

CREDIT PRINCIPLES & TERMINOLOGY

In order to work most effectively with credit accounts and sales, there are certain principles and jargon that must be understood by all Daniel's associates.

Account Number - Every credit account has an eight-digit account number assigned to it. These numbers are assigned automatically by the POS when entering a new account. The first two digits represent the second two digits of the store number of the store that opened the account (i.e. store 101 accounts all begin in 01 numbers, store 214 accounts all begin in 14 numbers).

Account Rating - Based on verifiable information on the credit application, and on the applicant's credit history, Central Credit determines account ratings for all accounts. Possible account ratings include A (the highest), B, C, D, E, X & Z (the lowest rating, a turn down). The higher the account rating, the stronger the customer's credit history, and therefore lower percentage down payments are required. Lower ratings may indicate either mixed credit history, lack of credit history, or non-verifiable application information. Therefore, higher percentage down payments are necessary.

Account Type - Daniel's credit accounts can be either individual (one person) or joint (two person) accounts. Joint accounts require signatures and picture ID from both applicants/account holders.

App. # - Appears on top of Faxback approval. Used on Dealmaker Request forms, and as approval number when the final deal is run through POS.

Approvals - All credit deals must receive the proper approval before they can be accepted. There are two different types of approvals; FaxBack & Customer Service.

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<i>Balance -</i>	<i>The total amount a customer owes on an account.</i>
<i>B.B.D. Coupon (Bonus Balance Dollars)</i>	<i>Coupon automatically printed by POS for selected customers, that will pay off all or part of customer's balance if the customer makes a qualifying purchase (see p.14).</i>
<i>Billing Cycle -</i>	<i>See Statement Cycle</i>
<i>Calc and Roll -</i>	<i>On the last day of each account's Billing Cycle, if there is an unpaid balance, the computer system automatically calculates ("calc") and adds any charges due (Finance charge, Insurance Charge, Late Charge) onto the account, the account's delinquency status for the past month is added to the DS String on the F8, and the account "rolls" into the next Billing Cycle.</i>
<i>Central Credit -</i>	<i>Daniel's credit department, located at the main office (SMC). Central Credit reviews and verifies all applications, runs credit reports and makes approval decisions.</i>
<i>"Curing" an Account -</i>	<i>The process of updating a customer account, so that it is no longer delinquent. This practice is not allowed unless authorized by the Collections department or a District Manager. Also known as account "Rolling."</i>
<i>Credit Application -</i>	<i>All potential credit customers, wanting to open Daniel's charge accounts, complete credit applications.</i>
<i>Credit Bureau -</i>	<i>Central Credit accesses customer credit information through an outside credit bureau. Approval decisions are made based largely on such information.</i>
<i>CSA (Customer Service Approval)</i>	<i>Amount printed on qualified customer's F8 that can be added to customer's account without obtaining an approval from Central Credit (see p.26 & 27).</i>

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<i>CSA Alert (Customer Service Approval)</i>	<i>Notice automatically printed by the POS with the customer's payment receipt, reminding associate that this customer is in the Hot Zone and has a CSA (see p.13).</i>
<i>Daniel's Credit Card -</i>	<i>Credit customers receive a Daniel's credit card after initial Daniel's credit purchase is made. Customers do not need this card to make additional purchases. All Daniel's accounts are owned by Daniel's, and <u>not</u> by an outside company.</i>
<i>Dealmaker Request Forms -</i>	<i>Some credit deals require negotiation and modification before Central Credit is able to provide an approval. "Dealmakers" are the forms then filled out by the store and sent on to Credit for approval.</i>
<i>Down Payment -</i>	<i>The amount of money customers pay at the time of purchase. Acceptable down payment forms include cash, checks, credit cards, debit cards & GE Luxury (formally known as JA).</i>
<i>DS Code -</i>	<i>Delinquency Status. Indicates how many monthly payments customers owe us. For example, a <u>DS 0</u> is completely up-to-date with monthly payments, and currently has no (0) payments due. A <u>DS 1</u> is current, with one payment billed, a <u>DS 2</u> is behind one payment and has been billed a second payment (total of 2 payments due). Such DS codes continue on if account payments get further behind.</i>
<i>DS String -</i>	<i>The Delinquency Status (0,1,2, etc.) for up to 24 months since the account was opened. This is located on the customer's F8 Summary.</i>
<i>FaxBack Approval -</i>	<i>All credit deals must have the proper approval before they can be processed. FaxBack approvals are faxed to the stores from Central Credit.</i>

CREDIT PRINCIPLES & TERMINOLOGY

(Cont.)

- Finance Charge - The standard 24.96% annual interest rate (2.08% per month) is applied to the average daily balance on all credit accounts.*
- Hot Zone - Customers with 3 or less payments left on their Daniel's Account.*
- Insurance - We encourage all customers to add insurance to their accounts. We offer three different insurance options; gold, silver & bronze. (see details on p. 15-17).*
- Interstore Activity - Credit customers are free to make payments (referred to as ISPs), purchases or returns at any Daniel's location. Interstore Activity procedures are followed for customer's transactions occurring at different locations than where the account is housed.*
- GE Luxury (formally known as JA or Jewelry Accent) A 3rd party credit line offered to approved customers. Allows our customers payments of only 3% of an outstanding balance, 90 days same as cash and /or no down payment. Potential GE (formally known as JA) customers complete the blue highlighted areas of the credit application that must be approved by GE (formally known as JA). These customers are billed, and make payments to GE Luxury, (formally known as JA) a division of GE Money Luxury (not Daniel's). These accounts are not owned by Daniel's.*
- Late Charge - Fee assessed to all late credit payments.*
- Monthly Statement - Monthly statements indicating payment amount and due date are mailed to all credit customers.*
- Payments on Accounts - All customers with outstanding credit account balances owe us monthly payments. Customers are encouraged to walk their account payments into our stores, but mail payments are also acceptable.*

CREDIT PRINCIPLES & TERMINOLOGY

(Cont.)

Pay Off Alert - Notice automatically printed by the POS with the customer's payment receipt, reminding associate that customer is in the Hot Zone. (see p.12).

"Rolling" an Account - See "Curing" an account.

Statement Cycle - Credit customers are billed during one of five different cycles with their payments due at five different times. Statement cycles are identified by a certain letter, based on the date of the original purchase. Cycles include A, B, C, D & E.

Terms - Number of months and monthly payment amount that customers will be billed on their accounts (see sample chart on p.22). Always attempt to keep terms as few months (short) as possible.

F8 SUMMARIES

- Short POS generated customer account summaries.
- Provide an overview of all pertinent account information.
- Run for all existing credit customers whenever they come into the store, whether there to make a payment, to make a purchase, to pick-up or drop-off a repair, or just to browse. **F8s are key to making add-on sales!**

