim, the arbitration will be conducted as an individual action. The only Claims that may be joined in an individual action under this Arbitration Agreement are (1) those brought by us against you and any co-applicant, joint cardmember, or authorized user of your Account, or your heirs or your trustee in bankruptcy or (2) those brought by you and any co-applicant, joint cardmember, or authorized user of your Account, or your heirs or your trustee in bankruptcy against us. This means that even if a class action

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lawsuit or other representative action, such as those in the form of a private attorney general action, is filed, any Claim between us related to the issues raised in such lawsuits will be subject to arbitration if you or we so elect. Claims subject to arbitration include Claims that are made as counterclaims, cross-claims, third-party claims, interpleaders or otherwise, and a party who initiates a proceeding in court may elect arbitration with respect to any such Claims advanced in the lawsuit by any party or parties.

For the purposes of this Arbitration Agreement, "we" and "us" means Chase Manhattan Bank USA, N.A., its parent, subsidiaries, affiliates, licensees, predecessors, successors, assigns, any purchaser of your Account, and all of their officers, directors, employees, agents, and assigns or any and all of them. Additionally, "we" or "us" shall mean any third party providing benefits, services, or products in connection with the Account (including but not limited to credit bureaus, merchants that accept any credit device issued under the Account, rewards programs and enrollment services, credit insurance companies, debt collectors, and all of their officers, directors, employees, agents and representatives) if, and only if, such a third party is named by you as a co-defendant in any Claim you assert against us.

3. Initiation of Arbitration. The party filing an arbitration must choose one of the following three arbitration administrators: American Arbitration Association; JAMS; or National Arbitration Forum. However, if we elect an administrator, you will have ten days after receiving notice of our election to request that the arbitration be conducted pursuant to rules of one of the other two arbitration administrators. To exercise your choice, you must notify us of your choice by writing us at P. O. Box 15933, Wilmington, DE 19850-5933. Send us a copy of the notice you received and state which of the other two arbitration administrators you choose. These administrators are independent from us. The administrator does not conduct the arbitration. Arbitration is conducted under the rules of the selected administrator by an impartial third party chosen in accordance with this Arbitration Agreement and rules of the selected administrator. Any arbitration hearing that you attend shall be held at a place chosen by the arbitrator or arbitration administrator within the federal judicial district in which you reside at the time the Claim is filed, or at some other place to which you and we agree in writing. You may obtain copies of the current rules of each of the three arbitration administrators, information about arbitration and arbitration fees, and instructions for initiating arbitration by contacting the arbitration administrators.

American Arbitration
Association
335 Madison Avenue,
Floor 10
New York, NY 10017-
4605
Web site: www.adr.org
800-778-7879

JAMS
1920 Main Street,
Suite 300
Irvine, CA 92610
Web site:
www.jamsadr.com
800-352-5267

National Arbitration Forum
P.O. Box 50191
Minneapolis, MN 55405
Web site: [www.arbitration-
forum.com](http://www.arbitration-
forum.com)
800-474-2371

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4. Procedures and law applicable in arbitration. A single, neutral arbitrator will resolve Claims. The arbitrator will either be a lawyer with at least ten years experience or a retired or former judge. The arbitrator will be selected in accordance with the rules of the arbitration administrator. The arbitration will be conducted under the applicable procedures and rules of the arbitration administrator that are in effect on the date the arbitration is filed unless those procedures and rules are inconsistent with this Arbitration Agreement, in which case this Agreement will prevail. These procedures and rules may limit the amount of discovery available to you or us. The arbitrator will apply applicable substantive law consistent with the FAA and applicable statutes of limitations, and will honor claims of privilege recognized at law. You may choose to have a hearing and be represented by counsel. The arbitrator will take reasonable steps to protect customer Account information and other confidential information, including the use of protective orders to prohibit disclosure outside the arbitration, if requested to do so by you or us. The arbitrator will have the power to award to a party any damages or other relief provided for under applicable law, and will not have the power to award relief to, against, or for the benefit of any person who is not a party to the proceeding. The arbitrator may award punitive damages or attorney fees, if such damages are authorized by law. The arbitrator will make any award in writing but need not provide a statement of reasons unless requested by a party. Upon a request by you or us, the arbitrator will provide a brief statement of the reasons for the award.

