

Cardmember  
Agreement and Disclosure Statement

AG2949 (02/10) CI

This document and accompanying Additional Disclosure Statement make up your Cardmember Agreement and Disclosure Statement and throughout this document are referred to as the "Cardmember Agreement" or "Agreement." The Additional Disclosure Statement contains important Account information including your Annual Percentage Rates ("APRs") and the amount of any fees. Please take the time to familiarize yourself with your Agreement and retain it for future reference.

Thank you for being an HSBC Cardmember. We appreciate your business.

#### AGREEMENT TO TERMS AND DEFINITIONS

This Cardmember Agreement and Additional Disclosure Statement as presently set forth, and as they may be amended, govern the open end line of credit we have established for you (your "Account"). We refer to these documents jointly as your "Cardmember Agreement" or "Agreement". "You" and "your" refer to all persons who applied for the Account or are contractually liable through any other means. "We," "us," and "our" refer to HSBC Bank USA, N.A. "Card" means any credit card, your assigned Account number and any other access devices issued under this Agreement. "Network" means Visa International, MasterCard International Incorporated, Discover Financial Services LLC, American Express or other governing credit card network, as applicable. You and we are bound by this Agreement from the earlier of the time you receive it or from the date of the first transaction, including, without limitation, the placement or posting of any Annual Fee or Periodic Membership Fee on your Account. You may close your Account before using it without paying any Annual Fee, or Periodic Membership Fee if applicable to your Account, when you call us within 90 days of your Account open date at the customer service number on the back of your Card.

#### USING YOUR ACCOUNT

##### Account Use Restrictions

You agree to use your Account only for personal, family, household, or charitable purposes. You agree not to use your Account to make payments to us or to any of our affiliates. You agree to use your Account only for valid and lawful purposes. If your Account is used for any other purposes, you are responsible for such use and may be required to reimburse us and the Network for all resulting amounts and expenses. You are not authorized to use your Account for any internet gambling transactions, even if otherwise lawful and enforceable.

##### Types of Account Transactions

You can access your Account using your Card or by other means approved by us to make purchases, receive cash advances, or make balance transfers. We may limit the dollar amount and/or frequency of any type of transaction without notice to you.

##### Additional Cards

You may request additional Cards on your Account for yourself or others and you may permit authorized users to have access to the Card or Account number. You are personally responsible for each use of each Card issued on your Account according to the terms of this Agreement. If you permit authorized users to have access to your Account, you must pay us for all charges incurred by those persons, including charges for which you may not have intended to be responsible. You must notify us to revoke an authorized user's permission to use your Account. If you do so, we may close your Account and issue a new Card or Cards with a different Account number. You are responsible to recover from that authorized user and destroy any Cards, checks and other devices that can be used as a means of accessing your Account.

##### Your Credit

##### Credit Limit

The Card must be signed to be used. Whether you sign the Card or not, you are fully responsible for complying with all the terms of this Agreement. We will advise you of the total credit limit on your Account when we first send you your Card. All or a portion of your total credit limit is available for cash advances. Your total credit limit and cash advance limit may change from time to time. We will notify you of any such changes through your billing statement or by sending you a separate notice. If no separate cash advance limit is listed on your billing statement, then the

amount of your credit limit available for cash advances is your total credit limit.

You agree not to allow your unpaid balance (including Interest Charges and other charges) to exceed your total credit limit. We may elect not to extend credit if you have exceeded your total credit limit or if the amount requested would cause you to exceed your total credit limit. If you exceed your total credit limit, you agree to pay us that excess amount immediately.

Your available credit for purchases and your available credit for cash advances may not reflect your payments for up to 14 days.

**For Secured Card Accounts Only**

Your credit limit may be less than the amount deposited in your HSBC Bank Deposit Account which secures this Account. An increase in your credit limit may be requested at any time, but such increase may be conditioned, at our sole discretion, on additional deposits to your Deposit Account. Any such additional deposits or accumulated interest in your Deposit Account will likewise be subject to this Agreement.