Pictured below is an F8 SUMMARY example. The following three pages provide a detailed look at, and explanation of, this F8 summary.

```

12/24/03 @ 127/0157/SHERWOOD,LARRY          CUSTOMER SUMMARY/ APPROVAL REPORT          Version 3191E   PAGE   1
CC Daniel's Jewelers (CC)                    Printed 12/24/03 09:53 AM

                                BE CERTAIN TO PUT ALL UPDATED INFORMATION INTO POS SYSTEM!

Customer ID 10377141
Name WILLIAM, JASON
Address 1200 W. DAY ST. #104
City St Zip COMPTON CA 90222
Phone (310) 555-1212 Marital Status
Anniversary? ANNIVERSARY AUG
Last Updated 05/16/2003
Insurance Cd @ Daniel's GOLD Insurance Plan
Other Income
Oth Inc Desc

----- BORROWER -----
----- CO-BORROWER -----
----- Updates -----
----- Updates -----
Name WILLIAM, JASON
Birthdate 01/17/1980
Soc Sec No 555-33-1111
nl-state ID A1234567
Employer TARGET
Trade Desc STOCKER
Salary/Updt $1,300.00 08/30/2002
Start Date 01/01/2001 2Y 11M
Employer Ph (310) 327-0762

Customer 1
Comments 2
3
4
>> Current D/S 0 <<
Total Payments Now PAST Due $.00
Total Payments Now Due $.00

Interstore CSA 0030904 Maximum CSA Amount $475

Current Balance $371.44 Scheduled Payment $42.00 <-----Highest D/S----->
High Balance $685.56 Next Due Date 01/20/2004 D/S 2 11/02/02 $386.62 Last Delinquency
Customer Service Approval (CSA) Current Terms R12 <-24Mo Billing History->
* $475.00 WITH NO DOWN * REVOLVING 12 MONTH 101111111111121 First Charge Date 08/30/2002

Credit Rating/Credit Limit Last Statement Dt 12/02/2003
GCC $300.00 Last Payment Date 12/19/2003
Rating/Description Gold Card Rating C Last Charge Date 06/04/2003 <--Number of Cycles per D/S Code--> Cycl Mons Cycl
Rating/Limit Date 10/27/2003 by AC17 PTD Net Charges $.00 # 1 14 1 Bal Open Stat 16 15 16

HISTORY Site ID Cycle ID and Name Pat Amt Adj Amt Chrg Amt Down Pmts Pmt Due Sched Pmt Acct Bal D/S Date
HISTORY 110 10377141 D BILL 2ND DUE 20TH 50.00- 9.24 .00 .00 01/20/03 50.00 260.89 0 1 01/02/03
HISTORY 110 10377141 D BILL 2ND DUE 20TH 50.00- 7.80 .00 .00 02/20/03 50.00 218.69 0 1 02/02/03
HISTORY 110 10377141 D BILL 2ND DUE 20TH 50.00- 6.65 .00 .00 03/20/03 50.00 175.34 0 1 03/02/03
HISTORY 110 10377141 D BILL 2ND DUE 20TH 50.00- 5.12 .00 .00 04/20/03 50.00 130.46 0 1 04/02/03
HISTORY 110 10377141 D BILL 2ND DUE 20TH 50.00- 3.73 .00 .00 05/20/03 50.00 84.19 0 1 05/02/03
HISTORY 110 10377141 D BILL 2ND DUE 20TH 50.00- 1.92 .00 .00 06/20/03 50.00 36.11 0 1 06/02/03
HISTORY 110 10377141 D BILL 2ND DUE 20TH 50.00- 20.46 709.45 60.00- 07/20/03 62.00 686.02 0 1 07/02/03
HISTORY 110 10377141 D BILL 2ND DUE 20TH 62.00- 20.67 .00 .00 08/20/03 62.00 614.69 0 1 08/02/03
HISTORY 110 10377141 D BILL 2ND DUE 20TH 62.00- 19.40 .00 .00 09/20/03 62.00 572.09 0 1 09/02/03
HISTORY 110 10377141 D BILL 2ND DUE 20TH 62.00- 17.97 .00 .00 10/20/03 62.00 528.06 0 1 10/02/03
HISTORY 110 10377141 D BILL 2ND DUE 20TH 124.00- 15.68 .00 .00 12/20/03 62.00 419.74 0 0 12/02/03
HISTORY 110 10377141 D BILL 2ND DUE 20TH .00 13.70 .00 .00 12/20/03 62.00 433.44 0 1 12/02/03

Account Summary for Customer: 110 10377141
Merchandise Repairs $15 Taxes Down Pmts % M/Tx/Rp Registry FC/LC/CI/Fees Payments Other Merchandise Unpaid % M/Tx/Rp/Rp Unpd %
1,129.85 93.22 270.00- 22.08% 111.00 379.37 872.00- 1,129.85 32.87% 1,334.07 27.84%

Purchase History for Customer: 110 10377141
CHG SUMM Site Acqy # Rpt Date Rpt ID Prev Bal Chrg Amt Down Pmt DP% New Bal Sched Pmt #Pmts Sold# Apprvd SoldBy
CHG SUMM 110 5025821 08/30/02 2723263B .00 826.12 210.00- 25% 616.12 67.00 12 110 3797 4573
CHG SUMM 110 9999999 08/31/02 2723263B 616.12 826.12- 210.00 25% .00 67.00 12 110 4573 4573
CHG SUMM 110 5027927 08/31/02 2723263C .00 624.62 210.00- 34% 414.62 50.00 11 110 4448 4573
    
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F8 SUMMARY EXAMPLE

Looking at the top half of the F8 summary, most customer information is straightforward. Several key areas to pay close attention to include:

1
12/24/03 @ 127/0157/SHERWOOD LARRY
CC Daniel's Jewelers (CC)

CUSTOMER SUMMARY/APPROVAL REPORT
Version 319ZE PAGE 1
Printed 12/24/03 09:53 AM

2
Customer ID 10377141
Name WILLIAM, JASON
Address 1200 W. DAY ST. #104
City St Zip COMPTON CA 90222
Phone (310) 555-1212 Marital Status
Anniversary? ANNIVERSARY AUG
Last Updated 05/16/2003
Insurance Cd G Daniel's GOLD Insurance Plan
Other Income
Oth Inc Desc

3
4
5
6
7

BE CERTAIN TO PUT ALL UPDATED INFORMATION INTO POS SYSTEM!

Updates
NEW Address Since (Month/Year)

<----- BORROWER -----> <----- CO-BORROWER ----->
<--- Per Computer ---> <----- Updates -----> <--- Per Computer ---> <----- Updates ----->

Name WILLIAM, JASON
Birthdate 03/17/1980
Soc Sec No 555-33-1111
DL-State ID A1234567
Employer TARGET
Trade Desc STOCKER
Salary/Updt \$1,300.00 08/30/2002
Start Date 01/01/2001 2Y 11M
Employer Ph (310) 327-0762

Customer 1
Comments 2
3
4

Interstore CSA 0030904 Maximum CSA Amount \$475

- 1) Date this F8 summary was run and name of associate who ran it.
- 2) Customer's account number.
- 3) Customer's name and address.
- 4) Associates write-in customer account updates/comments, to be input into the POS before the customer leaves the store. **DON'T FORGET!**
- 5) Customer's wedding anniversary month - A jewelry gift-giving occasion!
- 6) Date this customer's account was last updated. Again, it is important to **do constant UPDATES and keep account information current.**
- 7) Location where customer accounts updates/comments are printed on F8 summary.

F8 SUMMARY EXAMPLE (Cont.)

Interstore CSA 0030904 Maximum CSA Amount \$475		(2) >> Current D/S 0 << Total Payments Now PAST Due \$.00 Total Payments Now Due \$.00
Current Balance \$371.44	Scheduled Payment \$62.00	(11) ---Highest D/S-----> (12)
High Balance (3) \$685.56	Next Due Date 01/20/2004	D/S 2 11/02/02 \$386.62 Last Delinquency
Customer Service Approval (CSA)	Current Terms (8) R12	REVOLVING 12 MONTH (13)
(4) * \$475.00 WITH NO DOWN *		---24Mo Billing History-->
Credit Rating/Credit Limit	Last Statement Dt 12/02/2003	(9) 1011111111111121 First Charge Date 08/30/2002
(5) GCC (6) \$300.00	Last Payment Date 12/19/2003	
Rating Descriptn Gold Card Rating C	Last Charge Date 06/04/2003	<---Number of Cycles per D/S Code--> Cyl Monr Cycl
(1) Rating/Limit Date 10/27/2003 by AC37	Last Charge Amount \$709.45	D/S Neg 0 1 2 3 4 5 9 (14) (15) (16)
	FTD Net Charges \$.00	# 1 14 1 16 15 16

This middle section of the F8 SUMMARY is full of detailed information about the customer's account.

- 1) *Interstore Customer Service Approval Number and Maximum CSA Amount.*
- 2) *This customer's current DS code and payment currently owed. This customer is currently a DS 0 indicating that there is no payment due.*
- 3) *The all-time high amount this customer has ever owed on the account.*
- 4) *The Customer Service Approval. This customer can purchase up to \$475 with zero (0) down payment. However, with a faxback approval from Central Credit, this customer could likely buy more. DON'T UNDERSELL! Attempt to always get some down payment for every deal.*
- 5) *The customer's account rating. "GC" stands for Gold Card. This customer is a GCC, which means this is a C account.*
- 6) *Credit limit is part of a customer's account rating. But, credit limit does not limit what a customer can buy.*
- 7) *The last time this account rating was reviewed and the employee number of the employee who did the review. Depending on payment history, account ratings may be changed over time.*
- 8) *Customer's terms. "R" stands for the number of months this account is set up to "revolve" for. This particular account is an R12, which means that the account is set up to be paid off in 12 months. Always attempt to keep terms as few months (short) as possible.*
- 9) *The "DS string." Reading from right to left, from longest ago to most recent, the customer's DS codes for each month over the last 24 months. "0" indicate the account was paid ahead, "1" indicate the account was paid on time, "Z"s indicate the first month when the account was at a zero balance, and the following "X"s indicate months when the account was inactive, & "="s indicate a credit balance.*
- 10) *Number of times customer was categorized in a certain DS code. This customer has been a DS 0 one time, a DS 1 fourteen times, and a DS 2 one time. Also referred to as "buckets."*
- 11) *The highest DS this account has ever gone to, what the customer owed at that time, and the most recent date when they were this rating. This customer was a DS 2 on November 2, 2002.*
- 12) *Last time this customer was past due*
- 13) *First charge date on this account*
- 14) *Total number of months this customer has owed money on this account.*
- 15) *Total number of months this customer has had this account open. Could be more than number of months owing money due to potential of zero balance during some months.*
- 16) *Total number of months this customer was sent a statement.*

F8 SUMMARY EXAMPLE (Cont.)

HISTORY	Site	ID	Cycle ID and Name	Fmt Amt	Adj Amt	Chrg Amt	Down Pmts	Pmt Due	Sched Pmt	Acct Bal	D/S	Date
HISTORY	110	10377141	D BILL 2ND DUE 20TH	50.00-	9.24	.00	.00	01/20/03	50.00	260.89	0 1	01/02/03
HISTORY	110	10377141	D BILL 2ND DUE 20TH	50.00-	7.80	.00	.00	02/20/03	50.00	218.69	0 1	02/02/03
HISTORY	110	10377141	D BILL 2ND DUE 20TH	50.00-	6.65	.00	.00	03/20/03	50.00	175.34	0 1	03/02/03
HISTORY	110	10377141	D BILL 2ND DUE 20TH	50.00-	5.12	.00	.00	04/20/03	50.00	130.46	0 1	04/02/03
HISTORY	110	10377141	D BILL 2ND DUE 20TH	50.00-	3.73	.00	.00	05/20/03	50.00	84.19	0 1	05/02/03
HISTORY	110	10377141	D BILL 2ND DUE 20TH	50.00-	1.92	.00	.00	06/20/03	50.00	36.11	0 1	06/02/03
HISTORY	110	10377141	D BILL 2ND DUE 20TH	50.00-	20.46	709.45	60.00-	07/20/03	62.00	656.02	0 1	07/02/03
HISTORY	110	10377141	D BILL 2ND DUE 20TH	62.00-	20.67	.00	.00	08/20/03	62.00	614.69	0 1	08/02/03
HISTORY	110	10377141	D BILL 2ND DUE 20TH	62.00-	19.40	.00	.00	09/20/03	62.00	572.09	0 1	09/02/03
HISTORY	110	10377141	D BILL 2ND DUE 20TH	62.00-	17.97	.00	.00	10/20/03	62.00	528.06	0 1	10/02/03
HISTORY	110	10377141	D BILL 2ND DUE 20TH	124.00-	15.68	.00	.00	12/20/03	62.00	419.74	0 0	11/02/03
HISTORY	110	10377141	D BILL 2ND DUE 20TH	.00	13.70	.00	.00	12/20/03	62.00	433.44	0 1	12/02/03

Account Summary for Customer: 110 10377141

Merchandise Repairs	Sls Taxes	Down Pmts	% M/Tx/Rp	Registry	FC/LC/CI/Fees	Payments	Other	Mrchndse Unpaid	% M/Tx/Rg/Rp	Unpd %
1,129.85	93.22	270.00-	22.08%	111.00	179.37	872.00-		1,129.85	32.87%	1,334.07 27.84%

Purchase History for Customer: 110 10377141

CHG SUMM	Site	Aprv #	Rept Date	Rept ID	Prev Bal	Chrg Amt	Down Pmt	DP%	New Bal	Sched Pmt	#Pmts Sold@	Apprvd	SoldBy
CHG SUMM	110	5025821	08/30/02	2723263B	.00	826.12	210.00-	25%	616.12	67.00	12	110	3797 4573
CHG SUMM	110	9999999	08/31/02	2723263B	616.12	826.12-	210.00	25%	.00	67.00	12	110	4573 4573
CHG SUMM	110	5027927	08/31/02	2723263C	.00	624.62	210.00-	34%	414.62	50.00	11	110	4448 4573
CHG SUMM	110	5927009	06/04/03	2592036	36.11	709.45	60.00-	8%	685.56	62.00	15	110	4942 5782
CHG SUMM				Totals		1,334.07	270.00-	20%					

This information at the bottom of the F8 summarizes all purchase activity on the account including; dates, balances, amounts, down payments, payments, approval and cashier/sales associate numbers.

DANIEL'S ACCOUNT PAYMENTS

- Credit customers have the choice to either mail in their account payments or to come into the stores to make payments. We encourage our customers to make their payments in person.
