

8813426

RETURN TO:

J. RANDALL CALL, ESQ.

PRINCE, YEATES & GELDZAHLER

175 E. 400 South, Suite 900

Salt Lake City, UT 84111

CONSENT AND RATIFICATION AGREEMENT

This Consent and Ratification Agreement ("Agreement") is entered into as of the ___ day of September, 2003, by and between TERRY C. SAWCHUK ("Sawchuk), KARL A. MALONE and KAY A. MALONE, as joint tenants, (jointly, Malone") and SAMUEL S. STEWART and DIANE P. STEWART (jointly, "Stewart").

RECITALS

WHEREAS, Sawchuk owns Lot 2 of Northvale Subdivision, which lot is more particularly described on Exhibit "A" attached hereto;

WHEREAS, Malone owns Lot 1 of Northvale Subdivision, which lot is more particularly described on Exhibit "B" attached hereto;

WHEREAS, Stewart is purchasing Lot 3 and Private Driveway Parcel A of Northvale Subdivision, which lot and driveway parcels are described on Exhibit "C" attached hereto;

WHEREAS, attached hereto as Exhibit "D" is an Agreement entered into previously by Terrace Hill Associates, L.C., the developer of the Northvale Subdivision, and Malone (Maintenance Agreement");

WHEREAS, all of the lots in Northvale Subdivision have been sold to Stewart (Lot 3), Sawchuk (Lot 2) and Malone (Lot 1);

WHEREAS, all necessary approvals and the installation of the gate and fence have occurred as anticipated by Paragraphs 1 through 6 of the Maintenance Agreement; and

WHEREAS, the parties desire to adopt for themselves and the Northvale lots which they own, which agreements and covenants shall run with their respective Northvale lots, the agreements and covenants contained in Paragraphs 7 through 10 of the Maintenance Agreement attached hereto as Exhibit "D", with the one change that the owner of Lot 1 not Lot 3 shall be responsible for invoicing the other lot owners for their share of the maintenance expense and otherwise managing the maintenance of the fence and gate described therein.

NOW THEREFORE, for Ten Dollars and other good and valuable consideration, the parties agree for themselves and for their respective Northvale lots as described on Exhibits "A", "B" and "C", to adopt, and do hereby adopt, ratify and consent to the obligations and agreements contained in Paragraphs 7 through 10 of the Maintenance Agreement, including any and all easements and maintenance obligations.

The parties further agree that the responsibilities of the Lot 3 owner contained in Paragraph 7 of the Maintenance Agreement to manage and direct maintenance of the fence and gate and to invoice the other lot owners shall be the responsibility of the owner of Lot 1 not the

responsibility of the owner of Lot 3.

This Agreement shall be recorded and is intended to run with the respective Northvale Lots described herein.

Dated the year and date first above written.

Terry C. Sawchuk
TERRY C. SAWCHUK

SAMUEL S. STEWART

DIANE P. STEWART

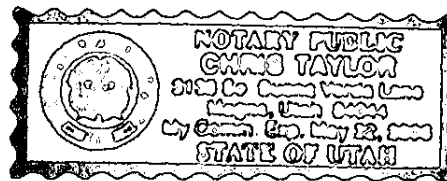
Karl A. Malone
KARL A. MALONE
Kay A. Malone
KAY A. MALONE

STATE OF UTAH)
 :SS.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 11th day of September, 2003,
TERRY C. SAWCHUK.

Chris Taylor
NOTARY PUBLIC
Residing at: Sce, ut

My Commission Expires:
5/22/06



STATE OF UTAH)
 :SS.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this _____ day of September, 2003,
SAMUEL S. STEWART.

NOTARY PUBLIC
Residing at: _____

My Commission Expires:

STATE OF UTAH)
 :SS.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this ____ day of September, 2003,
DIANE P. STEWART.

