

RETAIL INSTALMENT CREDIT AGREEMENT

The First National Bank of Groton

1. **AGREEMENT** - This is an agreement (“Agreement”) between The First National Bank of Groton, 161 Main Street, Groton, New York 13073-0038 (referred to as the “Bank”, “us” or “we”), and each person who applies to it for the Card account (referred to as “you”). A Card account may be either a MasterCard account or a VISA account. Any credit card(s) issued in connection with this account is referred to as “Card” and the account is referred to as a “Card Account” or “Account.” Card(s) include each MasterCard(s), VISA Card(s) or both, issued in connection with this Account. The first use of a Card by you or by a person authorized by you will mean that you accept the terms of this Agreement relating to those features. This Agreement is not effective until you, or a person authorized by you, uses the Account by signing a sales slip or other memorandum evidencing the purchase or lease of goods or services or the payment of a fine or uses the Card or other Account access device (if any). You will not be responsible for the use of the Account if the Card or other access device is lost or stolen prior to this first authorized use.

2. **CARD USE** - The Card(s) must be signed by the person whose name is printed on it, or by someone else with that person’s authorization. The Card(s) may then be used to purchase and lease goods and services from retail sellers (“Seller(s)”) who accept your Card(s). This is done by presenting your Card or account number to the Seller. A sales slip will be prepared showing what you purchased or leased and the price you pay. The Bank then will collect the amount of the charges from you instead of the Seller billing you.

You may also obtain loans, which we call Cash Advances. This is done by your going to the Bank or another bank which accepts the Card you are using, presenting your Card and signing a request for the amount of your loan. The minimum Cash Advance is \$25.00. Your Card may also be used at certain electronic banking terminals to obtain Cash Advances. You will be issued a separate Personal Identification Number (PIN) for use with this feature. The minimum and maximum Cash Advance at electronic terminals may vary.

3. **CREDIT LIMIT** - You agree that your total indebtedness under this Agreement may not exceed the Credit Limit set by the Bank for your Account. This limit is provided on your initial approval and your statement and is incorporated in this Agreement. You may not use your Account if you have exceeded your Credit Limit or if your use of the Card or Account in any transaction, if approved, would cause the Credit Limit to be exceeded. You agree to immediately pay us any amounts which you owe in excess of that limit. We may increase or decrease your Credit Limit from time to time without your prior approval, as permitted by law.

4. **MONTHLY STATEMENT** - Each month we will send a Statement to a person in whose name the Account is carried. The Statement will show the Credit Purchases (sometimes referred to as Purchases) and Cash Advances made or posted to your Account during the monthly billing period selected by the Bank (Billing Cycle). It will also show any Finance Charges, fees, charges, payments, or other credits, the balance you owe and the minimum amount you must pay.

5. **PAYMENT** - You agree to pay for all Credit Purchases, Cash Advances, Finance Charges and other debits to your account. Not later than the Payment Due Date shown on your Monthly Statement, you agree to pay an amount equal to at least the sum of (A) plus (B) below:

A. **Minimum Payment for Purchases:** if your entire unpaid balance for Credit Purchases is less than \$25.00, you must pay your entire balance; if it is more than \$25.00; you must pay either four percent (4%) (rounded to the next higher whole dollar) of the total unpaid balance for Credit Purchases (which includes Finance Charges and other debits, charges, payments, and credits to your account), or \$25.00, whichever is more; plus

B. **Minimum Payment for Cash Advances:** if your entire unpaid balance for Cash Advances is less than \$25.00, you must pay your entire balance; if it is more than \$25.00; you must pay either four percent (4%) (rounded to the next higher whole dollar) of the total unpaid balance for Cash Advances (which includes Finance Charges and other debits, charges, payments and credits to your account), or \$25.00, whichever is more.

On your Monthly Statement, the separate minimum payments for Purchases and Cash Advances will be added together and appear as a single sum. The minimum payment will not exceed your New Balance. Your New Balance is shown on your Monthly Statement and includes your Previous Balance, together with all Credit Purchases, Cash Advances, Finance Charges, other debits, charges, payments, and credits to your account during the current Billing Cycle.

