

## RETAIL INSTALMENT CREDIT AGREEMENT ( RETAIL CHARGE)

### Luther Credit Terms & Conditions

**1. PROMISE TO PAY:** “You”(meaning each applicant and co-applicant for credit identified on the application which is incorporated by reference into this Agreement who is approved for credit by Luther Appliance and Furniture Sales Inc. (also referred to as “us”, “we”, “our” and similar terms)) promise to pay to us or anyone we designate in accordance with the monthly statements we provide to you from time to time, the full amount billed for the goods you order, including all taxes and related fees and charges, according to the terms of this Agreement.

**2. CREDIT LIMIT And Subsequent Purchases:** You agree that we may establish a credit limit and that the balance of your credit purchases at one time will not exceed your credit limit. You will be advised of your initial credit limit at the time your account is opened. If you exceed your credit limit or if you are in default, we have the right to suspend or cancel your account. You agree that we may change your credit limit from time to time. We may do so based upon our evaluation of changes in your credit worthiness or otherwise at our discretion. You may make purchases from time to time, subject to your credit limit. You may not make subsequent purchases on credit, however, until you have repaid forty percent (40%) or more of the total outstanding balance of prior purchases that have not been repaid. Purchases may be documented by an invoice or other memorandum evidencing your purchase and your agreement to finance that purchase according to the terms of this Agreement.

**3. MONTHLY STATEMENTS and MONTHLY PAYMENTS:** When you have an outstanding balance, we will send you a monthly statement. For each monthly billing cycle in which you make a purchase, we will calculate your new monthly payment amounts as follows: (a) We will add up the total of your outstanding principal balance of purchases and the amount of your new purchase(s) to determine your new outstanding balance of purchases. (b) Your monthly payment amounts will be based on the amount of the new outstanding balance of purchases. (c) You will have a repayment period as follows based on your outstanding balance of purchases: OUTSTANDING BALANCE OF: \$0 to \$175 - 6 months. \$176 to \$299 - 12 months. \$300 to \$1100 - 18 months. \$1101 to \$1399 - 24 months. \$1400 to \$2250 - 30 months. \$2251 and up - 36 months. We will determine the amount of the monthly payment that would be sufficient to repay the outstanding balance of purchases you then owe in full at the monthly periodic rate in substantially equal payments. The result of this calculation will be the new amount of your monthly payment until you have repaid the outstanding balance of purchases plus finance charges. Beginning with your first monthly payment due for the billing cycle in which you make a new purchase, you must pay the new monthly payment amount until you have repaid the outstanding balance of purchases plus finance charges. If you do not make payments when due, you must make: (a) more payments, (b) a higher final payment, or (c) both.

**4. FINANCE CHARGE:** You will pay a **Finance Charge** (which may also be referred to as a credit service charge) as part of your monthly payment. The **Finance Charge** on your account is computed in the following way: (a) We figure the finance charge on your account by applying the monthly periodic rate to: the amount you owe at the end of each cycle ( including new purchases and deducting payments and credits made during the billing cycle). (b) The Monthly Periodic Rate is 1.9166% and the **ANNUAL PERCENTAGE RATE** is **23%**. Exception: If you are a resident of Georgia or Texas at the time your account is opened the Monthly Periodic Rate is 1.75% and the **ANNUAL PERCENTAGE RATE** is **21%**.

**5. NO FINANCE CHARGE:** The “beginning balance” at the start of a monthly billing cycle is the same as the amount you owe as of the last day of the prior monthly billing cycle. You will not be charged a finance charge: (a) In a monthly billing cycle in which there is no previous balance ( e.g. the “beginning balance” shown on your statement is “zero” or in which there is a credit balance (meaning that there was no outstanding account balance at either the start or the end of the monthly billing cycle); (b) In a monthly billing cycle during which your payments and/or credits to your account (other than payments and credits attributable to amounts not included in the beginning balance for that billing cycle) are equal to or exceed the beginning balance for that billing cycle.(Note: for Maryland residents there is no finance charge in a monthly billing cycle in which you payoff the outstanding balance on your monthly statement within 25 days of the end of the prior monthly billing cycle.); (c) On an unpaid finance charge; or (d) On new purchases during the billing cycle in which the purchases are first added to your account.