- Acceptable payment methods include; cash, debit cards, checks, cashier checks, traveler's checks and money orders. *We **DO NOT** accept:*
 - *Credit cards & "Swipe-only" debit cards for account payments (see Debit Card chapter, p. 1). A customer must have debit card that requires that the customer enters a pin number.*
 - *Post-dated checks for merchandise sales or down payment. Occasionally a customer will leave a post-dated check for an account payment. Such checks should be sent to SMC, Attn: Collections Dept.*
- Customers can make their account payments in any Daniel's location. Payments made at different store locations than where the account is housed are processed as **INTERSTORE ACTIVITY** (see POS Manual, Payment – ISP Out)
- Checks, cashiers checks and money order payments mailed to the store are processed in the **POS BATCH MAIL** (see POS Manual, Payment – Daniel's Account Batch Mail).
- Once in a while, after making a payment, a customer will request that the sales associate or manager update the account, so that it is no longer delinquent. This "curing" or "rolling" of accounts is not allowed, unless authorized by the Collections department or a District Manager. If instructed to "cure" or "roll" an account, contact an Office Coordinator for specific procedures.
- The following steps are to be followed when processing a payment hand-carried by a customer into the store:
 1. ***Open customer's account on POS, update customer's information, and check how much customer is currently due to pay. Take customer's payment (all money due).***
 2. *Run transaction through POS (see POS Manual, Payment – Daniel's Account) and check for Hot Zone Alert (Pay Off or CSA) or BBD Coupon.*
 3. *Run F8 summary on all account payments (see POS Manual, F8 Summary – Customer Inquiry). F8s must to be run after taking the payment or the Customer Service Approval will be wrong.*
 4. *Place white POS receipt in Cash Drawer. (Company Expectation Reminder: We must attempt to show merchandise item to each customer when taking their payment).*
 5. *Put payment in cash drawer & deliver customer's change.*
 6. *Hold on to pink POS receipt while walking towards a showcase and say,*
 - a. *"I need to get your opinion on something."* or
 - b. *"Have you seen this?"*
 7. ***ATTEMPT TO SHOW MERCHANDISE AND MAKE A SALE TO THE CUSTOMER!***
 8. ***Give customer pink receipt. Do not write anything regarding customers remaining balance or payment terms on receipt!****

***PAYMENT RECEIPTS - For collection purposes, it is very important that customers receive the proper payment receipts for their account payments. On normal accounts, the POS generated receipt indicates all pertinent information a customer needs about the account. Nothing additional should be handwritten on the receipt. On a "charge off" account customer receives handwritten receipt only.**

HOT ZONE

- When a customer has 3 or less payments left to make on their Daniel's account they are in the HOT ZONE.
- An Associate must make every effort to get a HOT ZONE customer to add a purchase onto their account before they leave the store.
- When a HOT ZONE customer makes a payment, the POS will notify the associate by printing out one of the following alerts based upon the customer's payment receipt:
 - Paid Off Alert – *see p. 12*
 - CSA Alert – *see p.13*
 - Bonus Balance Dollars Coupon (also referred to as a “BBD”) *see p.14*

PAY OFF ALERT

When a Hot Zone customer who does not have a CSA is making a payment, a Pay Off Alert will automatically print from the POS.

- The purpose of the PAY OFF Alert is to bring attention to the fact that this customer is in THE HOT ZONE.
- An Associate must make every effort to get this customer to add a purchase onto their account before they leave the store.
- The customer must be current, or be brought current in order to add a purchase onto their account (*see p.31*)

Pictured below is a sample of a Pay Off Alert.

CONGRATULATIONS !

THIS CUSTOMER'S ACCOUNT WILL SOON BE PAID OFF !

STORE: Daniel's Jewelers (239) SANTA ANA
TRANSACTION TYPE:——— Payment on Account ——
CUSTOMER: 239 39065512 POLK, JAMES
RECEIPT NUMBER: 3900079500
RECEIPT JOURNAL: 39000079500
TRANSACTION DATE: 2/5/2002 (06:47 PM)
CASHIER: 2799 MARI-LEN

REWARD YOUR CUSTOMER FOR THE WAY IN WHICH THIS ACCOUNT HAS BEEN PAID BY OFFERING TO ADD-ON TO THIS ACCOUNT TODAY! AFTER HELPING YOUR CUSTOMER WITH HIS/HER NEW PURCHASE SEND THE SALES SLIP TO CENTRAL CREDIT WITH THIS NOTICE FOR EXPEDITED PROCESSING!

CSA ALERT

When a Hot Zone customer who has a CSA is making a payment, a CSA Alert will automatically print from the POS.

- The purpose of the CSA Alert is to bring attention to the fact that this customer is in THE HOT ZONE.
- An Associate must make every effort to get this customer to add a purchase onto their account before they leave the store.
- The customer has a current CSA and may qualify for a larger sale with or without down payment. If the sale made is covered in full by the CSA (*including registry, repairs and sales tax*), the sales slip does not have to be sent to Central Credit.
- When customer makes a purchase decision, see p. 31 or steps to add this purchase onto the account.

Pictured below is a sample of a CSA Alert:

CONGRATULATIONS !

THIS ACCOUNT HAS NOW BEEN PAID IN FULL!

STORE: Daniel's Jewelers (239) SANTA ANA
TRANSACTION TYPE: ——— Payment on Account ———
CUSTOMER: 239 39065512 POLK, JAMES
RECEIPT NUMBER: 3900079500
RECEIPT JOURNAL: 39000079500
TRANSACTION DATE: 2/5/2002 (06:47 PM)
CASHIER: 2799 MARI-LEN

STORE ASSOCIATE: YOUR CUSTOMER MAY BE PRE-
APPROVED TO BUY ! TODAY ! CHECK THE F2 SCREEN
ON POS FOR DETAILS!

REWARD YOUR CUSTOMER FOR THE WAY IN WHICH THIS ACCOUNT HAS BEEN PAID BY OFFERING TO RE-OPEN THIS ACCOUNT TODAY! IF THE AMOUNT YOUR CUSTOMER WISHES TO PURCHASE IS MORE THAN THE CSA AMOUNT SHOWN ON POS, SEND THE SALES SLIP TO CENTRAL CREDIT WITH THIS NOTICE FOR EXPEDITED PROCESSING!

BONUS BALANCE DOLLARS COUPON

When a Hot Zone customer with a qualifying CSA makes a payment, a Bonus Balance Dollars (BBD) Coupon will automatically print from the POS.

- The purpose of the BBD Coupon is to bring attention to the fact that this customer is in **THE HOT ZONE** and that this Coupon can be used to pay off all or part of the customer's balance if the customer makes a qualifying purchase.
- The terms of the BBD Coupon are printed on the coupon. In order to earn the full BBD credit, the customer must purchase the amount shown on the BBD coupon (10 times the customer's current balance). *See sample below.*
- The customer must use their BBD Coupon on the same day that it prints. When the Coupon is used, the customer's Current D/S must be "0".
- An Associate must make every effort to get this customer to add a purchase onto their account before they leave the store.
- When recording the customer's qualifying purchase on POS, make sure that the customer signs the BBD coupon and enter the coupon using SKU #690-00000 (*see POS Manual, Charge Sale – Bonus Balance Dollars Payoff with Sale*).
- Staple the white BBD coupon to the white POS receipt.

Pictured below is a sample BBD Coupon.

BONUS BALANCE DOLLAR CERTIFICATE!	
LET US PAYOFF YOUR ACCOUNT TODAY!	
STORE: Daniel's Jewelers (239) SANTA ANA	
TRANSACTION TYPE: _____ Payment on Account _____	
CUSTOMER: 239 39065512 POLK, JAMES	
RECEIPT NUMBER: 3900079500	
RECEIPT JOURNAL: 39000079500	
TRANSACTION DATE: 2/5/2002 (06:47 PM)	
CASHIER: 2799 MARI-LEN	
STORE ASSOCIATE: YOUR CUSTOMER MAY BE PRE-APPROVED TO BUY ! TODAY ! CHECK THE F2 SCREEN ON POS FOR DETAILS!	
BY PURCHASING MERCHANDISE IN THE AMOUNT OF AT LEAST \$1,207.50, A CREDIT IN THE AMOUNT OF \$120.88 WILL BE APPLIED TO YOUR ACCOUNT. IF THE MERCHANDISE PURCHASED AT THIS TIME IS LATER RETURNED, THIS CREDIT WILL BE REVERSED AND YOU WILL BE REQUIRED TO PAY THE TOTAL AMOUNT DUE, ACCORDING TO THE ORIGINAL SCHEDULED PAYMENT AMOUNT FOR THIS ACCOUNT	
_____ CUSTOMER SIGNATURE	_____ DATE

INSURANCE COVERAGE OPTIONS

- **All credit customers must be offered, and encouraged to sign up for insurance. However, insurance is NOT required for a customer to open or use their Daniel's Preferred Charge account and some customers may not be eligible for some or all coverage types that are offered.**
- If an account falls past due and becomes D/S 4 or worse, no premium is charged to the customer's account and eligibility for all coverage is suspended. Premiums charged to an account before it becomes delinquent are not refunded.
- Our three insurance plans offer various levels of coverage to our customers. Plan options include:
 - I. **GOLD PLAN**
 - **Property coverage** Repairs or Replaces customer's merchandise that is lost due or destroyed due to fire, burglary, robbery as defined in the insurance policy. Does not replace lost property or merchandise that disappears due to mysterious disappearance.
 - **Life & Joint Life insurance** Pays the scheduled balance of the account at the date of death, up to a maximum of \$10,000. If it is a joint account, the insurance company will pay off upon the death of either the customer or the co-buyer. Insurance does not pay for suicide committed within six months of the date of purchase. Life insurance is available only to customers who are under age 65 at the time premiums are charged to the account. If it is a joint account, the borrower must be under age 65 in order for a co-borrower (who must also be under age 65) to be covered.
 - **Total disability coverage** Provides coverage for the regularly scheduled monthly payment at the time of disability, up to a maximum of \$500 per month, when the customer is disabled for 14 days or more (coverage is provided from the first day of disability, but a minimum disability of 14 days or more is required in order to qualify for benefits). Does not provide coverage when disability is caused as a result of pregnancy, intentionally or self-inflicted wounds, or pre-existing conditions for which insured was under treatment by a physician or chiropractor within the past six months. Customer (borrower) must be under age 65 at the time premiums are charged to the account. If customer is disabled at the time of the purchase, the item purchased is not covered by disability insurance.
 - **Involuntary unemployment** Provides coverage for the regularly scheduled monthly payment at the time of involuntary unemployment, up to a maximum of \$500 per month Provides coverage when, previous to loss of job, insured was gainfully employed 30 hours or more per week, and when the insured remains unemployed for a minimum of 30 days. Does not provide coverage when the insured is unemployed due to bodily injuries, sickness, disease or pregnancy. Also, no coverage is provided when unemployment is voluntary business is closed for other than financial reasons, or when the insured becomes unemployed within 45 days of purchase. Unemployment benefits are only paid when the customer has registered for unemployment benefits with the state unemployment office.
 - **Family Guard** Will make payments on an account for up to 6 months in the event the account holder (the first named person on the account) takes an unpaid authorized leave of absence from their employment.
 - II. **SILVER PLAN – Life & Joint Life, Disability & Property (see above).**
 - III. **BRONZE PLAN - Property (see above).**

