

Shopping for Credit Exercise

Using the three credit card offers complete the following.

Write a 3-5 paragraph (4-5 sentences per paragraph) summary **analyzing** the differences between the three credit offers. **DO NOT SUMMARIZE THE OFFERS.**

Address the following in your paragraphs:

1. **What is the most important variable to look at when deciding on a credit card? Why is it important?**
2. **What is the second most important variable to look at? Why is it important?**
3. **What are the differences between the three offers?**
4. **What are the similarities between the three offers?**
5. **Which offer is the worst? Why is it the worst?**
6. **Which offer is the best? Why is it the best?**

HINT:

YOU MUST LOOK PAST THE OFFER ITSELF AND REVIEW THE TERMS AND CONDITIONS IN ORDER TO MAKE THE BEST DECISION.

CREDIT CARD OFFER #1



We'd like to peak your interest,
not your interest rate.



Citi® Platinum Select® Card.

Apply now and start saving with:

➤ **0% APR* on balance transfers and purchases for up to 12 months**

- The 0% APR does not apply to cash advances
- The 0% APR may increase if you default under any Card Agreement with us
- Your payments will be applied to low APR balances before higher ones

➤ **No annual fee**

With this card comes the added protection of:

- **Citi® Identity Theft Solutions**
- **\$0 Liability on unauthorized purchases**
- **Secure, free online account management**

Apply now---it's in your best interest!

0% APR*
on balance transfers
and purchases for up to 12 months
No Annual Fee

TERMS AND CONDITIONS:

Length of your introductory period will be 0.0% for 12 months from the date of cardmembership on purchases and balance transfers or 0.0% for 6 months from the date of cardmembership for balance transfers and purchases depending on our review of your application and credit history. After the promotional period ends, the standard variable purchase APR will be applied to any unpaid purchase and balance transfer balances. As of September 21, 2007, the standard variable APR for purchases is either 9.74% Rate 1, 12.74% Rate 2 or 14.74% Rate 3 in that order based on our review of your application and credit history. The standard APR for cash advances is 22.74%. However, if you default under any Card Agreement that you have with us, we may automatically increase the rate on all balances (including any promotional balances) to a variable default rate of 31.74%. The minimum finance charge is \$.50. Foreign purchase transaction fee is 3.0% of the purchase amount after its conversion into U.S. dollars. The transaction fee for cash advances is 3.0% of each cash advance, minimum \$5. The transaction fee for balance transfers is 3.0% of the amount of each balance transfer, \$5 minimum.

© 2007 Citibank (South Dakota), N.A. Citi, Citi with Arc Design, Citibank, Platinum Select and CitiBusiness are registered service marks of Citigroup Inc.

Citi: Please read these Terms and Conditions.