**Credit Authorizations**

Some transactions may require our prior authorization and you may be asked by the merchant to provide identification. We may not be able to authorize a transaction, even if you have sufficient available credit. We may refuse to authorize any transactions at our sole discretion. We will not be liable to you if any of these events happen. We are not responsible for refusal or failure by any merchant to accept or honor your Card, or if a transaction cannot be completed for technical or other reasons.

**PAYMENT**

**Promise to Pay**

You promise to pay according to the terms of this Agreement for all: (a) credit we extend on your Account; (b) Interest Charges, and other fees and charges; and (c) collection costs and attorneys' fees to the extent permitted by applicable law.

If your Account is a joint Account, each joint Account holder is jointly and individually responsible for all amounts due under this Agreement regardless of death, divorce, other legal proceedings or any agreement that may affect liability between you. If any joint Account holder requests to not be liable for future transactions, we may close the Account.

**Payment**

Each periodic billing statement you receive from us will identify a Minimum Payment Due.

**Minimum Payment Due**

Your Minimum Payment Due each month will be calculated as follows:

- (a) If your New Balance is not more than \$15, your Minimum Payment Due is the New Balance.
- (b) If your New Balance is more than \$15, your Minimum Payment Due is the greater of:
  - (i) 1% of the New Balance shown on your statement plus the following:
    - any periodic Interest Charges posted to your Account during the billing cycle,
    - any Late Payment Fee posted to your Account during the billing cycle,
    - any Over the Credit Limit Fee posted to your Account during the billing cycle, and
    - an amount equal to 1/12 of the Annual Fee, if applicable, or
  - (ii) \$15
- (c) Any Past Due Amount shown on your statement will be added to the Minimum Payment.

Your Minimum Payment Due will be rounded up to the nearest dollar, unless doing so will cause the resulting value to exceed the New Balance.

If a different payment calculation is applicable to your Account, it will be disclosed on the Additional Disclosure Statement.

## Recurring Transactions

If you authorize a third party to bill charges on a recurring basis to your Account, we may (but are not required to) provide such third party with your current Account status, Account number and/or expiration date to permit that party to continue billing your Account. We may take such steps even if your Account number changes or if we issue a renewal or replacement Card. To withdraw authorization for a recurring charge in such a case, you must notify the third party. If you default, if a Card is lost or stolen, or if we change your Account or Account number for any reason, we may refuse or suspend recurring charges; in such case you will be responsible for making arrangements to reinstate the recurring charge arrangement and/or for making other payment arrangements.

## Timing and Form of Payments

You agree to pay at least the Minimum Payment Due in time to be credited to your Account as of the Payment Due Date. Instructions for making payments are on your billing statement. For a payment to be credited to your Account as of a particular day, we must receive your payment by the date and time and in the manner specified in those instructions. You may pay more than the Minimum Payment Due, and you may pay the entire New Balance at any time.

All payments must be in U.S. dollars. Except for disputed payments, if you pay by mail the payment must be sent to the address shown on your billing statement. If you pay by negotiable instrument, such as a money order or check, it must be in a form that is acceptable to us and must be drawn on a U.S. financial institution. Any check, money order or other instrument tendered as an accord and satisfaction, or which includes a condition, restrictive endorsement or any statement to the effect that acceptance of such instrument shall constitute full or partial satisfaction of a disputed or undisputed debt (collectively, a "Condition") must be sent to the inquiry address shown on your billing statement. You must note conspicuously on the face of the payment instrument that it is tendered for this purpose. We reserve the right to refuse to accept any payment that is subject to a Condition. If the payment does not comply with the foregoing and we process it, we will not be bound by the Condition.

By sending us a check for payment on your Account, you authorize us to initiate an electronic funds transfer from your bank or other financial institution account according to the terms of the check. This means that your check will be converted to an electronic transaction and your original check will not be returned to you by your bank. Your original check will be destroyed. Your checking or other financial institution account may be debited the same day we receive your check. If you do not want your checks to be converted to an electronic funds transfer, please call customer service at the phone number on the back of your Card. When you use our optional payment by phone service, you authorize us to initiate an electronic funds transfer from your designated bank account or to process the payment as a check transaction. You authorize the amount and timing of each payment. Please retain this authorization for your records.