**6. EARLY PAYMENT INCENTIVES FOR BUYER:** We offer "early payment incentives." We will give you a 25% credit off of the list price if you make payment in full within 90 days of delivery of the goods to you. We will also give you an additional 10% credit off of the list price if the order is paid in full in advance of delivery. There is no finance charge for orders paid in full in advance of delivery and if you make payment in full within 90 days of delivery, all finance charges on that purchase will be rebated to you.

**7. ANNUAL FEE:** There is no annual fee.

**8. LATE PAYMENT FEE:** You agree to pay a late payment fee of \$15.00 on each monthly payment due which is not paid in full within 10 days of the due date shown on your monthly billing statement unless applicable law limits this fee to a lesser sum in which case you agree to pay the maximum fee that may be imposed. Exception: Texas residents will not be charged a late fee.

**9. RETURNED CHECK FEE:** You agree to pay a returned check fee if any check or other instrument for payment on your account is returned unpaid in the amount of \$20.00, unless applicable law limits this fee to a lesser sum in which case you agree to pay the maximum fee that may be imposed. Unless prohibited by applicable law, this fee will be added to the unpaid balance under the Agreement. Exceptions: District of Columbia residents: you agree to pay a fee equal to the greater of \$100 or 2 times the face amount of the returned check provided the check remains unpaid for 30 days after we mail you notice of the returned check in accordance with D.C.Code Ann. §28-3152. Maryland residents: you agree to pay a fee of \$15.00 if any check for payment on your account is returned unpaid on a second presentment. Texas residents :you agree to pay a returned check fee of \$15.00.

**10. UNAUTHORIZED USE:** You agree to promptly notify us if your credit card (if one is issued to you) is lost or stolen or if there is unauthorized use of your credit card (if one is issued to you). If you give us notice orally, you agree to confirm it in writing. We may cancel your account if you fail to promptly notify us. You may write us at Luther Appliance & Furniture Sales, Inc. 1009 Grand Blvd. Deer Park, New York 11729, or telephone us at 1-800-358-6466. Until you do so, you may have to pay up to \$50.00 for purchases made by anyone who uses your credit card (if one is issued to you). Any purchases made using your credit card (if one is issued to you) will not be effective until you, or a person authorized by you, has signed an invoice or other memorandum evidencing a purchase by use of the card. Prior to your first purchase using the card you will not be responsible for any charges incurred by use of the card by an

unauthorized person. Subsequent purchases using the card will be assumed to be authorized by you unless you tell us otherwise in the manner described at the beginning of this section.

**11. REFERRAL BONUS:** If you refer a new buyer to us who places an order with us, we will give you a referral bonus. The referral bonus will be your choice of either: (a) \$20.00 towards a monthly payment; or (b) a gift certificate for \$20.00 towards any cash purchase. To qualify, the new buyer must inform us at the time of purchase that you referred him or her to us and the buyer must make a purchase of goods from us. Notice: The referral bonus is not available to Washington D.C. residents or to residents of any other state where prohibited by law.

**12. REFUND/RETURN POLICY:** You may obtain a refund of any amounts you have paid to us in connection with the purchase price of merchandise if you are not satisfied with the merchandise. To do so, you must notify us within 72 hours of delivery of the merchandise and you must return the merchandise to us in good condition and in its original packaging. Before we make a refund, we are entitled to a return of the merchandise in good condition and in original packaging.

**13. CREDIT INVESTIGATION:** You certify, under penalties of perjury, that the information you give us on your credit application is true and correct. We have the right to investigate your credit, employment and income records, and to verify your credit references. A consumer credit report (including an investigative consumer report) from consumer reporting agencies may be requested in considering any application or for the purposes of an update, renewal or extension of credit. The name and address of each consumer reporting agency from which the consumer report was obtained (if any) relating to applicant/co-applicant will be furnished upon your written request. We also have the right to report the way you pay this account to credit bureaus and other parties who may lawfully receive such information. We have the right to deny credit, suspend or cancel your account if any of the information provided on your application is untrue. You understand that we will retain your credit application whether or not it is approved.

