

APPLIANCE WAREHOUSE OF AMERICA, INC -- TERMS AND CONDITIONS OF LEASE

APPLIANCE WAREHOUSE OF AMERICA, INC. (herein called "AW") is pleased to have you as customer. **Your acceptance and use of each appliance described on your AW Invoice (herein the "Equipment") indicates your agreement to all of these Terms and Conditions of Lease, including, without limitation, payment of rent at the rental rate shown on your Invoice (herein the "Monthly Rate").** Please contact AW if you have any questions about these Terms and Conditions.

1. RENT PAYMENTS. AW requires payment, on or before the delivery date of the Equipment, of the initial Monthly Rate amount plus the Processing Fee and, if applicable, the Delivery Fee described below. After delivery, you agree to pay the Monthly Rate amount on or before the same day of each subsequent calendar month for as long as you rent the Equipment from AW and until the Equipment is returned to AW. For example, if your Equipment was delivered on the 15th day of the month, your Monthly Rate payment will be due thereafter on the 15th day of each successive calendar month until the lease is terminated and AW has picked up the Equipment. Your Monthly Rate amount includes your rent payment and any applicable taxes. If AW notifies you of a rent increase, you agree to pay the increased Monthly Rate beginning with the next Monthly Payment date. **YOUR RENTAL AGREEMENT IS NOT A PURCHASE AGREEMENT. YOU WILL NOT BECOME THE OWNER OF THE EQUIPMENT NO MATTER HOW LONG YOU PAY RENT TO AW. THE EQUIPMENT IS OWNED BY AW AND MUST BE RETURNED WHEN YOU CANCEL THE LEASE OR AFTER YOUR DEFAULT. YOU AGREE NOT TO REMOVE OR DEFACE THE STICKER ON THE EQUIPMENT SHOWING THAT AW OWNS THE EQUIPMENT.**

2. RENTAL TERM. The date the Equipment is delivered to the address shown on your initial Invoice is the date your rental term begins. AW requires payment of rent for a minimum period of 60 days (two Monthly Rate payments) after the date you receive delivery of the Equipment. After 60 days, you may continue to rent the Equipment on a month-to-month basis at your option until the earlier of (a) the date you notify AW that you want to terminate the lease or (b) the date AW cancels your lease in accordance with these Terms and Conditions. You agree that your final Monthly Rate payment will not be prorated. If you notify AW that you want to terminate the lease, you agree to continue paying rent at the Monthly Rate amount until AW receives delivery of the Equipment from you.

3. FEES AND CHARGES. You may make your payments by check, electronically on the Internet, or by automatic recurring debit or credit card transaction. If you pay by check, to avoid a Late Fee, your check must be received by AW at its home office no later than the due date. In addition to the Monthly Rate payment, you agree to pay the following fees: (a) a one-time initial Processing Fee paid at the inception of the rental term; (b) a Delivery Fee for delivering and installing your Equipment; (c) a Late Fee of \$7.50 each month when a Monthly Rate payment has not been paid by the due date for each piece of Equipment you have rented (or \$15 each month if you have rented two pieces of Equipment or a stackable washer/dryer unit); (d) a Move Fee of \$10 if you move to another unit in the same apartment community and you want to continue renting the same Equipment, or \$20 if you move to another apartment community served by AW and you want to continue renting the same Equipment; and (e) a Returned Check Fee of \$25 if you send us a check that is dishonored by your bank for any reason. All of the above fees are subject to applicable state law limitations, if any, and may be changed upon notice to you.

4. LOSS DAMAGE WAIVER. AW offers an optional Loss Damage Waiver ("LDW") for an additional monthly recurring charge of \$6.99 per customer. Subject to the terms hereof, the LDW is paid in consideration for AW waiving its right to recover damages against you in the event the Equipment suffers incidental physical damage such as scratches, dents, dings, or broken knobs. LDW coverage is void and of no effect if you are not in compliance with your obligations under the terms of the rental agreement or these Terms and Conditions, or if physical damage to the Equipment or loss is caused by vandalism, theft, or intentional abuse or damage. You are not required to purchase LDW coverage.

