

## 30 Day Interest Free

In this Smulekoff's Furniture Company, Inc.'s Retail Installment Credit Agreement ("Agreement"), the words "you" and "your" refer to each person who signs an application for or benefits from use of the Smulekoff's Furniture Company, Inc.'s Revolving Charge Account ("Account"), the terms of which are set forth in this Agreement. The words "we", "us" and "our" refer to Smulekoff's Furniture Company, Inc., 97 Third Avenue SE, P.O. Box 74090, Cedar Rapids, IA 52406-4090, and any other person to whom this agreement and/or the account may be assigned.

**1. Promise to Pay.** In return for extending credit to you on this Account from time to time, you agree to pay us at the address shown on your monthly billing statement ("Statement") for all goods and services you charge to this Account, plus any Finance Charge and other charges set forth below, according to the terms of this Agreement. If this is a joint account, each of you will be responsible, jointly and severally, for paying all charges incurred by either of you or anyone either of you permit to use this Account.

**2. When Effective:** Your signature on the application for this Account or on any sales receipt, or your use of this Account, is your consent to the terms of this Agreement with Smulekoff's Furniture Company, Inc. and acknowledgment of delivery of a copy of this Agreement to you. Therefore, before you sign the application you should read this entire Agreement, which includes the cost-of-credit disclosures required by federal law. The information you provide on the application that identifies you constitutes a part of this Agreement and is incorporated in it by reference. This Agreement will not be effective until we approve your application, and then, after that, only if you or someone authorized by you charge a purchase this Account. Also, until you or someone authorized by you use this Account, you will not be responsible for any use of the account.

**3. Grace Period/Cost of Credit.** No Finance Charge will be imposed in any monthly billing period (a) in which there is no balance at the beginning of the billing period (the "Previous Balance" shown on your Statement), or (b) in which payments received and credits issued within 28 days after the closing date shown on your Statement equal or exceed the balance at the beginning of the billing period. If we do not receive the full amount due (the "New Balance" shown on your Statement) within 28 days after the closing date shown Statement, we will impose a Finance Charge determined by applying a monthly periodic rate of 1.625% (ANNUAL PERCENTAGE RATE 19.5%) to the Average Daily Balance.

**4. Method of Computing Finance Charge:** We calculate the Finance Charge on your Account by applying the above-stated periodic rate to the "Average Daily Balance" of your Account. To get the "Average Daily Balance" we take the beginning balance of your Account each day, add any new purchases, subtract any payments or credits, any unpaid Finance Charge, and any unpaid late fee or returned check fee. This gives us the daily balance. Then, we add up all the daily balances for the billing period and divide the total by the number of days in the billing period. This gives us the "Average Daily Balance."

**5. Minimum Monthly Payment:** You agree to pay at least a minimum monthly payment set forth on your Statement each month, which we figure as follows. If your new balance is less than \$25.00, the entire new balance will be due. If your new balance is greater than \$25.00, the minimum monthly payment will be 5% (1/20th) of the new balance rounded up to the nearest dollar amount, but at least \$25.00. Your minimum monthly payment will include any past due amount and any returned check fee. **You may at any time pay more than the minimum monthly payment or the new balance.** If you pay more than the minimum monthly payment, but less than the new balance, you will still be required to pay the minimum monthly payment due as shown on future statements.

**6. Disputed Amounts.** All communications concerning disputed amounts, including any check or other payment instrument sent to us in any amount less than

the full amount due that is marked "paid in full", that is tendered with other conditions or limitations, or that is otherwise tendered as full satisfaction of a disputed amount, must be sent to us at the address for the billing inquiries shown on the Statement. For important information regarding your right to dispute billing errors under federal law, see the Notice that accompanies your copy of this Agreement. Acceptance of any instrument marked "paid in full" or similar shall not constitute an admission by us that your account has been paid in full.

**7. No Waiver By Us.** We reserve the right to delay or refrain from enforcing any of our rights under this Agreement without losing them. For example, we can extend the time for making certain payments without extending others or we can accept late or partial payments without waiving our right to have future payments made when they are due.

**8. Returned Check Fee.** If any check you give us to pay the amount you owe under this Agreement is returned to us unpaid by your bank, we may charge you a returned check fee of \$20.00, or such lesser amount allowed by applicable law. You agree that we may add this fee to the outstanding balance in your account.

**9. Late Fee.** If your account becomes more than 10 days delinquent we shall impose a late fee equal to 1.5% of the amount past due or \$10.00, whichever is greater.