## Skip Payment

We may allow you, from time to time, to skip a monthly payment. We will notify you when this option is available. If you skip a payment, periodic Interest Charges will accrue on your balance in accordance with the Agreement.

## Application of Payments

We apply the amount of your payment equal to the Minimum Payment Due at our discretion and generally to lower APR balances before higher APR balances. We apply any payment in excess of the Minimum Payment Due on your Account to higher APR balances before lower APR balances.

## INTEREST RATES AND FINANCE CHARGES

### Interest Rates

The APRs on your Account are either fixed or variable rates as indicated on the Additional Disclosure Statement. The APR is divided by 365 and rounded to the next highest hundred thousandth of a percentage point to determine your Daily Periodic Rate. The Daily Periodic Rate is used to determine the amount of periodic Interest Charges. Variable rates are determined by adding a specified amount ("Spread") to an Index (described below).

### Index For Variable Rate Accounts

#### Monthly Index Information

For each billing cycle, variable APRs are calculated by adding a specified amount ("Spread") to the U.S. prime rate published in the Money Rates table of The Wall Street Journal that is in effect on the last day of the month ("Prime Rate"). If the Prime Rate changes, the new APRs will take effect on the first day of your billing cycle beginning in the next month.

An increase in the Prime Rate will increase your applicable Daily Periodic Rates which may increase the Interest Charge due on your Account and may increase the Minimum Payment Due. Each time any APR changes, we will apply it to any applicable balances.

### Purchase APR

The Spread (for variable rates), APR and corresponding Daily Periodic Rate are disclosed on the Additional Disclosure Statement.

### Balance Transfer APR

The Spread (for variable rates), APR and corresponding Daily Periodic Rate are disclosed on the Additional Disclosure Statement. Balance transfers may not always be available.

### Cash APR

The Spread (for variable rates), APR and corresponding Daily Periodic Rate are disclosed on the Additional Disclosure Statement.

### Penalty APR

Your APRs may increase to the Penalty APR if you fail to make a minimum payment to us when due.

In determining your Penalty APR, we may consider the following factors: how long your Account has been open, the existence, seriousness or timing of the defaults on your Account or any other account you have with us; other indications of your Account usage and performance; information about your other relationship(s) with us or any of our related companies; and information we obtain from consumer credit reports obtained from consumer reporting agencies.

If your Account becomes subject to the Penalty APR, we will provide advance notice before the Penalty APR goes into effect. Your Penalty APR will remain in effect until you make each Minimum Payment Due by the Payment Due Date for 6 consecutive billing cycles. At that time, your APRs will return to the non-penalty APRs applicable to your Account.

### Promotional or Introductory APR

At our discretion, we may offer you a Promotional or Introductory APR for any type of transaction. Any Promotional or Introductory APR offer will be subject to the terms of the offer and this Agreement.

### Interest and Finance Charges

All Interest and Finance Charges will be added to the purchase balance, unless otherwise specified.

Please see the Additional Disclosure Statement for applicability and amount of the following Interest and Finance Charges.

**Minimum Interest Charge.** The minimum amount of interest that will be assessed in any billing cycle in which a periodic Interest Charge is payable. The Minimum Interest Charge will be allocated to each category of transactions containing balances subject to an Interest Charge.

**How Periodic Interest Charges are Calculated.** Periodic Interest Charges are added to the Account when we apply the applicable APR to the balances on the billing statement. We do this by multiplying the Average Daily Balance for each type of transaction shown on your billing statement (for example, purchases, balance transfers, cash advances) by the applicable Daily Periodic Rate. We then multiply the result by the number of days in the billing cycle. Periodic Interest Charges will be calculated using the Daily Periodic Rate in effect on the billing statement closing date.

**How Average Daily Balance is Determined.** To calculate the Daily Balances, we take the beginning balance for each type of transaction every day, add any new transactions, any previous day's periodic Interest Charges, any Finance Charges, any fees and charges, and subtract any payments and/or credits and make any necessary adjustments. If a transaction posts after the beginning of a billing cycle, but the transaction occurred prior to the beginning of that billing cycle, the applicable Daily Balance and any related Interest Charge calculations may be adjusted to include the transaction amount as of the first day of the billing cycle in which it posts. If your Account is subject to a grace period during the billing cycle, payments made during that cycle will be subtracted from all Daily Balances in the current cycle. If a transaction for a returned payment or a dispute resolved in our favor posts after the beginning of the billing cycle, the applicable Daily Balance(s) and any related Interest Charge calculations will be adjusted retroactively to include the transaction amount as of the date of the original transaction. To calculate the Average Daily Balance, we add the Daily Balances for each day of the billing cycle and divide the total by the number of days in the billing cycle.

