



# RETAIL CHARGE AGREEMENT/SECURITY AGREEMENT

CA29-R

Preferred Credit, Inc. - 628 Roosevelt Road, St. Cloud, MN 56301 ZIP Line: 877-878-1079 Customer Service: 800-972-0825

IF YOU ARE MARRIED, YOU MAY APPLY FOR CREDIT SEPARATELY AS AN INDIVIDUAL. TYPE OF CREDIT REQUESTED (CHECK APPROPRIATE BOX): <input type="checkbox"/> INDIVIDUAL - IN YOUR NAME, RELYING ON YOUR OWN INCOME. COMPLETE BUYER INFORMATION. <input type="checkbox"/> JOINT - WITH ANOTHER PERSON. COMPLETE BUYER AND CO-BUYER INFORMATION.	WE INTEND TO APPLY FOR JOINT CREDIT APPLICANT BUYER INITIALS _____ CO-APPLICANT/CO-BUYER INITIALS _____	PCI Consumer Account No. _____	PCI Client No. _____
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**** IDENTIFICATION VERIFICATION ****			
Verify Customer's Government Issued I.D.	Applicant's Driver's License I.D.# _____	State _____	Expiration Date _____
	Co-Applicant's Driver's License I.D.# _____	State _____	Expiration Date _____

**** APPLICANT INFORMATION ****					
Last Name	First Name	Middle Init.	Date of Birth	Social Security #	Home Phone #
Physical Address					
Apt./Lot # _____ Mailing Address (if different from Physical Address) _____					
City/State			ZIP	Years There	
Email Address _____					
Primary Income Type			Monthly Gross Income		Other Income Type(s) (Check ALL that apply): Alimony, child support, and maintenance payments need not be disclosed if you do not wish us to consider them in determining your credit worthiness.
<input type="checkbox"/> Full-Time <input type="checkbox"/> Self-Employed <input type="checkbox"/> Military Pay Grade _____ <input type="checkbox"/> Part-Time <input type="checkbox"/> Retired <input type="checkbox"/> Other _____			\$ _____		
Employer/Primary Source of Income			Years There		Monthly Gross Other Income
					\$ _____
Job Title		Employer Phone		Business Ext.	
				<input type="checkbox"/> OWNS <input type="checkbox"/> RENTS   } <input type="checkbox"/> HOUSE <input type="checkbox"/> APT <input type="checkbox"/> CONDO <input type="checkbox"/> PROVIDED <input type="checkbox"/> OTHER   } <input type="checkbox"/> MOBILE <input type="checkbox"/> LIVES WITH FAMILY	
Employer Location (City, State)		Bank Accounts		Monthly Housing Payment	
		Please Check ALL that Apply:		\$ _____	
		<input type="checkbox"/> CHECKING		<input type="checkbox"/> SAVINGS	

CO-APPLICANT INFORMATION: <input type="checkbox"/> SPOUSE <input type="checkbox"/> CO-BUYER; RELATIONSHIP: _____					
Last Name	First Name	Middle Init.	Date of Birth	Social Security #	Home Phone #
Physical Address					
Apt./Lot # _____ City/State _____ ZIP _____ Years There _____					
Primary Income Type			Monthly Gross Income		Other Income Type(s) (Check ALL that apply): Alimony, child support, and maintenance payments need not be disclosed if you do not wish us to consider them in determining your credit worthiness.
<input type="checkbox"/> Full-Time <input type="checkbox"/> Self-Employed <input type="checkbox"/> Military Pay Grade _____ <input type="checkbox"/> Part-Time <input type="checkbox"/> Retired <input type="checkbox"/> Other _____			\$ _____		
Employer/Primary Source of Income			Years There		Monthly Gross Other Income
					\$ _____
Job Title		Employer Phone		Business Ext.	
				<input type="checkbox"/> OWNS <input type="checkbox"/> RENTS   } <input type="checkbox"/> HOUSE <input type="checkbox"/> APT <input type="checkbox"/> CONDO <input type="checkbox"/> PROVIDED <input type="checkbox"/> OTHER   } <input type="checkbox"/> MOBILE <input type="checkbox"/> LIVES WITH FAMILY	
Employer Location (City, State)		Bank Accounts		Monthly Housing Payment	
		Please Check ALL that Apply:		\$ _____	
		<input type="checkbox"/> CHECKING		<input type="checkbox"/> SAVINGS	

