

PURECHOICE

Credit Policy

To encourage standardized credit practices, the following guidelines have been adopted as the company's **Credit Policy and Procedure**.

Mission Statement

The credit department's activities shall coordinate with overall corporate policy and the activities of the sales department. It shall be the responsibility of the credit department to help build broad and durable customer relationships for PureChoice. In the performance of this duty, the credit and sales departments shall maintain a positive and constructive attitude toward PureChoice customers, with an aim toward promoting sales.

Goals

Within the bounds of sound credit practices, the credit department shall endeavor to find a suitable credit basis on which to deal with every customer that the sales department desires to have purchase our products. The decision as to what constitutes a suitable credit basis shall rest with the credit department. From the standpoint of credit, no customer shall be denied the right to purchase our products until every means of selling to that customer has been exhausted.

Customer contacts are to be kept on a dignified and friendly basis, conducted so as to promote a wholesome respect for PureChoice and its business practices. Credit department practices are designed to permit the maximum number of orders to flow without interruption through the sales department, but to provide for interception when necessary as a means of safeguarding credit extensions.

The credit department shall keep the sales department fully informed regarding the status of a customers' account when the free flow of orders from that customer is in jeopardy. Because of its collection responsibility, the credit department may seek advice and/or direct help from the sales department in exceptional cases. However, all credit decisions will be independently made by the credit department and shall conform to requirements of law.

Procedure

Each new customer or prospect must complete a PureChoice credit application before an order is accepted and processed. Credit applications are available through the finance department. Customers can complete and return the forms via email [jpfarr@purechoice.com], fax [952-985-0505], or postal service marked to the attention of the finance department. **See attached Credit Application document.**

Credit Terms-New Customer

1. Credit terms for each new customer is 50% down before shipment, balance due net 30 days.
2. International customers must pay the full invoice amount prior to product shipment.

3. The maximum credit line allowed for a new customer is \$5,000. As a result, a new customer can order \$10,000 in product and have a credit balance of \$5,000 remaining after remitting 50% down.
4. The finance department will perform a credit check upon receipt of the completed credit application. Product will not ship prior to receiving credit approval from finance.
5. Credit concerns resulting from the credit check must be eradicated prior to product shipment.
6. Finance will determine on an individual basis, once the initial invoice is paid in a timely manner, if a customer's credit line might be extended.
7. Orders greater than \$10,000 for those customers possessing good credit history will be handled on an individual basis.

Credit Terms-Existing Customer

1. Current customers who have a good payment history will be granted a \$5,000 credit line. Those seeking a line of credit greater than \$5,000 will be reviewed on an individual basis.
2. International customers and/or established customers without a good credit history must pay 100% of the invoice amount before product will ship.
3. So as not to discourage sales, customers with a past due balance greater than 30 days may order additional product [without paying the past due amount] when the new invoice is prepaid before shipment.

PureTrac Orders

All PureTrac orders are to meet the requirements of the general credit policy detailed above for both new and existing customers, with the following additions:

1. Any PureTrac system financed through PureChoice will require a credit application to be completed before the sale is finalized.
2. PureTrac orders require a 10% down payment, which must be received before the system is released for installation.

Account Monitoring

The credit department shall maintain vigilance to customer accounts in jeopardy of extending past credit terms, and take action against accounts in arrears.

1. 30 Days Past Due: Statement marked **past due** sent to the customer if full payment is not received within our published terms of sales.
2. 45 Days Past Due: A telephone call to the customer inquiring why the payment has not been made and offering assistance to help resolve issues.
3. 60 Days Past Due: A second statement sent marked **past due**, followed by a telephone call inquiring on the status of payment and/or problem resolution.
4. 90 Days Past Due: A third statement is sent along with a letter notifying our intent to take specific action if the account is not brought current.

The following steps are guidelines only, strict adherence is not intended as each customer and situation is unique. Working out a mutually acceptable repayment agreement or developing a payment plan allows PureChoice to develop and maintain strong business relationships with existing and potential customers.