### **Policy 2: Billing and Payment Policies**

#### **Introduction**

This policy outlines the billing cycle, payment terms, interest calculation, and penalties associated with late or missed payments. The goal is to ensure cardholders are informed about their financial obligations and timelines.

#### **Section 1: Billing Cycle**

* **Duration**: Each billing cycle lasts for **30 days**, starting on the 1st of every month and ending on the last day of the month.
* **Statement Generation**: Statements are generated on the 5th of each month, covering all transactions from the previous billing cycle.
* **Payment Due Date**: Payments are due **25 days** after the statement date, typically on the 30th of each month. Cardholders will receive electronic or physical statements based on their preferences.

#### **Section 2: Minimum Payment**

* **Minimum Payment Calculation**: The minimum payment required each month is the greater of **3%** of the outstanding balance or **$25**, whichever is higher.
  + **Example**: If the cardholder’s balance is $500, the minimum payment will be $25 (3% of $500 = $15, but $25 is the minimum amount).
* **Partial Payments**: Making a payment less than the minimum required amount will incur a late fee and may result in an increase in the cardholder’s APR.

#### **Section 3: Payment Allocation**

* **Priority of Payment Allocation**: Payments are applied in the following order:
  1. Outstanding fees (e.g., late fees, over-limit fees).
  2. Cash advances.
  3. Balance transfers.
  4. Purchases.
* **Interest Rate Hierarchy**: Payments are applied first to balances with the highest interest rates (e.g., cash advances), unless otherwise directed by the cardholder.

#### **Section 4: Interest Calculation**

* **Standard Purchases**: The **Annual Percentage Rate (APR)** for purchases is **19.99%**. Interest on purchases is calculated daily, based on the average daily balance method.
  + **Grace Period**: A grace period of **25 days** is provided. If the cardholder pays the full balance by the due date, no interest will be charged on purchases.
* **Cash Advances**: Interest on cash advances begins accruing immediately at **24.99%** APR with no grace period.
* **Balance Transfers**: Balance transfers carry an APR of **17.99%** and a **3%** fee on the transferred amount. Interest on balance transfers begins accruing immediately.

#### **Section 5: Fees and Penalties**

* **Late Payment Fee**: If the minimum payment is not made by the due date, a late fee of **$39** is charged.
* **Over-Limit Fee**: Exceeding the credit limit results in an **over-limit fee of $35**. The cardholder will not be able to make additional purchases until the balance falls below the credit limit.
* **Returned Payment Fee**: If a payment is returned due to insufficient funds, a **$29** fee will be charged to the account.

#### **Section 6: Dispute Process for Billing Errors**

* **Reporting Errors**: Cardholders must report any billing errors within **60 days** of the statement date. Errors include incorrect charges, duplicate charges, or unauthorized transactions.
* **Investigation Timeline**: The issuer has **90 days** to investigate and resolve the dispute. During the investigation, the cardholder is not required to pay the disputed amount, and no interest will accrue on the disputed balance.
* **Interim Credits**: If the dispute is valid, the cardholder will receive an interim credit within **10 business days** while the investigation continues.

#### **Section 7: Electronic and Automatic Payments**

* **Electronic Payment Options**: Cardholders can make payments electronically via the issuer’s online portal, mobile app, or through automatic payment setups.
* **Automatic Payment Setup**: Cardholders can set up automatic payments for the full balance, minimum payment, or any specified amount. Changes to automatic payments must be made **at least 5 business days** before the next billing cycle.
* **Payment Confirmation**: Payments made through the online portal or mobile app are confirmed immediately. Cardholders will receive a notification once payment is processed.

#### **Section 8: Payment Methods**

* **Accepted Methods**: Cardholders can make payments using ACH transfers, debit cards, or by mailing a check to the issuer’s payment processing address.
* **Processing Time**: ACH and debit card payments typically post within **1 business day**. Mailed checks may take up to **5 business days** to process.

#### **Section 9: Promotional Offers**

* **Introductory APR**: Cardholders who qualify for promotional offers may receive a **0% APR** on purchases for the first **12 months**. At the end of the promotional period, the APR reverts to the standard **19.99%**.
* **Balance Transfer Promotions**: Promotional balance transfers offer a **0% APR** for the first **18 months**, with a **3%** transfer fee. If the balance is not paid off by the end of the promotional period, interest will accrue at **17.99%**.

#### **Section 10: Changes to Billing and Payment Terms**

* **Notice Period**: The issuer reserves the right to amend billing and payment terms with a **30-day notice**. Changes will apply to future billing cycles unless the cardholder disputes the changes in writing.
* **Cardholder Rights**: Cardholders can dispute any changes by notifying the issuer within the 30-day notice period. If the dispute is accepted, the existing terms will remain in place for the duration of the dispute