**** REFERENCES ****			
(1) Name of Nearest Relative Not Living With You	City/State	Relative's Phone	Relationship
(2) Name of Nearest Relative Not Living With You	City/State	Relative's Phone	Relationship

By signing below you (a) apply for credit; (b) agree that, to the best of your knowledge, all information contained in the application above is complete and accurate; (c) recognize that we may obtain consumer reports on you in connection with your application and may obtain and use subsequent reports in connection with an update, renewal, or extension of credit for which you may apply, and other uses not prohibited by law; (d) expressly authorize any third party (i.e. creditor, bank or financial institution, employer, landlord, etc.) to release whatever information that we may request concerning you; (e) agree that we may monitor and record telephone calls regarding your account for quality assurance and for other reasons not prohibited by law; (f) expressly consent and agree to us using written, electronic, or verbal means to contact you as not otherwise prohibited by law including, but not limited to, contact by manual calling methods, prerecorded or artificial voice messages, text messages, emails, and/or automatic dialing systems and do so using any email address, or telephone number you provide, now or in the future, including a number for a mobile phone or other wireless device regardless of whether you may incur charges as a result; (g) acknowledge that Interest Charges will be imposed in amounts or rates not in excess of those permitted by law; (h) acknowledge this instrument is based upon a home solicitation sale, which is subject to the provisions of Cal. Civil Code §§ 1689.5 et. seq.; (i) grant us a purchase money security interest in any goods you purchase under this Agreement which are described in any order, invoice, or similar document issued by the Seller (as provided below) which becomes part of this Agreement; (j) acknowledge that this instrument is not negotiable; and (k) acknowledge that you are receiving the Retail Charge Agreement. Additional Terms and Disclosures. The Additional Terms and Disclosures are in effect on the date of execution and incorporated herein.

**No Oral Modifications:** You agree that we are not bound by any oral agreements or oral modifications to this Agreement.

X \_\_\_\_\_ Buyer Initials      X \_\_\_\_\_ Co-Buyer Initials

**NOTICE TO BUYER:** (1) Do not sign this Agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled in copy of this Agreement. (3) You can prepay the full amount due under this Agreement at any time. (4) If you desire to pay off in advance the full amount due, the amount which is outstanding will be furnished upon request. Your signatures below mean that you have received a completely filled in copy of this Agreement. Keep this Agreement to protect your legal rights.

Your initial(s) below mean that (a) you have read and understand the terms and conditions as set forth on all 5 pages of this Agreement; (b) you agree to the terms of this Agreement; and (c) you will pay any advances made under this Agreement according to its terms.

X \_\_\_\_\_ Date / /

Buyer's Signature

X \_\_\_\_\_ Date / /

Co-Buyer's Signature

SELLER: Company Name:	SALE: Sales Representative:	BUYER INITIALS	CO-BUYER INITIALS
Address:	Sales Representative's Initials:	PROMOTIONAL CREDIT PLAN (if applicable):	

AUTHORIZATION FOR PREAUTHORIZED PAYMENTS	
By signing below, I hereby request and authorize Preferred Credit, Inc. (PCI) to initiate entries to debit my account on the due date for the minimum monthly payment amount shown on my monthly periodic statement of account (or the next business day if the due date falls on a weekend or holiday) and as otherwise described below. This authority is to remain in full force and effect until PCI is paid in full, or PCI has received written notification of its termination at 628 Roosevelt Road, St. Cloud, MN 56301 or I have notified my financial institution at least three business days before the scheduled payment. In addition to the payment amount, I request and authorize PCI to initiate entries to debit my account to collect any incidental fees or charges that may be due on the Agreement following maturity, as permitted by applicable law.	
Bank/Financial Institution Name: _____	Location (City, State, Zip): _____
Check Which One Applies: <input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS	Routing Number: _____ Account Number: _____
Name (Print): _____	Signature: _____

**CUSTOMER PRIVACY**  
**CALIFORNIA CONSUMERS HAVE ADDITIONAL RIGHTS. SEE SEPARATE PRIVACY NOTICE.**

**FACTS** **WHAT DOES PREFERRED CREDIT, INC. ("PCI") DO WITH YOUR PERSONAL INFORMATION?** Rev. 10/19

<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	The types of personal information we collect and share depend on the product or service you have with us. This information can include: (1) Social Security Number and income; (2) account balances and payment history; and (3) credit history and credit scores.
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons PCI chooses to share; and whether you can limit this sharing.