**14. ASSIGNMENT:** We may assign your account and our rights under this Agreement to a bank or any other company without prior notice to you. That entity will have the same rights that we have in this Agreement and to your account.

**15. SECURITY:** By signing this Agreement, you hereby give us a purchase money security interest in the goods you purchase under this Agreement which have a list price of \$200 or more ("Goods"). This is a security interest under the Uniform Commercial Code and other laws and protects us if you do not repay your debt under this Agreement. This is a security interest in the Goods and any proceeds of the Goods, whether in the form of cash or other property taken in exchange for, or resulting from the disposal of the Goods (the "Collateral"). You authorize us to file a financing statement naming you as a debtor which covers the Collateral. The security interest will be valid until: (a) the purchase price for the Goods is fully paid or (b) five years have elapsed from the date of purchase, whichever happens first.

**16. ALLOCATION OF PAYMENTS:** We will allocate your payments to your outstanding balance (after deducting amounts owed for finance charges, late charges, and other permitted charges) to purchases in the order in which we post them to your account.

**17. DEFAULT:** You will be in default under this Agreement if: (1) you fail to make a minimum payment within 10 days of its due date; (2) you break any of the promises in this Agreement or in any other written agreement you have with us; (3) you have made any false or misleading statements in connection with your credit application or this Agreement; (4) a petition is filed by

or against you under any bankruptcy or insolvency law; (5) you die or become unable to manage your affairs; or (6) there is a significant impairment of or damage to the Collateral.

**18. CONSEQUENCES OF DEFAULT:** If you default, we will have the right to require immediate payment of everything you owe us. We also will have the right to repossess (take) any Collateral or foreclose on any security interest given as security for what you owe under this Agreement, provided payment is over due by at least thirty (30) days and we thereafter provide you with a notice and an additional thirty (30) day period to cure the default. If we repossess the Collateral, we may sell it at a public or private sale. We will give you at least 10 days written notice before we do so. The proceeds of the sale will be applied toward what you owe. We first will subtract the costs of repossessing, storing, preparing for sale, selling the Collateral, and other allowable expenses, to the extent permitted by law. If we refer your account to an attorney for collection, unless prohibited by applicable law, you also agree to pay us our reasonable attorneys' fees of up to twenty percent (20%) of the amount you owe us, provided the attorney is not our salaried employee. You agree to pay us court costs and disbursements unless prohibited by applicable law. If our sale of Collateral does not cover all that you owe, you must pay the deficiency. If there is a surplus, it will be paid to you or to any other person legally entitled to it. Notice to District of Columbia residents: 1. If we repossess the Collateral and our sale of Collateral does not cover all that you owe, we waive our right to claim any deficiency between the proceeds of the sale and the amount you owe us. 2. We will not charge you any attorneys' fees as a consequence of your default.

**19. NATURE OF YOUR RESPONSIBILITIES:** Each person that signs the credit application for this Agreement, this Agreement, or any invoice or other memorandum evidencing a purchase made according to the terms of this Agreement, is liable ( and if there is more than one person then each of you is jointly and severally liable) to pay all amounts owed, in full, and to keep all of the other promises in this Agreement. You are responsible for the amounts you owe on this Agreement even if you suffer a total loss of the goods purchased under this Agreement due to theft, confiscation, fire or other physical damage.

**20. APPLICABLE LAW:** This Agreement is effective when we accept and approve your application for credit under the terms of this Agreement in New York. This Agreement( which includes the application and any sales slips /orders signed by you ) is governed by federal law and the law of New York without reference to the principles of conflict of laws except that if you are a resident of the District of Columbia (Washington D.C.), Georgia, Maryland, Texas or Virginia when your account with us is opened this Agreement is governed by federal law and the law of one of the preceding states in which you resided at the time your account was opened, without reference to the principles of conflict of laws If you are a resident of Maryland this Agreement is governed by federal and Maryland law- specifically Subtitle 9, Title 12 of the Commercial Law Article. If you are a resident of Texas the following applies to you:

**TEXAS CONSUMER CREDIT COMMISSIONER NOTICE:** To contact Luther Appliance and Furniture Sales, Inc. about this account call 800-358-6466. This contract is subject in whole or in part to Texas law which is enforced by the Consumer Credit Commissioner, 2601 N. Lamar Blvd., Austin, Texas 78705- 4207; (800) 538-1579; (512) 936-7600, and can be contacted relative to any inquiries or complaints.