5. Costs. We will reimburse you for the initial arbitration filing fee paid by you up to the amount of \$500 upon receipt of proof of payment. Additionally, if there is a hearing, we will pay any fees of the arbitrator and arbitration administrator for the first two days of that hearing. The payment of any such hearing fees by us will be made directly to the arbitration administrator selected by you or us pursuant to this Arbitration Agreement. All other fees will be allocated in keeping with the rules of the arbitration administrator and applicable law. However, we will advance or reimburse filing fees and other fees if the arbitration administrator or arbitrator determines there is good reason for requiring us to do so or you ask us and we determine there is good cause for doing so. Each party will bear the expense of the fees and costs of that party's attorneys, experts, witnesses, documents and other expenses, regardless of which party prevails, for arbitration and any appeal (as permitted below), except that the arbitrator shall apply any applicable law in determining whether a party should recover any or all fees and costs from another party.

6. Enforcement, finality, appeals. You or we may bring an action including a summary or expedited motion to compel arbitration of Claims subject to arbitration, or to stay the litigation of any Claims pending arbitration, in any court having jurisdiction. Such action may be brought at any time, even if any such Claims are part of a lawsuit. Failure or forbearance to enforce this Arbitration Agreement at any particular time, or in connection with any particular Claims, will not constitute a waiver of any rights to require arbitration at a later time or in connection with any other Claims. Any additional or different agreement between you and us regarding arbitration must be in writing.

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The arbitrator's decision will be final and binding, except for any right of appeal under the FAA. In addition, the non-prevailing party may appeal any award that exceeds \$100,000 or that includes an award of punitive damages. Any request for an appeal must be filed in writing with the same arbitration administrator within 30 days of the receipt by the non-prevailing party of notice of the original award. The appeal shall be heard before a panel of three neutral arbitrators designated by the same arbitration administrator. The panel will consider all factual and legal issues anew, follow the same rules that apply to a proceeding using a single arbitrator, and make decisions based on the majority vote. The cost of the appeal imposed by the arbitration administrator shall be borne by the appealing party. An award in arbitration will be enforceable as provided by the FAA or other applicable law by any court having jurisdiction.

7. **Severability, survival.** This Arbitration Agreement shall survive: (i) termination or changes in the Cardmember Agreement, the Account and the relationship between you and us concerning the Account, such as the issuing of a new account number or the transferring of the balance in the Account to another account; (ii) the bankruptcy of any party; and (iii) any transfer, sale, or assignment of your Account, or any amounts owed on your Account, to any other person. If any portion of this Arbitration Agreement is deemed invalid or unenforceable, the remaining portions shall nevertheless remain in force.

FOR OHIO RESIDENTS. The 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.

IN CASE OF ERRORS OR INQUIRIES ABOUT YOUR BILL YOUR BILLING RIGHTS-KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

Notify Us in Case of Errors or Questions About Your Bill

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us on a separate sheet at the address listed on your bill after the word(s) "Questions" or "Send Inquiries To:." Write to us no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.

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- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

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

Your Rights and Our Responsibilities After We Receive Your Written Notice

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit line. You do not have to pay any questioned amount while we are investigating, but you are still obliged 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 related to any questioned amount. If we didn't make a mistake you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

Special Rule for Credit Card Purchases

If you have a problem with the quality of property or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right:

- (a) You must have made the purchase in your home state or, if not within your home state within 100 miles of your current mailing address; and
- (b) The purchase price must have been more than \$50.

These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.

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April, 2002

NS-624

ARBITRATION AGREEMENT AND CHANGE IN TERMS NOTICE

We would like to explain certain changes in the terms of your Cardmember Agreement ("Agreement"), including the addition of an Arbitration Agreement. Some of the terms in this Notice may already be in effect on your Account. Any terms on your Account not changed here remain in effect. The changes described below will take effect for billing cycles ending June 1, 2002 and thereafter. The changes will apply for all existing and future balances on your Account.