<b>Reasons we can share your personal information</b>	<b>Does PCI share?</b>	<b>Can you limit this sharing?</b>
<b>For our everyday business purposes</b> - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to the credit bureaus	Yes	No
<b>For our marketing purposes</b> - to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes</b> - information about your transactions and experiences	No	We don't share
<b>For our affiliates' everyday business purposes</b> - information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	No	We don't share
<b>For nonaffiliates to market to you</b>	Yes	Yes

**To limit our sharing** Complete the opt-out election form below.  
**Please note:** If you are a *new* customer, we can begin sharing your information 30 days from the date we sent this notice. When you are *no longer* our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.

**Questions?** Call 320-255-9784 or go to [www.preferredcredit.com](http://www.preferredcredit.com)

**What we do**

**How does PCI protect my personal information?** - To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We continually evaluate and access new technology for protecting your nonpublic personal information.

**How does PCI collect my personal information?** - We collect personal information, for example, when you (1) apply for financing or give us your contact information; (2) provide account information or pay your bills; and (3) show your government-issued ID. We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

**Why can't I limit all sharing?** - Federal law gives you the right to limit only (1) sharing for affiliates' everyday business purposes (i.e. information about your creditworthiness); (2) affiliates from using your information to market to you; and (3) sharing for nonaffiliates to market to you. State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.

**What happens when I limit all sharing for an account I hold jointly with someone else?** - Your choices will apply to everyone on your account unless you tell us otherwise.

**Definitions**

**Affiliates** - Companies related by common ownership or control. They can be financial or nonfinancial companies. *PCI does not share with our affiliates.*

**Nonaffiliates** - Companies not related by common ownership or control. They can be financial and nonfinancial companies. *Nonaffiliates we share with can include direct marketing companies and the retailer named on your account.*

**Joint Marketing** - A formal agreement between nonaffiliated financial companies that together market financial products or services to you. *PCI does not jointly market.*

**Other Important Information**

We follow state law if state law provides you with additional privacy protections.

<b>Opt-out Election</b>	Mark if you wish to limit how we share your personal information with nonaffiliates:					
	<table> <tr> <td><u>Applicant</u></td> <td><u>Co-Applicant</u></td> <td></td> </tr> <tr> <td align="center"><input type="checkbox"/></td> <td align="center"><input type="checkbox"/></td> <td>Do not share my personal information with nonaffiliates to market their products and services to me.</td> </tr> </table>	<u>Applicant</u>	<u>Co-Applicant</u>		<input type="checkbox"/>	<input type="checkbox"/>
<u>Applicant</u>	<u>Co-Applicant</u>					
<input type="checkbox"/>	<input type="checkbox"/>	Do not share my personal information with nonaffiliates to market their products and services to me.				

**Assignment by Seller:** For Value Received, Seller sells and assigns this Retail Charge Agreement (the "Agreement") to Preferred Credit, Inc., 628 Roosevelt Road, St. Cloud, MN 56301, the assignee, its successors, and assigns, including all of Seller's rights, title, and interest in this Agreement. Assignee has full power to take all legal and other actions, which Seller could have taken under this Agreement. The undersigned acknowledges that this Assignment incorporates by reference the terms of the Finance Agreement between the undersigned and Preferred Credit, Inc. including but not limited to the representations, warranties, liabilities, conditions, and obligations of the undersigned contained therein.

\_\_\_\_\_  
 (Corporate, Firm, or Trade Name of Seller)

\_\_\_\_\_  
 (Owner, Officer, or Firm Member)

**THIS DOCUMENT IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF US BANK NATIONAL ASSOCIATION.**

**RETAIL CHARGE AGREEMENT: ADDITIONAL TERMS AND DISCLOSURES**

**IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT** - To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

**MILITARY LENDING ACT NOTICE** - Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account). Please contact us at (800) 972-0825 to obtain oral notice of these rights as well as your payment obligation.