For further details regarding Customer Insurance Claims, see "Insurance Claims" chapter of this manual.

INSURANCE ELECTION PROCEDURE

A customer must indicate if they want insurance at the bottom of the credit application and either sign the POS printed form stating that they don't want insurance or sign the form that states which insurance plan they want whenever they first open an account or when they want to add, change, or stop insurance coverage on their existing account.

When a Customer opens a new account:

- The customer must check and initial the bottom of the credit application (*see application, p. 19*), indicating that they do or don't want coverage.
- The customer must sign either the Insurance Application or Decline of Insurance statement that prints with the POS receipt.

The associate must enter if Insurance is accepted or declined when entering the sale into POS and:

- Make sure that the customer signs and dates either the Insurance Application or the Insurance Decline statement that prints with the receipt (*see sample of each on the following page*).
- File the white copy of the Insurance Application or the Insurance Decline statement that the customer signed into the customer's "S File" and give the Pink copy to the customer.

The insurance certificate will automatically be mailed to the home of each customer that elects to have insurance coverage.

When an Existing Account Customer changes their Insurance Coverage, the associate must enter this change into the POS and:

- The customer must sign and date either the Insurance Application or the Insurance Decline statement that prints (*see sample of each on the following page*); and.
- The associate must file the signed white page of the Insurance Application or the Insurance Decline statement in the customer's "S File" and give the Pink copy to the customer.
- The associate must call Customer Service Department at 310-665-2110 to request that an insurance certificate be mailed to the customer's home.

If the customer elects insurance coverage, the monthly premium is automatically added to each monthly account statement. Insurance will not change the customer's payment amount.

INSURANCE ELECTION PROCEDURE

(Cont.)

Pictured below is an example of the insurance application that the POS prints.

General Information Page Gold Insurance Package		
American Bankers Life Insurance Company of Florida American Reliable Insurance Company		
Group Policy Number/Agent Number: 00014649		
Creditor Beneficiary: Daniel's Jewelers, P O Box 3750, Culver City, CA 90231		
Borrower/Applicant, called you: JONATHAN JOHNSON		Date of Birth: 03/22/1970
Address: 1234 W. 111TH ST LOS ANGELES, CA 90047		Account Number: 103-03050701
TYPE OF COVERAGE \$100/DEBT)	MAXIMUM BENEFIT	MONTHLY PREMIUM (PER
Involuntary Unemployment	\$500.00 Per Month	\$.320
Leave of Absence	\$500.00 Per Month (Maximum of 6 payments)	\$.160
Credit Life (Single)	\$10,000.00 Total Benefit	\$.060
Disability (14 Day Retroactive Disability)	\$500.00 Per Month	\$.149
Property	\$10,000.00 Total Benefit	\$.545
	Total Monthly Premium (per \$100/devt)	\$1.234
Initial Monthly Payment/Insurance Benefit:	Per Month	
Initial Account Balance/Credit Insurance:	\$.00	
Application of Borrower		
You are applying for the credit insurance specified above and authorizing the Creditor to add The charges for the insurance to your account each month. You have the right to stop this authorization at any time. Your signature below means that you agree to the terms and conditions of this insurance as shown above and provided in the certificate of insurance that will be mailed to you. (@printg)		
Primary Borrower: _____		Date: _____

*Pictured below is an example of the statement for the customer to sign that prints with the POS receipt if the customer **DECLINES** all of the insurance plans being offered.*

Customer Insurance Authorization Decline Coverage	
Borrower: JONATHAN JOHNSON	
Address: 1234 W. 111TH ST LOS ANGELES, CA 90047	Account Number: 103-03050701
Your signature below indicates that you have NOT enrolled in any of the available insurance programs and decline all coverage benefits that have been offered. If you previously enrolled in one of the available programs, your signature below requests cancellation of that enrollment. (@printn)	
Primary Borrower: _____ Date: _____	

- **Don't forget to file the signed white Insurance application (approve or decline coverage) into the customers "S File" (see pg. 20) and give the pink copy to the customer.**

*For further details regarding Customer Insurance & Insurance Claims,
see "Insurance Claims" chapter of this manual.*

CREDIT APPLICATION

- Credit applications must be completed, and on file in the appropriate place in the store, for every credit customer (*see In-Store Customer file p. 20*). A Daniel's customer only needs to fill out ONE application in order to apply for a Daniel's account and/or for a GE Luxury (*formally known as JA*) account (*see sample on the next page*). *Please note that separate signatures and different sections of the application are required for each account.*
- Credit applications are never to be discarded, or returned to any customers or applicants. If no purchase is made on a new credit application, the application is kept for 18 months in a "pre-approved" file in the store.
- It is crucial that all credit applications be filled out completely, accurately & legibly. **Associates are encouraged to complete applications for their customers, but customers must sign their own credit applications** (*No application should be filled out over the phone or without the customer being present in the store*). The customer must sign and date the Customer Insurance Authorization form printed from the POS (*see sample on p. 17*), regardless of whether or not the customer has checked and initialed the insurance portion of the application. The sales associate who completes or accepts a customer's credit application must remember to sign the "reviewed by" section at the bottom of the application.
- The associate must see the customer's ID on all credit applications. Acceptable forms of picture identifications are: *A state or United States government issued driver license or identification card or Passport*. You must inspect the identification by comparing the name on the identification to the name on the application and compare the picture on the identification to the person presenting it.
- The associate must remove the disclosures from the application and give them to the customer. The additional credit application information must be filed in the customer's S-File.
- Credit applications are available in English and in Spanish.

“S” FILE ENVELOPE

Pictured below is a sample of an accurately completed In-Store Customer File Envelope (“S” File) for a new Daniel’s charge account.

① _____
Customer Account #

**IN-STORE CUSTOMER
FILE ENVELOPE
(S File)**

② Customer Name: _____
Last First MI

③ Set Up Date _____ ④ By _____
Employee #

All APPROVED Daniel’s accounts need to have an ‘S File’ created and filed numerically with all other store S Files.

If the application is for JA ONLY and is APPROVED, then send the approved application to Central Credit in the next available A Box.

If the application is for JA ONLY, but is DECLINED, then put the application with the rest of your SMC Shredding.

⑤ THE FOLLOWING TWO ITEMS MUST BE ENCLOSED:

CREDIT APPLICATION (signed by customer)

AND ONE OF THE FOLLOWING:

POS printed INSURANCE APPLICATION (signed by customer)

or

White Copy of Signed Application for Credit Life
SMC Form #82 (to be completed if POS copy not available)

SMC Form # 124

- 1) Customer’s account number
- 2) Customer’s name
- 3) Date account is set-up
- 4) Associate that set-up the account
- 5) Check the appropriate boxes for information contained in envelope. New account “S” files must contain a signed credit application and a POS printed insurance application.
- 6) File numerically in store’s “S” files.

CREDIT APPROVALS, DOWN PAYMENTS & PAYMENT TERMS

- Once a customer has completed a credit application, made the purchasing decision(s), and agreed on a down payment, the entire deal (credit application and sales slip) may be faxed to Central Credit for an approval.
- An application can be faxed by itself, however it is preferable to send applications with sales slips. On their own, applications can be given credit ratings and approval guidelines only.
- **All credit sales require CREDIT APPROVALS!**
- There are two separate kinds of credit approvals used in two different types of situations. These include FaxBacks and Customer Service Approvals.
- Even after the proper approval is received on a specific credit deal, the sale may not be processed until the customer actually provides the down payment required on the credit approval.
- Payment terms must be set based on the approval issued by the Credit department. When processing any credit sale through POS, associates and managers are always expected to keep payment terms as short as possible (*see following page for a sample of a Monthly Payment Chart*). When customers request longer payment terms (more months to pay off a balance), they may be granted as follows:

R01 – R09 - Associates can authorize

R10 – R12 - Requires keyholder or manager approval

R13 & longer - Requires Credit department or RDM approval

- **ALL Credit Department Approvals Must Be In Writing – No Exceptions!**
- Any change to account terms after a credit sale has been processed through POS can only be done with a written approval from Central Credit.

Refer to pages 23-27 for Approval samples and the explanations for each of the two types of approvals.

MONTHLY PAYMENT TERMS CHART

Pictured below is a sample of the first page of the Monthly Payment Chart.

Sherwood Management Co., Inc.
Daniel's Jewelers (128-145)
Monthly Payment Terms
 (New Balances shown include Prior Balance and are AFTER DP)

New Balance		Daniel's Financial Terms (assumes F/C and GOLD PLAN C/I will be added to balance each month)									
From	To	R03	R04	R05	R06	R07	R08	R09	R10	R11	R12
100	120	55	42	33	28	25	25	25	25	25	25
121	140	64	48	38	32	27	25	25	25	25	25
141	160	73	54	44	36	31	27	25	25	25	25
161	180	81	61	49	41	35	30	27	25	25	25
181	200	90	67	54	45	38	34	30	27	25	25
201	220	98	74	59	49	42	37	33	29	27	25
221	240	107	80	64	53	46	40	36	32	29	27
241	260	115	86	69	58	49	43	38	35	31	29
261	280	124	93	74	62	53	46	41	37	34	31
281	300	132	99	79	66	57	50	44	40	36	33
301	320	141	106	84	70	60	53	47	42	38	35
321	340	149	112	90	75	64	56	50	45	41	37
341	360	158	118	95	79	68	59	53	47	43	39
361	380	166	125	100	83	71	62	55	50	45	42
381	400	175	131	105	87	75	66	58	52	48	44
401	420	183	138	110	92	79	69	61	55	50	46
421	440	192	144	115	96	82	72	64	58	52	48
441	460	201	150	120	100	86	75	67	60	55	50
461	480	209	157	125	105	90	78	70	63	57	52
481	500	218	163	131	109	93	82	73	65	59	54
501	520	226	170	136	113	97	85	75	68	62	57
521	540	235	176	141	117	101	88	78	70	64	59
541	560	243	182	146	122	104	91	81	73	66	61
561	580	252	189	151	126	108	94	84	76	69	63
581	600	260	195	156	130	112	98	87	78	71	65
601	620	269	202	161	134	115	101	90	81	73	67
621	640	277	208	166	139	119	104	92	83	76	69
641	660	286	214	172	143	123	107	95	86	78	71
661	680	294	221	177	147	126	110	98	88	80	74
681	700	303	227	182	151	130	114	101	91	83	76
701	720	311	234	187	156	133	117	104	93	85	78
721	740	320	240	192	160	137	120	107	96	87	80