There are 2 sections below that describe the changes. The first is the Arbitration Agreement section, and the second is the Other Changes to your Agreement section. After those 2 sections, under the heading **Your Rights to Choose Not to Accept the Changes in this Notice**, please read about your rights to choose not to accept these changes and how to exercise those rights.

ARBITRATION AGREEMENT.

A new section is added to your Agreement that will read as follows:

ARBITRATION AGREEMENT

IT IS IMPORTANT THAT YOU READ THIS ARBITRATION AGREEMENT CAREFULLY. IT PROVIDES THAT YOU MAY BE REQUIRED TO SETTLE A CLAIM OR DISPUTE THAT IS COVERED BY THIS ARBITRATION AGREEMENT THROUGH ARBITRATION, EVEN IF YOU WOULD PREFER TO LITIGATE THE CLAIM IN A COURT. YOU ARE GIVING UP RIGHTS YOU MIGHT HAVE TO LITIGATE SUCH CLAIMS IN A COURT OR BEFORE A JURY OR TO PARTICIPATE IN A CLASS ACTION LAWSUIT OR OTHER REPRESENTATIVE ACTION WITH RESPECT TO SUCH A CLAIM. OTHER RIGHTS THAT YOU WOULD HAVE IF YOU WENT TO COURT, SUCH AS DISCOVERY OR THE RIGHT TO APPEAL THE DECISION, MAY NOT BE AVAILABLE IN ARBITRATION OR MAY BE MORE LIMITED. CERTAIN CLAIMS BY EITHER OF US AGAINST THE OTHER SEEKING UP TO \$25,000,

**EXCLUDING INTEREST, COSTS AND FEES, MAY
BE RESOLVED BY LITIGATION AND NOT
ARBITRATION.**

1. Binding Arbitration.

This Arbitration Agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and be enforceable under the Federal Arbitration Act (the "FAA"), 9 U.S.C. §1-16 as it may be amended. This Arbitration Agreement sets forth the circumstances and procedures under which claims (as defined below) may be resolved by arbitration instead of being litigated in court.

2. Claims Covered

Any claim or dispute ("Claim", which term may refer to more than one claim as is appropriate for the context in which is used) by either you or us against the other, or against the employees, agents, or assigns of the other arising from or relating in any way to the Cardmember Agreement, any prior Cardmember Agreement, your credit card Account or the advertising, application or approval of your Account, will, at the election of either you or us, be resolved by binding arbitration. This Arbitration Agreement governs all Claims, whether such Claims are based on law, statute, contract, regulation, ordinance, tort, common law, constitutional provision, or any legal theory of law such as respondent superior, or any other legal or equitable ground and whether such Claims seek as remedies money damages, penalties, injunctions, or declaratory or equitable relief. Claims subject to this Arbitration Agreement include Claims regarding the applicability of this Arbitration Agreement or the validity of the entire Cardmember Agreement or any prior Cardmember Agreement. As used in this Arbitration Agreement, the term "Claim" is to be given the broadest possible meaning. Notwithstanding the foregoing, a Claim may be resolved by litigation and is not subject to arbitration under this Arbitration Agreement if (1) the only remedy that will be sought by either of the parties is monetary damages; (2) neither party will seek a recovery in excess of \$25,000, excluding interest, costs and fees; and (3) the only parties to the litigation will be you and us. If one party wants a Claim to be resolved by arbitration, but the other party believes

the Claim may be litigated subject to this small claims exception, the party seeking arbitration may require reasonable assurance from the other party that the conditions are true and that the party wishing to resolve the Claim by litigation will take no action now or in the future to change the nature of the Claim so that it would no longer meet the conditions of this small claims exception. If such reasonable assurance is not provided, the party seeking such assurance may require the Claim to be resolved by arbitration.