6. FIGURING THE MONTHLY PERIODIC INTEREST RATE AND ANNUAL PERCENTAGE RATE FOR PURCHASES AND FOR CASH ADVANCES - Your Monthly Periodic Interest Rate and Annual Percentage Rate for Credit Purchases are the same as your Monthly Periodic Interest Rate and Annual Percentage Rate for Cash Advances. These rates are figured as follows:

A. Your Monthly Periodic Interest Rate and corresponding **ANNUAL PERCENTAGE RATE** will be set periodically and are subject to change (increase or decrease) on each "Rate Change Date". Rate Change Dates occur on the first day of your billing cycle beginning in January, April, July and October. The Monthly Periodic Interest Rate and corresponding **ANNUAL PERCENTAGE RATE** in effect on the day your Credit Card Account is opened is disclosed in the statement or separate notice which accompanies the mailer in which you received your Credit Card(s). This disclosure is incorporated into and made a part of this Agreement.

- (i) Identification of the Index. The "Index" we will use to determine the Monthly Periodic Rate is the "Prime Rate" as published in The Wall Street Journal (the "Journal"). The Index is published in each edition of the Journal. Where more than one Prime Rate may be published in any edition, the Index will be the highest of the Prime Rates set forth. If the Index is not available in the Journal, we may choose a comparable alternate index as a replacement.
- (ii) Selecting the New Index. On the first Bank business day of the second month before each Rate Change Date, we will determine a new Index value (the "New Index"). The New Index will be the Prime Rate as published in that day's Journal. If the Journal is not published that day or if that day is not a Bank business day, the New Index will be the Prime Rate as published in the edition of the Journal on the next Bank business day.
- (iii) Figuring the New Rate. We will add five and nine-tenths (5.9) percentage points to the New Index to arrive at the annualized loan rate (**ANNUAL PERCENTAGE RATE**). We divide the Annual Percentage Rate by 12 and round it to the second decimal place to determine the Monthly Periodic Rate that will apply to your Account starting with the next Rate Change Date. The only limit on Monthly Periodic Interest Rate or Annual Percentage Rate increases or decreases as determined above is that the Annual Percentage Rate cannot go above applicable legal limits. Rate increases or decreases will be implemented on the Rate Change Date. A change in the rate will result in an increase or decrease in the Finance Charge, which may result in an increase or decrease to your minimum monthly payment.
- (iv) Legal Rate Limit. The Monthly Periodic Interest Rate and Annual Percentage Rate described above and any rate effective during the life of this Agreement have been designed to come within the legally permitted bounds for this type of Account. However, if it should be determined subsequently that any rate or finance charge or any other charge imposed under this Agreement exceeds applicable legal limits, such rate(s) or charge(s) will be reduced to the maximum amount legally permitted. In such case, any excess amount already paid will be refunded to you or, at your option, applied to reduce your account balance. Any such refund or credit shall not affect your obligations under this Agreement or excuse or cure any default that may occur.

7. CALCULATING THE "**FINANCE CHARGE**" FOR CREDIT PURCHASES - To avoid incurring additional Finance Charges in the form of interest on the balance of Credit Purchases reflected on the current statement and on any new Credit Purchases appearing on your next statement, you must pay the New Balance on Credit Purchases shown on the current statement on or before the Payment Due Date. The balance of Credit Purchases subject to Finance Charge is the average daily outstanding unpaid balance (the "Average Monthly Balance"), which is determined by dividing the sum of the daily balances during the billing cycle by the number of days in the cycle. Each daily balance of Credit Purchases is determined by adding to the previous balance new Credit Purchases posted through that date if the previous balance was not paid in full within 25 days of the statement closing date, and subtracting each payment and credit on the date of receipt, but excluding any unpaid Finance Charges.

The **FINANCE CHARGE** for Credit Purchases is figured this way:

We multiply the Average Monthly Balance of Credit Purchases by the Monthly Periodic Interest Rate. The result is the **FINANCE CHARGE**. The **FINANCE CHARGE** = Average Monthly Balance for Credit Purchases x Monthly Periodic Interest Rate.

There will be no **FINANCE CHARGE** on new Credit Purchases if:

- A. Your current Monthly Statement contains no previous Credit Purchases balances which have not been satisfied in full by payment or credit to your Account; or

- B. You pay the amount which is shown in your current Monthly Statement as the New Balance for Credit Purchases by the Payment Due Date in order to avoid additional Finance Charges on Purchases.

Except as stated above, all Purchases are subject to a **FINANCE CHARGE** from the date of the posting until payment in full.

If there is a periodic **FINANCE CHARGE** due, but it is less than \$.50, you agree to pay a minimum **FINANCE CHARGE** of **\$.50**.