**How to Avoid Paying Interest on Purchases (Grace Period on Credit Card Purchases).** Periodic Interest Charges begin to accrue on the date of the transaction and continue to accrue until your balance is paid in full. However, if you pay your entire New Balance by the Payment Due Date in the previous month, you can pay your current month's New Balance within at least 23 days (unless otherwise disclosed on the Additional Disclosure Statement) of the Statement Date without being charged interest on your purchases.

**Paying Interest on Other Transactions (No Grace Period on other transactions).** There is no grace period for other

transactions including cash advances, balance transfers and credit card checks, unless otherwise disclosed. Periodic Interest Charges begin to accrue on the date of the transaction, and continue to accrue until payment in full is credited to your Account.

**Changing Your Billing Cycle.** Any request to change your billing cycle date is subject to our approval. You agree that changes based on your request may shorten any Grace Period you may have or increase the time period for which periodic Interest Charges may accrue.

**Balance Transfer Fee Finance Charges.** Balance Transfers include balance transfers and credit card checks. A Balance Transfer Fee Finance Charge will be assessed on the amount of each balance transfer and credit card check as of the date the transaction posts to your Account and will be added to that transaction balance.

**Cash Advance Fee Finance Charges.** Cash advances include all advances to get cash over the counter, through an ATM, or other "cash-like" transactions (such as purchasing a money order, traveler's check, casino betting chip, or a lottery ticket) as determined by us. A Cash Advance Fee Finance Charge will be assessed on the amount of each cash advance as of the date the transaction posts to your Account and will be added to the cash balance.

**Foreign Transaction Fee Finance Charge.** A Foreign Transaction Fee Finance Charge may be assessed on the U.S. dollar amount of transactions made in a foreign currency, as of the transaction date. The Foreign Transaction Fee assessed on purchases will be added to the purchase balance, and the Foreign Transaction Fee assessed on cash advances will be added to the cash balance.

If you make a transaction in a foreign currency, the transaction will be converted by the Network, into a U.S. dollar amount in accordance with its operating regulations or conversion procedures in effect at the time the transaction is processed. Currently, Network regulations and procedures provide that the currency conversion rate to be used is either (1) a wholesale market rate, or (2) a government-mandated rate in effect on either (i) the applicable central processing date, or (ii) one day prior to the processing date. The currency conversion rate in effect on the processing date may differ from the rate in effect on the transaction or posting date. The Network may change the procedures, from time to time, at its own discretion.

**Overdraft Fee Finance Charges.** (applicable only to HSBC credit card Accounts providing overdraft protection to designated HSBC Bank deposit accounts.) If you requested overdraft privileges, we will lend you from your available cash advance credit limit the amount needed to cover any overdraft due to insufficient funds on the designated HSBC Bank deposit account. We will transfer to the deposit account the amount of the overdraft rounded to the next full dollar. We may not make a transfer if you do not have sufficient unused credit available or are delinquent hereunder. In that case, the overdraft will be subject to the usual deposit account rules and fees. Under no circumstances, shall any such overdraft be allowed to exceed your available credit limit. You understand that we have the right to cancel this Account or your overdraft loan privileges at any time.

We may add an Overdraft Fee Finance Charge to your Account if your Account is utilized to cover any overdraft on your designated deposit account. An Overdraft Fee Finance Charge will be computed on the amount of each overdraft transaction.

See the Additional Disclosure Statement for any additional Interest and Finance Charges that may be applicable to your Account.

If the imposition of any fee amount specified in your Additional Disclosure Statement would exceed limits established by applicable law, we reserve the right to impose the maximum allowable fee, without waiving our right to impose the full specified fee amount thereafter.