As used in this Arbitration Agreement, the term "Claims" includes claims that arose in the past, or arise in the present or the future. If a party elects to arbitrate a Claim, the arbitration will be conducted as an individual action. The only Claims that may be joined in an individual action under this Arbitration Agreement are (1) those brought by us against you and any co-applicant, joint cardmember, or authorized user of your Account, or your heirs or your trustee in bankruptcy or (2) those brought by you and any co-applicant, joint cardmember, or authorized user of your Account, or your heirs or your trustee in bankruptcy against us. This means that even if a class action lawsuit or other representative action, such as those in the form of a private attorney general action, is filed, any Claim between us related to the issues raised in such lawsuits will be subject to arbitration if you or we so elect. Claims subject to arbitration include Claims that are made as counterclaims, cross-claims, third-party claims, interpleaders or otherwise, and a party who initiates a proceeding in court may elect arbitration with respect to any such Claims advanced in the lawsuit by any party or parties.

For the purposes of this Arbitration Agreement, "we" and "us" means Chase Manhattan Bank USA, N.A., its parent, subsidiaries, affiliates, licensees, predecessors, successors, assigns, any purchaser of your Account, and all of their officers, directors, employees, agents, and assigns or any and all of them. Additionally, "we" or "us" shall mean any third party providing benefits, services, or products in connection with the Account (including but not limited to credit bureaus, merchants that accept any credit device issued under the Account, rewards programs and enrollment services, credit insurance companies, debt

collectors, and all of their officers, directors, employees, agents and representatives) if, and only if, such a third party is named by you as a co-defendant in any Claim you assert against us.

3. Initiation of Arbitration.

The party filing an arbitration must choose one of the following three arbitration administrators: American Arbitration Association; JAMS; or National Arbitration Forum. However, if we elect an administrator, you will have ten days after receiving notice of our election to request that the arbitration be conducted pursuant to rules of one of the other two arbitration administrators. To exercise your choice, you must notify us of your choice by writing us at P.O. Box 15933, Wilmington, DE 19850-5933. Send us a copy of the notice you received and state which of the other two arbitration administrators you choose. These administrators are independent from us. The administrator does not conduct the arbitration. Arbitration is conducted under the rules of the selected administrator by an impartial third party chosen in accordance with this Arbitration Agreement and rules of the selected administrator. Any arbitration hearing that you attend shall be held at a place chosen by the arbitrator or arbitration administrator within the federal judicial district in which you reside at the time the Claim is filed, or at some other place to which you and we agree in writing. You may obtain copies of the current rules of each of the three arbitration administrators, information about arbitration and arbitration fees, and instructions for initiating arbitration by contacting the arbitration administrators.

American Arbitration Association
335 Madison Avenue, Floor 10
New York, NY 10017-4605
Web site: www.adr.org
800-778-7879

JAMS
1920 Main Street, Suite 300
Irvine, CA 92610
Web site: www.jamsadr.com
800-352-5267

National Arbitration Forum
P.O. Box 50191
Minneapolis, MN 55405
Web site: www.arbitration-forum.com
800-474-2371

4. Procedures and law applicable in arbitration.

A single, neutral arbitrator will resolve Claims. The arbitrator will either be a lawyer with at least ten years experience or a retired or former judge. The arbitrator will be selected in accordance with the rules of the arbitration administrator. The arbitration will be conducted under the applicable procedures and rules of the arbitration administrator that are in effect on the date the arbitration is filed unless those procedures and rules are inconsistent with this Arbitration Agreement, in which case this Agreement will prevail. These procedures and rules may limit the amount of discovery available to you or us. The arbitrator will apply applicable substantive law consistent with the FAA and applicable statutes of limitations, and will honor claims of privilege recognized at law. You may choose to have a hearing and be represented by counsel. The arbitrator will take reasonable steps to protect customer Account information and other confidential information, including the use of protective orders to prohibit disclosure outside the arbitration, if requested to do so by you or us. The arbitrator will have the power to award to a party any damages or other relief provided for under applicable law, and will not have the power to award relief to, against, or for the benefit of any person who is not a party to the proceeding. The arbitrator may award punitive damages or attorney fees, if such damages are authorized by law. The arbitrator will make any award in writing but need not provide a statement of reasons unless requested by a party. Upon a request by you or us, the arbitrator will provide a brief statement of the reasons for the award.