8. CALCULATING THE “**FINANCE CHARGE**” FOR CASH ADVANCES - The first component of the **FINANCE CHARGE** for Cash Advances is figured on the average daily outstanding unpaid balance of Cash Advances. The Finance Charges on Cash Advances in the form of interest begins to accrue as of the transaction date or the first day of the billing cycle in which it is posted to your Account, whichever is later. The balance subject to Finance Charge in the form of interest is the average daily outstanding unpaid balance during the billing cycle (the “Average Monthly Balance”), which is determined by dividing the sum of the daily balances during the billing cycle, by the number of days in the billing cycle. Each daily balance is determined by adding to the previous balance Cash Advances as of the transaction date or the first day of the billing cycle in which posted, whichever is later, and subtracting each payment and credit on the date of receipt, but excluding any unpaid Finance Charges.

The second component of the **FINANCE CHARGE** for Cash Advances is equal to all transaction fee(s) for Cash Advance transactions during the Billing Cycle.

The **FINANCE CHARGE** for Cash Advances is figured this way:

The **FINANCE CHARGE** is equal to the sum of (A) plus (B) as follows (**FINANCE CHARGE** = (A) + (B)):

- A. We multiply the Average Monthly Balance of Cash Advances by the Monthly Periodic Interest Rate. The result is the first component of the **FINANCE CHARGE**. (Average Monthly Balance of Cash Advances x Monthly Periodic Interest Rate = the first component of the **FINANCE CHARGE**.)
- B. For each Billing Cycle in which you obtain one or more Cash Advances, the Bank will impose a transaction charge (fee) for each Cash Advance transaction. This fee(s) is a part of the **FINANCE CHARGE**. In each Billing Cycle, the Bank will total these individual transaction fees, and this total equals the second component of the **FINANCE CHARGE** for Cash Advances.

All Cash Advances are subject to a periodic **FINANCE CHARGE** or interest charge from the date of the advance or the first day of the Billing Cycle, if later, until payment in full. There is no grace period or free-ride period.

9. FINANCE CHARGES OTHER THAN PERIODIC RATE/INTEREST CHARGES-

- A. CASH ADVANCE TRANSACTION CHARGE - For each Cash Advance transaction conducted, the Bank will assess and you agree to pay us a Cash Advance transaction charge (fee) in an amount equal to **two percent (2%)** of the amount of the Cash Advance transaction, with a minimum charge of **\$1.00** and a maximum charge of **\$10.00** for each transaction. If the Cash Advance transaction is conducted by using an ATM or Card Account Check, the Cash Advance transaction charge for each transaction is **\$1.00** regardless of the amount of the transaction. These transaction charges will be added to the **FINANCE CHARGE** for Cash Advances in each Billing Cycle in which a transaction occurs and will be imposed whether you obtain a Cash Advance at any branch of the Bank, at another bank or other location that accepts the Card for purposes of obtaining Cash Advances, by the use of the Card in an Automated Teller Machine (ATM).
- B. FOREIGN CURRENCY TRANSACTIONS - Any Purchase or Cash Advance which you make in a foreign currency will be converted to U.S. Dollars by VISA International or MasterCard International, as applicable, in accordance with their procedures. The exchange rate currently applied to these transactions is either a wholesale market rate or government mandated rate in effect on the day prior to the processing date, plus a 1% charge imposed and retained by VISA International or MasterCard International, as applicable. The exchange rate imposed is not necessarily the same rate as in effect on the date of the transaction or posting to your Account.

10. LATE CHARGE - If you fail to pay the minimum payment due as shown on your Monthly Statement by the Payment Due Date. After ten days the Bank will assess and you agree to pay us a late charge of \$15.00, which charge will be added to your Purchases Account.

11. RETURNED ITEM CHARGES - If you make a payment to us by means of a check for any amount due, and payment of the check is not made for any reason, you agree to pay us a returned item charge of \$15.00, which charge will be added to your Purchases Account.

12. OVER THE LIMIT CHARGES – None. You do not have the ability to go over your Credit Limit.

13. ANNUAL MEMBERSHIP FEE - There is no Annual Membership Fee at this time.

14. OTHER PAYMENT TERMS. We will apply payments to your Card Account in the following order: first, to billed finance charges for Cash Advances, then to billed finance charges for Credit Purchases, and then to fees or other charges, including insurance premiums (if any), unpaid minimum payments and finally, to Cash Advance balances and to Purchase balances or in any such order as we, from time to time, may apply.

15. SKIP PAYMENT OPTION - From time to time, the Bank may offer you a Skip Payment Option which allows you to skip (not make) a Minimum Payment for a Billing Cycle which it selects. The Bank is not required to provide this option at any time. If the Bank does elect to offer a Skip Payment Option, it will notify you. If you accept the offered Skip Payment Option:

Finance Charges in the form of interest will continue to accrue on all Account balances in accordance with the terms of this Agreement.