**10. Default/Collection Costs.** You will be in default if you submit a materially false credit application, breach this agreement, fail to pay any minimum monthly payment when it is due or if you file for bankruptcy. In the event of default, subject to any right you may have under state law to receive notice of default and to cure such default, we may demand that you pay the entire unpaid balance due and for surrender all collateral items subject to our security interest. If the account is business in nature and referred to an attorney who is not our salaried employee, you agree to pay our reasonable attorney's fees, but only to the extent and in the amount permitted by applicable law, and court costs will also be recovered where permitted by applicable law.

**11. Canceling or Limiting Your Credit.** We have the right at any time to limit or terminate the use of your Account without giving you notice in advance. We may increase or decrease your credit limit from time to time, as we deem appropriate. You may end this agreement for any reason but, if you do, you agree to pay the total balance due under the current terms of your account. If you end this agreement, you are responsible for the unpaid balance plus interest and charges.

**12. Interest Free Period.** In the event you pay for a purchase within 30 days of the delivery date, the purchase shall be free of interest. Monthly statements may not ask for the entire balance to be paid in full. This is the responsibility of the account holder to remember to pay the account in full to receive the interest free status.

**13. Authorization.** You agree to notify us immediately if you revoke permission to use the Account for any person you previously authorized to use your Account. In that case, we may close the Account.

**14. Changes in This Agreement.** We may change any term of this Agreement, including the rate of Finance Charge, by furnishing you notice of the change in the manner required by applicable law. To the extent permitted by applicable law, any new terms may at our option be applied to any balance existing in the Account at the time of the change, as well as to any subsequent transactions.

**15. Credit Investigation.** You authorize us to investigate your credit history by obtaining credit reports in connection with your application for this Account and subsequently in connection with a purchase, reviewing the Account, or collecting the Account. Upon your request we will tell you whether or not a credit report was requested and the name and address of any consumer credit reporting agency that furnished the report. You authorize us to make direct inquiries of businesses where you have accounts, where you work, and financial institutions where you bank. You also authorize us to report your performance under this Agreement to credit bureaus and others who may properly receive such information.

**16. Telephone Monitoring.** In order to assure that you receive the best possible customer service and that our employees are complying with our policies and applicable laws in their contacts with you, on occasion, we may record your call or we may have a second employee listen to customer calls.

**17. Change of Address.** You agree to notify us promptly in writing if you move or change your address. Until we receive such notice, we will send Statements and any other notices to the address you gave on the application for this Account. If you move to another state, any applicable Finance Charge and other terms expressly set forth in this Agreement will be based on your new state of residence and will apply to the entire balance in your Account.

**18. Purchase Money Security Interest.** You grant us a purchase money security interest in each item of merchandise purchased on your account to secure its unpaid purchase price until such merchandise is paid in full. Solely for the purpose of determining the extent of our purchase money security interest in each item of merchandise, and subject to the requirements of applicable Iowa state law, your payments will first be allocated to finance charges on the account, and then to pay off each purchase on the account in which the purchase was made (if more than one item was purchased on the same day, your payments will be allocated to pay off the lowest priced item first). Additionally, if you made a purchase pursuant to a credit promotion involving the avoidance or deferral of finance charges and that purchase is included on statements during the promotional period, we will allocate to such promotional purchase(s) the same payments referred to in the immediately preceding sentence if those payments are received during the period starting with the initial billing of the promotional purchase until the expiration of the promotional period. For the purposes of determining the amount owing on your account, payments will be credited only once at the time of payment to the then-outstanding balance of your account. We agree that no security interest is or will be retained or required under this agreement in any real property, which is used or expected to be used as your residence/homestead. Please initial here indicating that you understand that Smulekoff's will retain a purchase money security interest in any item purchased on your account until the time the account becomes paid in full.

**ACCOUNT HOLDER INITIALS:** \_\_\_\_\_

**19. Governing Law.** Federal law and the laws of the State of Iowa govern this Agreement. If you live or move to any other state, except as to those terms expressly set forth in this Agreement, federal law and the laws of the State of Iowa govern this Agreement.