741	760	329	246	197	164	141	123	110	99	90	82
761	780	337	253	202	169	144	126	112	101	92	84
781	800	346	259	207	173	148	130	115	104	94	86
801	820	354	266	212	177	152	133	118	106	97	89
821	840	363	272	218	181	155	136	121	109	99	91
841	860	371	278	223	186	159	139	124	111	101	93
861	880	380	285	228	190	163	142	127	114	104	95
881	900	388	291	233	194	166	146	129	116	106	97
901	920	397	298	238	198	170	149	132	119	108	99
921	940	405	304	243	203	174	152	135	122	111	101
941	960	414	310	248	207	177	155	138	124	113	103
961	980	422	317	253	211	181	158	141	127	115	106
981	1,000	431	323	259	215	185	162	144	129	118	108

1. ALWAYS discuss and get agreement from your customer on payments based on "dollars per month", not the "R" terms.
2. When entering the monthly payment, with your customer's approval, you can enter a higher amount so that the account will be paid off faster. Round UP!
3. Higher monthly payments (shorter payment terms) means your customer will payoff his/her account FASTER and allows your customer to purchase or add on to his/her account sooner!

FAXBACK APPROVALS

- FAXBACK approvals are faxed to the store from Central Credit in response to a credit application, a specific deal, or a Dealmaker Request.
- Credit may approve the deal as submitted, or they may ask for additional down payment or customer information.

See below for a new account FAXBACK sample and see next page for an existing account sample.

TO STORE: 100	FROM CENTRAL CREDIT (310) 665-2121	04-01-02 3:08:16
1 CUSTOMER : JUDY SEIDEL	2 ATTN : 0000	3 CREDIT RATING/LIMIT : CRC 750
4 CO-BUYER:	5 ACCT :	6 APP NO : 416251 4
8 CONGRATULATIONS! YOUR SALE IS APPROVED AS SUBMITTED	7 BY : 2814	
9 YOUR CUSTOMER COULD INSTEAD PURCHASE THE FOLLOWING (MAX1)		
\$00574 WITH \$00100 17% DOWN/END BAL \$00474 TERM RO8/\$0075 CUR BAL \$00000		
YOUR CUSTOMER COULD INSTEAD PURCHASE THE FOLLOWING (MAX2)		
\$01725 WITH \$00100 06% DOWN/END BAL \$01625 TERM R12/\$0174 CUR BAL \$00000		
YOUR CUSTOMER COULD INSTEAD PURCHASE THE FOLLOWING (MAX2)		
\$02815 WITH \$00565 20% DOWN/END BAL \$02250 TERM R10/\$0300 CUR BAL \$00000		

- 1) *CUSTOMER: Judy Seidel*
- 2) *SALES ASSOCIATE NUMBER: 2799*
- 3) *CREDIT RATING/LIMIT: C750*
- 4) *CO-BUYER:(If joint account)*
- 5) *ACCT:(no number in sample because this is a new account)*
- 6) *APP #: 416251 4*
- 7) *APPROVER: 2814*
- 8) *Approval, as submitted.*
- 9) *Amount this customer is eligible to purchase with the same down payment and no additional approval. This is an opportunity TO SELL-UP.*

FAXBACK APPROVALS

(Cont.)

Pictured below is FAXBACK approval for an existing account:

TO STORE: 100	FROM CENTRAL CREDIT (310) 665-2121	04-01-02 3:08:16
1 CUSTOMER : MARGARET AGUILERA	2 ATTN : 0000	3 CREDIT RATING/LIMIT : CRD 00
4 CO-BUYER:	5 ACCT : 228 28059348	6 APP NO : 476495 0
7 BY : 1362		
8 ***** HAVE ALL PAYMENTS DUE BEEN MADE? MONTHLY PMT \$00074 *****		
9 THE DEAL YOU SUBMITTED IS NOT APPROVED. (APRV) HOWEVER, THE ALTERNATIVE DEAL SHOWN BELOW HAS BEEN APPROVED \$00208 WITH \$00095 46% DOWN/END BAL \$00312 CUR BAL \$00199 *****		

- 1) *CUSTOMER: Margaret Aguilera*
- 2) *SALES ASSOCIATE NUMBER: 2799*
- 3) *CREDIT RATING/LIMIT: D00*
- 4) *CO-BUYER: (If joint account)*
- 5) *ACCT: 228 (store number) 28059348*
- 6) *APP #: 476495 0*
- 7) *APPROVER: 1362*
- 8) *Payment reminder due \$74.*
- 9) *The deal as submitted, is not approved. However, with \$95 down, the deal will be approved, with no additional approval.*

CUSTOMER SERVICE APPROVALS (CSA)

The CSA amount is printed on a qualified customer's F8, or appears on the F2 screen, that can be added to the customer's account without having to obtain an approval from Central Credit.

- As long as the new purchase total (including registry, repair, and tax) does not exceed the CSA amount stated on the F8, you do not need to obtain an approval from Central Credit. **However, with the proper down payment and an approval from Central Credit, you can almost always sell more than the amount indicated on a Customer Service Approval. A CSA is a minimum guaranteed approval only.**
- A CSA approval can be used if the customer's account is in your store or if it is in another store. Although you enter your employee number as the approver number for each of these transactions, the approval number for each is different (*see POS Manual, Charge Sale – Add-On or Re-Open & Charge Sale – Transfer Out*).
 - When the customer's account is in your store, the approval number that you enter into the POS is "0".
 - When the customer's account is in another store, the approval number that you enter into the POS is the 7 Digit CSA approval number from the F8 followed by the maximum CSA amount that is also printed on the customer's F8.

See sample CSA on the following page.

Pictured below is a sample F8 for customer Jason William with a \$475 CSA.

Customer ID 10377141
 Name WILLIAM, JASON
 Address 1200 W. DAY ST. #104
 City St Zip COMPTON CA 90222
 Phone (310) 555-1212 Marital Status
 Anniversary? ANNIVERSARY AUG
 Last Updated 05/16/2003
 Insurance Cd G Daniel's GOLD Insurance Plan
 Other Income
 Oth Inc Desc

----- BORROWER ----- CO-BORROWER -----
 <----- Per Computer -----> <----- Updates -----> <----- Per Computer -----> <----- Updates ----->
 Name WILLIAM, JASON
 Birthdate 03/17/1980
 Soc Sec No 555-33-1111
 DL-State ID A1234567
 Employer TARGET
 Trade Desc STOCKER
 Salary/Updt \$1,300.00 08/30/2002
 Start Date 01/01/2001 2Y 11M
 Employer Ph (310) 327-0762

Customer 1
 Comments 2

>> Current D/S 0 <<
 Total Payments Now PAST Due \$.00
 Total Payments Now Due \$.00

Interstore CSA 0030904 Maximum CSA Amount \$475

Current Balance \$371.44 Scheduled Payment \$62.00
 High Balance \$685.56 Next Due Date 01/20/2004
 Customer Service Approval (CSA) Current Terms
 * \$475.00 WITH NO DOWN *
 REVOLVING 12 MONTH
 Last Statement Dt 12/02/2003 1011111111111121 First Charge Date 08/30/2002
 Last Payment Date 12/19/2003
 Last Charge Date 06/04/2003
 Rating Dscrptn Gold Card Rating C Last Charge Amount \$709.45 D/S Neg 0 1 2 3 4 5 9 Bal Open Stmt
 Rating/Limit Date 10/27/2003 by AC37 PTD Net Charges \$.00 # 1 14 1 16 15 16

HISTORY	Site	ID	Cycle	ID and Name	Pmt Amt	Adj Amt	Chrg Amt	Down	Pmts	Pmt Due	Sched Pmt	Acct Bal	D/S	Date
HISTORY	110	10377141	D BILL	2ND DUE 20TH	50.00-	9.24	.00	.00	01/20/03	50.00	260.89	0	1	01/02/03
HISTORY	110	10377141	D BILL	2ND DUE 20TH	50.00-	7.80	.00	.00	02/20/03	50.00	218.69	0	1	02/02/03
HISTORY	110	10377141	D BILL	2ND DUE 20TH	50.00-	6.65	.00	.00	03/20/03	50.00	175.34	0	1	03/02/03
HISTORY	110	10377141	D BILL	2ND DUE 20TH	50.00-	5.12	.00	.00	04/20/03	50.00	130.46	0	1	04/02/03
HISTORY	110	10377141	D BILL	2ND DUE 20TH	50.00-	3.73	.00	.00	05/20/03	50.00	84.19	0	1	05/02/03
HISTORY	110	10377141	D BILL	2ND DUE 20TH	50.00-	1.92	.00	.00	06/20/03	50.00	36.11	0	1	06/02/03
HISTORY	110	10377141	D BILL	2ND DUE 20TH	50.00-	20.46	709.45	60.00-	07/20/03	62.00	656.02	0	1	07/02/03
HISTORY	110	10377141	D BILL	2ND DUE 20TH	62.00-	20.67	.00	.00	08/20/03	62.00	614.69	0	1	08/02/03
HISTORY	110	10377141	D BILL	2ND DUE 20TH	62.00-	19.40	.00	.00	09/20/03	62.00	572.09	0	1	09/02/03
HISTORY	110	10377141	D BILL	2ND DUE 20TH	62.00-	17.97	.00	.00	10/20/03	62.00	528.06	0	1	10/02/03
HISTORY	110	10377141	D BILL	2ND DUE 20TH	124.00-	15.68	.00	.00	12/20/03	62.00	419.74	0	0	11/02/03
HISTORY	110	10377141	D BILL	2ND DUE 20TH	.00	13.70	.00	.00	12/20/03	62.00	433.44	0	1	12/02/03

Account Summary for Customer: 110 10377141

Merchandise Repairs	Sls Taxes	Down Pmts	% M/Tx/Rp	Registry	FC/LC/CI/Fees	Payments	Other	Mrchndse Unpaid	% M/Tx/Rg/Rp	Unpd %
1,129.85	93.22	270.00-	22.08%	111.00	179.37	872.00-		1,129.85	32.87%	1,334.07

Purchase History for Customer: 110 10377141

CHG SUMM	Site	Aprv #	Rept Date	Rept ID	Prev Bal	Chrg Amt	Down Pmt	DP%	New Bal	Sched Pmt	#Pmts	Sold@	Apprvd	SoldBy
CHG SUMM	110	5025821	08/30/02	2723263B	.00	826.12	210.00-	25%	616.12	67.00	12	110	3797	4573
CHG SUMM	110	9999999	08/31/02	2723263B	616.12	826.12-	210.00-	25%	.00	67.00	12	110	4573	4573
CHG SUMM	110	5027927	08/31/02	2723263C	.00	624.62	210.00-	34%	414.62	50.00	11	110	4448	4573

ACCOUNT OPENING PROCEDURES

The steps for OPENING a new credit account are as follows:

- 1) *Work with customer to sell item(s). When the customer makes a purchasing decision, complete a sales slip, INCLUDING DOWN PAYMENT.*
- 2) *Complete a credit application. Customer must be present to sign the application.*
- 3) *Collect down payment and customer ID. Match the ID with the person. Down payment may be cash, debit card, check, credit card, GE (formally known as JA) or any combination of these payment methods. Hold down payment and ID. Do not run through POS, Telecredit or Veriphone yet.*
- 4) *Place merchandise, down payment and ID in a plastic bag and take to designated area in the store, out of customer reach.*
- 5) *Explain to customer that it will take a few minutes for the deal to be approved. Kindly ask them to wait. Offer coffee, etc.*
- 6) *Fax application and sales slip to the Central Credit.*
- 7) *Wait approximately five-fifteen minutes for response to be faxed back from Credit. Deal will be approved, or Credit may ask for additional down payment or information (you may need a Deal Maker, see page 25). If a full fifteen minutes goes by before you receive a response from Credit, you should then call and find out what the hold-up is.*
- 8) *When the deal is approved and the proper down payment secured, before running through POS, DO NOT FORGET TO RUN ANY TRANSACTION YOU NEED THROUGH THE VERIFONE, OFFER CUSTOMER INSURANCE, HAVE THE CUSTOMER SIGN INSURANCE FORM, AND ATTEMPT TO SELL A REGISTRY.*
- 9) *When entering new account information so the sale can be recorded, use the New Account Cycle Assignment chart to determine the correct payment cycle (see sample on next page).*
- 10) *Customer must be present when the transaction is recorded on the POS unless the sale was recorded manually with the customer present, because the POS was not working (see POS Manual, Charge Sale – New). Remember to set payment terms at as few months as possible, yet still comfortable for the customer.*
- 11) *Explain and circle the customer's payment terms and due dates, and have the customer sign the POS receipt. REMIND CUSTOMER OF THE IMPORTANCE OF MAKING PAYMENTS ON TIME!*
- 12) *Give the customer the signed pink POS receipt, the signed yellow insurance application, temporary Daniel's Credit Card, and return their ID only after receiving the full payment.*
- 13) *OFFER FREE GIFT-WRAPPING TO THE CUSTOMER!*
- 14) *Give the customer their merchandise and a free gift only after receiving the full payment.*
- 15) *Staple faxback to pink handwritten receipt.*
- 16) *Tape merchandise tag, with SKU side showing, to original handwritten sales slip (white), staple white handwritten sales slip to the top of the white POS receipt and place in cash drawer until later in the evening when it must be included with the "Daily Work Bag" that will later be sent to SMC.*
- 17) *Make an "S" file to be filed in the designated location in the store (see example, p.20). New accounts "S" File must contain a signed Credit Application and a signed POS Insurance Application.*

ACCOUNT CYCLES

When a new Daniel's account is being entered into the POS, an Account Cycle is determined based on the date of the sale. The Account Cycle establishes the date each month when the payment must be made.