5. Costs.

At your written request, we will advance any reasonable arbitration filing fee, or administrative and hearing fees that you are required to pay to pursue a Claim in arbitration up to the amount of \$500. We will reimburse you for the initial fee if you paid it and you

prevail on your Claim. If there is a hearing, we will pay any fees of the arbitrator and arbitration administrator for the first two days of that hearing. All other fees will be allocated in keeping with the rules of the arbitration administrator and applicable law. However, we will advance or reimburse filing fees and other fees if the arbitration administrator or arbitrator determines there is good reason for requiring us to do so or you ask us and we determine there is good cause for doing so. Each party will bear the expense of the fees and costs of that party's attorneys, experts, witnesses, documents and other expenses, regardless of which party prevails, for arbitration and any appeal (as permitted below), except that the arbitrator shall apply any applicable law in determining whether a party should recover any or all fees and costs from another party.

6. Enforcement, finality, appeals.

You or we may bring an action including a summary or expedited motion to compel arbitration of Claims subject to arbitration, or to stay the litigation of any Claims pending arbitration, in any court having jurisdiction. Such action may be brought at any time, even if any such Claims are part of a lawsuit. Failure or forbearance to enforce this Arbitration Agreement at any particular time, or in connection with any particular Claims, will not constitute a waiver of any rights to require arbitration at a later time or in connection with any other Claims. Any additional or different agreement between you and us regarding arbitration must be in writing. The arbitrator's decision will be final and binding, except for any right of appeal under the FAA. In addition, the non-prevailing party may appeal any award that exceeds \$100,000 or that includes an award of punitive damages. Any request for an appeal must be filed in writing with the same arbitration administrator within 30 days of the receipt by the non-prevailing party of notice of the original award. The appeal shall be heard before a panel of three neutral arbitrators designated by the same arbitration administrator. The panel will consider all factual and legal issues anew, follow the same rules that apply to a proceeding using a single arbitrator, and make decisions based on the majority vote. The cost of the appeal imposed by the

arbitration administrator shall be borne by the appealing party. An award in arbitration will be enforceable as provided by the FAA or other applicable law by any court having jurisdiction.

7. Severability, survival.

This Arbitration Agreement shall survive: (i) termination or changes in the Cardmember Agreement, the Account and the relationship between you and us concerning the Account, such as the issuing of a new account number or the transferring of the balance in the Account to another account; (ii) the bankruptcy of any party, and (iii) any transfer, sale, or assignment of your Account, or any amounts owed on your Account, to any other person. If any portion of this Arbitration Agreement is deemed invalid or unenforceable, the remaining portions shall nevertheless remain in force.

OTHER CHANGES TO YOUR AGREEMENT.

- **Regular Preferred interest rate for Advances and Prime Rate Index.** The regular Preferred interest rate for Advances will be changed to equal a variable rate of the Prime Rate Index plus 11.99%, with a minimum rate of a nominal ANNUAL PERCENTAGE RATE of 19.99% (daily periodic rate of .05477%). The Variable Rate section of your Agreement applies to this rate. The Prime Rate Index for this rate, and all other variable rates in your Agreement, will be the highest Prime Rate published in the "Money Rates" table of *The Wall Street Journal* on the last business day of each calendar month. The new Preferred Advances rate may vary based on changes in the Prime Rate Index, subject to the minimum rate. Based on the current Prime Rate Index, we estimate that as of the effective date of this change your new Preferred Advances rate will be the minimum rate (19.99% APR).
- **Regular Preferred interest rate for Advances not changed for certain accounts.** If your current Preferred Advances interest rate is a variable rate that is higher than the Prime Rate Index plus 11.99%, or if it is a fixed rate that is higher than 19.99% APR, then the new Preferred Advances interest rate will not apply to your Account and your current Preferred Advances interest rate will remain in effect. However, the Prime Rate Index for your current Preferred Advances interest rate will be the Prime Rate Index described above.

