

# State of Idaho



## Department of State.

### CERTIFICATE OF INCORPORATION

I, ARNOLD WILLIAMS, Secretary of State of the State of Idaho, and legal custodian of the corporation records of the State of Idaho do hereby certify that the original of the articles of incorporation of

#### CHAD'S FURNITURE & APPLIANCE COMPANY

was filed in the office of the Secretary of State on the **Second** day of **December**, A.D. One Thousand Nine Hundred **Fifty-nine** and duly recorded on Film No. **109** of Record of Domestic Corporations, of the State of Idaho, and that the said articles contain the statement of facts required by Section 30-103, Idaho Code.

I FURTHER CERTIFY, That the persons executing the articles and their associates and successors are hereby constituted a corporation, by the name hereinbefore stated, for **perpetual existence** from the date hereof, with its registered office in this State located at **Pocatello,** in the County of **Bannock.**

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State. Done at Boise City, the Capital of Idaho, this **2nd** day of **December**, A.D., **1959**.

Secretary of State.

## ARTICLES OF INCORPORATION

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, citizens of the United States of America, all over the age of twenty-one years, have this day voluntarily associated ourselves together for the purpose of forming a Corporation under the laws of the State of Idaho, and we certify in writing:

### I.

That the name of the Corporation shall be CHAD'S FURNITURE & APPLIANCE COMPANY.

### II.

That the purpose for which said Corporation is formed is to engage in the sale of all furniture and appliances, and to carry on the business of all types and kinds of retail and wholesale merchandising, and to conduct the business of servicing furniture and appliances; to do all things necessary to carry on and conduct such a business, but not limited to all matters and things necessary to carrying on and conducting such a merchandise business; to sell or purchase its own stock, or to sell and purchase the corporate stock of any other corporation; to take, own and hold mortgages or other liens; to own real estate and to dispose of the same in any manner that may be necessary for the benefit of said corporation; to enter into, make, and perform contracts of every kind and with any person, firm, association, or corporation, municipality, State Government, or colony or dependency thereof, and without limit as to amount; to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants and other negotiable or transferable instruments, and to secure the same by mortgage or otherwise, so far as may be permitted by the laws of the State of Idaho, and to do all things necessary and convenient in carrying out the purposes for which this corporation is organized, and especially to exercise all of the powers and rights granted to general business corporations under the laws of the State of Idaho pertaining thereto at the date of the issuance of a Certificate of Incorporation to these incorporators.

III.

That the term for which said Corporation is to exist is perpetual.

IV.

That the principal office and place of business of said Corporation is the City of Pocatello, County of Bannock, State of Idaho.

V.

That the number of directors of said Corporation shall be not less than three (3) nor more than seven (7).

VI.

That the President and Secretary-Treasurer of the Corporation shall be employed to execute in behalf of the Corporation all necessary applications for such permits as may be required under Federal, State, or local laws.

VII.

That the amount of total authorized capital stock is \$ 100,000.00, to consist of 500 shares of Common Stock of the par value of \$100.00 each, and 500 shares of Preferred Stock, of the par value of \$100.00 each. The Common Stock shall have one (1) vote per share and the Preferred Stock shall have no voting rights. The respective designations, preferences, qualifications, limitations, restrictions and special or relative rights of the preferred stock shall be as follows:

VIII.

DIVIDENDS

A. Allocation of Profits Between Preferred and Common Stock

(1) The profits of the Corporation for each operating year, up to the limit provided in subparagraph (2) shall be allocated ratably between the preferred and the common stock based upon the book value, as of the first day of that operating year, of each of these classes of stock, as defined in Section XII, except where the provisions of subparagraph B (3) or B (5) of this Section or subparagraph B (3) of Section X, is applicable, in which event the allocation of profits shall be on the basis provided for therein.

(2) The profits to be allocated to the preferred stock for any operating year shall be limited to 12% of the book value of that stock as determined for the purpose of allocating profits for that year except for initial and terminal periods as defined in Paragraph A of Section XI in which case the percentage limitation on dividends shall be equal to the number of months in such initial or terminal period.

