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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported):**  
August 2, 2010

**Rent-A-Center, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-25370**  
(Commission File Number)

**45-0491516**  
(IRS Employer  
Identification No.)

**5501 Headquarters Drive**  
**Plano, Texas 75024**  
(Address of principal executive offices, including zip code)

**(972) 801-1100**  
(Registrant's telephone number including area code)

**Not Applicable**  
(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-14(c) under the Exchange Act (17 CFR 240.13e-14(c))
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**Item 1.01 Entry into a Material Definitive Agreement.**

On August 2, 2010, ColorTyme Finance, Inc. ("Finance"), a wholly owned subsidiary of Rent-A-Center, Inc. ("RAC"), entered into that certain Franchisee Financing Agreement with Citibank, N.A. (the "Financing Agreement"). The Financing Agreement provides financing to qualifying franchisees of ColorTyme, Inc., also a wholly owned subsidiary of RAC, up to an aggregate of \$25 million. Under the Financing Agreement, upon an event of default by the franchisee under agreements governing this financing and upon the occurrence of certain other events, Citibank can assign the loans and the collateral securing such loans to Finance, with Finance paying or causing to be paid the outstanding debt to Citibank and then succeeding to the rights of Citibank under the debt agreements, including the right to foreclose on the collateral. Each of RAC and Finance guarantees the aggregate obligations of the franchisee borrowers under the Financing Agreement pursuant to guaranty agreements executed on August 2, 2010, in favor of Citibank. There are no amounts currently outstanding under the Financing Agreement.

The Financing Agreement replaces the franchisee financing agreement currently in place with Wells Fargo Capital Finance, LLC. We expect to complete the refinancing of all amounts outstanding under the Wells Fargo facility no later than September 30, 2010. As of August 2, 2010, approximately \$11.2 million was outstanding under the Wells Fargo facility.

The description of the Financing Agreement set forth above does not purport to be complete and is qualified in its entirety by reference to the Financing Agreement, filed as Exhibit 10.1 to this Current Report on Form 8-K, which is incorporated herein by reference.

**Item 9.01 Financial Statement and Exhibits**

- 10.1 Franchisee Financing Agreement, dated as of August 2, 2010, between ColorTyme Finance, Inc. and Citibank, N.A.
- 10.2 Unconditional Guaranty of Rent-A-Center, Inc., dated as of August 2, 2010, executed by Rent-A-Center, Inc. in favor of Citibank, N.A.
- 10.3 Unconditional Guaranty of ColorTyme Finance, Inc., dated as of August 2, 2010, executed by ColorTyme Finance, Inc. in favor of Citibank, N.A.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

RENT-A-CENTER, INC.

Date: August 5, 2010

By: /s/ Robert D. Davis

Robert D. Davis  
Executive Vice President – Finance, Chief  
Financial Officer & Treasurer

## EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Exhibit Title</b>
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10.2	Unconditional Guaranty of Rent-A-Center, Inc., dated as of August 2, 2010, executed by Rent-A-Center, Inc. in favor of Citibank, N.A.
10.3	Unconditional Guaranty of ColorTyme Finance, Inc., dated as of August 2, 2010, executed by ColorTyme Finance, Inc. in favor of Citibank, N.A.

## FRANCHISEE FINANCING AGREEMENT

As of August 2, 2010

Between

ADMINISTRATOR

ColorTyme Finance, Inc.  
5501 Headquarters Drive  
Plano, Texas 75024

LENDER

Citibank, N.A.  
8401 N. Central Expressway  
Suite 500  
Dallas, Texas 75225

In consideration of the creation of the revolving credit facility described below and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, Lender and Administrator agree as follows:

## SECTION 1. DEFINITIONS

1.1 **Certain Definitions.** In addition to any other terms defined herein, the following terms shall have the meanings set forth with respect thereto:

**“Administrator Interest”** means that portion of any interest payment made by a Borrower that accrued at the Administrator Interest Rate (as defined in such Borrower’s Note).

**“Aggregate Revolving Loan Principal Debt”** means, at any time, with respect to all Borrowers collectively, the aggregate outstanding principal balance of the Loans made to all Borrowers.

**“Agreement”** means this Franchisee Financing Agreement and all subsequent modifications and amendments hereto.

**“Bankruptcy Default”** means an Event of Default described in **Section 9.6**.

**“Borrower Operating Accounts”** means those certain operating accounts of each Borrower held at Lender, and **“Borrower Operating Account”** means any one of the Borrower Operating Accounts.

**“Borrowers”** means, collectively, each franchisee of ColorTyme, Inc. who (a) is approved by Lender in its sole discretion, and (b) satisfies the conditions in **Section 5.6**. Franchisees may be added as Borrowers hereunder from time to time.

**“Business Day”** means a weekday, Monday through Friday, except a legal holiday or a day on which banking institutions in Dallas, Texas are authorized or required by law to be closed. Unless otherwise provided, the term “days” when used herein shall mean calendar days.

**“Closing Date”**: See **Section 4**.

**“Collateral LC”**: See **Section 3.4(a)**.

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**“Consolidated Fixed Charge Coverage Ratio”** means the “Consolidated Fixed Charge Coverage Ratio” as such term is defined in the Senior Credit Agreement as of the Closing Date, without regard to any amendments, modifications, supplements or restatements of the Senior Credit Agreement after the Closing Date.

**“Consolidated Leverage Ratio”** means the “Consolidated Leverage Ratio” as such term is defined in the Senior Credit Agreement as of the Closing Date, without regard to any amendments, modifications, supplements or restatements of the Senior Credit Agreement after the Closing Date.

**“Contested in Good Faith”** means, as to any payment, tax, assessment, charge, levy, lien, encumbrance or claim, contesting the amount, applicability or validity thereof in good faith by appropriate proceedings or other appropriate actions promptly initiated and diligently conducted in a manner reasonably satisfactory to Lender, provided (a) an adequate reserve or other appropriate provision, as shall be required in conformity with GAAP shall have been made therefor, and (b) the enforcement of the contested payment, tax, assessment, charge, levy, lien, encumbrance or claim is stayed in a manner reasonably satisfactory to Lender pending the resolution of such contest.

**“Corporate Guarantors”** means Administrator and Parent

**“Corporate Guaranty Agreements”**: See **Section 3.2**.

**“Event of Default”**: See **Section 9**.

**“Financial Covenant Non-compliance Period”** means any period during which (a) either the Consolidated Leverage Ratio exceeds 3.25 to 1.0 or the Consolidated Fixed Charge Coverage Ratio is less than 1.35 to 1.0, and (b) the Administrator and Lender are unable to agree on a modification of such ratios which would cure such non-compliance. The Consolidated Leverage Ratio and the Consolidated Fixed Charge Coverage Ratio will be calculated for any period of four consecutive fiscal quarters of Parent.

**“Funding Date”**: See **Section 5**.

**“GAAP”** means generally accepted accounting principles as in effect from time to time, applied on a basis consistent with the most recent financial statements and financial information of the Parent delivered to Lender pursuant to **Section 6.1(a)**.

**“Governmental Authority”** means any nation, country, commonwealth, territory, state, county, parish, municipality or any political subdivision, agency, department, commission, board or other instrumentality of any of the foregoing.

**“Guarantors”** means collectively, the Corporate Guarantors and the Principal Guarantors.

**“Guaranty Agreements”** means, collectively, the Corporate Guaranty Agreements and the Principal Guaranty Agreements.

**“Loan Documents”** means this Agreement, the Notes, the Security Agreements, the Guaranty Agreements, any applicable UCC-1 financing statements, the Officer’s Certificates, the Notices of Final Agreement, and all other documents, instruments, guarantees, security agreements, deeds of trust, pledge agreements, certificates and agreements executed and/or delivered by any Loan Party in connection with any Loan, together with all renewals, extensions, modifications and amendments from time to time made of any such documents.

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**“Loan Party”** means each Borrower, each Guarantor and each other Person who is, or whose property is, directly or indirectly liable for the Obligations.

**“Loans”**: See *Section 2.1(a)*.

**“Material Adverse Effect”** means (i) a material adverse effect upon the validity or enforceability of any of the Loan Documents, (ii) a material adverse change in, or a material adverse effect upon, the financial condition, business, assets or operations of the Corporate Guarantors taken as a whole or the Loan Parties taken as a whole, or (iii) a material impairment of the ability of either Corporate Guarantor to fulfill its obligations under any of the Loan Documents.

**“Maximum Rate”** means the higher of the maximum interest rate allowed by applicable United States or Texas law as amended from time to time and in effect on the date for which a determination of interest accrued hereunder is made. The determination of the maximum rate permitted by applicable Texas law shall be made pursuant to the weekly ceiling as determined pursuant to Chapter 303 of the Texas Finance Code, but Lender reserves the right to implement from time to time any other rate ceiling permitted by such law.

**“Note Payment Default”**: See *Section 3.4(a)*.

**“Notes”** means those certain revolving promissory notes made by the Borrowers payable to the order of Lender, and all renewals, extensions, modifications and amendments thereto, and substitutions therefor.

**“Notices of Final Agreement”**: See *Section 5.6*.

**“Obligations”** means the obligations of each Borrower (severally and not jointly):

(a) to pay all indebtedness arising out of this Agreement, any future advances under this Agreement, and all renewals, extensions or amendments of such indebtedness or any part thereof or any such future advances;

(b) to pay the principal of and interest on its Note in accordance with the terms thereof, and all renewals, extensions, modifications and amendments of such Note or any part thereof, and any future advances made pursuant thereto;

(c) to repay to Lender all amounts advanced by Lender hereunder or under the other Loan Documents on behalf of such Borrower, including, without limitation, advances for principal or interest payments to prior secured parties, mortgagees, or lienors, or for taxes, levies, insurance, rent, repairs to or maintenance or storage of any of the collateral;

(d) to pay any and all other indebtedness of such Borrower to Lender of every kind, nature and description, direct or indirect, primary or secondary, secured or unsecured (including overdrafts), joint or several, absolute or contingent, due or to become due, now existing or hereafter arising, regardless of how it may be evidenced, including without limitation all future advances, whether or not presently contemplated by the parties hereto;

(e) to perform fully all of the terms and provisions of each of the instruments constituting the Loan Documents; and

(f) to reimburse Lender, on demand, for all of Lender's reasonable expenses and costs, which each Borrower is obligated to pay pursuant to the terms of the Loan Documents.

**"Parent"** means Rent-A-Center, Inc., a Delaware corporation.

**"Person"** means a corporation, a limited liability company, an association, a partnership, a joint venture, an organization, a business, an individual or a government or political subdivision thereof or any governmental agency.

**"Potential Default"** means any condition, event or act, which with the giving of notice or the lapse of time, or both, will constitute an Event of Default hereunder.

**"Principal Guarantors"** means, collectively, each Principal Owner of a Borrower that executes a Principal Guaranty Agreement from time to time.

**"Principal Guaranty Agreements"**: See *Section 3.3*.

**"Principal Owners"**: See *Section 3.3*.

**"Program Amount"** means the obligation of Lender, subject to the terms and conditions of this Agreement, to make Loans which shall not exceed at any one time outstanding \$25,000,000.

**"Responsible Officer"** means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or any other executive officer of a Loan Party whose signature incumbency is set forth in a certificate delivered to Lender pursuant to *Sections 4.2 or 5.6(d)*. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party. With respect to Administrator, the President, Chief Executive Officer, Vice President — Finance and, with respect to requests for advances and other administrative matters only, the Credit Manager, shall each be deemed a Responsible Officer until Lender receives written notice from Administrator otherwise.

**"Revolving Loan Commitment"** means, with respect to each Borrower, the obligation of Lender, subject to the terms and conditions of this Agreement and the terms of such Borrower's Note, to make Loans which shall not exceed the face amount of such Borrower's Note.

**"Revolving Loan Principal Debt"** means, at any time, with respect to any Borrower, the aggregate outstanding principal balance of the Loans made to such Borrower.

**"Security Agreements"**: See *Section 3.1*.

**"Senior Credit Agreement"** means that certain Third Amended and Restated Credit Agreement dated as of May 28, 2003, as amended and restated as of November 15, 2006, among Parent, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A. as administrative agent, as amended pursuant to the terms of that certain First Amendment dated as of December 2, 2009.

**"Store"** means, with respect to any Borrower, each store operated by such Borrower pursuant to a franchise or license agreement with ColorTyme, Inc.

1.2 **Terms Generally**. All other terms contained in this Agreement, unless the context indicates otherwise, have the same meanings as provided for by the Uniform Commercial Code as

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adopted in Texas to the extent the same are used or defined therein. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), and (b) the words “herein”, “hereof” and “hereunder” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof.

1.3 **Accounting Terms.** Unless specified elsewhere herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements to be delivered hereunder shall be prepared in accordance with GAAP.

1.4 **Counting Days.** If any time period referenced herein ends on a day other than a Business Day, such period shall be deemed to end on the next succeeding Business Day.

1.5 **Rounding.** Any financial ratio as required to be maintained by any Loan Party pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (rounding up if there is no nearest number).

## SECTION 2. REVOLVING CREDIT FACILITY

### 2.1 **The Revolving Loans.**

(a) Lender agrees, subject to the terms and conditions hereof, to lend to Borrowers at any time and from time to time sums (each herein called a “**Loan**” and collectively the “**Loans**”) which may be repaid and reborrowed pursuant to the terms of the Notes. The Aggregate Revolving Loan Principal Debt shall not exceed at any one time outstanding an amount equal to the Program Amount. The Revolving Loan Principal Debt of any Borrower shall not exceed such Borrower’s Revolving Loan Commitment.

(b) The proceeds of Loans may be used to finance purchases of inventory for Borrowers’ Stores from Administrator, to finance working capital and acquisitions, to refinance certain existing indebtedness of Borrowers to Wells Fargo Capital Finance and other lenders permitted by Administrator and Lender, and for such other purposes permitted by Administrator and Lender.

(c) The obligation of each Borrower to repay its Revolving Loan Principal Debt outstanding at any one time shall be evidenced by a Note which shall (a) be payable for the amount of the Loans made to such Borrower, (b) be payable as to principal and interest as provided therein, (c) be entitled to the benefits of this Agreement and the security provided for herein and the other Loan Documents, and (d) be substantially in the form of **Exhibit B** attached hereto.

(d) Lender agrees to, as soon as reasonably practicable but in any event within five Business Days of its receipt of each repayment of Loans under the Notes, pay to Administrator an amount equal to that portion of such repayment constituting Administrator Interest. Except as expressly provided herein to the contrary, all payments on any Borrower’s Note shall be applied

in the following order of priority: (a) the payment or reimbursement of any expenses, costs or obligations (other than the outstanding principal balance hereof and interest hereon) for which such Borrower shall be obligated or Lender shall be entitled pursuant to the provisions of such Borrower's Note or the other Loan Documents related thereto; (b) the payment to Lender of accrued but unpaid interest on such Borrower's Note, other than Administrator Interest; (c) the payment of accrued but unpaid Administrator Interest on such Borrower's Note; and (d) the payment to Lender of all or any portion of the principal balance of such Borrower's Note then outstanding thereunder, in the direct order of maturity. If an event of default exists and is continuing under such Borrower's Note or under any of the other Loan Documents to which such Borrower or applicable Principal Guarantor is a party related thereto, then Lender may, at the sole option of Lender, apply any such payments, at any time and from time to time, to any of the items specified in **clauses (a), (b), (c) or (d)** above without regard to the order of priority otherwise specified in this **Section 2.1(d)** and any application to the outstanding principal balance of such Borrower's Note may be made in either direct or inverse order of maturity. During the continuance of any Event of Default, Administrator shall not be entitled to receive any payments (whether for principal, interest or fees) until such Event of Default is cured or waived other than payments due to Administrator under such Borrower's franchise agreement.

**2.2 Borrowings.** Each Loan shall be made upon Administrator's irrevocable written notice to Lender given not more than once per calendar month on behalf of the Borrowers. Each such notice must be received by Lender not later than 11:00 A.M. (Dallas, Texas time), one Business Day prior to the requested date of any borrowing Loans. Each written request must be in the form of a Loan Notice in the form of **Exhibit A** attached hereto (or such other form as agreed to by both Administrator and Lender) (each such notice, a "**Loan Notice**"), appropriately completed and signed by a Responsible Officer of Administrator. Each Loan Notice shall specify (i) each Borrower for which a Loan is requested, (ii) the requested date of the Loans (which shall be a Business Day), and (iii) the requested principal amount of each Loan. Each Loan to a Borrower will be advanced by Lender to Administrator or as otherwise directed by Administrator.

**2.3 Credit Approval.** Nothing herein shall obligate Lender to accept or approve any request for financing submitted by or on behalf of a franchisee of ColorTyme, Inc. to become a new Borrower hereunder. Lender may in its sole discretion reject or otherwise decline to accept any franchisee of ColorTyme, Inc. as a new Borrower hereunder.

**2.4 Modification of Revolving Loan Commitments.** Upon written request of Administrator to Lender on behalf of the Borrowers, Lender may increase, decrease or otherwise modify the Notes and/or the Revolving Loan Commitments of all or any portion of the Borrowers. Up to four such modification requests in any calendar year may be made without payment of a modification fee to Lender. For each modification request during any calendar year after four previous modification requests have been made during such calendar year, Administrator shall pay to Lender, as a condition to any modification, a fee equal to \$1,000 per Borrower for each modification request made with respect to such Borrower; provided, however, that no such modification fee shall be due and payable in connection with any increase of the Revolving Loan Commitment of any Borrower for which such Borrower pays an upfront fee as provided in such Borrower's Note. At the election of Administrator, such fee may be payable by the applicable Borrower.

**2.5 Addition of Franchisees as Borrowers.**

(a) In the event that any franchisee (whether existing or prospective) of ColorTyme, Inc. shall indicate an interest in obtaining financing as a new Borrower hereunder, then Lender

shall provide Administrator with Lender's new account applications for a Borrower Operating Account and with Lender's loan application. Administrator shall then provide such applications to such franchisee.

(b) If the franchisee is a prospective franchisee, prior to delivery of the new account and loan applications to Lender, Administrator may, but is under no obligation to, provide Lender with preliminary financial information of such prospective franchisee; provided, however, that the consent of such prospective franchisee shall be obtained prior to delivery of such financial information to Lender. Within a reasonable amount of time following receipt of such financial information, Lender will (i) review such financial information, (ii) make a preliminary determination of the credit worthiness of such prospective franchisee as a new Borrower hereunder, and (iii) notify Administrator of such preliminary determination; provided, however, that such preliminary determination shall be non-binding on Lender.

(c) After the franchisee (whether existing or prospective) has completed the new account applications and the loan application and delivered the same to Lender, Lender may request other financial information to evaluate the credit worthiness of such franchisee.

(d) If, following completion of its review of the franchisee's (whether existing or prospective) new account applications and other financial information of such franchisee, Lender determines that it will provide financing to such franchisee, it shall notify such franchisee and Administrator and, upon receipt of the items set forth in **Section 5.6** for such franchisee, such franchisee shall become a new Borrower hereunder eligible to receive Loans as otherwise set forth in this Agreement.

### SECTION 3. COLLATERAL

3.1 **Assets of Borrowers.** The payment and performance by each Borrower of its Note and all of its other Obligations hereunder and under the Loan Documents shall be secured by a first and superior lien against all of the assets of such Borrower pursuant to the terms of one or more security agreements (each a "**Security Agreement**"), which shall be in form and substance reasonably satisfactory to Lender. Administrator hereby agrees that to the extent that it has or obtains any lien on any assets of any Borrower, such lien shall be subordinate and inferior to the lien of Lender on such assets granted pursuant to the Loan Documents.

3.2 **Corporate Guaranty Agreements.** The payment and performance of the Notes and all of the other Obligations hereunder and under the Loan Documents shall be unconditionally guaranteed by the Corporate Guarantors, pursuant to one or more guaranty agreements (each, as amended from time to time, a "**Corporate Guaranty Agreement**"), which shall be reasonably satisfactory in form and substance to Lender.

3.3 **Principal Guaranty Agreements.** The payment and performance of each Borrower's Note and each Borrower's Obligations under the Loan Documents shall be unconditionally guaranteed by such Borrower's principal owners (the "**Principal Owners**") pursuant to one or more guaranty agreements (each, as amended from time to time, a "**Principal Guaranty Agreement**"), which shall be reasonably satisfactory in form and substance to Lender. The Principal Owners for any Borrower shall be determined by Administrator in its reasonable discretion.

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### 3.4 **Letters of Credit.**

(a) If any Borrower fails to make any required payment with respect to a Loan (for purposes of this **Section 3.4**, a “**Note Payment Default**”) and such Note Payment Default continues for seven days, then within 10 Business Days of receipt of written notice from Lender Administrator shall either (i) purchase such Loan from Lender for a price equal to all principal and interest outstanding on the Loan as of the date purchase, or (ii) cause Parent to deliver to Lender, as beneficiary, a standby letter of credit (a “**Collateral LC**”) in an amount not less than 100% of the Revolving Loan Principal Debt of such Borrower. Each Collateral LC shall be in form and substance reasonably acceptable to Lender. If any Note Payment Default continues for a period of 30 days, then Lender may draw on the Collateral LC and use the proceeds thereof to pay all Revolving Loan Principal Debt of such Borrower.

(b) At any time during a Financial Covenant Non-compliance Period, or if any Event of Default occurs and is continuing, then within 10 Business Days of receipt of written notice from Lender, Administrator shall cause Parent to deliver to Lender, as beneficiary, a Collateral LC in an amount not less than 100% of the Aggregate Revolving Loan Principal Debt not already secured by a Collateral LC issued pursuant to **Section 3.4(a)**. Each Collateral LC shall permit partial draws and shall be in form and substance reasonably acceptable to Lender. Lender may draw on the Collateral LC and use the proceeds thereof to pay the Aggregate Revolving Loan Principal Debt at any time during the continuance of an Event of Default. If a Collateral LC is issued due to the existence of a Financial Covenant Non-compliance Period, then (i) such Collateral LC shall be terminated as of the last day of any fiscal quarter of Parent during which the Financial Covenant Non-compliance Period no longer exists, and (ii) for so long as such Collateral LC is outstanding, any failure by Parent to comply with the Consolidated Fixed Charge Coverage Ratio or the Consolidated Leverage Ratio shall not cause an Event of Default.

(c) If any Collateral LC will mature by its terms at any time during a Financial Covenant Non-Compliance Period or during the continuance of an Event of Default, then Lender may in its discretion, within 30 days prior to the date that such Collateral LC matures, either request that such Collateral LC be renewed for a one year period or draw on the Collateral LC and use the proceeds to pay the Aggregate Revolving Loan Principal Debt.

(d) If Lender draws on any Collateral LC to pay the outstanding Revolving Loan Principal Debt of any Borrower, then Lender shall promptly assign such Borrower’s Note and other Loan Documents to which such Borrower or applicable Principal Guarantor is a party to Administrator for collection.

## **SECTION 4. CONDITIONS PRECEDENT TO CLOSING**

The closing of the transactions contemplated by this Agreement shall take place on or before August 2, 2010, as the parties shall agree (the “**Closing Date**”). The obligations of Lender as set forth herein are subject to the satisfaction (in the reasonable opinion of Lender), unless waived in writing by Lender, of each of the following conditions. In the event that any of the conditions precedent to the closing specified below have not been satisfied and Lender nevertheless elects to close as an accommodation to Administrator (there being no obligation or agreement that Lender will do so), such condition(s) shall not be deemed waived and Administrator shall have thirty (30) days from the Closing Date to comply with such condition(s) to the reasonable satisfaction of Lender. Administrator’s failure to satisfy or cause the satisfaction of such condition(s) precedent to the reasonable satisfaction of Lender within such thirty (30) day period shall constitute an Event of Default hereunder.

FRANCHISEE FINANCING AGREEMENT

4.1 **Effectiveness of this Agreement and the Corporate Guaranty Agreements.** This Agreement and the Corporate Guaranty Agreements shall each be in full force and effect.

4.2 **Documentation and Proceedings.** Lender shall have received such evidence as Lender requires as to the existence, good standing, authority and capacity of each Corporate Guarantor, including: an officer's certificate of each Corporate Guarantor having attached thereto (i) a copy of its articles of incorporation and bylaws, and all amendments thereto, a certificate of incumbency of all of its officers who will be authorized to execute or attest any of the Loan Documents to which it is a party, and a copy of resolutions approving the Loan Documents to which it is a party and authorizing the transactions contemplated by this Agreement; and (ii) certificates of existence and good standing issued by the jurisdiction of its formation.

4.3 **No Material Changes.** Lender shall have received reasonably satisfactory evidence that (i) no material adverse change has occurred in the business, assets, liabilities (actual or contingent), operations or financial condition of either Corporate Guarantor since December 31, 2009, or (ii) there is no suit, action, investigation or proceeding pending or threatened in any court or before any arbitrator or Governmental Authority that purports to affect materially and adversely either Corporate Guarantor.

4.4 **Representations and Warranties** All representations and warranties contained herein or in the documents referred to herein or otherwise made in writing in connection herewith or therewith shall be true and correct with the same force and effect as though such representations and warranties have been made on and as of this date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date.

4.5 **Expenses.** Administrator shall have paid all reasonable expenses of Lender in connection with the preparation of the Loan Documents, including but not limited to, the reasonable fees and expenses of counsel for Lender to the extent invoiced prior to the Closing Date.

#### SECTION 5. CONDITIONS PRECEDENT TO LOANS

The obligation of Lender to make Loans to a Borrower is subject, at the time of the funding of each such Loan (the "**Funding Date**"), to the satisfaction (in the reasonable opinion of Lender), unless waived in writing by Lender, of each of the following conditions:

5.1 **Loan Notice.** Administrator shall have delivered to Lender, within the time frame specified in **Section 2.2(a)** hereof, a Loan Notice appropriately completed in compliance herewith.

5.2 **Availability of Commitment.** The Aggregate Revolving Loan Principal Debt plus the amount of the requested Loans shall be equal to or less than the Program Amount. Furthermore, the Revolving Loan Principal Debt of any Borrower (including such requested Loan) shall not exceed such Borrower's Revolving Loan Commitment.

5.3 **Expenses.** Administrator shall have paid all reasonable costs and expenses (including without limitation reasonable attorneys' fees, consultants' fees, and miscellaneous expenses) incurred by Lender in connection with the making of the Loans.

5.4 **Representations and Warranties.** All representations and warranties contained herein and in the Loan Documents shall be true and correct in all material respects as though such representations and warranties have been made on and as of the Funding Date, except to the extent such

representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date.

5.5 **No Default.** There shall exist no Event of Default or Potential Default hereunder.

5.6 **Borrower Loan Documents.** Receipt, prior to the Funding Date, from each Borrower of the following, in each case in form and substance reasonably acceptable to Lender:

- (a) a signed copy of the Note, with the original Note to follow promptly after the Funding Date;
- (b) a signed copy of the Security Agreement, with the original Security Agreement to follow promptly after the Funding Date;
- (c) a signed copy of the Principal Guaranty Agreement, with the original Principal Guaranty Agreement to follow promptly after the Funding Date;
- (d) such evidence as Lender requires as to the existence, good standing, authority and capacity of such Borrower and related Principal Guarantor as applicable, including:
  - (i) For each limited partnership: A partner's certificate having attached thereto (A) a true and complete copy of an executed copy of its partnership agreement and all amendments thereto; (B) a copy of the certificate of limited partnership issued by the jurisdiction of its formation and, if the jurisdiction of its formation is other than Texas, reasonably satisfactory evidence of qualification to do business in good standing in each state where such Borrower's Stores are located, and (C) an incumbency provision evidencing the identity, authority and capacity of each Responsible Officer.
  - (ii) For each corporation: An officer's certificate having attached thereto (A) a copy of its articles of incorporation and bylaws, and all amendments thereto, a certificate of incumbency of all of its officers who will be authorized to execute or attest any of the Loan Documents to which it is a party, and a copy of resolutions approving the Loan Documents to which it is a party and authorizing the transactions contemplated by this Agreement; (B) certificates of existence and good standing issued by the jurisdiction of its formation and, if the jurisdiction of its formation is other than Texas, certificates of qualification to do business and good standing in each state where such Borrower's Stores are located, and (C) an incumbency provision evidencing the identity, authority and capacity of each Responsible Officer.
  - (iii) For each limited liability company: an officer's certificate having attached thereto (A) a true and complete copy of the articles of organization and operating agreement, and all amendments thereto, a certificate of incumbency of all of its [members] [managers and officers] who are authorized to execute or attest to any of the Loan Documents, and a true and complete copy of resolutions approving the Loan Documents and authorizing the transactions contemplated in this Agreement and the other Loan Documents; and (B) certificates of existence, good standing and qualification to do business issued by appropriate governmental officials in the state of its formation and, if the jurisdiction of its formation is other than Texas, certificates of qualification to do business and good standing in each state where such Borrower's Stores are located.
- (e) a signed copy of such Borrower's franchise agreement with ColorTyme, Inc.;

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(f) a signed copy of a notice in compliance with the provisions of Section 26.02 of the Texas Business and Commerce Code (the “**Notice of Final Agreement**”), with the original Notice of Final Agreement to follow promptly after the Funding Date;

(g) a UCC-1 Financing Statement evidencing such Borrower as debtor and Lender as secured party and identifying the collateral as “all assets of debtor” or a similar description;

(h) payment, in immediately available funds, of an administration fee in an amount equal to \$1,250 and an upfront fee in an amount equal to 1% of such Borrower’s Revolving Loan Commitment, which administration fee and upfront fee may be added to the total amount of such Borrower’s Loan; and

(i) with respect to any franchisee with existing operations, the financial information set forth in **Section 6.1(b)** for the previous calendar quarter.

## SECTION 6. AFFIRMATIVE COVENANTS

Until full payment and performance of all Obligations of the Borrowers under the Loan Documents and unless Lender consents otherwise in writing (and without limiting any requirement of any other Loan Document), Administrator shall:

6.1 **Financial Statements and Other Information.** Deliver or cause to be delivered to Lender:

(a) **Parent Financial Statements.** Concurrently with the delivery of the same to the lenders party to the Senior Credit Agreement, a copy of Parent’s Compliance Certificate (as defined in the Senior Credit Agreement) and financial statements delivered pursuant to Section 6.2(b) of the Senior Credit Agreement.

(b) **Quarterly Borrower Financial Information.** Within sixty (60) days of each calendar quarter end, a report from Administrator listing the financial ratios of each Borrower calculated by Administrator, including average revenue, debt multiple, operating efficiency, and stale inventory for such quarter.

(c) **Additional Information.** Such additional information, reports and statements with respect to the business operations and financial condition of the Loan Parties as Lender may reasonably request from time to time.

6.2 **Adverse Conditions or Events.** Promptly advise Lender in writing of (i) any condition, event or act which comes to its attention that would reasonably be expected to materially adversely affect either Corporate Guarantor’s financial condition or operations or Lender’s rights under the Loan Documents, (ii) any litigation filed by or against either Corporate Guarantor in which the amount in controversy exceeds \$30,000,000, (iii) the occurrence of any Event of Default, or of any Potential Default, or to any Corporate Guarantor’s knowledge, the failure of any other Loan Party to observe any of its undertakings hereunder or under any of the other Loan Documents, (iv) any event of default by a Borrower known to Administrator or ColorTyme, Inc. under the terms of its franchise agreement with ColorTyme, Inc. and (v) any other event which has or would reasonably be expected to have a Material Adverse Effect.

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6.3 **Taxes and Other Obligations.** Pay all of Administrator's taxes, assessments and other obligations, including, but not limited to taxes and assessments and lawful claims which, if unpaid, might by law become a lien against the assets of Administrator, as the same become due and payable, except to the extent the same are being Contested in Good Faith or except for taxes, the failure of which to pay, could not reasonably be expected to have a Material Adverse Effect.

6.4 **Insurance.** Keep its properties of an insurable nature insured at all times against such risks and to the extent that like properties are customarily insured by other companies engaged in the same or similar businesses similarly situated and maintain insurance of the types and in the coverage amounts and with reasonable deductibles as are usual and customary.

6.5 **Compliance with Laws.** Comply with all applicable laws (including environmental laws), rules, regulations and orders of any Governmental Authority, a breach of which (when considered alone or when aggregated with the effect of other breaches) would reasonably be expected to have a Material Adverse Effect.

6.6 **Compliance with Material Agreements.** Comply in all respects with all existing and future agreements, indentures, mortgages, or documents which are binding upon it or affect any of its properties or business, a breach of which (when considered alone or when aggregated with the effect of other breaches) would reasonably be expected to have a Material Adverse Effect.

6.7 **Maintenance of Records.** Keep at all times books and records of account in accordance with GAAP in which full, true and correct entries will be made of all dealings or transactions in relation to the business and affairs of Administrator, and Administrator will provide adequate protection against loss or damage to such books of record and account.

6.8 **Inspection of Books and Records.** Allow any representative of Lender to visit and inspect its properties, to examine its books of record and account and to discuss its affairs, finances and accounts with any of its officers, directors, employees and agents, all at such reasonable times during normal business hours and upon at least three Business Days advance notice and as often as Lender may request; provided, however, that so long as no Event of Default or Potential Default has occurred and is continuing, (i) such inspections, examinations and discussions shall be conducted no more than four times per calendar year and (ii) a Responsible Officer of the Administrator shall have the option to be present at all such inspections, examinations and discussions.

6.9 **Existence and Qualification.** Preserve and maintain its existence and good standing in Texas and in each other jurisdiction in which qualification is required and where failure so to qualify would be reasonably expected to have a Material Adverse Effect.

6.10 **Collateral LCs.** Cause Parent to deliver one or more Collateral LCs as described in **Section 3.4**.

6.11 **Borrower Operating Accounts.** Cause each Borrower to maintain a Borrower Operating Account at Lender, with an aggregate minimum average daily balance for such accounts as follows: (i) for each Store of such Borrower that has been open for business less than two years, the Borrower Operating Account for such Borrower at Lender shall have an aggregate minimum average daily balance of at least \$2,500; (ii) for each Store of such Borrower that has been open for business between two and four years, the Borrower Operating Account for such Borrower at Lender shall have an aggregate minimum average daily balance of at least \$5,000; and (iii) for each Store of such Borrower that has been open for business more than four years, the Borrower Operating Account for such Borrower



at Lender shall have an aggregate minimum average daily balance of at least \$7,500. If at any time any Borrower does not comply with foregoing, then such Borrower shall pay to Lender a \$100 fee for each month Borrower is not in compliance with this **Section 6.11**. Such fee shall be assessed on a yearly basis. No breach of the obligations of this **Section 6.11** shall cause an Event of Default.

6.12 **Further Assurances.** Make, execute or endorse, acknowledge and deliver or file or cause the same to be done, all such vouchers, invoices, notices, certifications and additional agreements, undertakings, conveyances, deeds of trust, mortgages, assignments, financing statements or other assurances, and take any and all such other action as Lender may from time to time deem necessary or reasonably appropriate in connection with this Agreement or any of the other Loan Documents (a) to cure any defects in the creation of the Loan Documents, or (b) to evidence further or more fully describe, perfect or realize on the collateral intended as security, or (c) to correct any omissions in the Loan Documents, or (d) to state more fully the security for the Obligations, or (e) to perfect, protect or preserve any liens pursuant to any of the Loan Documents, or (f) for better assuring and confirming unto Lender all or any part of the security for any of the Obligations.

## SECTION 7. NEGATIVE COVENANTS

Until full payment and performance of all Obligations under the Loan Documents, Administrator shall not without the prior written consent of Lender (and without limiting any requirement of any other Loan Documents):

7.1 **Merger, Etc.** Enter into any merger or consolidation.

7.2 **Transfer of Assets.** Convey, assign, transfer, sell, lease or otherwise dispose of, in one transaction or a series of transactions (or agree to do any of the foregoing at any future time), all or substantially all or a substantial part of its properties or assets (whether now owned or hereafter acquired) or any part of such properties or assets which are essential to the conduct of its business substantially as now conducted.

## SECTION 8. REPRESENTATIONS AND WARRANTIES

Administrator hereby represents and warrants to Lender as follows:

8.1 **Financial Statements.** The financial statements and ratios of each Corporate Guarantor heretofore delivered to Lender have been prepared in accordance with GAAP and fairly present such Corporate Guarantor's financial condition as of the date or dates thereof, and there have been no material adverse changes in such Corporate Guarantor's financial condition or operation since the date or dates thereof.

8.2 **Good Standing.** Administrator is a corporation, duly organized, validly existing and in good standing under the laws of Texas and has the power and authority to own its property and to carry on its business in Texas and in each other jurisdiction in which Administrator does business and in which the failure to be so qualified would (when considered alone or when aggregated with the effect of failure to qualify in all other jurisdictions) reasonably be expected to have a Material Adverse Effect.

8.3 **Authority and Compliance.** Administrator has full power and authority to execute, deliver and perform the Loan Documents to which it is a party and to incur and perform the obligations provided for therein. No consent or approval of any Governmental Authority or other third party is required as a condition to the validity or performance of any Loan Document, and Administrator is in

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compliance with all material laws and regulatory requirements to which it is subject, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

8.4 **Binding Agreements.** This Agreement and the other Loan Documents executed by Administrator constitute valid and legally binding obligations of Administrator, enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law.

8.5 **Litigation.** There is no proceeding involving Administrator pending or, to the knowledge of Administrator, threatened before any court or Governmental Authority, agency or arbitration authority, except (a) as disclosed to Lender in writing and acknowledged by Lender prior to the date of this Agreement or (b) that either individually or in the aggregate could not reasonably be expected to have Material Adverse Effect.

8.6 **No Conflicting Agreements.** There is no charter, bylaw, stock provision, partnership agreement or other document pertaining to the power or authority of Administrator and no provision of any existing material agreement, mortgage, indenture or contract binding on Administrator or affecting any property of Administrator, which would conflict with or in any way prevent the execution, delivery or carrying out of the terms of this Agreement and the other Loan Documents.

8.7 **Taxes.** All taxes and assessments due and payable by Administrator have been paid or are being Contested in Good Faith, except for taxes, the failure of which to pay, could reasonably be expected not to have a Material Adverse Effect.

8.8 **No Default.** No Event of Default or Potential Default has occurred and is continuing.

8.9 **Accuracy of Information.** To the best of Administrator's knowledge, all factual information furnished to Lender in connection with this Agreement and the other Loan Documents is and will be accurate and complete on the date as of which such information is delivered to Lender and is not and will not be incomplete by the omission of any material fact necessary to make such information not misleading.

8.10 **Borrowers.** To the best of Administrator's knowledge, each Borrower is in compliance with the terms of its franchise agreement with ColorTyme, Inc., and each Borrower has satisfied and continues to perform its obligations as a franchisee of ColorTyme, Inc., except to the extent that failure of such Borrower to do so could not reasonably be expected to have a Material Adverse Effect. No breach of this **Section 8.10** shall cause an Event of Default.

#### **SECTION 9. DEFAULT**

Any of the following shall constitute events of default (each an "**Event of Default**"):

9.1 **Representations and Warranties.** Any representation, warranty or statement made by either Corporate Guarantor herein or otherwise in writing in connection herewith or in connection with any of the other Loan Documents and the agreements referred to herein or therein or in any financial statement, certificate or statement signed by any Responsible Officer of either Corporate Guarantor and furnished pursuant to any provision of the Loan Documents shall be breached, or shall be materially false, incorrect or incomplete when made.

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9.2 **Default in Covenants Under Agreement.** (a) A default shall occur in the due performance or observance of any term, covenant or agreement set forth in **Section 6.10** or in **Section 7** hereof; or, (b) Administrator shall default in the due performance or observance of any term, covenant or agreement contained in this Agreement other than those specified in clause (a) immediately preceding (and other than those described in **Section 9.1** hereof or any default under **Section 6.11** or **8.10**), and such default continues unremedied for a period of thirty (30) days after notice thereof from Lender or Lender is notified of such default or should have been so notified pursuant to the provisions of **Section 6.2** hereof, whichever is earlier.

9.3 **Default in Other Loan Documents.** Either Corporate Guarantor shall default in the due performance of or observance by it of any term, covenant or agreement on its part to be performed pursuant to the terms of any of the other Loan Documents and the default shall continue unremedied beyond any grace or cure period therein provided.

9.4 **Default Under Senior Credit Agreement.** An event of default shall have occurred and be continuing under the provisions of the Senior Credit Agreement, the effect of which is to permit the holder or holders of indebtedness thereunder to cause the indebtedness to become due and payable prior to its stated maturity (whether or not the holder actually exercises such option).

9.5 **Bankruptcy.** Either Corporate Guarantor shall suspend or discontinue its business operations, or shall generally fail to pay its debts as they mature, or shall file a petition commencing a voluntary case concerning such Corporate Guarantor under any chapter of the United States Bankruptcy Code; or any involuntary case shall be commenced against either Corporate Guarantor under the United States Bankruptcy Code that results in the entry of an order for relief or any such adjudication or appointment or remains undismissed, undischarged or unbonded for a period of 60 days; or either Corporate Guarantor shall become insolvent (howsoever such insolvency may be evidenced).

## SECTION 10. REMEDIES

Upon the occurrence of a Bankruptcy Default, the entire principal of and accrued interest on the Notes shall forthwith be due and payable without demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices and further actions of any kind, all of which are hereby expressly waived by the Loan Parties. In the event that any other Event of Default shall occur and be continuing, Lender may, without demand or notice of its election, terminate its obligation to make further Loans hereunder and/or declare the entire unpaid balance of the Notes and all other indebtedness of Borrowers to Lender, or any part thereof, immediately due and payable, whereupon the principal of and accrued interest on such Notes and other indebtedness shall be forthwith due and payable without demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices and further actions of any kind, all of which are hereby expressly waived by the Loan Parties. Upon the occurrence and during the continuance of any Event of Default, Lender may (a) exercise any and all rights under or pursuant to any of the Loan Documents, and (b) exercise any and all rights afforded to Lender by the laws of the State of Texas or any other applicable jurisdiction or in equity or otherwise, as Lender may deem appropriate.

## SECTION 11. EXPENSES AND INDEMNITY

11.1 **Payment of Expenses.** Administrator shall promptly (and in any event, within 30 days after any invoice or other statement or notice) pay to Lender immediately upon demand the full amount of all reasonable costs and expenses (including without limitation reasonable attorneys' fees, consultants'

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fees, engineering fees, travel costs and miscellaneous expenses) incurred by Lender in connection with (a) negotiation, preparation, execution and delivery of this Agreement and each of the Loan Documents, and (b) any modifications of or consents or waivers under or amendments to or interpretations of this Agreement, the Notes, or the other Loan Documents, and (c) all transfer, stamp, mortgage, documentary or other similar taxes, assessments or other charges levied by any Governmental Authority or revenue authority in respect of this Agreement or any of the other Loan Documents, and (d) the filing, recording, refiling and rerecording of any Loan Documents and any other documents or instruments or further assurances required to be filed or recorded or refiled or rerecorded by the terms of any Loan Document. Administrator further agrees to pay on demand all reasonable costs and expenses of Lender, if any (including without limitation reasonable attorneys' fees and expenses and the cost of internal counsel), in connection with the enforcement (whether through negotiations, arbitration proceedings, legal proceedings or otherwise) of the Loan Documents; provided however, with respect to enforcement and collection of the Obligations of any Borrower that is in default, such costs and expenses shall not exceed \$1,500 per enforcement action without first giving Administrator prior written notice of such enforcement action and the opportunity to purchase the Note of such Borrower.

11.2 **Indemnity.** Administrator further agrees to indemnify Lender and its employees and agents, from and hold them harmless against any and all losses, liabilities, claims, damages or expenses which any of them suffers or incurs as a result of Lender's entering into this Agreement and the Loan Documents, or the consummation of the transactions contemplated by this Agreement and the Loan Documents, or the use or contemplated use of the proceeds of the Loans, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any litigation, arbitration or other proceeding arising out of or by reason of any of the aforesaid. IT IS THE INTENTION OF THE PARTIES THAT THE FOREGOING INDEMNITIES SHALL APPLY TO LOSSES, LIABILITIES, CLAIMS, DAMAGES OR EXPENSES WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF AN INDEMNIFIED PARTY. No such indemnified party, however, shall be entitled to be indemnified for its or his own gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section applies, such indemnities shall be effective whether or not such investigation, litigation or proceeding is brought by Administrator, its directors, shareholders or creditors, or by an indemnified party and whether or not the transactions hereby are consummated. Administrator shall defend any claim for which an indemnified party is entitled to seek indemnity pursuant to the preceding sentence, and the indemnified party shall cooperate with the defense. The indemnified party may have separate counsel, and Administrator will pay the expenses and reasonable fees of such separate counsel if either counsel for Administrator or counsel for the indemnified party shall advise the indemnified party that the interests of both Administrator and the indemnified party with respect to such claim are or with reasonable certainty will become adverse. The agreements and obligations of Administrator contained in this Section shall survive payment in full of the Obligations.

## SECTION 12. MISCELLANEOUS

Administrator and Lender further covenant and agree as follows, without limiting any requirement of any other Loan Document:

12.1 **Notices.** All notices, requests or demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing (including telegraphic, telex and facsimile transmission) delivered to the other party at the addresses set forth on the first page of this Agreement or to such other address as any party may designate by written notice to the other party. Each such notice, request and demand shall be deemed given or made (whether actually received or not) (a) if sent by mail, upon the earlier of the date of receipt or five (5) days after deposit in the U.S. Mail, first class postage prepaid, and (b) if sent by any other means, upon delivery. Unless otherwise changed

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by notice given pursuant to this Section, the facsimile transmission number for Administrator shall be 972-403-4923, and the facsimile transmission number for Lender shall be 972-419-3589.

**12.2 Cumulative Rights and No Waiver.** Each and every right granted to Lender under any Loan Document, or allowed it by law or equity shall be cumulative of each other and may be exercised in addition to any and all other rights of Lender, and no delay in exercising any right shall operate as a waiver thereof, nor shall any single or partial exercise by Lender of any right preclude any other or future exercise thereof or the exercise of any other right. Administrator expressly waives any presentment, demand, protest or other notice of any kind, including but not limited to notice of intent to accelerate and notice of acceleration. No notice to or demand on Administrator in any case shall, of itself, entitle Administrator to any other or future notice or demand in similar or other circumstances.

**12.3 Choice of Law and Venue.** (a) **THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS (BUT NOT THE RULES GOVERNING CONFLICTS OF LAWS) OF THE STATE OF TEXAS AND SHALL BE PERFORMABLE IN DALLAS COUNTY, TEXAS.** The parties hereto irrevocably submit themselves to the jurisdiction of any Texas state court or any United States court located in the State of Texas (or any court having jurisdiction over appeals from any such court) in any proceeding between or among them arising out of or in any way relating to this Agreement or the Loan Documents whether arising in contract, tort or otherwise. Any suit, action or proceeding may be brought in the courts of the State of Texas, County of Dallas, or in the United States District Court for the Northern District of Texas, Dallas Division. All parties hereto irrevocably consent to the service of process in any suit, action or proceeding in said court by the mailing thereof, by registered or certified mail, postage prepaid, to its address for notices set forth in this Agreement. Service shall be deemed effective five (5) days after such mailing. If requested to do so by any party, each party hereto agrees to waive service of process and to execute any and all documents necessary to implement such waiver in accordance with the Texas Rules of Civil Procedure. All parties hereto irrevocably waive any objections which any may now or hereafter have (including any based on the grounds of forum non conveniens) to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Loan Documents brought in the courts located in Dallas County, Texas. Nothing herein impairs the right to bring proceedings in the courts of any other jurisdiction or to effect service of process in any other manner permitted.

(b) The parties recognize that courts outside of Dallas County, Texas, may also have jurisdiction over suits, actions or proceedings arising out of this Agreement and the Loan Documents. In the event any party shall institute a proceeding involving this Agreement or the Loan Documents in a jurisdiction outside Dallas County, Texas, the party instituting such litigation shall indemnify the other parties for any losses and expenses that may result from the breach of the foregoing covenant to institute such proceeding only in a state or federal court in Dallas County, Texas, including without limitation any additional expenses incurred as the result of litigating in another jurisdiction, such as the expenses and reasonable fees of local counsel and travel and lodging expenses of the indemnified parties, its witnesses, experts and support personnel.

**12.4 Amendment and Assignment.** No modification, consent, amendment or waiver of any provision of this Agreement, nor consent to any departure by Administrator therefrom, shall be effective unless the same shall be in writing and signed by an officer of Lender, and then shall be effective only in the specified instance and for the purpose for which given. This Agreement is binding upon Administrator, its successors and assigns, and inures to the benefit of Lender, its successors and assigns. However, no assignment or other transfer of Administrator's rights or obligations hereunder shall be made or be effective without Lender's prior written consent, nor shall it relieve Administrator of any obligations hereunder. There is no third party beneficiary of this Agreement. Lender may assign this

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Agreement and the other Loan Documents without consent of any Loan Party, and such assignment shall not relieve any Loan Party from its obligations under the Loan Documents.

12.5 **Authorization to File Financing Statements.** Lender is authorized to complete and file financing statements in any state to perfect the security interests granted by any of the Loan Documents.

12.6 **Partial Invalidity.** The unenforceability or invalidity of any provision of this Agreement shall not affect the enforceability or validity of any other provision herein and the invalidity or unenforceability of any provision of any Loan Document to any Person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other Persons or circumstances.

12.7 **Survivability.** All covenants, agreements, representations and warranties made herein or in the other Loan Documents shall survive the making of the initial Loans and shall continue in full force and effect so long as the Obligations are outstanding or the outstanding Revolving Loan Commitments have not expired.

12.8 **Communications via Internet.** Administrator and each Loan Party by its or his execution of the Loan Documents to which it or he is a party, hereby authorizes Lender and its counsel to communicate and transfer documents and other information (including without limitation, confidential information) concerning this transaction or Borrower or any other Loan Party or the business affairs of Borrower and any other Loan Party by unencrypted e-mail sent over the Internet without regard to the lack of security of such communications.

12.9 **Agreement Controlling.** In the event of a conflict between the terms and provisions of this Agreement and the terms and provisions of any of the other Loan Documents, the terms and provisions of this Agreement shall control. This Agreement replaces and supersedes in its entirety that certain proposal letter between the parties dated as of June 2, 2010.

12.10 **Setoff.** In addition to, and without limitation of, any rights of Lender under applicable law, if any Event of Default occurs and is continuing, then any and all deposits (including all account balances, whether provisional or final and whether or not collected or available but excluding any payroll accounts) and any other indebtedness at any time held or owing by Lender or any affiliate of Lender to or for the credit or account of Administrator may be offset and applied toward the payment of the Obligations, whether or not the Obligations, or any part thereof, shall then be due.

12.11 **Joint Preparation; Construction of Indemnities and Releases.** This Agreement and the other Loan Documents have been reviewed and negotiated by sophisticated parties with access to legal counsel and no rule of construction shall apply hereto or thereto which would require or allow any Loan Documents to be construed against any party because of its role in drafting such Loan Document. All indemnification and release provisions of this Agreement shall be construed broadly (and not narrowly) in favor of the Persons receiving indemnification or being released.

12.12 **Form and Number of Documents.** Each agreement, document, instrument, or other writing to be furnished to Lender under any provision of this Agreement must be in form and substance and in such number of counterparts as may be reasonably satisfactory to Lender and its counsel.

12.13 **Multiple Counterparts.** This Agreement has been executed in a number of identical counterparts, each of which constitutes an original and all of which constitute, collectively, one agreement; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. Delivery of an executed counterpart of a signature page of this

Agreement by telecopy or electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

12.14 **Lender's Consent or Approval.** Except where otherwise expressly provided in the Loan Documents, in any instance where the approval, consent or the exercise of judgment of Lender is required, the granting or denial of such approval or consent and the exercise of such judgment shall be (a) within the reasonable discretion of Lender, and (b) deemed to have been given only by a specific writing intended for the purpose and executed by Lender. Each provision for consent, approval, inspection, review, or verification by Lender is for Lender's own purposes and benefit only.

12.15 **WAIVER OF JURY TRIAL.** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY IRREVOCABLY AND EXPRESSLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY OR THE ACTIONS OF LENDER IN THE NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT THEREOF.

### **SECTION 13. NOTICE OF FINAL AGREEMENT**

**THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

*[Remainder of Page Intentionally Blank; Signatures Begin on Next Page]*

FRANCHISEE FINANCING AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

ADMINISTRATOR:

**COLORTYME FINANCE, INC.**

By: /s/ Robert F. Bloom

Name: Robert F. Bloom

Title: President & CEO

FRANCHISEE FINANCING AGREEMENT



LENDER:

**CITIBANK, N.A.**

By: /s/ David C. Hauglid

\_\_\_\_\_  
David C. Hauglid  
Vice President

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**LIST OF EXHIBITS**

A Loan Notice	§ 2.1
B Form of Revolving Note	§ 2.1(c)

**FRANCHISEE FINANCING AGREEMENT**

**EXHIBIT A**

**LOAN NOTICE  
(from ColorTyme Finance, Inc. to Lender)**

Reference is made to (i) that certain Franchisee Financing Agreement between ColorTyme Finance, Inc. and Citibank, N.A. dated as of August 2, 2010 (together with all amendments and modifications, if any, from time to time made thereto, the "**Agreement**") and (ii) Section 2.4 of each Note, pursuant to which Administrator is authorized, on behalf of the Borrowers, to request Loans. The terms used herein shall have the same meanings as provided therefor in the Agreement unless the context hereof otherwise requires or provides. This notice may only be delivered by Administrator to Lender. Lender will not accept any loan notice from a Borrower.

**A. GENERAL.**

1. Date of proposed Loans \_\_\_\_\_
2. Aggregate amount of Loans requested. \_\_\_\_\_
3. Administrator hereby certifies that all conditions precedent specified by the Agreement for these Loans have been complied with in all respects.
4. Attached hereto is a schedule evidencing the Borrowers requesting Loans and the requested Loan amounts.

**B. AVAILABILITY.**

1. Enter: Program Amount \$25,000,000
2. Enter: Aggregate Revolving Loan Principal Debt outstanding as of this date. \_\_\_\_\_
3. Excess (deficit) available for Loans (subtract line B2 from line B1). \_\_\_\_\_

Administrator hereby certifies that on the date hereof the representations and warranties contained the Agreement are true in all material respects as if made on the date hereof, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date and no Event of Default or Potential Default exists and is continuing.

Dated \_\_\_\_\_, 2010.

COLORTYME FINANCE, INC.

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT B**

**FORM OF REVOLVING NOTE**

**FORM OF REVOLVING NOTE**

**UNCONDITIONAL GUARANTY OF  
RENT-A-CENTER, INC.**

THIS UNCONDITIONAL GUARANTY (this "**Guaranty**") dated as of August 2, 2010, is made by Rent-A-Center, Inc., a Delaware corporation (together with such Person's permitted successors and permitted assigns, "**Guarantor**"), in favor of Citibank, N.A., a national banking association ("**Lender**").

WHEREAS, ColorTyme Finance, Inc., a wholly-owned subsidiary of Guarantor, and Lender have entered into that certain Franchisee Financing Agreement dated of even date herewith (the "**Agreement**"), and as an inducement to Lender to enter into the Agreement and to make the Loans the Borrowers as provided for therein, Guarantor has agreed to guarantee the payment and satisfaction of the Obligations (as defined in the Agreement) of the Borrowers and to execute and deliver this Guaranty; and

WHEREAS, Guarantor will directly or indirectly benefit from the use of the Loan proceeds by the Borrowers for the purposes for which the credit is being extended pursuant to the Agreement;

NOW, THEREFORE, in consideration of the foregoing, and intending to be legally bound hereby, Guarantor guarantees to Lender the prompt and full payment and performance of the Obligations upon the following terms and conditions:

1. **Definitions.** Terms used herein which are defined in the Agreement have the meanings provided therefor in the Agreement unless the context hereof otherwise requires or provides.

2. **Guaranty.** In consideration of loans, advances or other credit heretofore or hereafter granted by Lender to the Borrowers, and to enable such loans, advances or other credit to be maintained or obtained by the Borrowers, Guarantor unconditionally, absolutely and irrevocably guarantees to Lender the due and punctual payment at maturity, whether by acceleration or otherwise, and the due fulfillment and performance of the Obligations. Guarantor is liable for the full payment and performance of the Obligations as a primary obligor.

3. **Payment.** If any of the Obligations is not punctually paid when such indebtedness becomes due and payable, either by its terms or as a result of the exercise of any power to accelerate, Guarantor shall, except as otherwise provided in, and subject to, the Agreement, immediately on demand and without presentment, protest, notice of protest, notice of nonpayment, notice of intent to accelerate, notice of acceleration or any other notice whatsoever (all of which are expressly waived in accordance with Section 4 hereof), pay the amount due and payable thereon to Lender, at its office specified in Section 15. It is not necessary for Lender, in order to enforce such payment by Guarantor, first to institute suit or exhaust its remedies against any Borrower or others liable on the indebtedness, or to enforce its rights against any security given to secure such indebtedness; *provided, however*, if a Collateral LC has been issued to Lender pursuant to the provisions of Section 3.4 of the Agreement, then Lender shall first attempt to draw on such Collateral LC to repay the Obligations prior to enforcement of this Guaranty. Lender is not required to mitigate damages or take any other action to reduce, collect or enforce the Obligations. No setoff, counterclaim, reduction or diminution of any obligation, or any defense of any kind which Guarantor has or may have against any Borrower or Lender shall be available hereunder to Guarantor. No payment by Guarantor shall discharge the liability of Guarantor hereunder until the Obligations have been fully satisfied. If Lender must rescind or restore any payment, or any part thereof, received by Lender on any part of the Obligations, any prior release or discharge from the terms of this Guaranty given Guarantor by Lender or any reduction of Guarantor's liability hereunder shall be without effect, and this Guaranty shall remain in full force and effect.

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4. Agreements and Waivers. Guarantor

(a) agrees to all terms and agreements heretofore or hereafter made by the Borrowers with Lender;

(b) agrees that Lender may without impairing its rights or the obligations of Guarantor hereunder (i) waive or delay the exercise of any of its rights or remedies against or release any Borrower or any other person or entity, including, without limitation, any other party who is personally or whose property is liable with respect to the Obligations or any part thereof (Guarantor and any such other person or persons are hereafter collectively called the "**Sureties**" and individually called a "**Surety**"); (ii) take or accept any other security, collateral or guaranty, or other assurance of the payment of all or any part of the Obligations; (iii) release, surrender, exchange, subordinate or permit or suffer to exist any deterioration, waste, loss or impairment (including without limitation negligent, willful, unreasonable or unjustified impairment) of any collateral, property or security, at any time existing in connection with, or assuring or securing payment of, all or any part of the Obligations or the liability of Guarantor or any other Surety; (iv) increase, renew, extend, or modify the terms of any of the Obligations or any instrument or agreement evidencing the same; (v) apply payments by any Borrower, any Surety, or any other person or entity, to any of the Obligations; (vi) bring suit against any one or more Sureties without joining any other Surety or any Borrower in such proceeding; (vii) compromise or settle with any one or more Sureties in whole or in part for such consideration or no consideration as Lender may deem appropriate, or (viii) partially or fully release one or more of Guarantor or any other Surety from liability hereunder.

(c) agrees that the obligations of Guarantor under this Guaranty shall not be released, diminished, or adversely affected by any of the following: (i) the insolvency, bankruptcy, rearrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of any Borrower or any Surety; (ii) the invalidity, illegality or unenforceability of all or any part of the Obligations or any document or agreement executed in connection with the Obligations, for any reason, or the fact that any debt included in the Obligations exceeds the amount permitted by law; (iii) the failure of Lender or any other party to exercise diligence or reasonable care or to act in a commercially reasonable manner in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of such collateral, property or security; except when such failure results from Lender's gross negligence or willful misconduct; (iv) the fact that any collateral, security, security interest or lien contemplated or intended to be given, created or granted as security for the repayment of the Obligations is not properly perfected or created, or proves to be unenforceable or subordinate to any other security interest or lien; (v) the fact that any Borrower has any defense to the payment of all or any part of the Obligations; (vi) any payment by any Borrower or any Surety to Lender is a preference under applicable bankruptcy laws, or for any reason Lender is required to refund such payment or pay such amounts to any Borrower, any such Surety, or someone else; (vii) any defenses which any Borrower could assert on the Obligations, including but not limited to failure of consideration, breach of warranty, fraud, payment, accord and satisfaction, strict foreclosure, statute of frauds, bankruptcy, infancy, statute of limitations, lender liability and usury; or (viii) any other action taken or omitted to be taken with respect to the Agreement, the Loan Documents, the Obligations, the security and collateral therefor whether or not such action or omission prejudices Guarantor or any Surety, or increases the likelihood that Guarantor will be required to pay the Obligations pursuant to the terms hereof;

(d) agrees that Guarantor is obligated to pay the Obligations when due, notwithstanding any occurrence, circumstance, event, action or omission whatsoever, whether or not particularly described herein, except for the full and final payment and satisfaction of the Obligations;

(e) to the extent allowed by applicable law, waives all rights and remedies now or hereafter accorded by applicable law to guarantors or sureties, including without limitation any defense, right of offset

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or other claim which Guarantor may have against any Borrower or which any Borrower may have against Lender;

(f) waives all notices whatsoever with respect to this Guaranty or with respect to the Obligations, including, but without limitation, notice of (i) Lender's acceptance hereof or its intention to act, or its action, in reliance hereon; (ii) the present existence, future incurring, or any amendment of the provisions of any of the Obligations or any terms or amounts thereof or any change therein in the rate of interest thereon; (iii) any default by any Borrower or any Surety; (iv) the obtaining, enforcing, or releasing of any guaranty or surety agreement (in addition hereto), pledge, assignment, or other security for any of the Obligations;

(g) waives notice of presentment for payment, notice of protest, protest, demand, notice of intent to accelerate, notice of acceleration and notice of nonpayment, protest in relation to any instrument evidencing any of the Obligations, and any demands and notices required by law, except as such waiver may be expressly prohibited by law, and diligence in bringing suits against any Surety; and

(h) waives each right to which any of them may be entitled by virtue of the laws of the State of Texas governing or relating to suretyship and guaranties, including, without limitation, any rights under Rule 31, Texas Rules of Civil Procedure, Chapter 51 of the Texas Property Code, Section 17.001 of the Texas Civil Practice and Remedies Code, Section 3.605 of the Uniform Commercial Code, and Chapter 43 of the Texas Civil Practice and Remedies Code, as any or all of the same may be amended or construed from time to time, or the common law of the State of Texas at all relevant times.

5. **Liability.** The liability of Guarantor under this Guaranty is irrevocable, absolute and unconditional, without regard to the liability of any other person, and shall not in any manner be affected by reason of any action taken or not taken by Lender, which action or inaction is herein consented and agreed to, nor by the partial or complete unenforceability or invalidity of any other guaranty or surety agreement, pledge, assignment or other security for any of the Obligations. No delay in making demand on Sureties or any of them for satisfaction of the liability hereunder shall prejudice Lender's right to enforce such satisfaction. All of Lender's rights and remedies shall be cumulative and any failure of Lender to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any time, and from time to time, thereafter. This is a continuing guaranty of payment, not a guaranty of collection, and this Guaranty shall be binding upon Guarantor regardless of how long before or after the date hereof any of the Obligations were or are incurred.

6. **Subordination.** If any Borrower is now or hereafter becomes indebted to Guarantor (such indebtedness and all interest thereon is referred to as the "Affiliated Debt"), such Affiliated Debt shall be subordinate in all respects to such Borrower's full payment and performance of the Obligations, and Guarantor shall not be entitled to enforce or receive payment thereof until all of the Obligations of such Borrower to Lender have been paid; provided however, that Guarantor may receive and Borrower may pay or prepay any such Affiliated Debt if, at the time of making such payment or prepayment and immediately after giving effect thereto, no Event of Default has occurred and is continuing; and provided further that Borrower may at any time pay or prepay fees relating to product servicing and similar fees.

7. **Subrogation.** Guarantor does not waive or release any rights of subrogation, reimbursement or contribution which Guarantor may have, after full and final payment of the Obligations, against others liable on the Obligations. Guarantor's rights of subrogation and reimbursement are subordinate in all respects to the rights and claims of Lender, and Guarantor may not exercise any rights it may acquire by way of subrogation under this Guaranty, by payment made hereunder or otherwise, until all of the Obligations have been fully and finally paid. If any amount is paid to Guarantor on account of

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such subrogation rights when the Obligations have not been paid in full, such amount shall be held in trust for the benefit of Lender to be credited and applied on the Obligations, whether matured or unmatured.

8. ***Other Indebtedness or Obligations of Guarantor.*** If Guarantor is or becomes liable for any indebtedness owed by any Borrower to Lender by endorsement or otherwise than under this Guaranty, such liability shall not be affected by this Guaranty, and the rights of Lender hereunder shall be cumulative of all other rights that Lender may have against Guarantor. The exercise by Lender of any right or remedy hereunder or under any other instrument or at law or in equity shall not preclude the concurrent or subsequent exercise of any other instrument or remedy at law or in equity and shall not preclude the concurrent or subsequent exercise of any other right or remedy. Further, without limiting the generality of the foregoing, this Guaranty is given by Guarantor as an additional guaranty to all guaranties heretofore or hereafter executed and delivered to Lender by Guarantor in favor of Lender relating to the indebtedness of any Borrower to Lender, and nothing herein shall be deemed to replace or be in lieu of any other of such previous or subsequent guarantees.

9. ***Representations.*** Guarantor represents as follows:

(a) Guarantor has received, or will receive, direct or indirect benefit from the making of this Guaranty and the Obligations;

(b) Guarantor is not relying on the financial condition of the Borrowers, the collateral intended to be created as security for the payment of the Obligations, or the agreement of any other party to become a Surety as an inducement to enter into this Guaranty;

(c) neither Lender, any Surety, nor any other party has made any representation, warranty or statement to Guarantor in order to induce Guarantor to execute this Guaranty;

(d) as of the date hereof, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is, and will be solvent, and has and will have assets which, fairly valued, exceed its obligations, liabilities and debts, and has and will have property and assets sufficient to satisfy and repay its obligations and liabilities;

(e) neither execution and delivery of this Guaranty nor the consummation of the transactions herein contemplated, nor compliance with the terms and provisions hereof, will contravene any provision of applicable law, statute, rule or regulation or any judgment, decree, franchise, order or permit applicable to Guarantor or will conflict or be inconsistent with, or will result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, security interest, charge or encumbrance upon any of the property or assets of Guarantor pursuant to the terms of any material indenture, mortgage, deed of trust, agreement or other instrument to which Guarantor is a party or by which Guarantor may be bound;

(f) Guarantor is a corporation, duly organized, validly existing and in good standing under the laws of Delaware and has the power and authority to own its property and to carry on its business in Texas and in each other jurisdiction in which Guarantor does business and in which the failure to be so qualified would (when considered alone or when aggregated with the effect of failure to qualify in all other jurisdictions) have a Material Adverse Effect;

(g) There is no proceeding involving Guarantor pending or, to the knowledge of Guarantor, threatened before any court or Governmental Authority, agency or arbitration authority, except (a) as disclosed to Lender in writing and acknowledged by Lender prior to the date of this Agreement or (b) that

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either individually or in the aggregate could not be reasonably expected to have a Material Adverse Effect; and

(h) All taxes and assessments due and payable by Guarantor have been paid or are being Contested in Good Faith, except for taxes, the failure of which to pay, will not have a Material Adverse Effect.

10. **Covenant of Guarantor.** Until all Obligations of the Borrowers are paid in full and so long as this Guaranty is in effect, unless compliance has been waived in writing by Lender, Guarantor agrees to comply with Section 3.4 of the Agreement.

11. **Right of Offset.** Guarantor hereby grants to Lender and to each entity which owns an interest in the Obligations (a "**Participant**") a right of offset at any time or from time to time, without notice to Guarantor or any other person, any such notice being hereby waived, upon any and all monies, securities or other property of Guarantor and the proceeds therefrom, now or hereafter held or received by or in transit to Lender or any such Participant, for the account of Guarantor, whether for safekeeping, custody, pledge, transmission, collection or otherwise, and also upon any and all deposits (general or special, time or demand, provisional or final, other than payroll accounts) and any other indebtedness at any time held or owing by Lender or any such Participant to or for the credit of the account of Guarantor, and any and all claims of Guarantor against Lender or any such Participant at any time existing, regardless of whether Lender or any such Participant has made any demand hereunder and although the Obligations, liabilities or claims, or any of them, shall be contingent or unmatured; *provided, however*, if a Collateral LC has been issued to Lender pursuant to the provisions of Section 3.4 of the Agreement, then Lender shall first attempt to draw on such Collateral LC to repay the Obligations prior to exercise of its right of offset hereunder.

12. **Costs and Expenses.** Guarantor agrees to pay to Lender, upon demand, all losses and reasonable costs and expenses, including attorneys' fees, that may be incurred by Lender in attempting to cause the Obligations to be satisfied or in attempting to cause satisfaction of Guarantor's liability under this Guaranty.

13. **Exercising Rights, Etc.** No notice to or demand upon Guarantor in any case shall, of itself, entitle Guarantor to any other or further notice or demand in similar or other circumstances. No delay or omission by Lender in exercising any power or right hereunder shall impair such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such power preclude other or further exercise thereof, or the exercise of any other right or power hereunder.

14. **Governing Law and Venue.** This Guaranty shall be governed by the substantive laws of the State of Texas, without regard to principles of conflicts of laws, and shall be performable in Dallas County, Texas.

15. **Notices.** Any notice required or permitted by this Guaranty shall be in writing and shall be valid, sufficient, and commercially reasonable if deposited in the mail, certified mail, postage prepaid, return receipt requested, or if delivered by telephonic facsimile, overnight courier, or personal delivery addressed to the parties as set forth as follows, unless such address is changed by written notice hereunder:

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(a) If to Lender:

Citibank, N.A.  
8401 N. Central Expressway  
Suite 500  
Dallas, Texas 75225  
Facsimile: (972) 419-3589

(b) If to Guarantor:

Rent-A-Center, Inc.  
5501 Headquarters Drive  
Plano, Texas 75024  
Facsimile: (972) 403-4923

Notices shall be effective as follows: (i) if given by mail, on the earlier of (a) five (5) days following deposit in a post office or other official depository under the care and custody of the United States Postal Service or (b) actual receipt as shown on the return receipt; (ii) if given by telephone facsimile, on the day of transmission if made within normal business hours of the recipient and otherwise on the following business day; or (iii) if by personal delivery or overnight courier, on the day of delivery to the appropriate address set forth above; or (iv) if delivery is refused by the addressee, on the day of the first presentation thereof to the addressee. Any delivery receipt or affidavit of messenger shall be presumptive evidence of delivery to the addressee or refusal by the addressee to accept delivery, as the case may be. Any address for notice may be changed by written notice to the other party.

16. **Benefit; Binding Effect.** This Guaranty shall inure to the benefit of Lender, any Participant, and their respective successors and assigns, and to any interest in any of the Obligations, and shall be binding upon Guarantor and its successors, assigns, heirs, executors, administrators and personal representatives (provided, however, that Guarantor may not, without the prior written consent of Lender in each instance, assign or delegate any of its rights, powers, duties or obligations hereunder, and any attempted assignment or delegation made without Lender's prior written consent shall be void ab initio and of no force or effect).

17. **Entirety and Amendments.** This Guaranty embodies the entire agreement between the parties and supersedes all prior agreements, conditions, and understandings, if any, relating to the subject matter hereof and thereof, and this Guaranty may be amended only by an instrument in writing executed by an authorized officer of the party against whom such amendment is sought to be enforced.

18. **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR HEREBY IRREVOCABLY AND EXPRESSLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR THE ACTIONS OF LENDER IN NEGOTIATION, ADMINISTRATION OR ENFORCEMENT HEREOF OR THEREOF.

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IN WITNESS WHEREOF, Guarantor, intending to be legally bound hereby, has executed this Guaranty as of the date and year first above written.

RENT-A-CENTER, INC.

By: /s/ Mitchell E. Fadel

Mitchell E. Fadel, President & COO

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**UNCONDITIONAL GUARANTY OF  
COLORTYME FINANCE, INC.**

THIS UNCONDITIONAL GUARANTY (this "**Guaranty**") dated as of August 2, 2010, is made by ColorTyme Finance, Inc., a Texas corporation (together with such Person's permitted successors and permitted assigns, "**Guarantor**"), in favor of Citibank, N.A., a national banking association ("**Lender**").

WHEREAS, Guarantor and Lender have entered into that certain Franchisee Financing Agreement dated of even date herewith (the "**Agreement**"), and as an inducement to Lender to enter into the Agreement and to make the Loans to the Borrowers as provided for therein, Guarantor has agreed to guarantee the payment and satisfaction of the Obligations (as defined in the Agreement) of the Borrowers and to execute and deliver this Guaranty; and

WHEREAS, Guarantor will directly or indirectly benefit from the use of the Loan proceeds by the Borrowers for the purposes for which the credit is being extended pursuant to the Agreement;

NOW, THEREFORE, in consideration of the foregoing, and intending to be legally bound hereby, Guarantor guarantees to Lender the prompt and full payment and performance of the Obligations upon the following terms and conditions:

1. **Definitions.** Terms used herein which are defined in the Agreement have the meanings provided therefor in the Agreement unless the context hereof otherwise requires or provides.

2. **Guaranty.** In consideration of loans, advances or other credit heretofore or hereafter granted by Lender to the Borrowers, and to enable such loans, advances or other credit to be maintained or obtained by the Borrowers, Guarantor unconditionally, absolutely and irrevocably guarantees to Lender the due and punctual payment at maturity, whether by acceleration or otherwise, and the due fulfillment and performance of the Obligations. Guarantor is liable for the full payment and performance of the Obligations as a primary obligor.

3. **Payment.** If any of the Obligations is not punctually paid when such indebtedness becomes due and payable, either by its terms or as a result of the exercise of any power to accelerate, Guarantor shall, except as otherwise provided in, and subject to, the Agreement, immediately on demand and without presentment, protest, notice of protest, notice of nonpayment, notice of intent to accelerate, notice of acceleration or any other notice whatsoever (all of which are expressly waived in accordance with Section 4 hereof), pay the amount due and payable thereon to Lender, at its office specified in Section 14. It is not necessary for Lender, in order to enforce such payment by Guarantor, first to institute suit or exhaust its remedies against any Borrower or others liable on the indebtedness, or to enforce its rights against any security given to secure such indebtedness; *provided, however*, if a Collateral LC has been issued to Lender pursuant to the provisions of Section 3.4 of the Agreement, then Lender shall first attempt to draw on such Collateral LC to repay the Obligations prior to enforcement of this Guaranty. Lender is not required to mitigate damages or take any other action to reduce, collect or enforce the Obligations. No setoff, counterclaim, reduction or diminution of any obligation, or any defense of any kind which Guarantor has or may have against any Borrower or Lender shall be available hereunder to Guarantor. No payment by Guarantor shall discharge the liability of Guarantor hereunder until the Obligations have been fully satisfied. If Lender must rescind or restore any payment, or any part thereof, received by Lender on any part of the Obligations, any prior release or discharge from the terms of this

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Guaranty given Guarantor by Lender or any reduction of Guarantor's liability hereunder shall be without effect, and this Guaranty shall remain in full force and effect.

4. **Agreements and Waivers.** Guarantor

(a) agrees to all terms and agreements heretofore or hereafter made by the Borrowers with Lender;

(b) agrees that Lender may without impairing its rights or the obligations of Guarantor hereunder (i) waive or delay the exercise of any of its rights or remedies against or release any Borrower or any other person or entity, including, without limitation, any other party who is personally or whose property is liable with respect to the Obligations or any part thereof (Guarantor and any such other person or persons are hereafter collectively called the "**Sureties**" and individually called a "**Surety**"); (ii) take or accept any other security, collateral or guaranty, or other assurance of the payment of all or any part of the Obligations; (iii) release, surrender, exchange, subordinate or permit or suffer to exist any deterioration, waste, loss or impairment (including without limitation negligent, willful, unreasonable or unjustified impairment) of any collateral, property or security, at any time existing in connection with, or assuring or securing payment of, all or any part of the Obligations or the liability of Guarantor or any other Surety; (iv) increase, renew, extend, or modify the terms of any of the Obligations or any instrument or agreement evidencing the same; (v) apply payments by any Borrower, any Surety, or any other person or entity, to any of the Obligations; (vi) bring suit against any one or more Sureties without joining any other Surety or any Borrower in such proceeding; (vii) compromise or settle with any one or more Sureties in whole or in part for such consideration or no consideration as Lender may deem appropriate, or (viii) partially or fully release one or more of Guarantor or any other Surety from liability hereunder.

(c) agrees that the obligations of Guarantor under this Guaranty shall not be released, diminished, or adversely affected by any of the following: (i) the insolvency, bankruptcy, rearrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of any Borrower or any Surety; (ii) the invalidity, illegality or unenforceability of all or any part of the Obligations or any document or agreement executed in connection with the Obligations, for any reason, or the fact that any debt included in the Obligations exceeds the amount permitted by law; (iii) the failure of Lender or any other party to exercise diligence or reasonable care or to act in a commercially reasonable manner in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of such collateral, property or security; except when such failure results from Lender's gross negligence or willful misconduct; (iv) the fact that any collateral, security, security interest or lien contemplated or intended to be given, created or granted as security for the repayment of the Obligations is not properly perfected or created, or proves to be unenforceable or subordinate to any other security interest or lien; (v) the fact that any Borrower has any defense to the payment of all or any part of the Obligations; (vi) any payment by any Borrower or any Surety to Lender is a preference under applicable bankruptcy laws, or for any reason Lender is required to refund such payment or pay such amounts to any Borrower, any such Surety, or someone else; (vii) any defenses which any Borrower could assert on the Obligations, including but not limited to failure of consideration, breach of warranty, fraud, payment, accord and satisfaction, strict foreclosure, statute of frauds, bankruptcy, infancy, statute of limitations, lender liability and usury; or (viii) any other action taken or omitted to be taken with respect to the Agreement, the Loan Documents, the Obligations, the security and collateral therefor whether or not such action or omission prejudices Guarantor or any Surety, or increases the likelihood that Guarantor will be required to pay the Obligations pursuant to the terms hereof;

(d) agrees that Guarantor is obligated to pay the Obligations when due, notwithstanding any occurrence, circumstance, event, action or omission whatsoever, whether or not particularly described herein, except for the full and final payment and satisfaction of the Obligations;

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(e) to the extent allowed by applicable law, waives all rights and remedies now or hereafter accorded by applicable law to guarantors or sureties, including without limitation any defense, right of offset or other claim which Guarantor may have against any Borrower or which any Borrower may have against Lender;

(f) waives all notices whatsoever with respect to this Guaranty or with respect to the Obligations, including, but without limitation, notice of (i) Lender's acceptance hereof or its intention to act, or its action, in reliance hereon; (ii) the present existence, future incurring, or any amendment of the provisions of any of the Obligations or any terms or amounts thereof or any change therein in the rate of interest thereon; (iii) any default by any Borrower or any Surety; (iv) the obtaining, enforcing, or releasing of any guaranty or surety agreement (in addition hereto), pledge, assignment, or other security for any of the Obligations;

(g) waives notice of presentment for payment, notice of protest, protest, demand, notice of intent to accelerate, notice of acceleration and notice of nonpayment, protest in relation to any instrument evidencing any of the Obligations, and any demands and notices required by law, except as such waiver may be expressly prohibited by law, and diligence in bringing suits against any Surety; and

(h) waives each right to which any of them may be entitled by virtue of the laws of the State of Texas governing or relating to suretyship and guaranties, including, without limitation, any rights under Rule 31, Texas Rules of Civil Procedure, Chapter 51 of the Texas Property Code, Section 17.001 of the Texas Civil Practice and Remedies Code, Section 3.605 of the Uniform Commercial Code, and Chapter 43 of the Texas Civil Practice and Remedies Code, as any or all of the same may be amended or construed from time to time, or the common law of the State of Texas at all relevant times.

5. **Liability.** The liability of Guarantor under this Guaranty is irrevocable, absolute and unconditional, without regard to the liability of any other person, and shall not in any manner be affected by reason of any action taken or not taken by Lender, which action or inaction is herein consented and agreed to, nor by the partial or complete unenforceability or invalidity of any other guaranty or surety agreement, pledge, assignment or other security for any of the Obligations. No delay in making demand on Sureties or any of them for satisfaction of the liability hereunder shall prejudice Lender's right to enforce such satisfaction. All of Lender's rights and remedies shall be cumulative and any failure of Lender to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any time, and from time to time, thereafter. This is a continuing guaranty of payment, not a guaranty of collection, and this Guaranty shall be binding upon Guarantor regardless of how long before or after the date hereof any of the Obligations were or are incurred.

6. **Subordination.** If any Borrower is now or hereafter becomes indebted to Guarantor (such indebtedness and all interest thereon is referred to as the "Affiliated Debt"), such Affiliated Debt shall be subordinate in all respects to such Borrower's full payment and performance of the Obligations, and Guarantor shall not be entitled to enforce or receive payment thereof until all of the Obligations of such Borrower to Lender have been paid; provided however, that Guarantor may receive and Borrower may pay or prepay any such Affiliated Debt if, at the time of making such payment or prepayment and immediately after giving effect thereto, no Event of Default has occurred and is continuing; and provided further that Borrower may at any time pay or repay any amounts payable to ColorTyme Finance, Inc. under any franchise agreement.

7. **Subrogation.** Guarantor does not waive or release any rights of subrogation, reimbursement or contribution which Guarantor may have, after full and final payment of the Obligations, against others liable on the Obligations. Guarantor's rights of subrogation and reimbursement are subordinate in all respects to the rights and claims of Lender, and Guarantor may not exercise any rights it

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may acquire by way of subrogation under this Guaranty, by payment made hereunder or otherwise, until all of the Obligations have been fully and finally paid. If any amount is paid to Guarantor on account of such subrogation rights when the Obligations have not been paid in full, such amount shall be held in trust for the benefit of Lender to be credited and applied on the Obligations, whether matured or unmatured.

8. **Other Indebtedness or Obligations of Guarantor.** If Guarantor is or becomes liable for any indebtedness owed by any Borrower to Lender by endorsement or otherwise than under this Guaranty, such liability shall not be affected by this Guaranty, and the rights of Lender hereunder shall be cumulative of all other rights that Lender may have against Guarantor. The exercise by Lender of any right or remedy hereunder or under any other instrument or at law or in equity shall not preclude the concurrent or subsequent exercise of any other instrument or remedy at law or in equity and shall not preclude the concurrent or subsequent exercise of any other right or remedy. Further, without limiting the generality of the foregoing, this Guaranty is given by Guarantor as an additional guaranty to all guaranties heretofore or hereafter executed and delivered to Lender by Guarantor in favor of Lender relating to the indebtedness of any Borrower to Lender, and nothing herein shall be deemed to replace or be in lieu of any other of such previous or subsequent guarantees.

9. **Representations.** Guarantor represents as follows:

(a) Guarantor has received, or will receive, direct or indirect benefit from the making of this Guaranty and the Obligations;

(b) Guarantor is familiar with, and has independently reviewed the books and records regarding, the financial condition of the Borrowers and is familiar with the value of any and all collateral intended to be created as security for the payment of the Obligations, but Guarantor is not relying on such financial condition, the collateral, or the agreement of any other party to become a Surety as an inducement to enter into this Guaranty;

(c) neither Lender, any Surety, nor any other party has made any representation, warranty or statement to Guarantor in order to induce Guarantor to execute this Guaranty;

(d) as of the date hereof, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is, and will be solvent, and has and will have assets which, fairly valued, exceed its obligations, liabilities and debts, and has and will have property and assets sufficient to satisfy and repay its obligations and liabilities; and

(e) neither execution and delivery of this Guaranty nor the consummation of the transactions herein contemplated, nor compliance with the terms and provisions hereof, will contravene any provision of applicable law, statute, rule or regulation or any judgment, decree, franchise, order or permit applicable to Guarantor or will conflict or be inconsistent with, or will result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, security interest, charge or encumbrance upon any of the property or assets of Guarantor pursuant to the terms of any material indenture, mortgage, deed of trust, agreement or other instrument to which Guarantor is a party or by which Guarantor may be bound.

10. **Covenant of Guarantor.** Until all Obligations of the Borrowers are paid in full and so long as this Guaranty is in effect, unless compliance has been waived in writing by Lender, Guarantor will promptly give written notice to Lender of (i) any action, proceeding or claim, of which Guarantor may have notice, which may be commenced or asserted against Guarantor or relate to this Guaranty and (ii) any dispute which may exist between Guarantor and any governmental regulatory body, which in either case may substantially and adversely affect the properties and assets of Guarantor.

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11. **Right of Offset.** Guarantor hereby grants to Lender and to each entity which owns an interest in the Obligations (a "***Participant***") a right of offset at any time or from time to time, without notice to Guarantor or any other person, any such notice being hereby waived, upon any and all monies, securities or other property of Guarantor and the proceeds therefrom, now or hereafter held or received by or in transit to Lender or any such Participant, for the account of Guarantor, whether for safekeeping, custody, pledge, transmission, collection or otherwise, and also upon any and all deposits (general or special, time or demand, provisional or final, other than payroll accounts) and any other indebtedness at any time held or owing by Lender or any such Participant to or for the credit of the account of Guarantor, and any and all claims of Guarantor against Lender or any such Participant at any time existing, regardless of whether Lender or any such Participant has made any demand hereunder and although the Obligations, liabilities or claims, or any of them, shall be contingent or unmatured; *provided, however*, if a Collateral LC has been issued to Lender pursuant to the provisions of Section 3.4 of the Agreement, then Lender shall first attempt to draw on such Collateral LC to repay the Obligations prior to exercise of its right of offset hereunder.

12. **Costs and Expenses.** Guarantor agrees to pay to Lender, upon demand, all losses and reasonable costs and expenses, including attorneys' fees, that may be incurred by Lender in attempting to cause the Obligations to be satisfied or in attempting to cause satisfaction of Guarantor's liability under this Guaranty.

13. **Exercising Rights, Etc.** No notice to or demand upon Guarantor in any case shall, of itself, entitle Guarantor to any other or further notice or demand in similar or other circumstances. No delay or omission by Lender in exercising any power or right hereunder shall impair such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such power preclude other or further exercise thereof, or the exercise of any other right or power hereunder.

14. **Governing Law and Venue.** This Guaranty shall be governed by the substantive laws of the State of Texas, without regard to principles of conflicts of laws, and shall be performable in Dallas County, Texas.

15. **Notices.** Any notice required or permitted by this Guaranty shall be in writing and shall be valid, sufficient, and commercially reasonable if deposited in the mail, certified mail, postage prepaid, return receipt requested, or if delivered by telephonic facsimile, overnight courier, or personal delivery addressed to the parties as set forth as follows, unless such address is changed by written notice hereunder:

(a) If to Lender:

Citibank, N.A.  
8401 N. Central Expressway  
Suite 500  
Dallas, Texas 75225  
Facsimile: (972) 419-3589

(b) If to Guarantor:

ColorTyme Finance, Inc.  
5501 Headquarters Drive  
Plano, Texas 75024  
Facsimile: (972) 403-4923

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Notices shall be effective as follows: (i) if given by mail, on the earlier of (a) five days following deposit in a post office or other official depository under the care and custody of the United States Postal Service or (b) actual receipt as shown on the return receipt; (ii) if given by telephone facsimile, on the day of transmission if made within normal business hours of the recipient and otherwise on the following business day; or (iii) if by personal delivery or overnight courier, on the day of delivery to the appropriate address set forth above; or (iv) if delivery is refused by the addressee, on the day of the first presentation thereof to the addressee. Any delivery receipt or affidavit of messenger shall be presumptive evidence of delivery to the addressee or refusal by the addressee to accept delivery, as the case may be. Any address for notice may be changed by written notice to the other party.

16. **Benefit; Binding Effect.** This Guaranty shall inure to the benefit of Lender, any Participant, and their respective successors and assigns, and to any interest in any of the Obligations, and shall be binding upon Guarantor and its successors, assigns, heirs, executors, administrators and personal representatives (provided, however, that Guarantor may not, without the prior written consent of Lender in each instance, assign or delegate any of its rights, powers, duties or obligations hereunder, and any attempted assignment or delegation made without Lender's prior written consent shall be void ab initio and of no force or effect).

17. **Entirety and Amendments.** This Guaranty embodies the entire agreement between the parties and supersedes all prior agreements, conditions, and understandings, if any, relating to the subject matter hereof and thereof, and this Guaranty may be amended only by an instrument in writing executed by an authorized officer of the party against whom such amendment is sought to be enforced.

18. **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR HEREBY IRREVOCABLY AND EXPRESSLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR THE ACTIONS OF LENDER IN NEGOTIATION, ADMINISTRATION OR ENFORCEMENT HEREOF OR THEREOF.

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IN WITNESS WHEREOF, Guarantor, intending to be legally bound hereby, has executed this Guaranty as of the date and year first above written.

COLORTYME FINANCE, INC.

By: /s/ Robert F. Bloom

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Robert F. Bloom, President & CEO

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