- **Non-Preferred minimum interest rate and Prime Rate Index.** We are changing the minimum rate for your existing variable Non-Preferred interest rate to a fixed nominal ANNUAL PERCENTAGE RATE of 22.99% (daily periodic rate of .06299%). The Non-Preferred rate applies to all balances on your Account when it is not in good standing under the conditions described in the "Preferred Customer Pricing Eligibility" section of your Agreement. Your existing variable Non-Preferred rate will continue to be up to the Prime Rate Index plus your existing margin and may vary based on changes in the Prime Rate Index, subject to the minimum rate. The Prime Rate Index for the Non-Preferred rate will be the Prime Rate Index described above. Based on the current Prime Rate Index, we estimate that as of the effective date of this change your Non-Preferred rate will be the minimum rate (22.99% APR).
- **Non-Preferred interest rate added for certain accounts.** If the current Agreement for your Account does not have in effect a "Preferred Customer Pricing Eligibility" section that describes how interest rates are determined in part by whether your Account is or is not in good standing, this section will be added to your Agreement and is described below. For such accounts, your variable Non-Preferred interest rate will be the Prime Rate Index described above plus 14.99%, subject to the minimum rate described in the paragraph above. The Variable Rate section of your Agreement applies to this Non-Preferred rate. Based on the current Prime Rate Index, we estimate that as of the effective date of this change your Non-Preferred rate will be the minimum rate (22.99% APR).
- **Preferred Customer Pricing Eligibility.** The "Preferred Customer Pricing Eligibility" section of your Agreement will be revised (or added if it is not part of your current Agreement) to provide that existing and new balances on your Account when a Non-Preferred rate is in effect will remain subject to the Non-Preferred rate until they are paid in full unless we waive the right to enforce that rate. If your Account meets the conditions for Preferred rates for a time period not to exceed 12 months, it may be eligible for Preferred rates again on new transactions. Historical information that precedes this change may be used to determine whether or not your Account meets the conditions of the revised (or new) section. This section will read as follows.

Preferred Customer Pricing Eligibility. Your Account will be reviewed every month on your Statement Closing Date to determine its continued eligibility for the Preferred or Non-Preferred rates. On each monthly review, we may change your interest rates and impose a Non-Preferred rate up to the maximum Non-Preferred rate (subject to any minimum rate) described in your Agreement for each occurrence when you do not meet the conditions described below to be eligible for Preferred rates. Any changes in your interest rates as a result of the monthly reviews for Preferred or Non-Preferred rates will be effective with the billing cycle ending on the review date.

To be eligible for Preferred rates, the following conditions must be met as of the review date: you have made at least the required minimum payments when due on your Account and on all other loans or accounts with us and your other creditors; the credit limit on your Account has not been exceeded; and any payment on your Account has not been returned unpaid.

If you do not meet all of these conditions, then you will be in default under this Agreement and your Account may lose its Preferred rates. In this event, a Non-Preferred rate up to the maximum Non-Preferred rate (subject to any minimum rate) will apply to all existing and new balances on your Account, and these balances will remain subject to a Non-Preferred rate until they are paid in full. When we review your Account in subsequent monthly reviews, your Account may again be eligible for Preferred rates for new Purchases, new Balance Transfers and new Advances if, for a time period not to exceed 12 months, the following conditions are met: your Account is open, you have made the required minimum payments when due on your Account and on all other loans or accounts with us and your other creditors, the credit limit on your Account has not been exceeded and any payment on your Account has not been returned unpaid. Notwithstanding the above, we may waive our rights, such as our right to enforce a Non-Preferred rate on existing and new balances until paid in full or to enforce any minimum Non-Preferred rate. However, if we do waive any of our rights and there is another

occurrence when you do not meet the conditions described above to be eligible for Preferred rates, we may again impose a Non-Preferred rate up to the maximum Non-Preferred rate (subject to any minimum rate) on all existing and new balances until they are paid in full.