## ACCOUNT FEES AND OTHER CHARGES

Please see the Additional Disclosure Statement for amounts of the following fees and other charges. All such fees and other charges will be added to the purchase balance, unless otherwise specified. If the imposition of any fee amount specified in your Additional Disclosure Statement would exceed limits established by applicable law, we reserve the right to impose the maximum allowable fee, without waiving our right to impose the full specified fee amount thereafter.

### Annual Fee/Periodic Membership Fee

If your Account is subject to an Annual Fee or Periodic Membership Fee, you agree to pay this fee each year (or other periodic assessment if indicated on the Additional Disclosure Statement) your Account is open, or closed with a balance. You agree that this fee will be charged to your Account.

If you close your Account within the first 90 days your Account is open, the Annual Fee/Periodic Membership Fee(s)

are refundable so long as you have not used the Account. The Annual Fee/Periodic Membership Fee compensates HSBC Bank USA, N.A. in part, for Cardmember services provided or made available to you throughout the membership year.

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#### Late Payment Fee

A Late Payment Fee may be assessed for each billing cycle in which at least the Minimum Payment Due, and any amount past due, is not paid in time to be credited to the Account by the Payment Due Date.

#### Over the Credit Limit Fee

An Over the Credit Limit Fee may be assessed if the Account balance exceeds the total credit limit at any time during a billing cycle.

#### Returned Payment Fee

A Returned Payment Fee may be assessed to the Account each time a payment check, automatic payment deduction, or other payment method is not honored or is returned unsatisfied by your bank or other financial institution. Any payment returned unsatisfied for any reason may be reposted to any type of transaction (i.e. cash advance, purchases, etc.) and Interest Charges may be reinstated back to the payment date at the APR being charged for that transaction.

#### Returned Credit Card Check Fee

A Returned Check Fee may be assessed to the Account each time a credit card check, balance transfer check (if available), electronic check or other Account access device is returned unsatisfied by us for any reason.

#### Payment By Phone Fee

A Payment by Phone Fee may be assessed to the Account each time a payment is made by telephone, even if the payment is made by someone other than you. The amount of this fee will be disclosed at the time such payment is requested.

#### Stop Payment Fee

A Stop Payment Fee may be added to the cash advance balance when a payment of a credit card check is stopped at your request. Payment may be stopped on a credit card check by notifying us in writing or by calling us at the telephone number listed on the Account billing statement, so long as such check has not already been processed. A stop payment request must include the check number, payee, amount, and date of the credit card check on which payment is to be stopped. If a stop payment is requested by telephone, the call must be confirmed in writing within 14 days. A written stop payment will remain in effect for six months unless renewed in writing. Written stop payment requests should be sent to the address for inquiries shown on your billing statement.

#### Research Fee

A Research Fee may be assessed to the Account for each copy of a requested document. The amount of this fee will be disclosed at the time such copies are requested.

#### Additional Fees

See the Additional Disclosure Statement for any other fees that may be applicable to your Account.

### Pricing Addendum

## INTEREST RATES AND FINANCE CHARGES

### Interest Rates

The APRs on your Account are either fixed or variable rates as indicated on the Additional Disclosure Statement. The APR is divided by 365 and rounded to the next highest hundred thousandth of a percentage point to determine your Daily Periodic Rate. The Daily Periodic Rate is used to determine the amount of periodic Interest Charges. Variable rates are determined by adding a specified amount (“Spread”) to an Index (described below).

### Index for Variable Rate Accounts

For each billing cycle, variable APRs are calculated by adding a specified amount (“Spread”) to the U.S. prime rate published in the Money Rates table of The Wall Street Journal that is in effect on the last day of the month (“Prime Rate”). If the Prime Rate changes, the new APRs will take effect on the first day of your billing cycle beginning in the next month. An increase in the Prime Rate will increase your applicable Daily Periodic Rates which may increase the Interest Charge due on your Account and may increase the Minimum Payment Due. Each time any APR changes, we will apply it to

any applicable balances.

Specific Rates and Fees may be determined based on your creditworthiness.