<b>Interest Rates and Interest Charges</b>	
<b>Annual Percentage Rate (APR) for Purchases</b>	<b>21.99%.</b>
<b>How to Avoid Paying Interest</b>	Your due date is at least 25 days after the close of each billing cycle. We will not charge you any interest on purchases if you pay your entire balance by the due date each month.
<b>Minimum Interest Charge</b>	If you are charged interest, the charge will be no less than \$0.50.
<b>For Credit Card Tips from the Consumer Financial Protection Bureau</b>	<b>To learn more about factors to consider when applying for or using a credit card, visit the website of the Consumer Financial Protection Bureau at <a href="http://www.consumerfinance.gov/learnmore">http://www.consumerfinance.gov/learnmore</a>.</b>
<b>Fees</b>	
<b>Transaction Fees</b>	<b>None.</b>
<b>Penalty Fees</b>	
• Late Payment	<b>\$15.</b>
• Return Payment	<b>\$15.</b>

**How We Will Calculate Your Balance:** We use a method called "daily balance (including new purchases)."  
**Billing Rights:** Information on your rights to dispute transactions and how to exercise those rights is provided in your account agreement.

**1. Definitions:** In this Retail Charge Agreement ("Agreement"): The word "Account" refers to the account that is established with the Seller, and their successors or assigns, that is the subject of this Agreement. The words "you" and "your" refer to each individual who signs the Application for the Account, and who is authorized to use the Account. The words "we," "us," and "our" refer to the Seller, and any assignee of the Seller. The words "Acceptable Documentation" shall refer to Charge Slips, phone orders, or orders from our website, so long as such orders are signed (physically or electronically) or otherwise verbally or electronically authenticated. The words "Applicable Law" shall mean federal law and the laws of the state of California. You and we agree that these Applicable Laws apply to this Agreement. The words "Charge Slip" refer to the document describing the type, quantity, and agreed price of merchandise you buy from the Seller.

**2. Account:** This Agreement applies to your retail charge purchase of goods and services from us. The amount of your initial purchase from Seller will govern the amount of the initial credit limit on your Account, which will be set at a higher amount than the cost of the goods purchased based on our expectation that you will use the Account to make additional purchases. You may make add-on purchases from the Seller or Seller's assigns which will be evidenced by Acceptable Documentation. Acceptable Documentation must provide the cash price of the merchandise purchased. By signing future Acceptable Documentation you agree those purchases thereby confirmed will be subject to this Agreement. You agree that add-on orders which exceed the credit limit established with your initial order are subject to credit approval. We reserve the right to deny authorization for any requested credit limit increase.

**3. Promise to Pay:** In return for extending credit to you on this Account from time to time, each of you agrees to pay for all purchases any of you charge on this Account, and all other charges mentioned below, according to the terms of this Agreement. When you sign the Application for this Account, you will be agreeing to the terms and conditions in this Agreement, which include the cost of credit disclosures required by Applicable Law. This Agreement will not be effective until we approve your Application, and we or our assignee provides any disclosures required by the Federal Truth in Lending Act, and then, after that, only if you or someone authorized by you sign a Charge Slip or otherwise charge a purchase to this Account.

**4. Billing:** You will be billed monthly for credit purchases from us, as shown on a Charge Slip signed by you (or completed at your direction), and for any previous unpaid balance as required by Applicable Law. You will receive a monthly periodic statement of account for any month in which you have an outstanding balance of more than \$1.00 or on which an Interest Charge has been imposed. Your monthly periodic statement of account will show your new unpaid balance, any new purchases you have made since your last monthly periodic statement of account, and your Minimum Monthly Payment. Your credit limit will also be shown on your monthly periodic statement of account.

**5. Payment: You have the right to pay your entire balance in full or more than the Minimum Monthly Payment at any time.** Otherwise, you agree to pay at least the Minimum Monthly Payment, which includes Interest Charges. You must make payment in U.S. Dollars, with a draft, money order, or check drawn on a U.S. Bank or the U.S. Post Office. We may accept late payment, partial payments, or any payments marked "payment in full," without losing any of our rights under this Agreement or Applicable Law.

