

## **CREDIT**

Ron Jeske | Christine Miller

Annual Sales Meeting February 12, 2011

## **Credit** | Meeting Agenda

- > Introduction
- Overview
  - Credit Applications
  - Credit Limits
  - Order Releases
  - > Job Sheets
  - > Account Maintenance
  - Credit Holds
  - Liens/Bonds
- Open Discussion



- > Name and Address
- Credit and Financial References
- Signature
- > Terms and Conditions
- ➤ Tax Exempt Certificate
- Contractor License



#### **Credit Application**

#### Terms and Conditions

We look forward to serving you as a customer of Dana Kepner Company, Inc. Before we can extend credit to your firm, please...

- 1. Complete and sign the Credit Application.
- Initial and date the "Terms and Conditions", indicating that you have read and understand them.
- Fax the Credit Application form and Terms and Conditions to the number that corresponds to your state:

	Arizona 3	03.446.3900
•	Colorado 3	03.446.3916
•	Monfana 3	03.446.3916
•	Nevada 3	03.446.3916
•	Texas 8	06,374.1431
	Wyoming 3	03.446.3916

- ➤ Name and Address
  - Phone/Fax #
  - > Yrs. in Business
  - > Type of Business
  - PO Required
  - Principals/Partners
- Credit and Financial References
  - 2-3 Credit References
  - > 1 Financial Reference

		REDIT APPLICATION KEPNER COMPANY, I	NC.	
Legal Name of Company:				
dba:		Phone:	Pa	эх;
Malling Address:		City;	State:	Zip:
Street Address:	<del></del>	City:	State:	Zip:
Federal ID # Contractor's License #		Resale # Bonding Company	,	PO Required
Type of Business Engaged In _ Subsidiary/Affiliate of			Yrs. in Business	
( ) Corporation – State of Incom ( ) Proprietorship ( ) Partner	poration:		Yrs. Of Incorporation	1
Principals / Partuers: Name	Home Address	SS#		Home Phone
Credit References: Name	Account Number	Phone Numb	per	Fax Number
Financial References; Bank-C Name of Bank	Account #	Contact	Phone	Fax
ank Loans	. ,	×		
equipment Loans/Lease				

- Signature
  - Terms of Sale/Credit Policy
  - Guaranty of Account (Personal Guaranty)

TERMS OF SALE: Our terms of sale balances will be subject to a finance ch placed on Credit Hold and may remain allowed until credit memo is written.	erre NET 30 DAYS — DATE arge of 2% per month (24%) on hold until account status	per annum.) Accounts with balances of o is within terms. Deductions for claimed o	reconciling statement of their account each month. All past due ver 60 days or which have exceeded their credit limit may be errors in shipping or invoicing deducted from payment is not
CREDIT POLICY: All orders will be	shipped COD unless an acc	sount has been established with open terms	s. DK reserves the right to close or cancel a credit account
without notice.			
I/We declare under penalty of perjury	that the foregoing informati	ion is true and correct and agree to DK St	andard Terms and Conditions printed on the reverse side of this
credit application and on the invoices p	roylded to the customer. Dr	C is authorized to obtain credit reports/fine	ancial information as necessary to evaluate credit worthiness.
By	Pri	nt Name	Title
GUARANTY OF ACCOUNT		(100 A) A CARLES (100 A) A	
In consideration of the extension of c	redit to the customer by DK.	and as an inducement to DK to continue	to extend credit to said applicant, the undersigned jointly and
severally unconditionally guaranty the	payment of all sums of mon	ev as are now or at any time hereinafter n	nay be owing to DK by said applicant, as a result of DK.
extension of credit any undersigned ex	prentor who is married expr	essly represents the he/she has been duly a	authorized by a non-signing spouse for the purpose herein, so as
to bind their martial community.	and the second second		
This is intended to be a Continuing G	haranty and shall not be rev	oked except by written notice to DK not to	make any further sales and deliveries on the security of the
maranty and until the evaluation of five	(5) days after such notice h	as been received by DK by registered mai	il, return receipt requested. Any such revocation shall be
effective only with respect to merchan	lise shipped or delivered after	r the expiration of said five day period, ar	nd shall not affect, in any respect liability incurred by the
undersigned prior to that time.	incomplete of converse and	the experience of ania area and perion, as	additional discorption in the second
andersigned prior to that time.	Date	Partner/Spouse	Date
Бу	Date	taraitivaboase	Date
Veint		Print	
Print		X100K	
Dartner	Tiete	Partner	Date
Faturer	Date		Dutc
Print		Print	
Altered applications will not	he considered	All sections must be filled out	Please attach financial statement.
Anticod applications will not	oo considered.	THE SOCIOLD HUSE OF THE OUR.	