(3) The book value of the preferred stock shall be increased, effective as of the close of business on the last day of each operating year, by the amount of profits for that operating year allocable to the preferred stock, subject to reduction by the amount of dividends subsequently paid on the preferred stock as provided in subparagraph B (3) of this Section.

B. Payment of Dividends on Preferred Stock

(1) The holder of the preferred stock shall be entitled to receive dividends each year equal to the amount of profits for the preceding operating year allocable to the preferred stock, if and to the extent declared by the Corporation's Board of Directors. Such dividends shall be payable only in cash.

(2) If dividends equal to the amount of profits allocable to the preferred stock for an operating year are not paid on the preferred stock between the end of that operating year and the first day of the fourth month thereafter, dividends on the preferred stock shall be cumulative to the extent of the difference between the amount of profits so allocable and the amount of any dividends paid on the preferred stock during such three months' period.

(3) Dividends, either current or accumulated, paid on the preferred stock during the first three months of any operating year shall reduce the <sup>book</sup>value of the preferred stock, effective as of the close of business on the last day of the preceding operating year, by the amount of the dividends thus paid. Dividends, either current or accumulated, paid on the preferred stock at any other time shall reduce the book value of such stock as of

the close of business on the date such dividends are paid to the holder of the preferred stock.

(4) The Corporation shall furnish the holder of the preferred stock on or before the first day of the fourth month following the end of each operating year, with a written statement showing the amount of the aggregate unpaid accumulated dividends as of that date.

(5) If dividends, either current or accumulated, are paid on the preferred stock during the last nine months of any operating year, profits for that operating year shall be allocated between the common stock and the preferred stock on the basis of the book value of the common stock as defined in Section XII and on the basis of a weighted average book value of the preferred stock computed in accordance with the provision of Paragraph B of Section XI.

(6) Cumulative dividends shall constitute a single, undivided obligation credited to the preferred stock as a class and the total amount of all cumulated but unpaid dividends shall be shown and identified on any balance sheet or similar financial statement issued by the Corporation. A reduction in the number of shares of preferred stock outstanding by redemption at par value shall not affect the Corporation's obligation to pay in full all cumulative dividends.

C. Restrictions on Common Stock Dividends

(1) Dividends, other than stock dividends, on the common stock may be declared in any operating year only

(a) in the event, and then only to the extent, that the amount of profits for the preceding operating year allocated to the common stock exceeds the amount of the redemption payment to be made on the basis of such profits under Paragraph A of Section IX.

(b) if dividends have been paid on the preferred stock in the same operating year equal to the amount of profits for the preceding operating year allocable to the preferred stock, and

(c) if there are no cumulative dividends on the

preferred stock.

(2) Declared dividends, other than stock dividends, may be paid only during the first three months of any operating year. Such payment shall reduce the book value of the common stock, effective as of the close of business on the last day of the preceding operating year.

(3) Stock dividends may be declared and paid at any time after the first day of the fourth month of any operating year other than the initial operating year but only to the extent of available surplus less an amount equal to all profits allocable to the preferred stock and not paid as dividends on the preferred stock.

#### IX.

##### REDEMPTION AND RETIREMENT FROM PROFITS ALLOCATED TO COMMON STOCK

###### A. Redemption Payment

An amount equal to the profits allocable to the common stock under Paragraph A of Section VIII/ <sup>for</sup> each operating year (but not more than seventy per cent of the total profits of the Corporation for that year) shall be paid in cash to the holder of the preferred stock before the first day of the fourth month following the end of the operating year in which the profits upon which the payment is based were earned, to be applied to the redemption of preferred stock at the par value and toward the retirement, pursuant to the provisions of Paragraph B of this Section, of any Working Capital Notes issued by the Corporation.

###### B. Allocation of Redemption Payment

(1) Unless the holder of the preferred stock exercises the election provided for in subparagraph (2) below, all redemption payments under Paragraph A of this Section or any other redemption payment to which this Paragraph B is applicable shall be allocated ratably between the preferred stock and any Working Capital Notes based upon the aggregate par value of the outstanding preferred stock and upon the unpaid balance of the Working Capital Notes at the time the redemption payment is made. The amount thus allocated to the preferred stock shall then be reduced to the

nearest multiple of \$100, and the amount allocated to the Working Capital Notes shall be correspondingly increased.