We may obtain consumer credit reports from credit bureaus on you at any time in the future. We may use the reports and their contents, as well as information about your Account including its payment and/or usage history and your other relationships with us and our affiliates, to review your Account including for the purposes of determining its eligibility for Preferred rates and of establishing the Non-Preferred rates that may apply to your Account.

- **Late Payment Fee.** The Late Payment Fee in your Agreement will be changed as follows. The Late Payment Fee will be determined based on the Previous Balance on your monthly statement that shows the Late Payment Fee. That Previous Balance is the closing balance of your prior monthly statement for which we did not receive timely payment. The Late Payment Fee will also be determined based on whether or not a Non-Preferred interest rate is in effect on your monthly statement. The Late Payment Fee will be:

| <u>Previous Balance</u> | <u>Late Fee</u> |
|------------------------------|-----------------|
| up to \$150.00 | \$15 |
| \$150.01 up to \$1,200.00 | \$29 |
| \$1,200.01 or greater | \$35 |
| Non-Preferred rate in effect | \$35 |

This fee is owed if we do not receive the required minimum payment, in accordance with our payment instructions, by the time of day on the payment due date shown on your monthly statement.

- **Stop Payment Fee.** The Stop Payment Fee in your Agreement will be changed to \$29, if it has not been changed already. This fee will be imposed for each request made to stop payment on any check or other form of Advance drawn on your Account, or to withdraw a stop payment request.

- **Copy Fee.** The "Sales Slip or Duplicate Statement Fee" section in your Agreement will be amended to provide that the fee provided in this section will also be charged for any other record or document that we provide at your request.

The fee will be \$5 for each copy of any such record or document, and will remain \$10 for an original sales slip. The fee will not be owed if your request reveals a billing error or unauthorized use on your Account as defined by the Federal Reserve Board's Regulation Z.

- **Card Replacement Fee.** A new section is added to your Agreement that will read as follows:

You may be charged a Card Replacement fee of \$10 for any special services, such as obtaining any Card on an expedited basis.

- **Immediate Phone Payment Fee.** A new section is added to your Agreement that will read as follows:

We may in our discretion permit you to make payments by authorizing us on your behalf to transfer funds from a deposit or other account to your Account. For each such payment, you will be charged an Immediate Phone Payment processing fee of \$12.

- **Minimum Payment.** The "Minimum Payment" section of your Agreement will be modified by adding a sentence that states that in any given month that your current minimum payment calculated using a percentage of the New Balance is less than your total Finance Charges billed, the Minimum Payment will be equal to your total Finance Charges billed rounded up to the nearest dollar. The additional sentence will read as follows:

If the Minimum Payment as calculated herein is less than the Total Finance Charge as shown on your statement, your Minimum Payment for that statement instead will equal the Total Finance Charge (rounded up to the nearest dollar).

The other terms and conditions of your Agreement related to your Minimum Payment, such as our right to add any past due amounts, will still apply.

YOUR RIGHTS TO CHOOSE NOT TO ACCEPT THE CHANGES IN THIS NOTICE.

The changes described in this Notice will not become effective if you send us a written letter that you choose not to accept them. You may choose not to accept the Arbitration Agreement section, the Other Changes to your Agreement section, or both. If the only choice you make is not to accept the Arbitration Agreement section,

your Account will remain open. If you do not accept the **Other Changes to your Agreement** section, your Account will be closed to further use (if it is not already closed). In any event, we must receive your letter no later than May 24, 2002. In your letter please include your name, address, account number and a statement that you do not want the **Arbitration Agreement** section, the **Other Changes to your Agreement** section, or both sections, to apply to your Account. If you do not specify which sections you choose not to accept, we will assume that you chose not to accept both sections and your Account will be closed. Your letter must be mailed to Chase Manhattan Bank USA, N.A., P.O. Box 15120, Wilmington, DE, 19850-5120. We must receive your written letter by the time indicated and at the address indicated or your choice(s) will not be effective; it is not sufficient to telephone us. If your letter is received by May 24, 2002 and you do not accept the **Other Changes to your Agreement** section, the changes in that section described above will not apply to your Account and you must pay off any outstanding balances on your Account in accordance with the payment and other applicable terms of your Agreement.