- There are five (5) different Account payment cycles. They are called Cycle A, B, C, D, or E.
- The following is a copy of a chart that is in each store. This chart is used to determine the correct payment cycle for each new account based on the date of the original sale.

NEW ACCOUNT CYCLE ASSIGNMENT

Locate the current date under *DATE OF SALE*, then move across to the *SET FOR CYCLE* column to identify the proper cycle that should be assigned to your customer. Always remember to explain Due Dates to your customers.

DATE OF SALE:	SET FOR CYCLE:	DUE DATE WILL BE:
1 st – 5 th of Month	E	25 th
6 th – 11 th of Month	A	3 rd
12 th – 18 th of Month	B	10 th
19 th – 23 rd of Month	C	15 th
24 th – End of Month	D	20 th

SPECIAL NOTE: This table is to be used for setting up NEW ACCOUNTS ONLY! The customer's cycle on an existing account SHOULD NOT be changed without proper authorization from Central Credit & Collections.

ACCOUNT BALANCE CHARGES

Each month, a Daniel's account with any balance after each month's payment due date will incur charges that are automatically added to the account before the next month's payment due date.

TYPES OF CHARGES

- **Finance Charge** is the amount of interest due based on the unpaid balance since the last payment.
- **Insurance Charge** is the fee for the type of insurance the customer selected for this account.
- **Late Charge** is the fee if the customer makes their payment late.

On the last day of each account's *Billing Cycle* (see page 29 in this chapter), the computer system automatically adds the correct amount for each of the charges listed above during the End Of Day (EOD) run on the store's POS machine. The Daniel's term for when the computer automatically does this is referred to as "**CALC AND ROLL**" (see page 2 in this chapter for additional definition).

ACCOUNT ADD-ONS & RE-OPENS

When a customer already has an open Daniel's account and wants to make additional purchases on this account, we call this ADDING-ON. When a customer has a zero balance account and wants to make a new purchase, the account must be RE-OPENED. The steps for ADDING-ON and RE-OPENING are identical and are as follows:

- 1) *Run an F8 summary on the customer and update all customer information (see POS Manual, F-8 Summary – Customer Inquiry). **CHECK WHETHER THIS CUSTOMER HAS A CUSTOMER SERVICE APPROVAL OR WHETHER ANY DEAL WILL NEED TO BE FAXED TO CREDIT.***
- 2) *Work with customer to sell item(s). When the customer makes a purchasing decision, complete a sales slip, including down payment and customer's account number.*
- 3) *Place merchandise, down payment and ID in a plastic bag and take to designated area in the store, out of customer reach. **Use ID to verify that the customer in the store is actually authorized to purchase and sign on this Daniel's account.***
- 4) ***If this is a Customer Service Approval, collect down payment and ID and continue at step # 9, using approval code "0" (If Inter-Store CSA see sample, p. 26, 27 & POS Manual, Charge sale – Transfer Out)***
- 5) *If this deal needs an approval from credit, collect down payment and customer ID. Remind customer that it will take a few minutes for the deal to be approved. Kindly ask them to wait. Offer coffee, etc.*
- 6) *Fax sales slip and updated F8 to Central Credit. If there is no F8 information to be updated, write "same" on F8.*
- 7) *Wait approximately five-fifteen minutes for response to be faxed back from Credit. Deal will be approved, or Credit may ask for additional down payment. If a full fifteen minutes goes by before you receive a response from Credit, you should then call and find out what the hold-up is.*
- 8) *When deal has been approved and proper down payment secured, before running through POS, RUN ANY NECESSARY TRANSACTION THROUGH THE VERIFONE, OFFER INSURANCE IF CUSTOMER DOES NOT ALREADY HAVE IT, AND ATTEMPT TO SELL A REGISTRY.*
- 9) *Record sale and any updated account information (see POS Manual, Charge Sale – Add-On or Re-Open)*
- 10) *Customer must be present when the transaction is recorded on the POS unless the sales was recorded manually with the customer present, because the POS was not working (see POS Manual, Charge Sale – Add-On or Re-Open). Remember to set payment terms at as few months as possible, yet still comfortable for the customer.*
- 11) *Explain the customer's revised payment terms and due dates, and have the customer sign the POS receipt.*
- 12) *Give the customer the signed pink POS receipt and return their ID only after receiving full payment.*
- 13) ***OFFER FREE GIFT-WRAPPING TO THE CUSTOMER!***
- 14) *Give the customer their merchandise and a free gift only after receiving the full payment.*
- 15) *Staple F8 summary or Faxback approval (if applicable) to pink handwritten receipt.*
- 16) *Tape merchandise tag, with SKU side showing, to original handwritten sales slip (white), staple white handwritten sales slip to the top of the white POS receipt and place in cash drawer until later in the evening when it must be included with the "Daily Work Bag" that will later is sent to SMC.*

COLLECTION ACCOUNTS

-- Collection Agencies --

- In Daniel's ongoing collection effort on nonpaying accounts, some delinquent accounts are sent to collection agencies. Accounts are assigned to collection agencies only after giving customers every opportunity to pay. Most accounts assigned to agencies have not made payments in several months.
- In addition, Daniel's is assigning accounts out to a law office for collections and possible legal action in small claims court.
- All requests for applications by Customer Accounts must be faxed back to the department within 24 hours.
- Once an account is assigned to an agency or the law office, our stores and Credit department can no longer make payment arrangements with the customer. Customers must deal directly with the agency or law office.
- Under no circumstances are sales associates or managers allowed to call a collection agency or law office on behalf of a customer, including calling an agency or law office to discuss an account; attempting to arrange payment terms; or to complain about a conversation the agency had with the account.
- If a collection agency or law office customer insists on talking with someone at Daniel's, refer the customer to the SMC WORU (Write Off Recovery Unit) at (310) 665-0333.

CHARGE SALES APPROVAL EXCEPTIONS

If a sales associate violates company policy and records a charge sale in the POS system without the proper approval, or possibly even an invalid (“phony”) sale (i.e. processing sale with insufficient down payment or selling more than the approved amount), this failure to adhere to company policy will result in a CHARGE SALES APPROVAL EXCEPTION being generated on the sale by the SMC Credit Department.

Charge Sales Approval Exceptions are faxed to the appropriate store from the Credit Department. The store then researches the problem and responds by faxing the Exception form back to Credit.

Charge Sale Approval Exceptions may result in store quota adjustments. If the store did, in fact, process a sale without the proper approval or process an invalid sale, the entire amount of the sale will be added to the store's quota (*see Quota chapter*) and corrective action will be taken.

Pictured below is a sample Charge Sales Approval Exception.

Sherwood Management Co., Inc.
Charge Sales Approval Exception

Approval: 3747351 Sale Site: 235 Today's Date: 2/2/05
 Sale Date: 2/1/05 Customer: JACK GREEN

The above Central Credit approval and your sale have been compared and the sale that was made did NOT match the approval issued by Central Credit.

	Actual Sale	Central Credit Approval
New Sale Amount:	<u>870</u>	<u>870</u>
Down Payment:	<u>0</u>	<u>0</u>
Financial Terms:	<u>R14</u>	<u>R12</u>
Prior Balance:	<u>242</u>	<u>242</u>

Notes: _____

Provide an explanation why the sale was completed outside the approval provided and FAX to Central Credit. If you have an approval that matches the Actual Sale, please FAX it with your response and explanation.

For Store Use

Explanation: THIS SALE WAS VOIDED AND ENTERED AS
R12 TERMS - APP # 3747351

Completed by: LR Date: 2/2/05

/credit/auditex:

CUSTOMER SERVICE REPORTS

Like every store and department in our company, the Credit and Collections departments always do their utmost to offer our customers superior customer service. However, as is the case in any store or department, there will be an occasional unhappy customer.

It is far easier to react to problems, and fix them, when there are details known about the exact nature of the problem. Therefore, when a store associate or manager believes that the reason a customer is unhappy is because of poor or slow service from the CREDIT or COLLECTIONS departments, the associate or manager is encouraged to complete a CUSTOMER SERVICE REPORT.

Customer Service Reports can be obtained from Fax-On-Demand #77 or in the stores' Operations Drawer and are available for any associate to complete. Completed reports should be faxed to SMC (not Central Credit) at (310) 665-2101.

Remember, Daniel's associates are expected to provide a maximum level of customer service. Therefore, even in cases when a Customer Service Report is completed, the associate is required to work with their customer to try and resolve the customer's problem. If necessary, get the manager or district manager involved (see Daniel's Spirit chapter).

Please see the completed Customer Service Report example on the following page.

CUSTOMER SERVICE REPORT

Example

Pictured below is an example of a completed Customer Service Report.

Sherwood Management Co., Inc.
Customer Service Report

WHEN COMPLETED FAX TO (310) 665-2151

Use this form to report to SMC any customer service problem that you feel could have been prevented or can be prevented in the future. **DO NOT USE THIS FORM TO PASS THE PROBLEM TO SOMEONE ELSE.** It is EVERY associate's responsibility to work to solve the customer's problem, make the sale or otherwise help the customer as best as we can, when the customer is in the store or on the phone and has the problem. This form and the review process is intended ONLY to help identify those things we can do differently to help prevent the problem from re-occurring. AFTER the customer's problem has been resolved or the sale has been made, use this form to let SMC know about the problem so that we can attempt to prevent it in the future.

Store Number/Name: 230 Today's Date: 2/1/09

Customer Account Number (if applicable): 30513312

Customer Name: Lacey Jackson

Customer Address: 1572 Grand Ave #12
Los Angeles CA 90002

Phone Number: (310) 595-9711

Collections Issues - Attach an F8 ALL for customer's account.

collection staff was rude and unprofessional (if possible, please let us know who the customer said they spoke to and approximately the day and time of day they were called). Mr Wong 2/3/09

a 'good customer' received a collection call (LCPC or other) at home or at work and did not appreciate being called.

customer, any customer, received a piece of mail or phone call from the collections department that the customer felt was too severe.

Other Issues - Please describe fully!

Comments: Customer was a D&D. First payment ever missed.
Thought spoke to her harshly. Say he won't stop
here again.

Completed by (store associate): Mandy Jones

WHEN COMPLETED FAX TO (310) 665-2151