CITI DISCLOSURES	
Annual Percentage Rate (APR) for purchases	0.00% for 12 months from date of account opening for APR 1. After that, 9.74% variable. 0.00% for 12 months from date of account opening for APR 2. After that, 12.74% variable. 0.00% for 6 months from date of account opening for APR 3. After that, 14.74% variable. †
Other APRs	<u>Balance transfer APR:</u> As long as balance transfers are completed within 12 months from date of account opening, 0.00% for 12 months from date of first balance transfer for APR 1. After that same as for purchases for APR 1. As long as balance transfers are completed within 12 months from date of account opening, 0.00% for 12 months from date of first balance transfer for APR 2. After that same as for purchases for APR 2. As long as balance transfers are completed within 6 months from date of account opening, 0.00% for 6 months from date of first balance transfer for APR 3. After that same as for purchases for APR 3. <u>Cash advance APR:</u> 22.74% variable. <u>Default APR:</u> 31.74% variable. See explanation below.*
Variable rate information	Your APRs may vary each billing period. ** The Citi® Platinum Select® MasterCard® purchase and balance transfer APR equals the Prime Rate plus 1.99% for APR 1; plus 4.99% for APR 2; or plus 6.99% for APR 3. All cash advance APRs equal the Prime Rate plus 14.99% (never lower than 19.99%). All default APRs equal the greater of (1) the Prime Rate plus up to 23.99% or (2) up to 28.99%.
Grace period for repayment of the balance for purchases	At least 20 days if you pay the total balance in full by the due date every billing period. If you do not, you will not get a grace period.
Method of computing the balance for purchases	Average daily balance. This includes new purchases.
Minimum finance charge	50 cents.
Annual fees	None.
Fee for purchases made in a foreign currency	3% of each purchase after it is converted into US dollars.
Other fees	<p align="center">Balance transfer fee: 3% of each balance transfer; \$5 minimum. Cash advance fee: 3% of each cash advance; \$5 minimum. Late fee: • \$15 on balances up to \$100 • \$29 on balances of \$100 up to \$250 • \$39 on balances of \$250 and over</p> <p align="center">Over-the-credit-line fee: \$39</p>
<p>† Your application is a request for an account with APR 1, APR 2 or APR 3, in that order. We determine your APR based on a review of your application and credit history.</p> <p>* How can your actions trigger the default APR? If you default under any card agreement you have with us because you</p> <ul style="list-style-type: none"> • do not make the minimum payment when due, • go over the credit line, or • make a payment to us that is not honored, <p>all your APRs may automatically increase to the default APR. We set your default APR by reviewing (1) the seriousness of your default with us and (2) your credit history.</p> <p>** How do we calculate variable rates? For each billing period we use the Prime Rate published in <i>The Wall Street Journal</i> two business days before the Statement/Closing Date.</p> <p>How do we apply your payments? We apply your payments to low APR balances first. You cannot pay off higher APR balances until you pay off lower APR balances. That means your savings from any promotional APR offer will be reduced if you make purchases or cash advances that have higher APRs.</p> <p>When can we change the rates, fees, and terms of your card agreement? We will not voluntarily increase your rates and fees or change other terms of your card agreement until your card expires, typically in two years. At that time, we will review your credit history and general market conditions. If we decide to make changes after our review, you will receive advance notice and a right to opt out. If you opt out, we will close your account. You can then pay the remaining balance under the old rates, fees, and terms. Of course this paragraph does not apply to the automatic default APR and Prime Rate changes. It also does not apply to changes required by law, our regulators, or our network providers.</p>	

CREDIT CARD OFFER #2

**Flexibility.
Convenience.
Great Rates.**



Choose all the privileges of Visa® Platinum, with **0% Introductory APR for up to 12 months.**¹

- **0% Intro APR for up to 12 months**¹
- The time period for the introductory APR and the balances to which it will apply will be based on our review of your application and credit history
- **No Annual Fee**
- **FREE Online Account Access**
- **FREE travel services** including Auto Rental Collision Damage Waiver and Worldwide Travel Accident Insurance

0% Intro APR for up to 12 months¹
No Annual Fee

**Plus
Platinum Visa® Benefits**

Chase: Please read these Terms and Conditions.