5. USE AND RETURN OF EQUIPMENT. You agree to use the Equipment only for your personal use at the address and apartment unit shown on your Invoice. You agree that you will not use the Equipment for business or commercial use. **You agree that you will not move the Equipment to another address or unit either within or outside your apartment community.** If you plan to move and would like to continue renting the Equipment, you agree to contact AW to determine if the Equipment can be moved to your new unit. AW must move the Equipment for you, and you agree to pay the applicable Move Fee for the removal and reinstallation of your Equipment. AW allows use of the Equipment only at apartment communities it serves and may refuse to allow the Equipment to be moved in its sole discretion. If you decide to cancel your lease, or if you are in default and AW attempts to repossess the Equipment, you agree that the Monthly Rate amount will continue to be due until AW picks up the Equipment from you. It is your responsibility to ensure that AW has obtained the appropriate key release to retrieve the Equipment. AW will not charge a pick up fee if you cancel the lease, you are not in default, and AW picks up the Equipment in your presence or with a key release approved by your apartment manager. A pick up fee covering AW's costs will be charged if you are in default at the time the Equipment is repossessed or if an attempted pick up fails because you did not arrange for a key release from your apartment manager. If the Equipment is lost or stolen, you agree to pay, in addition to all other amounts required by this agreement, the replacement value of the Equipment and all reasonable costs incurred by AW in collecting this amount.

6. LIMITED WARRANTY; REMEDY FOR DEFECTS. **AW UNDERTAKES NO RESPONSIBILITY FOR THE QUALITY OF THE EQUIPMENT EXCEPT AS PROVIDED IN THIS AGREEMENT. AW ASSUMES NO RESPONSIBILITY THAT THE EQUIPMENT WILL BE FIT FOR ANY PARTICULAR PURPOSE FOR WHICH YOU MAY BE LEASING THE EQUIPMENT. ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED.** When the Equipment is delivered, you agree to inspect it and report any damage or defects to AW. If you discover a mechanical problem resulting from a defect in the manufacturing of the

Equipment, you agree to notify AW promptly. AW will repair or replace the Equipment at its option without charge to you, and this remedy shall be your exclusive remedy. You agree that you will not attempt to repair the Equipment yourself or allow anyone other than AW or its contractors to repair the Equipment. You will be responsible for any damage to the Equipment resulting from any faulty repair work done by you or others.

7. EQUIPMENT DAMAGE OR MALFUNCTION RESULTING FROM ABUSE. You agree to use the Equipment only in accordance with manufacturer's instructions as indicated on the inside lid or door of the Equipment. You also agree not to cause or allow others to cause any damage to the Equipment through negligence, misuse or abuse. You agree to be solely responsible and liable to AW for any damage to the Equipment and the cost of any repairs caused by the negligence, misuse or abuse of the Equipment, whether caused by you or anyone else.

8. INDEMNIFICATION. YOU AGREE TO RELEASE, INDEMNIFY AND HOLD AW AND ITS AGENTS HARMLESS FROM ANY LIABILITY OR DAMAGES ARISING FROM NEGLIGENCE, MISUSE OR ABUSE OF THE EQUIPMENT DURING THE TIME THE EQUIPMENT IS IN YOUR POSSESSION WHICH WAS CAUSED BY YOU, ANY UNIT CO-RENTER, FAMILY MEMBER, GUESTS, OR INVITEES.

9. KEY RELEASE AUTHORIZATION TO ENTER YOUR APARTMENT. YOU AGREE TO ALLOW AW, OR ITS AUTHORIZED AGENTS OR INDEPENDENT CONTRACTORS, ACCESS TO THE EQUIPMENT IN YOUR APARTMENT FOR THE PURPOSE MAKING DELIVERY, REPAIR, MAINTENANCE, REPLACEMENT OR REMOVAL OF THE EQUIPMENT IN THE EVENT YOU ARE NOT PHYSICALLY PRESENT IN YOUR APARTMENT AT THE TIME OF DELIVERY, REPAIR, MAINTENANCE, REPLACEMENT OR REMOVAL OF THE EQUIPMENT. IN THE EVENT OF YOUR DEFAULT, AND IF YOU FAIL TO CURE YOUR DEFAULT AFTER TEN (10) DAYS WRITTEN NOTICE FROM AW, YOU HEREBY AUTHORIZE AND DIRECT THE MANAGEMENT OF YOUR APARTMENT COMMUNITY, ON AW'S REQUEST, TO PROVIDE AW OR ITS AGENTS OR INDEPENDENT CONTRACTORS WITH A KEY TO YOUR APARTMENT, SO THAT AW OR ITS AGENTS OR INDEPENDENT CONTRACTORS MAY, WITHOUT BREACH OF THE PEACE, ENTER YOUR APARTMENT IN YOUR ABSENCE AND RETRIEVE THE EQUIPMENT. YOU AGREE TO INDEMNIFY AND HOLD AW, ITS AGENTS AND INDEPENDENT CONTRACTORS, AND THE MANAGEMENT AND OWNERS OF YOUR APARTMENT COMMUNITY, HARMLESS FROM ANY LIABILITY REGARDING ENTRY AND ACCESS TO YOUR APARTMENT IN RELIANCE ON THIS KEY RELEASE AUTHORIZATION FOR THE PURPOSE OF REMOVING THE EQUIPMENT AFTER YOUR DEFAULT. AW AGREES TO RETURN THE KEY TO YOUR APARTMENT MANAGER AFTER REMOVING THE EQUIPMENT.

10. DEFAULT. You will be in default under your lease and these Terms and Conditions if any of the following should occur: (a) you fail to pay the full Monthly Rate payment or any other applicable fees, charges or damages when due; (b) you breach any of the terms of your lease agreement or these Terms and Conditions; or (c) AW in good faith believes the prospect of payment or performance is impaired. You agree to waive any requirement that AW provide you with notice of default.

11. REMEDIES. If an event of default occurs, AW may exercise one or more of the following remedies: (a) cancel your lease; (b) take possession of the Equipment with or without judicial process, but any non-judicial repossession in your absence from your apartment may only be pursued without breach of the peace in accordance with Paragraph 9 above; (c) recover any unpaid Monthly Rate payments owed through the date the Equipment is picked up by AW; (d) cancel the lease and collect unpaid Monthly Rate payments through the date of cancellation plus an amount equal to the original cost of the Equipment plus 10% of that amount if the Equipment has been lost, stolen, or cannot be picked up by AW; (d) recover all reasonable collection costs incurred by AW including reasonable fees paid to third party collectors and/or attorneys to the extent allowed by applicable law; and/or (e) pursue any other rights or remedies allowed by applicable law. You agree to pay all of AW's expenses and costs of enforcing these Terms and Conditions, including reasonable attorneys fees and expenses, as allowed by applicable law, whether or not a lawsuit is filed. AW reserves right to report you to credit bureaus if you do not pay all amounts owed by you under these Terms and Conditions and you hereby authorize AW to file such reports.

12. ARBITRATION. You and AW agree that any disputes between us, at the request of either party made at any time, including without limitation any claims, controversies or disputes that have already been initiated in any court or that could or would otherwise be subject to class actions (the "Dispute"), shall be subject to binding arbitration subject to the Federal Arbitration Act, common law principles, the due process standards of the Consumer Due Process Protocol of the American Arbitration Association ("AAA"), and the terms of this section, unless otherwise agreed. Each Dispute shall be decided as an individual case, on its own merits, and no claims may be consolidated. Judgment upon any award rendered in arbitration may be entered in any court having jurisdiction. Arbitration shall utilize only one arbitrator selected by the parties who shall be a licensed, practicing attorney who is knowledgeable in the subject matter of the Dispute. Each party agrees to pay half the arbitrator's fee, but if you can demonstrate that you cannot afford the arbitrator's fee, AW will pay the entire fee. **ARBITRATION OF A DISPUTE SHALL BE MANDATORY FOR BOTH PARTIES UPON THE ELECTION BY EITHER PARTY TO ARBITRATE, REGARDLESS OF WHEN SUCH ELECTION IS MADE (INCLUDING ELECTIONS MADE AFTER THE INITIATION OF A LAWSUIT OR COUNTER-SUIT IN ANY COURT OR TRIBUNAL OF COMPETENT JURISDICTION). IF ARBITRATION IS SELECTED BY EITHER PARTY AT ANY TIME, THEN YOU AND AW AGREE THAT SUCH ELECTION WILL PRECLUDE EITHER PARTY FROM HAVING THE DISPUTE HEARD OR DECIDED BEFORE A JURY OR COURT OF LAW.** You may obtain information regarding the arbitration process, including basic distinctions between arbitration and court proceedings and related costs, at the AAA website: www.adr.org.