If any provision of this Agreement is found invalid, the other provisions shall remain in full force and effect.

**21. PREPAYMENT OF BALANCE:** You may, at any time, pay off the entire balance of your account without penalty.

**22. CANCELING THIS AGREEMENT:** We have the right to cancel this Agreement at any time by notifying you in writing. You have the same right. Your obligation to repay amounts you already owe under this Agreement will not be affected by cancellation of this Agreement.

**23. CHANGE OF TERMS:** To the extent allowed by law, we may change any term of this Agreement, including the rate of finance charge. If permitted by applicable law, any new terms may at our option be applied to any balance existing on the Account at the time of change, as well as any subsequent transactions. We may make any of the changes discussed above without your consent, unless applicable law provides otherwise. We will give you any notice of change that is required by law.

**24. CREDIT CARDS:** Any and all credit cards furnished to you by us shall remain our property and you will be obligated to surrender all credit cards promptly upon our request.

**25. OPTIONAL PAYMENT METHODS:** You may elect to make payments under a payroll deduction plan or by choosing to have payments made by an automatic debit to your checking account by simply completing the additional authorization forms for either payment method.

You may revoke any such election by sending us and your bank or employer a signed written request. We will process your revocation in a reasonable time period after we receive it, but might not be able to stop a payment scheduled to occur within five (5) business days. If you select either of these two optional payment methods you agree to execute and implement such additional authorizations (which are incorporated into and made part of this Agreement) as may be reasonably requested by us from time to time for the purpose of authorizing your employer or bank to pay us on your behalf.

**26. PRESERVATION OF CLAIMS AND DEFENSES**

**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.**

**27. 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 at 1009 Grand Blvd., Deer Park, New York 11729. Write to us as soon as possible. We must hear from you no later than 60 days after we send you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter give us the following information: Your name and account number. The dollar amount of suspected error. Describe the alleged 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 Inquiry:** 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 in 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 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 a question 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 do not follow these rules, we cannot collect the first \$50.00 of the questioned amount, even if your bill was correct. **Special Rule for Credit Card Purchases:** If you have a problem with the quality of property or services that you purchased with a 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 property or services.

## **28. ARBITRATION CLAUSE**

### **PLEASE REVIEW - IMPORTANT - AFFECTS YOUR LEGAL RIGHTS**

1. EITHER YOU OR WE MAY CHOOSE TO HAVE ANY DISPUTE BETWEEN US DECIDED BY ARBITRATION AND NOT IN COURT OR BY JURY TRIAL.
2. IF A DISPUTE IS ARBITRATED, YOU WILL GIVE UP YOUR RIGHT TO PARTICIPATE AS A CLASS REPRESENTATIVE OR CLASS MEMBER ON ANY CLASS CLAIM YOU MAY HAVE AGAINST US INCLUDING ANY RIGHT TO CLASS ARBITRATION OR ANY CONSOLIDATION OF INDIVIDUAL ARBITRATIONS.
3. DISCOVERY AND RIGHTS TO APPEAL IN ARBITRATION ARE GENERALLY MORE LIMITED THAN IN A LAWSUIT, AND OTHER RIGHTS THAT YOU AND WE WOULD HAVE IN COURT MAY NOT BE AVAILABLE IN ARBITRATION.