**Purchase APR**

Prime plus 6.74%

**Balance Transfer APR**

Prime plus 6.74%, if available

**Cash APR**

Prime plus 18.74%

**Penalty APR**

Prime plus 23.99%

**Penalty APR:** Your APRs may increase to the Penalty APR if you fail to make a minimum payment to us when due.

In determining whether to apply your Penalty APR, we may consider the following factors: how long your Account has been open, the existence, seriousness or timing of the defaults on your Account or any other account you have with us; other indications of your Account usage and performance; information about your other relationship(s) with us or any of our related companies; and information we obtain from consumer credit reports obtained from consumer reporting agencies.

If your Account becomes subject to the Penalty APR, we will provide advance notice before the Penalty APR goes into effect. Your Penalty APR will remain in effect until you make each Minimum Payment Due by the Payment Due Date for six consecutive billing cycles. At that time, your APRs will return to the non-penalty APRs applicable to your Account.

**Interest and Finance Charges**

**Minimum Interest Charge:** A Minimum Interest Charge of \$.50 will be assessed in any billing cycle in which a periodic Interest Charge is payable.

**How to Avoid Paying Interest on Purchases (Grace Period on Credit Card Purchases):** Your due date is at least 23 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your entire balance by the due date each month.

**Balance Transfer Fee:** Either \$5 or 3% of each transfer, whichever is greater (maximum \$50), unless otherwise disclosed.

**Cash Advance Fee:** Either \$5 or 3% of each cash advance, whichever is greater (maximum \$50).

**Foreign Transaction Fee:** \$0

**ACCOUNT FEES AND OTHER CHARGES**

**Annual Fee:** \$0

**Late Payment Fee:** \$15 if your balance is \$100 or less; \$25 if your balance is more than \$100 up to and including \$1,000; or \$35 if your balance is greater than \$1,000.

**Over the Credit Limit Fee:** \$29

**Returned Payment Fee:** \$35

Overdraft Fee: Either \$5 or 3% of the overdraft amount, whichever is greater, if applicable.

Required insurance, debt cancellation or debt suspension coverage: None

How Average Daily Balance is Determined: To calculate the Daily Balances, we take the beginning balance for each type of transaction every day, add any new transactions, any previous day's periodic Interest Charges, any Finance Charges, any fees and charges, and subtract any payments and/or credits and make any necessary adjustments. To calculate the Average Daily Balance, we add the Daily Balances for each day of the billing cycle and divide the total by the number of days in the billing cycle.

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## ADDITIONAL DISCLOSURE STATEMENT

### INTEREST RATES AND FINANCE CHARGES

Annual Percentage Rates ("APR") and Daily Periodic Rates ("DPR") as of 06/30/10

#### Purchase APR:

Applies to credit card purchases

9.99% APR (corresponding 0.02737% DPR)

This APR will vary with the market based on the Prime Rate.

Spread

6.74%

#### Balance Transfer APR:

Applies to balance transfers and credit card checks, if available

9.99% APR (corresponding 0.02737% DPR)

This APR will vary with the market based on the Prime Rate.

Spread

6.74%

#### Cash APR:

Applies to cash advances

21.99% APR (corresponding 0.06025% DPR)

This APR will vary with the market based on the Prime Rate.

Spread

18.74%

#### Penalty APR

27.24% APR (corresponding 0.07463% DPR)

This APR will vary with the market based on the Prime Rate.

Spread

23.99%

Minimum Interest Charge: \$.50

Balance Transfer Fee Finance Charge: Either \$5 or 3% of each transfer, whichever is greater (\$50 maximum), unless otherwise disclosed.

Cash Advance Fee Finance Charge: Either \$5 or 3% of each cash advance, whichever is greater (\$50 maximum).

Foreign Transaction Fee Finance Charge: \$0

## ACCOUNT FEES AND OTHER CHARGES

Annual Fee – \$0

Late Payment Fee - \$15 if your balance is \$100 or less; \$25 if your balance is more than \$100 up to and including \$1,000; or \$35 if your balance is greater than \$1,000.

Over the Credit Limit Fee - \$29

Returned Payment Fee - \$35

Returned Credit Card Check Fee - \$29

Stop Payment Fee - \$29

Overdraft Fee: Either \$5 or 3% of the overdraft amount, whichever is greater, if applicable.

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