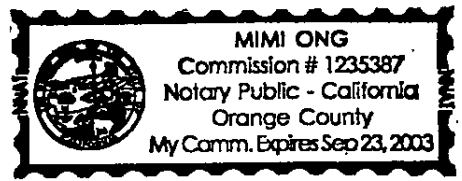
My Commission Expires: _____
NOTARY PUBLIC
Residing at: _____

STATE OF CALIFORNIA)
 :SS.
COUNTY OF Orange)

SUBSCRIBED AND SWORN TO before me on September 9, 2003, KARL A. MALONE
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose
name is subscribed to the within instrument and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Signature *Mimi Ong* (Seal)

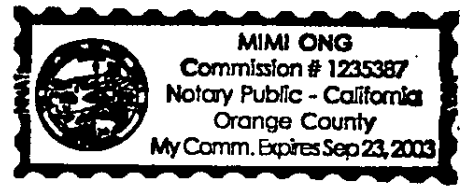


STATE OF CALIFORNIA)
 :SS.
COUNTY OF Orange)

SUBSCRIBED AND SWORN TO before me on September 9, 2003, KAY A. MALONE
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose
name is subscribed to the within instrument and acknowledged to me that she executed the same

WITNESS my hand and official seal.

Signature ~~Kay A. Malone~~ *Mimi Ong* (Seal)



responsibility of the owner of Lot 3.

This Agreement shall be recorded and is intended to run with the respective Northvale
Lots described herein.

Dated the year and date first above written.

TERRY C. SAWCHUK

SAMUEL S. STEWART

DIANE P. STEWART

KARL A. MALONE

KAY A. MALONE

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this ____ day of September, 2003.
TERRY C. SAWCHUK.

My Commission Expires:

NOTARY PUBLIC

Residing at:

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 5th day of September, 2003.
SAMUEL S. STEWART.

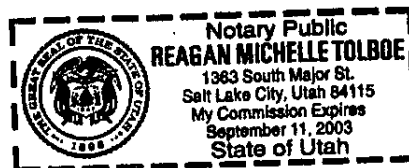
My Commission Expires:

September 11, 2003

NOTARY PUBLIC

Residing at:

1303 S Major St
Salt Lake City, UT



~~We believe that based on the company's strong historical record of consistent and stable growth, the expectation of continued solid growth trends, strong cash flow, and its industry-leading market position (which will unlikely ever be seriously challenged), the stock should be able to sell at 12x to 13x year-forward EPS, in-line with company's growth rate and what we have projected for others in the industry.~~

~~Second Quarter Details~~

~~Total store revenue increased 13% to \$542 million, as same store revenue increased 2.7% (-0.3% due to traffic, 3.0% due to pricing) and the store base increased by 247 (up 11%, excluding franchised stores) year over year. Pricing growth of 3.0% was due to a combination of new pricing plans implemented late last year, as well as customer migration to new higher margin digital products (flat screen TVs, laptops, etc). Total revenue, which includes merchandise sales to and fees from 319 franchised stores, rose 12% to \$553 million. Store level margin (excluding franchise) fell 50 basis points to 21.2% due to negative leverage of lower same store sales despite tighter cost controls and benefits from a previously implemented regional pay plan.~~

~~In an effort to increase traffic, the company recently introduced a new Hispanic marketing campaign covering TV and print media. From a merchandising perspective, the company added air conditioners to the product mix for the first time; however, they arrived in stores too late to significantly impact second quarter sales and, due to their seasonal nature, should not provide a year-round revenue benefit.~~

~~Financial Condition~~

~~Rent A Center will soon complete a recapitalization plan that encompasses share repurchases and debt refinancing. When finished, the company will have refinanced about \$272 million of 11% debt with a new \$300 million 7.5% subordinated credit facility and will have repurchased approximately 3.2 million shares (about 9% of outstanding shares). Under a Dutch tender offer at \$73 per share, about 1.9 million shares were purchased from the public, 975,000 shares from Apollo Investors, and 240,000 shares from management. There are about 100,000 shares remaining that will be purchased in the open market.~~

~~Although the cash balance stood at \$248 million with \$785 million of debt (debt-to-capital ratio of 49%) at the June quarter's end, cash will be reduced by about \$180 million after completing the recapitalization. The company also announced a 5-for-2 stock split.~~

~~We expect the company to generate normalized annual free cash flow in excess of \$100 million.~~

~~Free cash generation remains strong; we estimate the company will generate approximately \$115 million of free cash flow this year, after all acquisitions and new store openings. On a normalized basis, we expect the company to generate around \$100 million of free cash flow annually after unit growth of about 8% - 10%. We expect the company to end the year with more than \$100 million in cash and debt of about \$666 million.~~

STATE OF UTAH)
)
:ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 5th day of September, 2003,

DIANE P. STEWART.

Diane P. Stewart
My Commission Expires:
September 11, 2003

Reagan Michelle Tolboe
NOTARY PUBLIC
Residing at: 1363 S. Major St.
Salt Lake City, UT

STATE OF CALIFORNIA)
)
:ss.
COUNTY OF _____)



SUBSCRIBED AND SWORN TO before me on September _____, 2003, MARTIN MALONE personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)
)
:ss.
COUNTY OF _____)

SUBSCRIBED AND SWORN TO before me on September _____, 2003, KAY A. MALONE personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same.

WITNESS my hand and official seal.

Signature _____ (Seal)



2003 Financial Forecast

- We expect total revenue to increase 11% to roughly \$2.2 billion in 2003. Store-level revenue is expected to increase 12%, driven by a 3% increase in comparable store revenue and a 9% increase in the store count.
- We project the operating margin will fall 60 basis points to 16.9% from 17.5% due to higher depreciation expense associated with last year's new pricing strategy, increased amortization expense, and acquisition of immature stores.
- We believe EPS will climb 22% to \$5.87 for the year and that the company will generate approximately \$115 million of free cash flow (after opening about 80 stores and acquiring around 306 stores).

Risks to EPS Estimates

Risks to our EPS estimate include, but are not limited to:

- A material difference in new store rollout from what we have modeled could lead to a quarterly EPS shortfall as new stores typically post losses for the first six to nine months.
- The expense initiatives put in place may not generate the desired/estimated savings.
- The company may not be able to sustain mid-single digit gains in comparable store revenue growth, which could cause a shortfall in margins and quarterly EPS.

EXHIBIT "A"

Lot 2, **NORTHVALE SUBDIVISION**, according to the official plat thereof, filed on March 3, 1995 as Entry No. 6046026, in Book "95-3P" of Plats, at Page 68 of the Official Records of the Salt Lake County Recorder.

[FOR REFERENCE PURPOSES ONLY: TAX PARCEL (SIDWELL) NO. 09-29-403-014]

++++

EXHIBIT "B"

Lot 1, **NORTHVALE SUBDIVISION**, according to the official plat thereof, filed on March 3, 1995 as Entry No. 6046026, in Book "95-3P" of Plats, at Page 68 of the Official Records of the Salt Lake County Recorder.

[FOR REFERENCE PURPOSES ONLY: TAX PARCEL (SIDWELL) NO. 09-29-403-016]

++++

EXHIBIT "C"

Lot 3 and Private Driveway Parcel A, **NORTHVALE SUBDIVISION**, according to the official plat thereof, filed on March 3, 1995 as Entry No. 6046026, in Book "95-3P" of Plats, at Page 68 of the Official Records of the Salt Lake County Recorder.

[FOR REFERENCE PURPOSES ONLY: TAX PARCEL (SIDWELL) NUMBERS
09-29-403-013 AND 09-29-403-015]

++++

EXHIBIT "D"

AGREEMENT

This Agreement (the "Agreement") is made at Salt Lake City, Utah, this 27th day of February, 1996, by and between Terrace Hills Associates, L.C., a Utah Limited Liability Company ("THA"), whose address is 967 East Capitol Boulevard, Salt Lake City, Utah 84103 and Karl A. Malone and Kay A. Malone, Joint tenants with Right of Survivorship ("KM"), whose mailing address is c/o J. Randall Call, 175 East 400 south, Suite 900, Salt Lake City, Utah 84111.

RECITALS

A. As of the 8th day of February, 1996, THA and KM entered into an *Agreement for Purchase and Sale of Real Estate* (the "Agreement for Purchase"), wherein THA agreed to sell to KM, and KM agreed to purchase from THA, subject to the terms and conditions of said Agreement for Purchase, certain real property, more particularly described as Lot 1, Northvale Subdivision ("Lot 1").

B. Section 8.A. of the Agreement for Purchase provides, in part, as follows:

"10. Access to the Property is available by both of the following means: (1) a dedicated road, which road is paved and has installed curb and gutter, which road is serviced and maintained by Salt Lake city and terminates by cul de sac at the northwest corner of the property, and (2) a private driveway (as shown on the final subdivision plat) extending eastward from the public road along the full north boundary of the Property, over which private driveway Buyer shall have an easement for ingress and egress.

12. Subject to Seller's prior written approval of the design, materials and location of said gate, Buyer shall have the right, either in conjunction with the owners of Lots 2 and 3, Northvale Subdivision, or on his own, to install a gate at the intersection between the dedicated road and private driveway, as described in paragraph 10 above, to restrict access to the private driveway to the owners of Lots 1, 2, and 3 in Northvale Subdivision, their families, guest and/or invitees."

C. KM is willing to have portions of the structures which will be part of, or ancillary to, the gate described in Recital B.12., above, located on Lot 1, Northvale Subdivision, and is agreeable to the establishment of an appropriate easement on a portion of said Lot 1 to accommodate the placement of such structures and ancillary items.

D. THA and KM desire to enter into an agreement regarding the installation, cost and maintenance of said gate and related fencing at the entry to the private driveway as identified in the Final Plat (the "Private Driveway"), additional fencing, and the maintenance of the gate and the Private Driveway.

AGREEMENT

NOW, THEREFORE, in consideration of and in reliance upon the above recitals and the mutual covenants, promises and undertakings set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, THA and KM agree as follows:

1. **Design of Gate.** THA has heretofore employed a design firm, MGB + A, to prepare preliminary conceptual design / plans for a gate, including pillars, fencing between said pillars, and electronically controlled gate openers (the "Gate System"), to be located at the westerly end of the Private Driveway. THA has provided copies of said preliminary plans to KM. THA and KM will cooperate with each other and with MGB + A to finalize design and construction plans and cost estimates for the Gate System, acceptable to both THA and KM, on or before April 30, 1996.

2. **Additional Fencing around the Northvale Way Cul-de-sac.** In addition to fencing which is part of the Gate System, KM desires to install additional fencing around the entire frontage of Lot 1 where Lot 1 fronts on the Northvale Way Cul-de-sac (the "Lot 1 Cul-de-sac Fencing"). THA and KM agree that the design and materials of the Lot 1 Cul-de-sac Fencing shall be in harmony with the design and materials of the Gate System. THA shall employ MGB + A to prepare design proposals for the Lot 1 Cul-de-sac Fencing and shall deliver such design proposals to KM as soon as is reasonably possible. THA and KM will cooperate with each other and with MGB + A to finalize design and construction plans and cost estimates for the Lot 1 Cul-de-sac Fencing, acceptable to both THA and KM, on or before April 30, 1996.

13. **Architectural and Structural Control Committee approval.** THA and KM acknowledge that the approval of the Architectural and Structural Control Committee for Northvale Subdivision is required and shall be obtained prior to installation of the Gate System and the Lot 1 Cul-de-sac Fencing.