Any claim or dispute, whether in contract, tort, statute or otherwise (including the interpretation and scope of this clause, and the arbitrability of the claim or dispute), between you and us or our employees, agents, successors or assigns, which arise out of or relate to your credit application, purchase or condition of this vehicle, this contract or any resulting transaction or relationship (including any such relationship with third parties who do not sign this contract) shall, at your or our election, be resolved by neutral, binding arbitration and not by a court action. Any claim or

dispute is to be arbitrated by a single arbitrator on an individual basis and not as a class action. You expressly waive any right you may have to arbitrate a class action. You may choose one of the following arbitration organizations and its applicable rules: the National Arbitration Forum, Box 50191, Minneapolis, MN 55405-0191 ([www.arbforum.com](http://www.arbforum.com)), the American Arbitration Association, 335 Madison Ave., Floor 10, New York, NY 10017-4605 ([www.adr.org](http://www.adr.org)), or any other organization that you may choose subject to our approval. You may get a copy of the rules of these organizations by contacting the arbitration organization or visiting its website.

Arbitrators shall be attorneys or retired judges and shall be selected pursuant to the applicable rules. The arbitrator shall apply governing substantive law in making an award. The arbitration hearing shall be conducted in the federal district in which you reside unless the Creditor-Seller is a party to the claim or dispute, in which case the hearing will be held in the federal district where this contract was executed. We will advance your filing, administration, service or case management fee and your arbitrator or hearing fee all up to a maximum of \$1000, which may be reimbursed by decision of the arbitrator at the arbitrator's discretion. Each party shall be responsible for its own attorney, expert and other fees, unless awarded by the arbitrator under applicable law. If the chosen arbitration organization's rules conflict with this clause, then the provisions of this clause shall control. The arbitrator's award shall be final and binding on all parties, except that in the event the arbitrator's award for a party is \$0 or against a party is in excess of \$100,000, or includes an award of injunctive relief against a party, that party may request a new arbitration under the rules of the arbitration organization by a three-arbitrator panel. The appealing party requesting new arbitration shall be responsible for the filing fee and other arbitration costs subject to a final determination by the arbitrators of a fair apportionment of costs. Any arbitration under this Arbitration Clause shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et. seq.) and not by any state law concerning arbitration.

You and we retain any rights to self-help remedies, such as repossession. You and we retain the right to seek remedies in small claims court for disputes or claims within that court's jurisdiction, unless such action is transferred, removed or appealed to a different court. Neither you nor we waive the right to arbitrate by using self-help remedies or filing suit. Any court having jurisdiction may enter judgment on the arbitrator's award. This clause shall survive any termination, payoff or transfer of this contract. If any part of this Arbitration Clause, other than waivers of class action rights, is deemed or found to be unenforceable for any reason, the remainder shall remain enforceable. If a waiver of class action rights is deemed or found to be unenforceable for any reason in a case in which class action allegations have been made, the remainder of this arbitration clause shall be unenforceable.

## **29. ADDITIONAL NOTICES**

**Notice to Georgia residents: NOTICE TO THE BUYER: Do not sign this before you read it or if it contains any blank spaces. You are entitled to an exact copy of the paper you sign. You have the right to pay in advance the full amount due. Each party secondarily liable on this Agreement hereby waives any right to require us as seller or any assignee to take action against the principal as provided in O.C.G.A. §10-7-24.**

**Notice to Texas residents: NOTICE TO THE BUYER: DO NOT SIGN THIS AGREEMENT BEFORE YOU READ IT OR IF IT CONTAINS BLANK SPACES. YOU ARE ENTITLED TO A COPY OF THE AGREEMENT YOU SIGN. KEEP THIS AGREEMENT TO PROTECT YOUR LEGAL RIGHTS.**

**Notice to Washington DC residents: NOTICE TO THE BUYER: 1. Do not sign this credit agreement before you read it or if it contains any blank space. 2. You are entitled to a completely filled in copy of this credit agreement at the time you sign it.**

**ACKNOWLEDGEMENT. By signing the application form, using the credit card and/or by placing your first order on credit provided by us, you acknowledge your receipt of a copy of this Agreement and agree to accept and comply with the terms of this Agreement.**

**NOTICE TO THE BUYER: 1. Do not sign this credit agreement before you read it or if it contains any blank space. 2. You are entitled to a completely filled in copy of this credit agreement.**

## **RETAIL INSTALMENT CREDIT AGREEMENT**

Luther Appliance and Furniture Sales, Inc

By:

Dated: