



Credit Policy

Terms: The following are the approved Credit Terms offered by OCP Group Inc.

Levels

A Prepaid:

- Credit card: \$2,500 limit without approval from Finance and Sales Manager.
 - o All custom orders to be paid in full at time of receipt of order. No production to begin without receipt of payment.
 - o Non-custom orders must be paid in full prior to shipment.
- Bank or Cashier's check: \$10,000 limit without approval from Sales Manager . All custom orders to be paid in full at time of receipt of order. No production to begin without receipt of payment.
 - o Non-custom orders must be paid in full prior to shipment.

B Net 30:

- Credit limit to be established by Finance (see below).
- Customer qualifies for Net 30 terms through OCP standard credit application.
 - o Customer must qualify as "Pays Within Terms," from two of three listed trade references.
 - o Customer must have a minimum of 90 days continuous history of "Account in Good Standing," with three trade references.
 - o Customer's account must remain in good standing. Customer must maintain sales of >\$5000 per month for three consecutive months or receive a waiver from Finance and Sales Manager.

Credit Limit

- Credit Card orders will have a credit limit of \$2,500. Finance and Sales Manager reserve the right to increase or decrease each customer's credit limit based on review.
- Maximum initial credit limit not to exceed \$25,000 without Sales Managers' approval.
- Net 30 terms will be established by taking 80% of the average credit given by a minimum of two creditors reporting from customer's credit application.
 - o Example: Listed Vendor A reports a credit limit of \$4,500, Vendor B reports a credit limit of \$5,000 and Vendor C reports a credit limit of \$3,625. We would establish a credit limit of \$3,500 ($\$4,500 + \$5,000 + \$3,625 = \$13,125$, $\$13,125 / 3 = \$4,375$ (average), $\$4,375 * 80\% = \$3,500$)

Credit Hold

- Any account 15 days or more past due will be placed on credit hold. No current orders will be processed, and no future orders will be accepted until the account is placed back in "Active," and good standing status by AR.
- Any account over established credit limit. No current orders will be processed, and no future orders will be accepted until the account is paid down or has been approved for a credit increase through the credit application process, or by Finance and the Sales Manager.

Collection Action: The following is our method for collections.

Levels

A Contact customer

- Contact customer within 5 days of due date to confirm receipt of all necessary documents and confirm invoice will be paid on time.

B Follow up call

- If payment is not received on time, contact will be made to update account on anticipated date of pay.
 - o Sales is informed that the account may go on credit hold.

C Credit hold

- If amount due goes 15 days or more past due, account will be placed on Credit Hold, and customer will be informed.

D Management contact.

- If entire amount due is not received within 15 days of Credit Hold, OCP management will contact customer management.

E Collection letter

- If entire amount due is not received within 15 days of Management contact, a collection letter will be sent to customer demanding payment in full, reminding them of our collections policies and penalties, and informing them that account will go to a collections attorney if the amount is not paid in full within 15 days.

F Collection Attorney

- If entire amount due is not received within 15 days of issuing Collection letter, the account will be turned over to OCP collections attorney for reconciliation.