**NOTICE: ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.**

**NOTICE TO BUYER: 1. DO NOT SIGN THIS CREDIT AGREEMENT BEFORE YOU READ IT OR IF IT CONTAINS ANY BLANK SPACES. 2. YOU ARE ENTITLED TO A COMPLETELY FILLED IN COPY OF THIS AGREEMENT. 3. YOU MAY AT ANY TIME PAY THE TOTAL BALANCE OUTSTANDING UNDER THIS AGREEMENT WITHOUT INCURRING ANY ADDITIONAL CHARGE. 4. YOU MAY UNDER CERTAIN CIRCUMSTANCES REDEEM YOUR PROPERTY, IF REPOSSESSED BECAUSE OF YOUR DEFAULT. 5. THE SELLER HAS NO RIGHT TO UNLAWFULLY ENTER YOUR PREMISES OR COMMIT ANY BREACH OF THE PEACE TO REPOSSESS GOODS PURCHASED UNDER THIS AGREEMENT.**

**KEEP THIS AGREEMENT TO PROTECT YOUR LEGAL RIGHTS. YOU ACKNOWLEDGE RECEIPT OF A COPY OF THIS RETAIL INSTALLMENT CREDIT AGREEMENT.**

**RETAIL INSTALLMENT CREDIT AGREEMENT**

**Your signature on the application or sales slip for the initial purchase approved on this Account represents your signature on this Agreement and is incorporated herein by reference.**

**NOTICE:** See below for importance notice required by Federal Law.

**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 of paper and mail it to the address identified on your monthly statement. Write to us as soon as possible. We must hear from you 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 with not preserve your rights. In your letter, give us the following information: (1) Your name and account number. (2) The dollar amount of the suspected error. (3) 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. **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 limit. You do not have to pay any questioned amount while we are investigating, but you are still

obligated 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 10 days, telling us that you still refuse to pay, we must tell anyone we report you to, that you have questions 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 the rules, we can't collect the first \$50.00 of the questioned amount, even if your bill was correct.

**SUMMARY OF INSURANCE COVERAGES**

**IMPORTANT INFORMATION ON LIMITATIONS, EXCLUSIONS, COSTS:** Upon acceptance of your enrollment, you will receive your certificates indicating your effective date. Eligibility, restrictions and exclusions vary by coverage and state. Read your certificates carefully for full details. You are free to cancel anytime. Premium rates are subject to change. Rates disclosed are accurate as of the printing date of this disclosure. The underwriters referenced below reserve the right to modify the terms and conditions of the insurance certificates upon written notice and subject to state regulations.

**LIFE COVERAGE:** If you or your joint card member die, \_\_\_\_\_ will pay the outstanding balance of your Smulekoff's Furniture Company, Inc.'s account as of the date of death, up to the policy maximum of \$5,000.00. Suicide is excluded.

**DISABILITY/UNEMPLOYMENT COVERAGE (applies only to you, the primary cardholder).** If you become totally disabled or involuntarily unemployed, \_\_\_\_\_ will pay the outstanding balance up to the policy maximum of \$5,000.00. You are eligible for these coverage's if at the time of application and approval employed 30 hours or more a week or as otherwise required by state law. Benefits begin after 90 consecutive days of unemployment or disability and are retroactive to the \_\_\_\_ day of loss. Purchases made after the initial date of loss will not be covered until you return to work.

**GENERAL PROVISIONS.** Maximum enrollment age is 65. Coverage terminates at age 66. The monthly premium charged to your account will be \_\_\_\_\_¢ per \$100.00 of your outstanding balance. Coverages are only available as a package. If you cancel within 30 days of receiving your certificate, we will refund your premium. Coverage is underwritten by \_\_\_\_\_ Life and Disability coverage provided by \_\_\_\_\_ provides remaining coverages described above.

**SMULEKOFF'S FURNITURE COMPANY, INC. PRIVACY POLICY.** We collect non-public personal information about you from the following sources: (1) information we receive from you on applications or other forms; (2) information about your transactions with our affiliates, others; or us and (3) information we receive from a consumer reporting agency. We do not disclose any non-public personal information about you (or about any current or former customer) to anyone, except as permitted by law. We may disclose information, limited solely to your name and address, to companies that perform the marketing services on our behalf. We restrict access to non-public personal information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your non-public personal information.

<p>Smulekoff's Furniture Company, Inc Temporary Smulekoff's Furniture Company Inc.'s Charge</p>
<p>Drivers License Number or Social Sec.# _____ State _____</p>
<p>Signature X _____ Co-Applicant's Signature _____ Date: _____</p>
<p>For Store Use Only: New Account # _____ Credit Line \$ _____ Credit Associate initials _____ Photo ID required with each use.</p>