Note: If you normally pay your Account balance in full, the effect of skipping a payment under the Skip Payment Option will be that you will lose the “grace period” you enjoy when you pay your Purchases Balance in full each month. Under the Skip Payment Option, Finance Charges will continue to accrue on your Purchases Account balance until you again pay your Purchases Account balance in full.

Beginning with the Billing Cycle following the Billing Cycle in which the Skip Payment Option could be elected, the Minimum Payment terms of this Agreement will once again apply.

16. PREPAYMENT - **In addition to your required minimum payment, you may pay all or part of the amount you owe us under this Agreement at any time.**

17. SECURITY - Your obligation to make payments to the Bank under this Agreement is unsecured. This means that you are not giving the Bank an interest in any property owned by you to back up your promise to pay.

18. DEFAULT - You will be in default:

- A. If you do not make the required payment on time; or
- B. If you fail to pay any other debt you owe the Bank; or
- C. If you fail to keep any of your promises under this Agreement; or
- D. If you become involved in a bankruptcy or similar proceeding as a debtor; or
- E. If you die; or
- F. If anything you told us in your credit application is false.

If you default, the Bank can demand immediate payment of the entire balance you owe under this Agreement. The Bank may also refuse to pay or honor any additional purchases, charges, or cash advances.

19. ATTORNEYS’ FEES - If the Bank has to sue you to collect, you agree to pay the Bank’s reasonable attorneys’ fees (not more than 20% of the amount you owe).

20. JOINT ACCOUNT; CANCELLATION - If the Account established under this Agreement is in the name of two or more persons (Account holders), each Account holder is responsible for payment of the entire amount owing under the Agreement. Any one Account holder may direct the Bank to terminate the Account, and the Bank shall have the right to comply with such instruction without notice, and shall have no liability to any Account holder. All use of the Account made by any Account holder, including any use after termination of the Account, shall be subject to all of the terms of this Agreement.

21. CANCELLATION BY BANK - The Bank may end this Agreement and your right to use the Card(s) at any time, without informing you in advance, as permitted by law. You must then return the Card(s).

22. REFUSAL TO HONOR YOUR CARD - The Bank is not responsible if a Seller, another bank, or an electronic banking terminal refuses to honor your Card. Such refusal may be due to the Bank's inability to authorize credit for a particular transaction because of operating difficulties. Also, if you have exceeded the Credit Limit on your Account, or your Account is delinquent, authorization of credit for transactions may be declined. Additionally, transactions above a certain dollar amount may require authorization before being approved. The number of transactions that you make in one day may be limited by the Bank for security reasons. Neither the Bank, nor its agents, will be responsible if authorization for any transaction is not given.

23. LOST OR STOLEN CARDS – If you notice the loss or theft of your Credit Card or a possible unauthorized use of your Card, you should write to us immediately at: The First National Bank of Groton: Credit Card Department, 161 Main Street, Groton, New York 13073, or, or you may call us during regular business hours, at 1-800-325-3678. To report a lost or stolen Credit Card after business hours, the telephone number is 1-800-325-3678. You may also contact us on the Web: www.grotonbank.com or by email at: Grotonbank@Grotonbank.com. You will not be liable for any unauthorized use that occurs after you notify us. You may, however, be liable for unauthorized use that occurs before your notice to us. In any case, your liability will not exceed \$50.00.

24. NOTATIONS ON PAYMENTS - The Bank may accept late payments or partial payments, or checks or other instruments marked "payment in full" or with other notations, all without losing any of its rights under this Agreement. Endorsements or other notations on any payments are not binding on the Bank, and you agree that the Bank will not be bound by them. All payments must be drawn on a bank located in the United States. If we accept payments drawn on a foreign bank we can charge your Account for any collection costs.

25. ASSIGNMENT - The Bank may assign to others all or any part of its rights under this Agreement, including all or any part of any balances owing. This may be done by the Bank at any time and without notice to you. You have no right to assign any rights under this Agreement without the prior written consent of the Bank.

26. AMENDMENT - The Bank may change the terms of this Agreement at any time by giving you written notice of the changes as required by applicable law. We may send this notice to your address as shown in our Account records.

27. GOVERNING LAW; SEVERABILITY - This Agreement is governed by and subject to federal law, and to the extent state law applies, the laws of the State of New York, without regard to conflict-of-law principles. This Agreement and your Account will be interpreted and construed in accordance with such laws. If any provision of this Agreement is held to be invalid or not enforceable for any reason, the remaining terms shall remain in full force and effect.