DO NOT FAX TO CENTRAL COLLECTIONS, CENTRAL CREDIT OR CUSTOMER SERVICE

P:\SHRDATA\FINGRP\FORMS\CUSTOMER SERVICE.DOC

A SIMPLE GUIDE TO CREDIT AT DANIEL'S

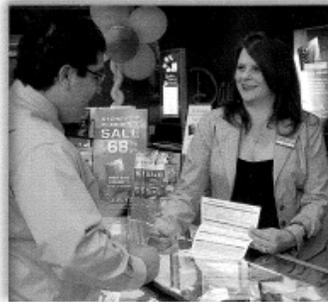
In an ongoing effort to provide our customers and associates more detailed information about how our credit program works, "A Simple Guide To Credit at Daniel's" brochure are readily available, at the POS counter, in each Daniel's location. These brochures should be given to new or existing Daniel's customers at the time of the purchase, or new associates to familiarize themselves with how our Credit system works. This will help associates explain the differences with credit at Daniel's.

Pictured below is a sample of the "A Simple Guide to Credit at Daniel's" brochure.

A simple guide to
Credit at Daniel's

Yes!
INSTANT CREDIT
You WILL be APPROVED!

- Young Adult Accounts
 - First Time Credit
- Military Accounts - Allowments Accepted
- Second Chance Credit Opportunity™
- Seguridad maaprosdahan kaagad and inyoung Credito
- Su credito es bienvenido



CREDIT APPLICATION

The key to obtaining credit at Daniel's Jewelers is a Complete and Legible Credit Application. This includes:

- A Picture Identification such as a driver's license or California ID.
- Valid Work, Home, and Cell Phone Numbers.
 - For your work phone number, please give us the name and phone number of your direct supervisor.
 - If you do not have a home phone, please give us the name and phone number of a close relative.
- A recent paycheck stub or utility bill will help.
- Mailing Address for your Monthly Statements and special offers from Daniel's.
 - Provide the full mailing address, including any apartment number, if applicable.
- Joint Applications and Reference Accounts can also help your chances to be approved.

CREDIT APPROVAL

Your application will be faxed to our Corporate Credit Department where it is personally reviewed by our team of Credit Experts. We do NOT score by computer. Because this is an individual process, please allow 10-15 minutes, or potentially longer during our busiest times.

Daniel's Jewelers
Gives You The
Credit You Deserve!

Since 1948, Daniel's Jewelers has been proud to offer customized, in-house credit.

As a third generation family owned business, at Daniel's you're not borrowing from a bank or a finance company, you're borrowing directly from the family, which is why we can almost always say
You WILL be APPROVED!

A SIMPLE GUIDE TO CREDIT AT DANIEL'S

Over 75% of our business is done through Daniel's Credit. It is important for our associates to be familiar with how our credit program works. Listed below are a few important facts about our Daniel's credit. This information is available through our brochure "A Simple Guide To Credit at Daniel's".

1. **To get an application approved through credit, what is NOT a good work phone number to get from your customer?**
 - a. **Employer's Corporate Phone Number (e.g. 800-4SUBWAY)**
 - b. **Landline number for customer at work**
 - c. **Name and Phone Number of Customer's Direct Supervisor**
 - d. **Customer's Work Cell Phone Number**

The BEST answer to this questions is A. The desirable work phone number to get is a number where we can actually verify that the customer works at the business that has been listed on the application AND is a number where we will actually be able to speak to the customer when we must call them (yes, usually for collection purposes).

The BEST phone number is usually B, the customer's landline number at work. If we can reach the customer at work, then we can both verify the customer's employment as well as contact the customer if they get behind on their payments. In most situations, the customer's landline will be answered by the customer, a person who knows the customer and can pass along a message OR the customer's personalized voice mail – verification AND contact.

The SECOND BEST phone number is C. If we can contact their direct supervisor, then we can usually verify employment AND, in case we need to get in touch with them, we can usually convince the supervisor to pass along a message to the customer.

The THIRD BEST phone number is D. While we don't generally like cell phone numbers, many of our customers work in the field or are self-employed and don't have an office phone. In either case, if the customer consistently answers their work cell phone, we will be able to contact them, even if we really can't verify employment.

The WORSE phone number is A. Usually, when we are calling a corporate phone number, we are unable to either verify employment or reach a customer directly. This does NOT mean that we don't want to the company's "home office" telephone number. However, if this number ONLY gets answered by a machine or at a central reception point, the person answering the phone generally doesn't know our customer and, if they did, aren't willing to verify employment OR pass along a message.

So, knowing this, how do you get the customer to give you the right phone numbers?

Here are some key questions you should be asking your customer:

First, ask them: If we want to verify the employment information on the application, what is the best number to use? (Answer B) AND How can I reach you at your workplace? (Answer B)

We are looking for the customer's "landline" work telephone number. If you get two different numbers for the question above, GREAT! Put them both on the application. If your customer can't answer either or both of the questions above, try:

Who do you call when you call in sick? (Answer C) OR How do we get in contact with you during work hours? (Answer D)

Remember, the goal of these phone numbers is simple and straight-forward:

2. **If your customer doesn't have a Landline Home Phone, what should you do?**
- Get the customer's Cell Phone Number along with name and phone number of a close relative, even if that number is also a cell phone**
 - Get a landline phone number of anyone the customer might know, even if they aren't close with the customer.**
 - Tell the customer that unless they have at least one landline phone number, we won't be able to approve them for credit**
 - Just keep asking. All customers have a landline phone number, they just don't want to give it up.**

The BEST answer to this questions is A. The goal of getting the Home Phone number is so that we can contact the customer. During the credit approval process, we need to verify the customer's Home Phone BEFORE the approval is sent out.

Answer B is not a good answer because if the phone number is from someone that "...isn't close with the customer, "then it's unlikely that we will be able to use this number to contact the customer in the future OR verify this during the credit approval process – if the person "isn't close" they are likely to be unwilling to tell us their number can be used to contact the customer "in the future" (yes, when we are looking for them to pay us).

Answer C and D are very poor answers because it's terrible customer service and not accurate. While we definitely prefer a landline phone number, our goal is two have two telephone numbers that we can use to contact the customer AND that we can verify during the credit approval process. If the customer and the close relative are both answering their cell phones, we can generally utilize these for verification and contact purposes.

PLEASE NOTE: In some instances, we do NOT accept cell phones because of a variety of factors, such as the customer or relative not answering the phone, not carrying the phone, not having the phone charged, not having any minutes left on their pre-paid phone, or a variety of other factors. Remember, a cell phone is only a good number if we generally believe that we can use it later to contact the customer AND we can verify this during the credit approval process.

3. **How does credit use Cell Phone Numbers?**
- They don't. It's a waste of time to get it.**
 - They are "nice to have" but it doesn't improve your chances of your customer being approved.**
 - If they are legitimate cell phones (not pre-paid) and your customer has had the number for some time, they can help their chances of being approved.**
 - Everyone has a cell phone these days. If your customer doesn't have one, they cannot be approved.**

The BEST answer to this question is C. The goal is to have two verifiable contact phone numbers. If the customer has a valid cell phone, we can generally utilize it for verification and contact purposes.

PLEASE NOTE: In some instances, the cell phones are NOT VALID because of a variety of factors, such as the customer not answering the phone, not carrying the phone, not having any minutes left on their pre-paid phone, or a variety of other factors. Remember, a cell phone is only a good number if we can verify the number and use it later to contact the customer.

If you put down a cell phone number on the application, expect credit to CALL IT and talk to your customer IN THE STORE. If the customer doesn't have the phone or answer the phone, then it's clearly NOT a good phone number to reach them at.

Answer A is obviously silly. Any additional, valid, information about your customer helps them to get approved.

Answer B is similar to A. If we have another way to contact the customer, we are more comfortable approving your deal.

In fact, if the cell phone is the best way to contact your customer, please put that phone number in the HOME PHONE field in MAGIX and then type the landline phone number into the NOTES section and type "HOME". If the HOME phone is the best contact, please write the CELL PHONE in the NOTES and type "CELL".

Answer D is probably true, but clearly a cell phone is not required to get approved, it's just helpful.

4. **When entering the address into POS, what is the most important thing to remember?**
- a. **Speed is critical. It takes so long to get approved that we need to get the customer finished and should be willing to sacrifice accuracy.**
 - b. **The original application should be entered exactly as written. No changes are allowed or permitted.**
 - c. **The final, approved application needs to be entered, including any modifications of the phone numbers. Special care must be placed on the address, including the apartment number, so the customer will get their statements.**
 - d. **Only the BLUE portions of the application need to be entered into the POS.**

The BEST answer to this question is C. While speed and efficiency is always important, accuracy is really critical. It is very important to enter the address accurately, including the apartment number and the phone number of your customer.

Please Note: Answer B is incorrect for a variety of reasons. Often, there will be many hold faxes where the phone numbers are modified until we have the final, verified phone numbers. It is critical that the final, verified phone numbers and address get into the POS.

We use this information to mail out the customer's first statement or call the customer for telemarketing purposes or to try and collect from the customer if they get behind.

If we get bad information (for example if we forget to put in the apartment number), or if we don't put in the right number, then we cannot contact the customer to invite them in for a Trunk Sale or even to mail their statements. It is likely that the customer will get behind in their payments and all your work in developing this customer can be wasted.

