



SYNTEC
GEOSYNTHETICS EVOLVED

Dear Syntec Partner,

Ref: Syntec Credit Policy

A Credit Policy Manual should provide rules and guidelines on important aspects of the work being performed within the credit department. The reason for the manual is to recognize and understand important issues, and to insure consistent thinking and action on these issues by people inside the department.

CREDIT TERMS OBJECTIVES: Every year, Credit and Management work to establish new goals for the coming year. These goals are based upon many factors, including the company's credit philosophy, sales and financial requirements, competition, our endeavor to move into new markets and the overall national economy.

The company has established the following goals:

- DSO of 60 days. Maintain 68% of A/R in the "Current Aging Category".
- Maintain less than 2% of A/R in the "90+ Aging Category". Bad Debt write offs should be less than 1.5% of yearly sales.
- All past due customers should be contacted when invoices are 5 days past due.
- All accounts should be reviewed once a year and all accounts with a credit line greater than \$100,000 should be reviewed once every 6 months.

Corporate Credit Manager: Timothy Liberto: The Credit Manager has overall credit and collection responsibility for the Credit Department. The Corporate Credit Manager has the authority to approve credit lines up to \$200,000. Anything above that would need approval from the President.

Collection Specialist: Jennifer Wingate: The Collection Specialist assists the Credit Managers with collection work. Generally the Specialist will work on small dollar collections or deductions.

CREDIT MANAGEMENT POLICIES:

- All customers must apply for an account by filling out and signing a credit application.
- The credit department is required to investigate the creditworthiness of each new applicant by obtaining bank and trade reports or by pulling a credit report from a Credit Reporting Agency or from an Industry Credit Group.
- The Credit Manager will assign a credit line based upon the information obtained. If the amount requested is greater than \$200,000, the customer must submit a current financial statement. The company's authorized credit terms are Net 30. Any variation of these terms would need to be approved by the Corporate Credit Manager and the President.

Customers are authorized to receive products and services as long as their account is current and within the line of credit. If an order is placed that brings their balance higher than the line of credit, the account must be reviewed by either the Credit Manager or President and a decision made to allow the sale.

COLLECTION MANAGEMENT POLICIES: The Credit Department will collect all outstanding A/R within a timely manner. Customers will be contacted once an invoice is 5 days past due. All contact is to be made by phone and or e-mail and will take place in a responsible and respectful manner.

- Orders will be held once an invoice is more than 15 days past due and can be shipped once a positive contact has been made with the customer. However, if a customer places an order while having an invoice more than 30 days past due, the order cannot be shipped without payment being made. If an account is more than 15 days past due, the company may withhold the right to pay any commission to any agency or independent representative until the account is paid.
- If a customer places an order while having an invoice more than 60 days past due, the order cannot be shipped until payment is received. Invoice deductions should be worked just as diligently as a past due invoice but orders shall not be held based on deductions alone.
- If a customer is unable to unwilling to pay their outstanding balance, the Credit Department should consider placing the account with an authorized collection agency or collection attorney. Placement can only take place if approved by the Corporate Credit Manager. The President can over ride all decisions.
- Non paying accounts can be written off to bad debt only after the customer has filed for bankruptcy, gone out of business or has been placed with a collection agency or collection attorney and no payments have been received for 12 months.

SUMMARY AND QUICK REFERENCE LIST:

- Standard payment terms are 30 days, payment terms above 30 days must be authorized by Syntec Management
- Invoices past due above 15 days will put account on hold and shipment can only be authorized on an order by order basis.
- Invoice past due above 30 days will put account on delinquency, and no shipment can be made until account is paid.
- Account past due 30 days from terms will automatically determine a freeze on commission paid to agent
- Account over 30 days plus 15 days past due are automatically placed on collection
- Account credits from \$0 to \$10,000 from first order needs one form of ID, a credit card on file with authorization for the full amount of the order
- Account credit for second order is 30 days if first order went through successfully with a credit card on file
- Account credit \$10,000 and up from first order will go through standard credit application unless override by a credit card guaranteed approved.