Annual Percentage Rate (APR) for purchases
Elite and Premium Pricing: ^a A 0% fixed APR for the first 12 billing cycles following the opening of your account. After that, 13.74% variable ^b for Elite Pricing, or 17.74% variable for Premium Pricing. Standard Pricing: From account opening, 22.74% variable.
Other APRs
Balance Transfer APR: Elite and Premium Pricing: A 0% fixed APR for the first 12 billing cycles following the opening of your account. After that, 13.74% variable for Elite Pricing, or 17.74% variable for Premium Pricing. Standard Pricing: A 0% fixed APR for the first 3 billing cycles following the opening of your account. After that, 22.74% variable.
Cash Advance APR: Elite and Premium Pricing: 23.74% variable. Standard Pricing: 27.74% variable.
Default APR: Up to 31.74% variable. See explanation below. ^c
Overdraft Advance APR: 13.99% fixed (not available in some states)
Variable rate information
The following APRs may vary monthly based on the Prime Rate: ^d
Purchase APR: Elite and Premium Pricing: The Prime Rate plus 5.99% for Elite Pricing, or plus 9.99% for Premium Pricing for outstanding and new balances after the introductory period. Standard Pricing: The Prime Rate plus 14.99%.
Balance Transfer APR: Elite and Premium Pricing: The Prime Rate plus 5.99% for Elite Pricing, or plus 9.99% for Premium Pricing for outstanding and new balances after the introductory period. Standard Pricing: The Prime Rate plus 14.99% for outstanding and new balances after the introductory period.
Cash Advance APR: Elite and Premium Pricing: The Prime Rate plus 15.99%. Standard Pricing: The Prime Rate plus 19.99%.
Default APR: The Prime Rate plus up to 23.99%.
Grace period for repayment of purchase balances
At least 20 days.
Method of computing the balance for purchases
Average daily balance method (including new purchases).
Annual fee
None
Minimum finance charge
\$1.00
Transaction fee for balance transfers
3% of the amount of each transaction, but not less than \$5.00 nor more than \$75.00.
Transaction fees for cash advances
3% of the amount of the transaction, but not less than \$10.00.
Late Payment fee
\$15.00 on balances up to, but not including, \$100.00; \$29.00 on balances of \$100.00 up to, but not including, \$250.00; and \$39.00 on balances of \$250.00 and over.
Over-the-Credit-Limit fee
\$39.00
International Transactions
3% of the U.S. dollar amount of the transaction, whether originally made in U.S. dollars or converted from a foreign currency.

^b**Rates, fees, and terms may change:** We reserve the right to change the account terms (including the APRs) at any time for any reason, in addition to APR increases that may occur for failure to comply with the terms of your account. For example, we may change the terms based on information in your credit report, such as the number of other credit card accounts you have and their balances. The APRs for this offer are not guaranteed; APRs may change to higher APRs, fixed APRs may change to variable APRs, or variable APRs may change to fixed APRs. Any changes will be in accordance with your account agreement.

^cYour APRs may increase if you default under any Cardmember Agreement you have with us for any of the following reasons: We do not receive, for any payment that is owed on this Account or any other account or loan with us, at least the minimum payment due by the date and time due; you exceed your credit line on this Account, if applicable; or you make a payment to us that is not honored by your bank. Your APRs may increase as of the first day of the billing cycle in which the default occurs. We may consider the following factors to determine the default rate: the length of time your Account has been open; the existence, seriousness and timing of defaults; other indications of your Account usage and performance; and information about your other relationships with us, any of our related companies or from consumer credit reports.

^dThe "Prime Rate" is the highest prime rate published in the Money Rates column of *The Wall Street Journal* two business days before the Closing Date on the statement for each billing period. Variable APRs are based on the 7.75% prime rate on 09/21/2007.


CREDIT CARD OFFER #3

Capital One® No Hassle CashSM Rewards



Cash Rewards—Your Own Personal Fairytale

- 25% annual bonus on the cash you earn during the year
- 1% cash back on all purchases you make from day one*
- We give you simplicity with flexibility—no limit on cash back and rewards won't expire for the life of your account
- Request your cash-back rewards whenever you want
- Plus, this card gets even better with our 0% APR on purchases until July 2008

 Card right for	<p>People with</p> <p>Excellent Credit</p> <p>If you have excellent credit, all these statements are true for you:</p> <p>I have had a loan or credit card for at least 5 years I have a credit card with a credit limit greater than \$10,000 I have NEVER been more than 60 days late on a credit card, medical bill or loan payment I have never declared bankruptcy</p> <p>All of these statements must be true for you:</p> <p>I have had a loan or credit card for at least five years I have a credit card with a credit limit greater than \$10,000 I have NEVER been more than 60 days late on a credit card, medical bill, or loan payment I have never declared bankruptcy</p> <p>If all these statements are not true for you, browse our other credit cards.</p>
Features	<p>1% cash back on all purchases you make from day one A 25% annual bonus on the cash you earn during the year No limit on the cash rewards you can earn No expiration date on your cash rewards</p>
Annual Percentage Rate (APR)	0% until July 2008. After that, variable, currently 13.4%

Capital One: Please read these Terms and Conditions.

ANNUAL PERCENTAGE RATE (APR) for purchases‡	0% (0.00000% daily periodic rate) through your 07/2008 billing period. After that, a variable rate, currently equal to 13.4% (0.03671% daily periodic rate).
Other APRs	Special transfer APR: A variable rate, currently equal to 13.4% (0.03671% daily periodic rate). [▽] Balance transfer APR: Same as for purchases. Cash advance APR: A variable rate, currently equal to 19.3% (0.05288% daily periodic rate). Default APR: A variable rate, currently equal to 27.65% (0.07575% daily periodic rate). See explanation below.‡
Variable Rate Information	Your purchase APR may vary quarterly. The rate will be determined by adding 5.65% to the Prime rate. Your special transfer segment APR may vary quarterly. The rate will be determined by adding 5.65% to the Prime rate. Your cash APR may vary quarterly. The rate will be determined by adding 11.55% to the Prime rate. ♦ Rates in effect 10/01/07. Your default APR may vary monthly. The rate will be determined by adding 19.9% to the Prime rate. ♦♦ Rate in effect 10/01/07.
Grace period for repayment of the balance for purchases.	25 days from the date of the periodic statement on new purchases (provided you have paid your previous balance in full by the due date).
Method of computing the balance for purchases.	Average daily balance (including new purchases).
Annual Fee	None.
Minimum finance charge	For each Billing Period that your Account is subject to a finance charge, a minimum total FINANCE CHARGE of \$0.50 will be imposed.
Miscellaneous Fees	Cash advance fee: 3% of amount of the cash advance, but not less than \$5. Transfer fee: None. Late payment fee: Your late payment fee will be based on the amount of your account balance at the time the fee is applied. Balance of \$0 - \$99.99 = \$19 fee; balance of \$100 - \$999.99 = \$29 fee; balances of \$1,000 or more = \$39 fee. Over-the-credit-limit fee: None. Returned payment fee: \$29.

▽ What Will Be My APR If I Transfer A Balance?

Any balances that you successfully transfer on or before August 1, 2008 will receive the Special Transfer APR disclosed above. All subsequent balances that you transfer will receive the Purchase APR disclosed above unless the transfer is made in connection with a Future Offer from us. Please remember that Future Offers, as discussed below, may include different terms.

‡ Can You Increase My APRs?

We will not increase your introductory APRs for any reason before the end of the introductory period. Your variable non-introductory APRs can go up or down each quarter as the Prime rate goes up or down. Your APRs can increase to the Default APR if your payment is received late (3 or more days after your payment due date) twice within any 12 billing periods. If we increase your APRs for late payments, we will return you to your prior APRs if you make at least the minimum payment on time for 12 consecutive billing periods. If we change your non-introductory APRs for reasons other than when the Prime changes or you paid late as disclosed above, we will notify you in writing of your options in advance, including the right to opt out.

What About Any Other Terms Of My Account?

We may change any other terms of your account, other than APRs, at any time. If we change any of these terms, we will notify you in advance of your options in writing, including the right to opt out of certain changes.

Do You Engage In Universal Default?

We do not engage in a practice known as "universal default." Universal default permits a credit card company to increase your APRs simply because you fail to make a payment on a loan with another lender or your credit history contains other negative information.

How Do You Calculate My Variable Rate?

♦ We calculate your variable rate by adding a percentage to the Prime rate published in the "Money Rates" section of *The Wall Street Journal* on the 25th day of December, March, June and September. If the *Journal* is not published on that day, then see the immediately preceding edition. If Prime changes, your new rate will take effect on the first day of your January, April, July and October billing period.

♦♦ We calculate your variable rate by adding a percentage to the Prime rate published in the "Money Rates" section of *The Wall Street Journal* on the 25th day of each month. If the *Journal* is not published on that day, then see the immediately preceding edition. If Prime changes, your new rate will take effect on your next billing period.

How Do You Apply My Payment?

We will apply your payment to pay off lower-rate balances before paying off higher-rate balances.

How Do You Calculate My Minimum Payment?

Your minimum payment will be the greater of 3% of your outstanding balance or \$10. If your balance is less than \$10, your minimum payment will equal your balance.