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## CREDIT POLICY

Dear Patron,

On February 22, 2017, United Quality Cooperative amended our credit policy. We want to inform all patrons of your cooperative's amended credit policy. To keep our company strong and in good financial shape, we must uniformly apply our Credit Policy and rules consistently to all patrons.

We hope this Credit Policy will not inconvenience our patrons who have been paying their bills. It is our intent to further protect your equity in this cooperative from undue credit risks. Your continued support will further strengthen the financial condition of YOUR cooperative. As always, please feel free to contact either the management or the Board of Directors concerning questions about the Credit Policy.

It is our intent that this credit policy will provide a convenient source of credit for you to use in making your everyday purchases with payment due by the 20<sup>th</sup> of the following month. For your credit needs over thirty (30) days we recommend that you use your lending institution. Our rate for an account over thirty (30) days past due is eighteen percent (18%), or the highest rate allowable by law.

### CREDIT POLICY (AS ADOPTED BY THE BOARD OF DIRECTORS):

1. Credit will be allowed to those accounts who have a good prior credit record with this Company and to new accounts with an approved credit application.
2. Management will establish the dollar amount of credit given to any individual, whereas the credit committee will establish the credit limits for commercial accounts. All credit decisions are FINAL.
3. When applying for a business credit account, some applications may require either a letter of credit or earnest money/down payment. The amount required for the letter of credit or earnest money/down payment will be based on the amount of credit requested and approved. Exceptions to this policy must be approved by the credit committee.
4. The closing date of the billing cycle will be after the last day's business each month. Statements will be sent.
5. All accounts MUST BE PAID IN FULL by the 20th of each month following purchases. EXAMPLE: Your credit limit is \$100.00 - you make purchase of \$42.50 during the month of January. It does not matter if the purchase was on the 2nd or the 31st of the month, the TOTAL MUST BE PAID IN FULL on or before the 20th of February. We would appreciate the payment sooner, if possible.
6. A monthly finance charge of one and a half percent (1 1/2%) – eighteen percent (18%) ANNUAL PERCENTAGE RATE (or highest amounts allowable by law) – will be imposed on all delinquent accounts. Minimum service charge is \$10.00 per month.
7. CASH DISCOUNTS are available on various products in different departments. You are ineligible to receive cash discounts if you have an outstanding charge that is sixty (60) days old or older; and you will not receive a cash discount if you do not pay for these products within the applicable time period.
  - (a) The cash discount given to any individual or company using cash for payment will be determined by management.
  - (b) Cash discount applies only when paid by cash, personal check with sufficient funds, certified check or money order within the time allowed, or electronic funds transfer.

8. Company WILL NOT be responsible for regular scheduled delivery agreements on accounts that are PAST DUE.
9. PAST DUE ACCOUNTS will be turned over to a Collection Agency or Attorney (or both) and a Supplier's Lien may be filed, if applicable, at the discretion of the manager. The cost of filing will be billed directly against the account. If legal proceedings are commenced, you agree that the dispute shall be governed by the laws of the State of North Dakota and that the venue of any action shall be in the state court located in Mountrail County. You also agree to pay all costs associated with obtaining a judgment and to collect it, including reasonable attorney fees and expenses for obtaining and collecting the judgment.
10. On any PAST DUE ACCOUNT, the Company is authorized to apply any amounts payable to the individual or company to the balance due on the PAST DUE ACCOUNT. The Company is also authorized to apply any equity earned by the customer, in both the past and the future as needed, towards the balance after the equity has been present valued by discounting the equity using an annual discount rate equal to our finance charge rate.
11. Anyone who has had a BAD BILL or had COLLECTION PROCEDURE used against him/her will not be eligible for CREDIT.
12. Applicant is solely responsible for all charges made by any person, employee or agent who uses the Applicant's credit card, or otherwise charges against Applicant's account, regardless of whether the person was authorized by Applicant to do so. It is solely the Applicant's responsibility to make sure that Applicant's account numbers and credit card are kept secured.
13. To the extent allowed by applicable law, Applicant may be required to grant to the Company a contractual possessory security interest in, and may be required to assign, convey, pledge and transfer to the Company all of the Applicant's right, and interest in and to any and all accounts with the Company (whether in the form of deposit, earnest money or some other account), including without limitation all accounts held jointly with someone else and all future accounts opened with the Company. Applicant authorizes the Company, to the extent permitted by applicable law, to charge and setoff all sums due and owing on any account with the Company.
14. You agree that this agreement may be executed in counterparts, including counterparts provided by facsimile or email attachment or executed by or electronic or digital signature, each of which shall be deemed an original but together shall constitute but one and the same instrument.
15. By accepting credit from UNITED QUALITY COOPERATIVE, you are hereby agreeing to all the terms and conditions contained within this Credit Policy as the Company may amend from time to time.