

❖ **CREDIT POLICY STATEMENT**

It is the policy of Blue Sphere, Inc. to allow the extension of credit to the company's creditworthy customers and to extend credit only to customers who will abide by the company's credit policies, procedures, conditions, and terms. It is the intent of Blue Sphere, Inc. to establish a system, as stated below, which will monitor the credit process. This system will be responsible for ensuring that credit policies and procedures are strictly followed. Only the President of Blue Sphere, Inc. has the authority to make exceptions to the credit policy. All exceptions to the policy must be handled through the Finance Manager.

❖ **CREDIT TERMS**

- Terms will be C.O.D., net 15 days, or net 30 days from date of Invoice depending on Sales arrangements.
- Interest at 18% per annum (1.5% per month) will be charged on all Invoices that are over 30 days past due.
- Returned checks are subject to a \$50.00 service charge.
- All costs of collection, attorney fees including fees for any and all appellate proceedings and court costs incurred, will be charged to the customer should it become necessary to collect accounts through an attorney, by legal proceedings, or otherwise.

❖ **NEW CUSTOMERS**

- Before credit can be extended to a new customer, the potential customer must sign and return an original copy of the Credit Application, the Credit Policy Agreement, the Guarantee of Payment and be legally bound to the credit policies, terms and conditions set by Blue Sphere, Inc.
- Blue Sphere, Inc. will mail invoices at the time of delivery to the customer. Delinquent balances are subject to a 1.5% monthly finance charge (18% per annum).
- Down payments on purchases may be required.
- Credit limits will be imposed and Credit is revocable at any time at the option of the Finance Manager or the President of Blue Sphere, Inc.
- The Sales Department can not commit to a credit sale to a new customer until the Credit Application has been approved by the Finance Manager and/or President.
- The Finance Manager processes the credit information of a new customer by:

- Physically checking credit references.
 - Recommending acceptance or rejection, with or without credit limits.
 - Giving final approval of the credit application.
 - Returns credit information to the Sales Department.
- New Customers that are determined to be a high credit risk will be placed on C.O.D., or be required to remit a down payment prior to delivery.

❖ **MONITORING THE CREDIT PROCESS**

- The Finance Manager will be monitoring the company's credit process. An accounts receivable aging report will be prepared and updated at least twice a week. The Finance Manager will work with the President to ensure that the Sales Department is in compliance with the company's credit policies and procedures.
- When accounts reach **30 days past due**, all finance charges will apply and the following processes will occur:
 - At **15 days**, the customer will receive a friendly reminder in the form of a telephone call from the Accounts Receivable Clerk. A brief letter confirming the agreements reached with the customer will follow up this call.
 - At **45 days**, the customer will receive a **second follow-up** telephone call from the Accounts Receivable Clerk to determine why previous commitments were not met and to get a new commitment from the customer. This call will be more forceful and direct, and will be followed up by a letter confirming the agreements reached with the customer.
 - At **60 days**, the customer will receive a **third follow-up** telephone call from the Finance Manager to determine why previous commitments were not met and to get a new commitment from the customer. This call will sum up all previous efforts, spell out the customer's agreement, and will be very forceful and direct, and will be followed up by a letter confirming the agreements reached with the customer.
 - At **75 days**, if no progress is being made at this point, the Finance Manager will begin to enforce collection through the company's attorney or collection agency.

❖ **SPECIAL TERMS AND CONDITIONS**

- All products will be invoiced at the prices in effect at the time of delivery to the customer.
- Product returns without authorization from the Sales Department will not be accepted. All error claims must be made **within 3 days of receipt**. A **15% restocking charge** will apply on all authorized returns unless defective or shipped in error. Original invoice or packing slip must accompany all returns.
- A **2% per month storage fee** will apply to all goods if shipment delayed due to customer request.
- All special orders will require a **50% non-refundable deposit**.
- All orders accepted by Blue Sphere, Inc. are subject to delay as a result of causes beyond company's control.
- The company's liability ceases when products have been delivered to the customer.

I have read, understood, and accept the above terms and conditions of Blue Sphere, Inc's Credit Policy Agreement.

By: _____
Signature of Owner, Officer or Partner

Title

Print Name

Date

GUARANTEE OF PAYMENT

Blue Sphere, Inc. giving and continuing to, give credit to _____ herein called a "Debtor".

In consideration for the purchase of products and/or services and like each of the undersigned, jointly and severally, hereby unconditionally guarantees prompt payment when due for any existing and future indebtedness and liability of any kind owed by debtor to Blue Sphere, Inc.

Each of the undersigned hereby waives notice of acceptance of this Guarantee and of any and all such indebtedness or liability, including any right to require Blue Sphere, Inc. to sue or otherwise force payment thereof.

This Guarantee is made and shall continue for any and all such indebtedness and liability incurred prior to receipt by Blue Sphere, Inc. of notice of termination for this Guarantee by the undersigned.

This Guarantee is bound up on each of the undersigned and their respective heirs, personal representatives, successors and assigns.

In Witness thereof, the undersigned have executed this Guarantee of Payment at _____, in the state of _____ this _____ day of _____ in the year of _____.

Signature: _____

Address: _____

Signature: _____

Address: _____

Db

*Lucky 13 Apparel
Felon Clothing & Accessories
Xibit Enterprises*

Credit Policy and Application

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