14. **Installation.** Installation of the Gate System shall be made by a general contractor selected by THA and approved by KM. Installation of the Lot 1 Cul-de-sac Fencing shall be completed by the same general contractor or by another general contractor mutually acceptable to THA and KM. Installation of both the Gate System and the Lot 1 Cul-de-sac Fencing shall be directed and managed by THA. Installation of both the Gate System and the Lot 1 Cul-de-sac Fencing shall be commenced on or before May 15, 1996 and completed on or before June 30, 1996.

15. **Costs of Design and Installation of the Gate System.** All costs of design and installation of the Gate System, including, but not limited to, surveying, engineering, architectural, design, permits, fees, materials, labor, landscaping, etc., shall be prorated and paid as follows: twenty-five percent (25%) by the owner of Lot 1, Northvale Subdivision (currently KM); twenty-five percent (25%) by the owner of Lot 2, Northvale Subdivision (currently THA); and Fifty percent (50%) by the owner of Lot 3, Northvale Subdivision (currently THA). Cost estimates, based upon the design and available information, shall be delivered by THA to KM, and approved by KM, prior to the start of construction; such approval shall not be unreasonably withheld. Notwithstanding the amount and approval by KM of the preliminary cost estimates, the costs to be paid by the respective parties shall be their respective pro-rata share of all of the actual costs incurred in the installation and completion of the Gate System. Following commencement of construction, THA shall submit a summary of costs to date and a request for payment to KM within fifteen (15) days of the end of each calendar month. KM shall promptly make payment to THA of his appropriate share of the costs. THA shall thereafter make prompt payment of all costs to the general contractor and/or to any other parties entitled thereto. THA shall obtain appropriate lien waivers for all work performed and all materials installed.

16. **Costs of Design and Installation of the Lot 1 Cul-de-sac Fencing.** All costs of design and installation of the Lot 1 Cul-de-sac Fencing, including, but not limited to, surveying, engineering, architectural, design, permits, fees, materials, labor, landscaping, etc., shall be paid by KM. Cost estimates, based upon the design and available information, shall be delivered by THA to KM, and approved by KM, prior to the start of construction; such approval shall not be unreasonably withheld. Notwithstanding the amount and approval by KM of the preliminary cost estimates, the costs to be paid by KM shall be all of the actual costs incurred in the installation and completion of the Lot 1 Cul-de-sac

Fencing. Following commencement of construction, THA shall submit a summary of costs to date and a request for payment to KM within fifteen (15) days of the end of each calendar month. KM shall promptly make payment to THA of such costs. THA shall thereafter promptly make payment of all costs to the general contractor and/or to any other parties entitled thereto. THA shall obtain appropriate lien waivers for all work performed and all materials installed.

7. Costs of Operation, Repair, and Maintenance of the Gate System and the Private Driveway. All costs of operation, repair and maintenance of the Gate System and the Private Driveway, including, but not limited to, repairs and servicing of the Gate System, snow removal, sweeping, resurfacing, replacement, repair or maintenance of concrete curbing, asphalt surfacing, brick or concrete paving and any other costs incurred in connection with the use and operation of the Gate System and / or the use of the Private Driveway, except for "curb cuts" which are made by an individual lot owner in connection with a driveway from the Private Driveway to improvements located on an individual lot, shall be shared equally by the owners of Lots 1, 2, and 3, Northvale Subdivision, and prorated and paid as follows: One-third by the owner of Lot 1, Northvale Subdivision (currently KM); one-third by the owner of Lot 2, Northvale Subdivision (currently THA); and one-third by the owner of Lot 3, Northvale Subdivision (currently THA). The owner of Lot 3, Northvale Subdivision shall be responsible for arranging and directing all maintenance and repair(s) of the Gate System and the Private Driveway and shall quarterly submit to the owners of Lots 1 and 2, Northvale Subdivision a summary of costs incurred during the preceding quarter. Within fifteen (15) days of the date of such report, the owners of said Lots 1 and 2 shall make payment to the owner of said Lot 3 of their one-third prorata share of such costs. The owner of said Lot 3 shall promptly make payment of such costs to the parties entitled thereto and shall at all times keep the Private Driveway property (Private Driveway Parcel A, Northvale Subdivision), and all property on which any part of the Gate System may be located, free from any and all mechanic's and / or materialmen's liens.

8. Easement. THA shall define, as part of the Gate System design process, the area within Lot 1, Northvale Subdivision which is needed for location of Gate System structures and ancillary items. KM will, upon request, and prior to commencement of construction of the Gate System, execute appropriate documents as necessary to create said easement.

9. Default. In the event of default under this Agreement, the defaulting party shall pay all costs and expenses, including reasonable attorneys' fees, incurred by the other, in enforcing this Agreement or in pursuing any remedy available at law or in equity. In any other litigation or claim between the parties arising out of this Agreement or involving any, some, or all, of the matters referred to in this Agreement, the prevailing party shall be entitled to recover from the other all of the prevailing party's costs, including reasonable attorneys' fees.

10. Miscellaneous.

A. No alteration, modification or interpretation of this Agreement shall be binding unless in writing and signed by both parties.

B. If any provision of this Agreement or any application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

C. This Agreement shall be construed and enforced in accordance with the laws of the State of Utah.

D. KM may assign his rights under this Agreement to any subsequent owner of Lot 1, Northvale Subdivision. THA may assign its rights under this Agreement to any subsequent owner of Lot 3, Northvale Subdivision. No other assignment of this Agreement shall be made by either KM or THA.

E. This Agreement shall be binding and inure to the benefit of KM and THA and their successors and permitted assigns.

F. Neither party shall make any public disclosure of the terms this Agreement without the prior written consent of the other, except as may be required by law or applicable governmental regulation.

G. The captions of this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the scope or content of any of its provisions.

H. In any proceeding to enforce the terms of this Agreement or obtain any remedy provided for herein or otherwise permitted by law in connection with the subject matter hereof, THA and KM waive trial by jury to the fullest extent permitted by law.

I. Nothing contained in this Agreement shall be construed to create a partnership or joint venture between the parties or their successors in interest.

J. Time is of the essence of this Agreement.

K. This Agreement may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

L. Buyer and Seller agree not to record this Agreement or any memorandum thereof.

M. No failure to delay by a party to exercise any right it may have by reason of the default of the other party shall operate as a waiver of default or as a modification of this Agreement or shall prevent the exercise of any right by the first party while the other party continues to be so in default.

11. Notices. Any notices or requests required or permitted to be given hereunder shall be deemed to be given when (i) hand delivered or (ii) one (1) business day after delivery to Federal Express or similar overnight service for next business day delivery or (iii) received after deposit in the U.S. mail when set by certified mail, return receipt requested, in all cases addressed to the parties at their respective addresses as follows:

If to THA: Terrace Hills Associates, L.C.
967 East Capitol Boulevard
Salt Lake City, Utah 84103

With a copy to: Wayne G. Petty
175 East 400 South, Suite 900
Salt Lake City, Utah 84111
Telefax: (801) 521-9015

If to KM: Karl A. Malone and Kay A. Malone
575 North Cambridge Circle
Salt Lake City, Utah 84103
Telefax: (801) 596-1521

With a copy to:

J. Randall Call, Esq.
Prince, Yeates & Geldzahler
175 East 400 South, Suite 900
Salt Lake City, Utah 84111
Telefax: (801) 524-1099

IN WITNESS WHEREOF, THA and KM have executed and delivered this Agreement as of the date first written above.

TERRACE HILLS ASSOCIATES, L.C.

By: Wayne G. Petty
Wayne G. Petty, Manager

By: Glen Saxton
Glen Saxton, Manager

Karl A. Malone
Karl A. Malone

Kay A. Malone
Kay A. Malone

8813426
09/12/2003 11:31 AM 39.00
Book - 8880 Pg - 4119-4133
GARY W. OTT
RECORDER, SALT LAKE COUNTY, UTAH
LANDMARK TITLE
BY: SBN, DEPUTY - WI 15 p.