Please retain this Notice for your records.
Chase Manhattan Bank USA, N.A.

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NS-624 3-02

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IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

DOCKET # 100226
NO: 05-203-CD
SERVICE # 1 OF 1
COMPLAINT

PLAINTIFF: CAVALRY PORTFOLIO SERVICES, LLC
vs.
DEFENDANT: ANGELA M. HEATLEY

SHERIFF RETURN

NOW, March 04, 2005 AT 9:54 AM SERVED THE WITHIN COMPLAINT ON ANGELA M. HEATLEY DEFENDANT AT 1619 COOPER AVE., GRASSFLAT, CLEARFIELD COUNTY, PENNSYLVANIA, BY HANDING TO ANGELA M. HEATLEY, DEFENDANT A TRUE AND ATTESTED COPY OF THE ORIGINAL COMPLAINT AND MADE KNOWN THE CONTENTS THEREOF.

SERVED BY: HUNTER / NEVLING

FILED
019:04:50
MAR 23 2005 (GK)

William A. Shaw
Prothonotary/Clerk of Courts

| PURPOSE | VENDOR | CHECK # | AMOUNT |
|-----------------|--------|---------|--------|
| SURCHARGE | GORDON | 9769 | 10.00 |
| SHERIFF HAWKINS | GORDON | 9769 | 33.39 |

Sworn to Before Me This

_____ Day of _____ 2005

So Answers,

Chester A. Hawkins
by Maulyr Hamr

Chester A. Hawkins
Sheriff

GORDON & WEINBERG, P.C.
BY: FREDERIC I. WEINBERG, ESQUIRE
Identification No.: 41360
PAUL M. SCHOFIELD, JR., ESQUIRE
Identification No.: 81894
21 SOUTH 21ST STREET
PHILADELPHIA, PA 19103
215/988-9600

Cavalry Portfolio Services,
LLC as assignee of Cavalry
Investments, LLC, as assignee
of eCast Settlement Corp. as
assignee of Chase

COURT OF COMMON PLEAS
CLEARFIELD COUNTY

vs.

DOCKET NO. : 05-203-CD

Angela M. Heatley

ORDER TO SETTLE, DISCONTINUE AND END

TO THE PROTHONOTARY:

Kindly mark the above-captioned matter settled, discontinued
and ended upon payment of your costs only.

GORDON & WEINBERG, P.C.

BY: _____

FREDERIC I. WEINBERG, ESQUIRE
PAUL M. SCHOFIELD, JR., ESQUIRE
Attorney for Plaintiff

P003

FILED NO
MAR 30 2005 2 Cert. of
William A. Shaw Disc. to Atty
Prothonotary/Clerk of Courts Copy to CIA

**IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA**

CIVIL DIVISION

**Calvalry Portfolio Services LLC
Cavalry Investments, LLC
eCast Settlement Corp.**

**Vs.
Angela M. Heatley**

No. 2005-00203-CD

CERTIFICATE OF DISCONTINUATION

Commonwealth of PA
County of Clearfield

I, William A. Shaw, Prothonotary of the Court of Common Pleas in and for the County and Commonwealth aforesaid do hereby certify that the above case was on March 30, 2005, marked:

Settled, Discontinued and Ended

Record costs in the sum of \$85.00 have been paid in full by Frederic I. Weinberg, Esq.

IN WITNESS WHEREOF, I have hereunto affixed my hand and seal of this Court at Clearfield, Clearfield County, Pennsylvania this 30th day of March A.D. 2005.

William A. Shaw, Prothonotary