**6. Interest Charges:** Unless you are offered a Promotional Credit Plan as described below, and as not prohibited by Applicable Law, Interest Charges will begin to accrue upon delivery of the merchandise you purchase. Delivery occurs upon the earlier of the date of shipment of the merchandise, or the date of hand delivery of the merchandise. No Interest Charges will be imposed on new purchases, however, if: (a) there was no outstanding balance under your Account at the beginning of the billing period in which the purchase was made (which includes the period in which you make your initial purchase of merchandise under this Agreement), and (b) you pay off your Account in full by the payment due date reflected in the monthly periodic statement of account for that billing period (though no payment may be due). We figure the Interest Charge on your Account by applying the daily periodic rate to the "daily balance" of your account for each day in the billing cycle. To determine the daily balance, we take the beginning balance each day, add any new charges posted that day, and subtract any payments and credits posted that day. This gives us the daily balance. Then, we calculate the amount of interest charged by multiplying the applicable daily periodic rate by each daily balance on your account. Your Interest Charge for the billing cycle is the sum of the interest amounts that were charged each day during the billing cycle. Your daily periodic rate and the corresponding Annual Percentage Rate are indicated in the chart below. The daily periodic rate will be the annual rate divided by 365 (366 in a leap year).

<b>Applicable Law</b>	<b>Daily Periodic Rate</b>	<b>Corresponding ANNUAL PERCENTAGE RATE</b>
<b>CA</b>	<b>0.0603%</b>	<b>21.99%</b>

Notwithstanding the above, if we receive payment in full of the outstanding balance of your Account, as shown on the billing statement, within 25 days after the end of that billing period, we will not impose Interest Charges for the current billing period.

**7. Minimum Monthly Interest Charge:** As not prohibited by Applicable Law, if the Interest Charge that results from the application of the above stated daily periodic rate (the "Calculated Interest Charge"), is less than \$0.50, we will impose a minimum monthly **INTEREST CHARGE** of \$0.50.

**8. Minimum Monthly Payment:** You will make payments of at least the total Minimum Monthly Payment each month as required by our monthly periodic statements of account. Your total Minimum Monthly Payment will consist of: (1) any past due amounts, and (2) a regularly scheduled Minimum Monthly Payment. The regularly scheduled Minimum Monthly Payment will be the greater of: (a) \$25; or (b) the highest regularly scheduled Minimum Monthly Payment shown on any Charge Slip you execute, not to exceed 3.5% of the Account balance immediately following the first or any subsequent purchase on your Account.

**9. Promotional Credit Plans:** In addition to purchases that accrue Interest Charges and require monthly payments as described previously in this Agreement, as part of this Account, Promotional Credit Plans may be offered from time to time on specific additional purchases for qualified buyers. Purchases made under these Promotional Credit Plans may have different interest charge calculations and required minimum payments. A Promotional Credit Plan is strictly limited by its terms and the terms and conditions of the special promotion to which it relates. In addition, the benefits of a Promotional Credit Plan will expire and all accrued Interest Charges in these plans will be added to your Account if you fail to pay the promotional balance by the end of the promotional period or you are in default for a period of 60 or more days during the promotional period. The special promotions that may be offered include:

**9.a. Same as Cash Plan:** If you pay the full purchase price before the expiration date of a Same as Cash Plan, as indicated on your monthly periodic statement of account, and pay the Minimum Monthly Payment each billing period when due, no Interest Charges will be imposed on the purchase. If such payments are not made, Interest Charges from the date of delivery will be added to your Account either when you fail to make a payment within 60 days of the due date or, at the end of the Same as Cash Plan period if any portion of the promotional balance remains outstanding.

**9.a.1 How Payments Are Applied When Same as Cash Plan Is In Effect:** Unless otherwise required by Applicable Law, during the two billing cycles immediately preceding expiration of the Same as Cash Plan period, any amount paid in excess of the minimum payment due will be allocated first to the balance subject to the Same as Cash Plan and any remaining