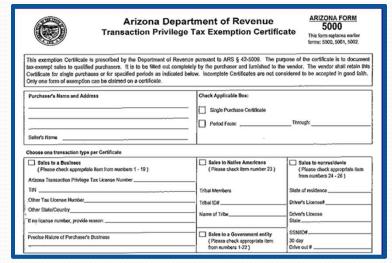
- > Terms and Conditions
  - ➤ The standard Terms and Conditions of Sale form must be initialed and dated in order to process the application!

#### **THIS AGREEMENT IS NON-NEGOTIABLE**

Dana Kepner Company, Inc. STANDARD TERMS AND CONDITIONS OF SALE		
TAXES — All Federal, State and Local sales, use or similar taxes will be for buyer's account.	INITIAL	

PAYMENT TERMS – The net amount of invoices shall be due and payable in cash 30 days after invoice date. The material is subject to shipment in whole or in part at the option of the seller and each such shipment is subject to immediate invoicing. If at any time seller deems the financial responsibility of the buyer unsatisfactory, it reserves the right to require payment in advance, or other security or guarantee that invoices will be paid promptly when due. If buyer fails to comply with the terms of payment or with any other terms of sale, seller shall have the right to withhold further deliveries or to cancel the unfilled portion of any order. All unpaid accounts shall thereupon become due and payable without prejudice to any claims for damages seller may be entitled to make. Interest of 2% per month (24% per annum) in Colorado, Wyoming, Nevada, and Arizona and 1-1/2% per month (18% per annum) in Montana, and Texas will be added on any past due accounts, and if the account is not paid when due buyer agrees to pay all reasonable costs of collection including a reasonable sum for attorney fees.

### > Tax Exempt Certificate



	Wyoming Sales Tax  Exemption Certificate (See back of this form for Instructions)	Tax must be collected on all sales of tangible personal property or taxable acrytes unless an Exemption Certificate or Direct Pay Permit for furnished. Read instructions on back of form before completing this Certificate.
Issued to (Soller):		Date Issued: Dec 17, 2010
Street Address	City	04-1-04-0-1
My principal business or activity is	, the undersigned, hereby certify that I am making the control of the making the control of the	G /47 Wyoming Non-Hoonsod Rid
rateurze bot Kazalei	wing reason(s) (place an X in applicable box or	30 930,700
raterias placemmer cike VBLICO	le or taxable services for resale. (Licensed vende litural Producer:	re only.)
2. Purchase of farm implen	nents. · · ·	
4. Purchase of power or fue	pt for agricultural use or for resale or for profit.  p, swine, llames, bison, ostrich, emu, poultry, fis al used directly in agriculture. Must be metered.	
	xempl power or fuel, a commercial feeding, of livestock for marketing	

chapters 372, 374 and 377 of the Neva	s permit number 0/2.34567 Issued pursuant to da Revised Statutes; that I am engaged in the business of ; and that the tangible personal property described in this certificate, which I purchase from:
	this certificate, which I purchase from: vill be resold by me in the form of tangible personal
property. I further certify that in the ev- retention, demonstration or display who business, it is understood that I am requ	ent any of the property is used for any purpose other than ille 1 am holding it for sale in the regular course of bired by chapters 372, 374 and 377 of the Nevada Revised ned by the purchase price of the property.
	480 00 00
	Purchaser ABC Company
	Purchaser ABC Company Address 123 Fake St
	Henderson, NV 89014
Dated Nov. 11, 2010 at Henderson, NV	Purchaser ABC Company Address 123 Fake St  Henderson, NV 89014 Signature of Authorized Purchaser  Loseph 2 hate

STORAGO DESATINBUT OF MAYERUS	CONTRACTOR'S E	XEMPT CERTIFIC	ATE
DENYER CO 80261	Exempt Organization CITY OF FORT COLLINS		20.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10
THIS GERTIFICATE IS NOT TRANSFERABLE	USE ACCOUNT NUMBER for all revisionces	EFFECTIVE DATE	ЕХРИАТЮН ВАТЕ
not transferable	01-23456-7890	08-01-09	01-31-11
	PHYSICAL LOCATION:	KENNEDY STREI	ET BRIDGE
		FORT COLLINS,	00
Ասենուններու	lmHdafallddyrdddiloddd		
ABC CO	MPANY	v	
123 FAK	S STREET		0 11
DENVER	, CO 80204		Kary Studen
*			Exceptive Director Department of Revenue
"This certificate layor use the above location only.			ed for the above exempt project at chases by the subcontractor are
also exempt.	•		
sub-contrador JoE'S	CONSTRUCTION	Co.	
Sub-contractor Jo E'S	CONISTRUCTION		is, co

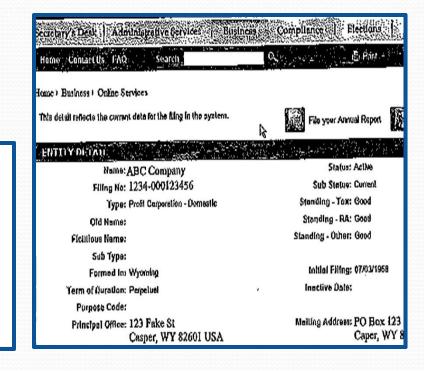
#### Contractor License

	Summary
ID Number: Name:	01234567B90 ABC COMPANY
Registered Agent:	Abel Castillo
Registered Agent Street Address: Registered Agent Malling Address:	123 Fake St, Denver, CO
Principal Street Address: Principal Mailing Address:	123 Fake St, Denver, CO PO Box 123, Denver, CO
Status: Form: Jurisdiction: Formation Date: Term of Duration; Periodic Report Month:	Good Standing Corporation Colorado 07/28/1977 Perpetual July

Name: ABC COMPANY, INC ID #: A123456 Type: GENERAL BUSINESS Jurisdiction State: MT Status; ACTIVE Status Reason: GOOD STANDING

#### Status Dates

Expiration Date; Date of Incorporation: 02/11/2002 Last AR Filed: 01/05/2011 Suspension; Inactive Date: Diss/Widthdr/Revoke:



#### ABC COMPANY INC.

uslness Entity Ir	nformation		
Status:	Active	File Date:	6/24/1977
	Domestic Corporation	Entity Number:	A1234-5678
Qualifying State:		List of Officers Due:	5/31/2011
Managed By:		Expiration Date:	
	NV12345678900	Business License Exp:	6/31/2011



The data supplied below is based on your specific request(s) and is correct to the best of our knowledge as of the date and itme it was extracted from our data files. The information is provided without personal research or analysis. The data is subject to change on a daily basis, You may obtain additional public records related to any licensee, including dismissed complaints and nondisciplinary actions and orders, by contacting the ROC directly. If this information to required for legal purposes, you may request an affidation or certified copies for a fee se specified in A.R.S. 32-1104AS. Please read our Standard Disclaimer at www.axroc.gov/i.egal/Disclaim.html

Please note: The company or individuals listed on this license may hold other Arizona contracting licenses. To view information, status and complaint history for the past two years on other licenses held, go to the License Inquiry page and do a "Company Name and Personnel" search by entering the name of the company or individuals listed on the license.

Contractor		License	
Name/ Address/ Phone	Status/ Action	Class   Type   Entity	Issued/Renewa
ABC COMPANY 123 PAKE STREET	CURRENT	K-42   DUAL   SOLE PROPRIETORSHIP	Firet issued: 12/30/2010
PRESCOTT, AZ 86301 Phone: (928) 123-4567		Recovery Fund Participant	Renewed Thru: 12/31/2012
		Yes	

## **Credit Limit**

- > Factors to consider when establishing a credit limit:
- Background in the industry
  - > Years in business
  - Type of industry
  - Credit history
    - > Does the customer have good credit history?
    - > Date account opened
    - Payment history (ADP)
    - Outstanding balance
  - Financial history
    - History of NSF
    - Average balance (past 12 months)
    - Growth, Mature, or Unstable Company

\*Note: If a company is not very strong, we might be able to do a joint check agreement with the GC to have customer open an account



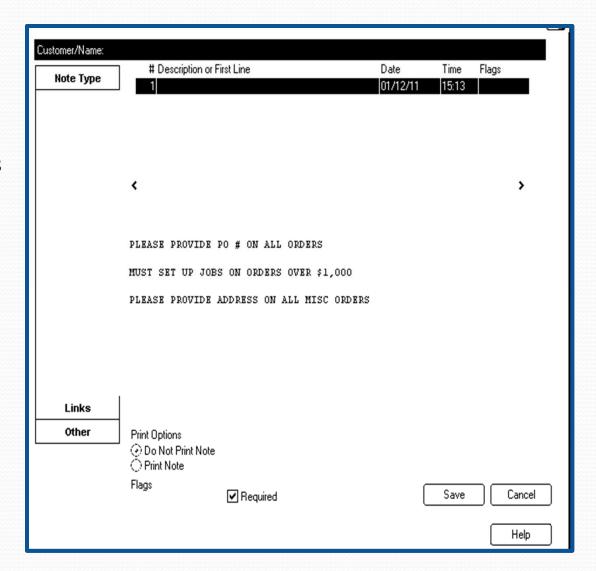
## **Order Releases**

#### ➤ Misc Orders

- ➤ Must be under \$1,000
- Must have exact address
- Orders > \$1,000 must have job sheet