28. OTHER CONTRACT CLAUSES-

- (1) Responsibility for Goods or Services. We are not responsible for goods or services you purchase or lease by using your Account, except to the extent required by applicable law.
- (2) Change of Name or Billing Address. You must notify us promptly of any change in your name, residence or billing address by writing to us at the address shown on your statement.
- (3) Limiting Credit. The Bank may reduce your credit limit at any time for any reason not prohibited by law, and with any such notice as is required by law.
- (4) Waiver. The Bank may, at its discretion, waive any of its rights under this Agreement in certain circumstances. The Bank can waive its rights without affecting any other rights it has under this Agreement or under law. If the Bank waives any right, it does not automatically waive the same right in other circumstances.
- (5) Jurisdiction and Venue. You agree that any suit you bring against the Bank or any subsequent holder of the Account must be brought in a court of competent jurisdiction in the county in which we maintain our (or any subsequent holder of the Account maintains its) principal office.
- (6) Effective Date of Agreement. For new Accounts, the effective date of this Agreement is the first day that the Card is used for a purchase or cash advance by you or another authorized user on your Account.

29. CREDIT INFORMATION - We may review your credit history by obtaining information from credit reporting agencies and others as permitted by law. We may report information about you and your Account to credit reporting agencies. If you request additional Cards on your Account for others, we may report Account information in your name as well as in the names of those people.

NOTICE: See the accompanying notice for important information regarding your rights to dispute billing errors.

NOTICE TO THE BUYER:

- 1. You are entitled to a completely filled in copy of this credit agreement.**
- 2. You may at any time pay your total indebtedness under this credit agreement.**

May 14, 2010

Note: Please read this Agreement together with the Account-Opening Disclosure Summary which is a part of this Agreement.

Your Billing Rights: Keep This Document For Future Use

This notice tells you about your rights and our responsibilities under the Fair Credit Billing Act.

What To Do If You Find A Mistake On Your Statement

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

The First National Bank of Groton
161 Main Street
Groton, NY 13073-0038

You may also contact us on the Web: www.grotonbank.com or by email at: Grotonbank@Grontonbank.com

In your letter, give us the following information:

- Account information: Your name and account number.
- Dollar amount: The dollar amount of the suspected error.
- Description of problem: If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us:

- Within 60 days after the error appeared on your statement.
- At least 3 business days before an automated payment is scheduled, if you want to stop payment on the amount you think is wrong.

You must notify us of any potential errors *in writing* or electronically. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

What Will Happen After We Receive Your Letter

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

1. Within 30 days of receiving your letter, we must tell you that we received your letter. We will also tell you if we have already corrected the error.
2. Within 90 days of receiving your letter, we must either correct the error or explain to you why we believe the bill is correct.

While we investigate whether or not there has been an error:

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

After we finish our investigation, one of two things will happen:

- *If we made a mistake:* You will not have to pay the amount in question or any interest or other fees related to that amount.
- *If we do not believe there was a mistake:* You will have to pay the amount in question, along with applicable interest and fees. We will send you a statement of the amount you owe and the date payment is due. We may then report you as delinquent if you do not pay the amount we think you owe.

If you receive our explanation but still believe your bill is wrong, you must write to us within *10 days* telling us that you still refuse to pay. If you do so, we cannot report you as delinquent without also reporting that you are questioning your bill. We must tell you the name of anyone to whom we reported you as delinquent, and we must let those organizations know when the matter has been settled between us.

If we do not follow all of the rules above, you do not have to pay the first \$ 50 of the amount you question even if your bill is correct.

Your Rights If You Are Dissatisfied With Your Credit Card Purchases

If you are dissatisfied with the goods or services that you have purchased with your credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the purchase.

To use this right, all of the following must be true:

1. The purchase must have been made in your home state or within 100 miles of your current mailing address, and the purchase price must have been more than \$ 50. (Note: Neither of these are necessary if your purchase was based on an advertisement we mailed to you, or if we own the company that sold you the goods or services.)
2. You must have used your credit card for the purchase. Purchases made with cash advances from an ATM or with a check that accesses your credit card account do not qualify.
3. You must not yet have fully paid for the purchase.

If all of the criteria above are met and you are still dissatisfied with the purchase, contact us in writing or electronically at:

The First National Bank of Groton
161 Main Street, Groton, NY 13073-0038
Web address: www.grotonbank.com or email address: Grotonbank@Grotonbank.com

While we investigate, the same rules apply to the disputed amount as discussed above. After we finish our investigation, we will tell you our decision. At that point, if we think you owe an amount and you do not pay, we may report you as delinquent.