- portion to any other balances. We may offer Same as Cash Plan periods of 6 months, 9 months, 12 months, or of different lengths that we will announce from time to time.
- 10. Application of Payments:** Unless otherwise required by Applicable Law, payments except down payments, shall be applied first to past due Minimum Monthly Payments, beginning with the oldest, then to the current Minimum Monthly Payment, and then to other unpaid late fees, costs, and fees arising under this Agreement.
- 11. Other Charges:**
- 11.a. Late Fees:** You will pay the maximum late fee allowed (which you agree we will add to the balance due on your Account) for payments not made on time, calculated as Applicable Law allows. The statutory time period for the imposition of a Late Fee is 15 days after the due date ("Due Date") for each payment not received on the scheduled Due Date. Currently, the maximum late fee allowed is \$15. Notwithstanding the preceding provisions, you will not be charged more than the amount of the required minimum periodic payment due immediately prior to the assessment of the late payment fee.
- 11.b. Returned Check Charge:** You will pay a returned check charge (which you agree we will add to the balance due on your Account) if any check, negotiable order of withdrawal, share draft, or item you give us for payment under the Agreement is dishonored for any reason by the bank or other institution on which it is drawn. We will impose the maximum returned check charge as Applicable Law allows. Currently, that amount is \$15. Notwithstanding the preceding provisions, you will not be charged more than the amount of the required minimum periodic payment due immediately prior to the date on which the payment is returned or otherwise dishonored.
- 12. Security Agreement:** You grant us a purchase money security interest in each household good purchased with this Account ("Goods") to the full extent not prohibited by Applicable Law (including the Uniform Commercial Code which may require that we sign, file, or record one or more UCC financing statements, fixture filings, or other documents to perfect or otherwise protect this security interest). You will, on request, take all reasonable actions requested by us to preserve and protect the Goods and our security interest in the Goods. You also agree to take all reasonable actions requested by us to establish, determine the priority of, perfect, continue the perfection of, terminate, or enforce our security interest in the Goods and our rights under this Agreement. In addition to other rights we may have under this Agreement, if you do not make payments as agreed, this security interest allows us to take actions not prohibited by Applicable Law governing security interests in the Goods. You also agree to keep the Goods installed at the address you provided in your credit application and to not remove or alter the Goods without our prior written consent. You may lose the Goods if you do not meet your obligations to us under this Agreement. We have not (and will not) take any security interest to secure repayment of obligations under this Agreement apart from an interest in goods as set forth herein, even when a financing statement is filed. Accordingly, we do not maintain any interest in your dwelling or real property and waive any right we (or our assignee) may have to foreclose on real property pursuant to any applicable real property foreclosure laws.
- 13. Default:** If you fail to make any payment when due, or if the prospect of your payment, performance, or our realization of collateral is significantly impaired, to the extent not prohibited by Applicable Law, and subject to any notice required by Applicable Law, we may declare the full remaining balance immediately due and payable. We may also repossess any article of merchandise in which we retain a security interest if we do so peacefully and the law allows it. Notwithstanding the preceding provisions, in the event of a late payment or nonpayment, we will not declare the full remaining balance immediately due and payable or repossess any article of merchandise if, within 15 days of the date on which the installment was due, we receive payment together with any late fees. If you fail to pay within 15 days of the due date, we may, at our option, declare the full remaining balance immediately due and payable, to the extent permitted by Applicable Law. Unless we are required by Applicable Law to provide you a notice of a right to cure, you agree that we do not have to give you notice that we intend to demand or are demanding immediate payment of all you owe. If the Account is referred to an attorney who is not our salaried employee and we bring suit against you to collect the amount you owe and we are the prevailing party, you agree to pay our reasonable attorneys' fees and court costs as not prohibited by Applicable Law. You also agree to pay our collection costs and costs incurred in taking the collateral, holding it, preparing it for sale, and selling it as not prohibited by Applicable Law.
- 14. Canceling or Reducing Your Credit Limit:** We have the right at any time to limit or terminate the use of your Account and raise or lower your credit limit without giving you advance notice. Some purchases will require prior authorization, in which case you may be asked to provide identification. If our authorizations system is unavailable, we may not be able to authorize a transaction, even if you have sufficient credit. We will not be liable to you if this happens. We are not responsible for the refusal of anyone to accept or honor an addition to this Account. In addition, even if you cancel the use of your Account, you are still responsible for any Account balances incurred by an authorized user that remain unpaid.
- 15. Change in Terms:** You agree that we may amend the terms of this Agreement, subject to any notice required by Applicable Law. To the extent not prohibited by Applicable Law, any new terms may be applied to any balance existing on the Account at the time of the change, as well as subsequent transactions.
- 16. Delay in Taking Action:** We will not lose any of our rights under this Agreement if we delay taking action for any reason. To the extent not prohibited by Applicable Law, we may take other action not described in this Agreement, and by doing so will not lose our rights under this Agreement.
- 17. Severability:** If any provision of this Agreement is found to be unenforceable, all other provisions shall remain in full force and effect.
- 18. Applicable Law:** Federal and California law apply to this Agreement.
- 19. Telephone Recording:** You understand and agree that for our mutual protection, we may electronically record any of your telephone conversations conducted with Seller or Seller's assigns, including Preferred Credit, Inc. (PCI), without further notice to the parties to such conversations. These telephone conversations include all conversations between you and Seller or Seller's assigns communicated via traditional telephone wire and wireless devices such as cordless and cellular phones. You acknowledge and consent to the retention of and use of such recordings by Seller or Seller's assigns, their employees, representatives, and agents of all information and data obtained in any recorded conversation for purposes of settling disputes as well as for ongoing quality assurance programs.
- 20. Communications:** You expressly authorize us or our agents to contact you at any phone number (including mobile, cellular/wireless, or similar devices), fax number, or email address, you provide at any time, for any lawful purpose. The ways in which we may contact you include live operator, automatic telephone dialing systems (auto-dialer), prerecorded message, text message, fax, or email. Such lawful purposes include, but are not limited to: obtaining information; account transactions or servicing-related matters; suspected fraud or identity theft; collection on the Account; and providing information about special products and services. You agree to pay any fee(s) or charge(s) that you may incur for incoming communications from us or outgoing communications to us, to or from any such number, or email address, without reimbursement from us.
- 21. Credit Investigation and Reporting:** You agree that we may investigate your credit in connection with the initial extension, review, or collection of your Account. You agree that we may examine employment and income records, verify your credit references, and report to credit reporting agencies, merchants, and other creditors the status and payment history of your Account. A negative credit report may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations.