(2) The holder of the preferred stock may, by giving written notice to the Corporation within fifteen days after receipt of any redemption payment, elect to increase the part of the redemption payment to be applied to the redemption of preferred stock or to apply the entire redemption payment to the redemption of preferred stock.

(3) If any Working Capital Notes are outstanding when the number of shares of preferred stock remaining outstanding has been reduced to ten per cent (10%) of the total number of shares of such stock originally issued to the holder of the preferred stock, the redemption of preferred stock under this Paragraph B shall, unless the holder of the preferred stock in writing elects otherwise, be suspended and the redemption payments shall be used toward retirement of any outstanding Working Capital Notes. After such Notes have been completely retired, redemption payments shall be applied to the redemption of preferred stock.

(4) Redemption payments under Paragraph A of this Section shall be applied only against the par value of the preferred stock and shall not be applied to the payment of any cumulative dividends.

(5) Preferred stock redeemed by payments made pursuant to and in compliance with this Section shall be considered to have been redeemed on the last day of the preceding operating year for the purpose of allocating profits in the next operating year.

#### X.

##### OPTIONAL REDEMPTION

###### A. Partial Redemption

The Corporation with the prior written consent of the holder of the preferred stock,

(1) may at any time during the first three calendar months of any operating year make additional retirement payments to be applied toward redemption of preferred stock and retirement of Working Capital Notes in accordance with the provisions of

Paragraph B of Section **IX**;

(2) may on the first day of any other calendar month of any operating year make additional retirement payments to be applied toward redemption of preferred stock and retirement of Working Capital Notes in accordance with the provisions of Paragraph B of Section IX except that profits for the operating year in which such additional retirement payment is made shall be computed on the basis of weighted average book values determined in accordance with the provision of Paragraph B of Section XI; and

(3) may elect that, notwithstanding the provision of Paragraph B (1) of Section IX, any retirement payment made from funds received from the issue of common stock be applied to the redemption of preferred stock subject to the limitation imposed by Paragraph B (3) of Section IX.

**B. Complete Redemption**

The Corporation shall have the right to redeem all outstanding preferred stock on the first day of any calendar month at its book value as of the close of business on the preceding day, provided that unless the Corporation effects such complete redemption because of a contractual obligation with the holder of the preferred stock so to redeem, it shall simultaneously retire all outstanding Working Capital Notes.

**XI.**

**GENERAL PROVISIONS**

**A. Initial and Terminal Periods of Less Than Twelve Months**

(1) If the initial issue of preferred stock is on a date other than the first day of any operating year, the period from the date of issue to the end of that operating year (initial period), if less than six months in extent, shall be added to, and considered a part of, the following operating year, and if six months or more in extent, shall be considered an independent and complete operating year.

(2) Similarly, if the preferred stock is completely redeemed on a date other than the last day of an operating year,



the period from the beginning of that operating year to the date of complete redemption (terminal period) shall be considered an independent and complete operating year.

(3) For the purposes of this paragraph initial and terminal periods shall be determined to the nearest month.

B. Computation of Weighted Average Book Value

The weighted average book value of common or preferred stock for any operating year in which its value changes pursuant to any provision of this Article shall be computed in the following manner: The book value as of the first day of any operating year shall be multiplied by the number of calendar months in which no change in book value takes place. Upon change the book value shall be multiplied by the number of calendar months, including the month of change, during which no further change in book value takes place. The sum of all such products shall be divided by the total number of months in such operating year.

C. Limitation on Issue of Common Stock

No common stock other than a stock dividend shall be issued while any preferred stock is outstanding unless it be issued for cash and the proceeds used for redemption of preferred stock, retirement of Working Capital Notes or such other purpose for which the prior written consent of the holder of the preferred stock is obtained.

D. Limitation on Issue of Preferred Stock

So long as any preferred stock is outstanding, no additional preferred stock shall be issued except to the holder of the outstanding preferred stock.

E. Rights on Dissolution

In the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holder of the preferred stock shall receive, after all debts have been paid, the full extent of the book value of the outstanding preferred stock including cumulative dividends, whether or not declared, before any amount shall be paid or any assets distributed to the common stockholders.

F. Failure to Exercise Rights

The failure of the holder of the preferred stock to enforce at any time any of the provisions hereof, or to exercise any of the rights or powers granted to it hereunder, shall not be construed to be a waiver thereof or of his right thereafter to enforce such provisions or exercise such rights or powers.

G. Survival of Rights and Claims

The complete redemption of the preferred stock shall not be construed as a discharge, waiver, or release of any other claim or right which the holder of the preferred stock may have or may obtain against the Corporation or against the common stockholders, officers, directors or employees of the Corporation. The holder of the preferred stock shall not, however, assert any claim against the Corporation relating to the preferred stock after the expiration of two years from the date the preferred stock is completely redeemed.

XII.

DEFINITIONS

A. Book Value of Common Stock

The term "book value of common stock" shall mean the sum of the paid-in value of the outstanding common stock plus surplus or less deficit, determined in accordance with accounting practices and procedures acceptable to the holder of the preferred stock and less an amount equal to all profits allocable to the preferred stock and not paid as dividends on the preferred stock. If any common stock the proceeds of which are to be retained as working capital pursuant to Paragraph C of Section XI is issued on any day other than the first day of an operating year it shall be deemed to have as of the first day of that operating year a book value for that operating year only which is that percentage of its paid-in value equal to the percentage (to the nearest whole per cent) of the entire operating year remaining on the date of issue of such common stock.

B. Book Value of Preferred Stock

The term "book value of preferred stock" shall mean

the aggregate par value of the outstanding preferred stock plus an amount equal to all profits (including profits for any terminal period) allocable to the preferred stock and not paid as dividends on the preferred stock. If any preferred stock is issued on any day other than the first day of an operating year it shall be deemed to have as of the first day of that operating year a book value for that operating year only which is that percentage of its par value equal to the percentage (to the nearest whole per cent) of the entire operating year remaining on the date of issue of such preferred stock.

C. Working Capital Notes

The term "Working Capital Notes" shall mean any note or notes issued by the Corporation to the holder of the preferred stock on or after the date of issuance of the preferred stock to evidence a loan to the Corporation by the holder of the preferred stock for the purpose of providing additional working capital to be used in financing the business of the Corporation.

D. Operating Year

The term "operating year" shall mean the period from April 1 to March 31, inclusive, except as modified for initial or terminal periods as defined in Paragraph A of Section XI.

E. Profits

The term "profits" shall mean the excess, if any, of the Corporation's gross revenue from sales and all other sources (not including the proceeds of life insurance) over all costs, expenses and taxes (including income taxes) applicable to that year, determined in accordance with accounting practices and procedures acceptable to the holder of the preferred stock. Any additional taxes assessed against or tax refunds applicable to any operating year, except any operating year prior to the initial issuance of the preferred stock, shall be reflected in the profits of the operating year in which the additional assessment is paid or the refund received. Any additional taxes assessed against or

tax refunds applicable to the operations of any year prior to the initial issuance of the preferred stock shall not be reflected in profits for the year in which the additional tax assessment is paid or the tax refund received, but the book value of the common stock shall be reduced by the amount of any such assessment or shall be increased by the amount of any such refund, effective as of the first day of the operating year in which such amount is paid or received.

XIII.

The amount of capital stock of said Corporation which has been actually subscribed is three (3) shares of common stock. The following are the names of the subscribers, their addresses and the number in par value of shares subscribed for by each:

NAME	SHARES	PAR VALUE
J. F. Chadband Pocatello, Idaho	1	\$ 100.00
Constance Chadband Pocatello, Idaho	1	100.00
Robert C. Huntley Pocatello, Idaho	1	100.00

IN WITNESS WHEREOF, we have hereunto set our hands and seals  
this 1st day of December, 1959.

NAME	RESIDENCE
<u>J. F. Chadband</u>	Pocatello, Idaho
<u>Constance Chadband</u>	Pocatello, Idaho
<u>Robert C. Huntley, Jr.</u>	Pocatello, Idaho