#### > Account Notes

- ➤ PO # required
- Authorized personnel
- Credit hold
- COD account

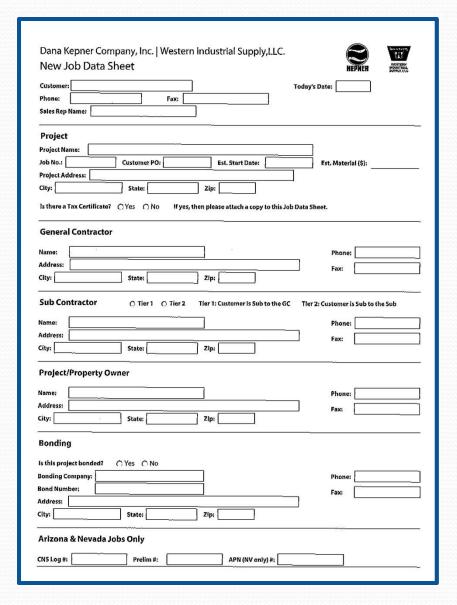


## **Job Information Sheets**

- ➤ A completed job sheet is necessary for a job to be set up in the system.
- Should a job setup be needed immediately due to an emergency delivery or shipment, it must be discussed and approved by the appropriate credit manager.
- ➤ If the job sheet for an emergency shipment is not completed within 5 working days (from the date of setup), THE JOB WILL BE CLOSED.
  - ➤ Once the completed job sheet is received, the job will be reopened.

# Job Information Sheets Must Include:

- Customer Information
- Project Information
- Estimated Amount of Material
- ➤ General Contractor
- Project/Property Owner
- ➤ Bonding Company



## **Account Maintenance**

#### > CREDITS

- Process credits in a timely manner
  - Vendor credits
- Delayed processing upsets customer
- Payments withheld for pending credits
  - Service charges
- Wait until credits are actually posted on the account before quoting customers credit amounts
- Credits are only applied at the customer's request

#### > CASH LOGS

- Checks deposited <u>same day</u> they are received
- Fax/email to Accounts Receivable & Credit
- Timely posting of payments
  - > Affects credit holds



## **Credit Holds**

#### ➤ Order Holds

- > First shipment on the job
- ➤ The customer's account total (including open orders) for all jobs has exceeded their credit limit
- The job total has exceeded the estimated amount established for the job
- Missing sales price on the order (\$0.00)
- > If the account is past due

#### > Account Holds

- Delinquent
- > NSF Checks
- ➤ File on lien/bond
- Bankruptcy



# Liens/Bonds

#### Dana Kepner does not relinquish lien and/or bond rights!

- For any accounts with lien and bond rights in jeopardy: Branches must not delay in communicating any payments received, Credit must be provided with status updates as they occur.
- <u>A MINIMUM of 2 weeks prior to lien and bond rights expiration:</u> Credit will directly contact customers who are approaching the deadline to notify them of Dana Kepner's intentions.
  - In the event communication with a particular customer is conducted exclusively at the branch level, Credit will notify the branch manager in lieu of contacting the customer directly. The branch manager will <a href="immediately">immediately</a> contact the customer and notify the Credit Department of the results of any contact. If credit does not receive communication from the branch manager within two days, credit will contact the customer directly.

# Liens/Bonds

- ➤ In order to file a lien, the material must improve or enhance the property
- ➤ <u>Misc is unsecured</u> no rights therefore exposure is limited
- For AZ/MT only We only have 20-days after the first shipment to notify the GC, Owner, and Bonding Company and/or Lender) for both liens and bonds
  - ➤ (For AZ only) The GC, Owner, and Bonding Company and/or Lender only have 10-days to notify us or CNS if the information is incorrect

# Liens/Bonds

- For CO only No notice required
- For WY only The notice of "Right to Claim a Lien/Bond" must be sent to the GC or Owner no later than 60 days after the date on which materials are first furnished
- For NV only We only have 30-days after the first shipment to notify the GC, Owner, and Bonding Company and/or Lender) for both liens and bonds

Please note that the "clock" for establishing a timeline for the filing of a lien or bond begins at the date of delivery, <u>NOT</u> the invoice date.