#### **ARBITRATION PROVISION**

Except for "covered borrowers," as that term is defined in 32 CFR 232.3(g), this Arbitration Provision significantly affects your rights in any dispute with us. Please read this Arbitration Provision carefully before you sign it.

1. EITHER YOU OR WE MAY CHOOSE TO HAVE ANY DISPUTE BETWEEN US DECIDED BY ARBITRATION AND NOT IN COURT.
2. IF A DISPUTE IS ARBITRATED, YOU AND WE WILL EACH GIVE UP OUR RIGHT TO A TRIAL BY THE COURT OR A JURY TRIAL.
3. 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.
4. THE INFORMATION YOU AND WE MAY OBTAIN IN DISCOVERY FROM EACH OTHER IN ARBITRATION IS GENERALLY MORE LIMITED THAN IN A LAWSUIT.
5. OTHER RIGHTS THAT YOU AND WE WOULD HAVE IN COURT MAY NOT BE AVAILABLE IN ARBITRATION.
6. EVEN IF A DISPUTE IS ARBITRATED, WE CAN STILL REPOSSESS YOUR MERCHANDISE IF YOU DO NOT HONOR YOUR AGREEMENT AND YOU OR WE MAY SEEK PROVISIONAL REMEDIES FROM A COURT.

Any claim or dispute, whether in contract, tort, or otherwise (including the interpretation and scope of this clause and the arbitrability of any issue), between you and us or our employees, agents, successors, or assigns, which arises out of or relates in any manner to the purchase and financing of the merchandise under the Agreement or any resulting transaction or relationship (including any such relationship with third parties who do not sign the Agreement) shall, at your or our election (or the election of any such third party), be resolved by neutral, binding arbitration and not by a court action. Any claim or dispute is to be arbitrated on an individual basis and not as a class action, and **you expressly waive any right you may have to arbitrate a class action (this is called the "class action waiver")**. You may choose the applicable rules of either the American Arbitration Association (1-800-778-7879), JAMS (800-352-5267), or any other nationally recognized arbitration organization, subject to our approval, and if the arbitration organization selected by you is unwilling to serve, we shall select the arbitration organization. We waive the right to require you to arbitrate an individual (as opposed to a class) claim if the amount you seek to recover, including attorneys' fees and expenses, is less than \$7,500 or the maximum jurisdiction the venue of a state court providing for the resolution of small claims. You may obtain a copy of the rules of these organizations by calling the numbers indicated or by visiting their web sites.

The arbitrators shall be attorneys or retired judges and shall be selected in accordance with the applicable rules. The arbitration award shall be in writing, but without a supporting opinion. The arbitration hearing shall be conducted in the federal district in which you reside. If you demand arbitration first, you will pay one half of any arbitration filing fee. We will pay the rest of the filing fee, and the whole filing fee if we demand arbitration first or if the arbitrator determines that applicable law requires us to do so or that you are unable to do so or that we must do so in order for this Arbitration Provision to be enforceable. We will pay the arbitration costs and fees for the first day of arbitration, up to a maximum of eight hours. **We will**

**also pay any fees and charges that the arbitrator determines that we must pay in order to assure that this Arbitration Provision is enforceable.** The arbitrator shall decide who shall pay any additional costs and fees.