5. **Besides a complete and legible application, what additional information can you provide the credit department to help your customer get approved?**
- a. **That the customer seems really nice and honest and really, really, really wants the merchandise**
 - b. **That the customer can afford any payment amount as long as they get approved with no money down**
 - c. **That you need the sale to make quota so please, please, approve it**
 - d. **Joint Accounts, Reference Accounts (of other Daniel's Customers), Recent Pay Stubs, Recent Utility Bills, and/or Explanations of why the customer might have negative credit**

The BEST answer to this question is D. The desirable thing you can do to get your customer approved is to provide additional, USABLE, information for the credit department. Let's go through each of these and talk about how they can help get the customer approved.

Joint Account: Gives us another person to contact and to be responsible for the account.

Reference Account: Gives a character reference and potentially another way to contact the customer.

Recent Pay Stub: Helps us verify employment

Recent Utility Bill: Helps us verify a home address

Explanation of Customer's Credit History: If the customer understands, acknowledges, and somehow explains their credit problems (divorce, job loss, sickness) it can help us understand the customer's history a little better.

Please Note: Answer B is always the wrong answer. Too many times, associates will send in a dealmaker before they've negotiated payment terms. The FIRST question you are likely to be asked is what terms the customer can afford.

You should ALWAYS discuss terms with the customer PRIOR to sending in a dealmaker.

- 6. What should you tell a customer about how long credit approval will take?**
- a. A while, especially if your credit isn't so good. Just relax and take it easy, you don't have any place to go anyway.**
 - b. Usually around 10-15 minutes, maybe a bit longer during busy times. Unlike most companies, your application is being reviewed manually so we can get you the most credit you deserve. This takes a few minutes.**
 - c. That's a good question. Let me call the credit department and see where your application is. Hopefully, I can speed up those slow pokes.**
 - d. Just a few minutes, don't go away.**

The BEST answer is B. Listed below are detailed explanations to help you explain, and help YOU explain to your customer how long credit approval will take and the differences with credit at Daniel's.

We carry our own accounts! *There are NO BANKS OF FINANCE companies to deal with. The customers are borrowing DIRECTLY from the company and the Sherwood family.*

We do not score by computer! *Because the application is rated by a person (Letty, Andria, Anna, Danny, etc.), we are able to make allowances for certain life events that most other companies ignore. For example, medical emergencies, divorce, job loss, etc.*

We verify the application! *While most credit grantors don't call any of the numbers on the application, we actually try to verify both the WORK and the HOME phone numbers. This can take a few minutes, especially if the numbers are incorrect or illegible.*

Most applications have at least 2 reviewers! *Whenever you fax in a dealmaker or an update on a deal, the next approver usually spends a couple minutes RE-REVIEWING the application to make sure we got it right. This 2X checking is very important but does take a little more time.*

By explaining to your customer some of the details and machinery behind our UNIQUE credit program, they will more willingly accept that it takes a little more time. However, it's worth it! Besides, they get to spend more time with you while they're waiting. What could be better than that???

- 7. How should you answer a customer who asks what their credit limit is?**
- a. It depends on what you want.**
 - b. You're a CRD0. That means you have a ZERO credit limit. However, I can probably work something out for you.**
 - c. At Daniel's, we don't believe in artificial credit limits. The amount you can purchase is based on a combination of your application, your credit history, the monthly terms you can afford, and the amount of down payment.**
 - d. \$5000**

The BEST answer is C. When someone asks what their "credit limit" is, customers are usually thinking of credit with NO DOWN PAYMENT. Normally, they are thinking of only their CREDIT HISTORY. But at Daniel's, there's a lot more going on.

Remember, the QUALITY of a customer's APPLICATION plays a large part into our decision process. Applications with verifiable phone numbers and steady work histories or a long time at the home address make a customer more worthy of credit.

We also encourage ALL of our customers to give down payment. The amount of down payment can change dramatically what the customers to give down payment. The amount of down payment can change dramatically what the customer is permitted to purchase. Remember to explain to your customer why it's GOOD TO GIVE DOWN PAYMENT:

- Lowers their interest charges
- Gets their account paid off sooner
- Allows them to purchase higher amounts and end with higher balances

At Daniel's we also focus on TERMS. A credit limit doesn't matter if a customer cannot afford to pay the monthly terms. Likewise, if the customer can afford high monthly terms, then why should we limit the amount they purchase base on some artificial credit limit? Before we can ever give a customer a "limit," we need more information from them on what their limits are in terms of payments.

Only when you combine Credit History, Application, Down Payment, and Terms, can we ever make a good decision on the customer's credit limit.

8. What are some benefits of having a Daniel's Credit Card?

- Building Good Credit: Daniel's reports to all three national credit bureaus.**
- Equal Monthly Payments: Unlike other credit cards, which can drag on for many years, if you make your minimum payment at Daniel's, you are assured of paying off your account, usually in 12 months or less.**
- Reward Dollars: You earn money, up to \$100 per year, when you make on-time payments.**
- All of the above**

The best answer is D. We do SO MUCH of our business on Daniel's charge accounts, that it's critical that every associate is able to explain the BENEFITS of a Daniel's Credit Card:

Building Good Credit: Daniel's reports to all three national credit bureaus. This means that when your customers make consistent, on-time payments, every other creditor in the United States (including car dealers, home mortgage companies, and other retailers) gets the information on the customer's credit. Daniel's is a GREAT way to establish (or even re-establish) your credit.

Equal Monthly Payments: Unlike other credit cards which can drag on for many years, if you make your minimum payment at Daniel's, you are assured of paying off your account, usually in 12 months or less. Think of it this way...if you make the minimum payment on your GE/JA account (\$15 or 3% of the balance), it will take nearly 10 years to payoff the account.

Reward Dollars: You earn money, up to \$100 per year, when you make on-time payments. Most people don't talk to customers about our GREAT ACCOUNT program. Every year, right before Christmas, we send our REWARDS DOLLARS base on the number of on-time payments customers have made. It's a lifetime rewards program so that if a customer has made 48 or more payments o-time, they will receive a \$100 gift certificate EVERY SINGLE YEAR that they continue to make a payments. WOW!

We also have other benefits, for example:

- Advanced notice of all our special sales and events
- Birthday Cash, Holiday Cash, and other reward programs
- Free Gifts almost anytime they come into the store
- Free Ring Cleaning and Inspections, etc. etc. etc.

9. Which of the following statements about Gold Insurance is TRUE?

- Everyone is eligible for Gold Insurance.**
- Gold Insurance is our most comprehensive insurance program and for qualified applicants covers property, life, disability, unemployment, and family guard.**
- If you are over 65 or self-employed, you are eligible for Gold Insurance**

d. If you are unemployed or on disability, you are eligible for Gold Insurance

The BEST answer is B. It is important that associates understand the different types of insurance coverage Daniel's carry.

Gold Insurance: Covers Property (theft), Life, Disability, Unemployment, and Family Guard. You must be EMPLOYED (not self-employed, not SSI) and you must be under 65 in order to qualify.

Silver Insurance: Covers Property (theft), and Life. This is for customers who are not employed or self-employed but still want the benefits, which is why it doesn't cover Unemployment, Family Guard, or Disability and you must be under 65 in order to qualify.

Bronze Insurance: Covers Property (theft) only. This is for people over 65 who still want the protection of their merchandise in case of theft.

If you sell the wrong insurance to the wrong customer, they could end up being denied their claim which makes the customers AND the company very unhappy.

Conversely, you should always remind your customers that IF they have GOLD insurance, and they get laid off or fired, they may be eligible for some coverage of their payments on the account.

10. What is the best way to describe the GE Luxury card?

- a. It's a third-party credit card program, which, for qualified individuals, provides some benefits such as lower payments and 90 days with no interest if the balance is paid in full. There WILL be a second inquiry on your credit report for this program.**
- b. It's the Daniel's Platinum Program**
- c. It's our no interest credit card**
- d. It's best not to describe it. Just get the customer to sign the application. Too much information will confuse the customer and they probably won't be approved anyway.**

The BEST answer is A. When someone asks what is the best way to describe the GE Luxury card, it's crucial to understand the importance of the GE Luxury Card to a Daniel's store. THE GE/JA application is one of the keys to making BIG TICKET sales and making quota.

The most important thing is to ALWAYS FAX JA at every opportunity. Not only with any new account, but any add-ons as well. You can even fill out a JA/GE application for customers who are making payments, picking up repairs, or even just stopping by to get their merchandise cleaned. The MORE you FAX, the MORE will be APPROVED and the MORE you will SELL.

Don't discriminate, don't pre-judge, just FAX, FAX, FAX. However, it's important that you the customer compelling reasons and explanation for WHY we are filling it out.

- ❖ *Lower Payments (\$15 or 3% of the balance). Where on a Daniel's account, a 1000 balance will likely be around \$100 a month, on JA it's only \$30*
- ❖ *90 Days Interest Free: Everyone automatically gets 90 days interest free so long as they make their minimum payments AND payoff the balance in full within 90 days.*
- ❖ *Eligible for a variety of special GE/JA promotions that are exclusively for them*

If a customer asks about credit bureau inquiries, YOU MUST INFORM THEM that when they apply for GE Luxury card, there will be a separate inquiry on their credit report from GE in addition to one from Daniel's.