The arbitrator's award shall be final and binding on all parties, except in the event where either there is a "take nothing" award or the award is in excess of \$100,000 either party may request a new arbitration under the rules of the arbitration organization by a three-arbitrator panel.

This Arbitration Provision relates to a contract that evidences a transaction involving interstate commerce. Any arbitration under this Arbitration Provision shall be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). If a court should determine that the transaction did not involve interstate commerce, the parties agree that this Arbitration Provision shall be governed by state law.

If any part of this Arbitration Provision other than the Class Action Waiver is found by a court or arbitrator to be unenforceable, the remainder shall be enforceable. This Arbitration Provision shall survive the termination of any contractual agreement between you and us, whether by default or repayment in full.

You may elect to opt-out of the arbitration provision only by notifying us in writing at Preferred Credit, Inc., 628 Roosevelt Road, St. Cloud, MN 56301 within 30 days from the date in which you signed this Agreement, and including in the notice your name, address, and account number and a clear statement that you do not wish to resolve disputes through arbitration. No one else may sign the rejection notice for you. Your rejection notice also must not be sent with any other correspondence. Rejection of arbitration will not affect your other rights or responsibilities under this Agreement. If you reject arbitration, neither you nor we will be subject to the arbitration provisions for this Agreement. Rejection of arbitration for this Agreement will not constitute rejection of any prior or future arbitration provision between you and us.

### **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.**

#### **What To Do If You Find A Mistake On Your Statement**

If you think there is an error on your statement, write to us at: Preferred Credit, Inc., 628 Roosevelt Road, St. Cloud, MN 56301.

In your letter, give us the following information:

- **Account information:** Your name and account number.
- **Dollar amount:** The dollar amount of the suspected error.
- **Description of problem:** If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us:

- Within 60 days after the error appeared on your statement.
- At least 3 business days before an automated payment is scheduled, if you want to stop payment on the amount you think is wrong.

You must notify us of any potential errors in writing. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

#### **What Will Happen After We Receive Your Letter**

**When we receive your letter, we must do two things:**

1. Within 30 days of receiving your letter, we must tell you that we received your letter. We will also tell you if we have already corrected the error.
2. Within 90 days of receiving your letter, we must either correct the error or explain to you why we believe the bill is correct.

**While we investigate whether or not there has been an error:**

- We cannot try to collect the amount in question, or report you as delinquent on the amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

**After we finish our investigation, one of two things will happen:**

- **If we made a mistake:** You will not have to pay the amount in question or any interest or other fees related to that amount.
- **If we do not believe there was a mistake:** You will have to pay the amount in question, along with the applicable interest and fees. We will send you a statement of the amount you owe and the date payment is due. We may then report you as delinquent if you do not pay the amount we think you owe.

If you receive our explanation but still believe your bill is wrong, you must write to us within 10 days telling us that you still refuse to pay. If you do so, we cannot report you as delinquent without also reporting that you are questioning your bill. We must tell you the name of anyone to whom we reported you as delinquent, and we must let those organizations know when the matter has been settled between us.

If we do not follow all of the rules above, you do not have to pay the first \$50 of the amount you question even if your bill is correct.

#### **Your Rights If You Are Dissatisfied With Your Account Purchases:**

If you are dissatisfied with the goods or services that you have purchased with your Account, 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 purchase.

To use this right, all of the following must be true:

1. The purchase must have been made in your home state or within 100 miles of your current mailing address, and the purchase price must have been more than \$50. (Note: Neither of these are necessary if your purchase was based on an advertisement we mailed to you, or if we own the company that sold you the goods or services.)
2. You must have used your Account for the purchase. Purchases made with cash advances from an ATM or with a check that accesses your account do not qualify.
3. You must not yet have fully paid for the purchase.

If all of the criteria above are met and you are still dissatisfied with the purchase, contact us in writing at: Preferred Credit, Inc., 628 Roosevelt Road, St. Cloud, MN 56301.

While we investigate, the same rules apply to the disputed amount as discussed above. After we finish our investigation, we will tell you our decision. At that point, if we think you owe an amount and you do not pay, we may report you as delinquent.

**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.**