

Terms

— PURCHASE TERMS —

- Customer must be a licensed contractor.
- To purchase products containing R-22, R-410a or other refrigerant, customer must provide a signed "Technician Statement" form and a photocopy of their EPA Certificate to CFM .
- Customer must establish a C.O.D. account by completing and signing CFM's "Agreement for Commercial Open Account" form. An open account may be established with completed and signed application and upon approval of the credit manager.

— BUY ON-LINE —

- 2% invoice discount for orders placed via the internet for open account customers, or C.O.D. accounts paying by company check or cashier's check.

Internet order discounts not available on:

- orders placed after 4:00 p.m. and specified for same day shipment, or
- special project/price quotes, or
- orders for non-stocked items

— CREDIT TERMS —

- Open Account: Net 30 days from date of invoice.
Cash discount available for "Pay Weekly" or "Pay Bi-monthly" (see prime rate matrix) when paid via cash or company check. Credit cards may not be used to pay open account balances.
- C.O.D. Account: Cash or cashier's check on delivery (Note: UPS does not accept cash); if "Agreement for Commercial Open Account" form is completed and signed, a Company check will be accepted upon delivery.
- COD - Credit Card: VISA or MasterCard accepted at **point of sale**, when prime rate is above 7%. Card must be issued to the individual tendering, or, if a CORPORATE card, issued "uniquely" to the corporate officer tendering the card.

A 1% transaction fee will be charged on point of sale credit card charges. A 2% transaction fee will be charged on credit card payments on outstanding CFM account balances.

— STANDARD FREIGHT POLICY —

CFM Equipment Distributors, Inc. outsources the delivery of equipment, accessories and parts, via UPS or common carrier, F.O.B. our dock, to our customers' business locations. Our preferred vendor carriers must be participants in the NMFC (National Motor Freight Classification) which provides for commodity descriptions, classes, rules, packaging definitions and specifications. Additionally, the NMFC provides general rules and information regarding the handling of damage/loss claims occurring during pick up and delivery.

In keeping with our mission, "*We're in business to help your business*", CFM has negotiated very favorable freight terms for our company and our customers. The concessions listed below provide special handling and attention for our customer consignees. To receive these concessions, shipments must be via our "Preferred Vendor Carriers" (PVCs).

Customers who *specify a carrier other than our "Preferred Vendor Carriers" will not be eligible for the concessions listed below.* Freight and handling charges from the specified carrier that exceed our negotiated costs *will be added to your shipment invoices.*

Preferred Vendor Carriers Concessions

- Competitive prices. CFM's freight charge for deliveries to our regular territory destinations of less than 1,200 lbs., via our PVCs, is a flat \$45 fee; deliveries over 1,200 lbs. ship with no freight charge.
- Flat C.O.D. fee, \$20, one of the lowest in the industry.
- Lift gate deliveries at no additional charge (some carriers charge \$85 extra for lift gate).
- Drivers can help consignees inspect shipments for damage (see next page).

This allows accepting partial shipments; then only damaged units are returned to CFM. Replacements will ship at no charge.

- 48-hour “Repair or Return - Concealed Damage Policy”. Carrier will deliver replacement panels to repair minor damage on next day’s truck, at no charge.
- “Free Freight Fridays” (see below).

free freight Fridays!

Free Freight Fridays Program

All of these conditions must be met to qualify for free freight Fridays program:

- Minimum shipment of 250 lbs.
 - Order must be received by CFM before 2:00 p.m. on Friday
 - Common carrier of our choice
 - Delivery to your business address, within our regular territory destinations*
 - Delivery time will be at trucker’s routing convenience on Monday

Free Freight Service Parts Program

more free freight!

\$250 (minimum) order of qualified parts for prepaid freight

- Qualified Parts: universal repair parts, installation supplies
- Excluded Items: Equipment manufacturer product accessories; all OEM parts; IAQ products; pads; special order parts

Exceptions: Drop ships and express freight charges are **not included**

Standard Freight Terms

Freight costs are lower for larger shipments; we offer prepaid freight for shipment weights of gas fired appliances, air handlers, compressor bearing equipment and install accessories to our regular territory destinations in northern and central California and the cities of Reno, Sparks and Carson City, Nevada, as follows:

1,200 lbs. or more

Open Account Customer *freight prepaid*

C.O.D. Customer freight prepaid, plus \$20 handling charge per shipment, added to invoice

250 lbs to 1,200 lbs

Open Account Customer freight prepaid, plus \$45 handling charge per shipment, added to invoice

C.O.D. Customer freight prepaid, plus \$65 handling charge per shipment, added to invoice

Less than 250 lbs

all customers freight collect

Exceptions To Standard Freight Policy

- *Limited shipping days (subject to change without notice):*
Belvedere, Clearlake Oaks, Lucerne, Nice, Tiburon, Upper Lake (Mon. only); Lakeport, Lower Lake, Mill Valley, Middletown, Sausalito (Mon., Wed. & Fri.); Arnold (Tues. only); Fairfax, San Anselmo, Willits (Tues. & Thurs.); Dunsmuir, Mt. Shasta, Yreka (Tues. & Fri.); Clearlake, Corte Madera, Kelseyville, Crescent City (Thurs. only).
- *Extra Costs for Deliveries To Areas Not Served by CFM’s “Preferred Vendor Carriers”:* Due to exorbitant freight charges for deliveries to some remote locations, CFM can no longer send these shipments under our standard freight terms. Shipments to these locations will be sent *freight collect*. Customers in these areas should consider increasing quantities per order and/or picking up shipments at our “Preferred Vendor” Carriers’ terminals.
- *Remote locations (subject to change without notice):* cities in northern and central California and northern Nevada not on Preferred Vendor Carriers’ list, including Ahwahnee, Alturas, Bishop, Coarsegold, Coleville, Fort Bragg, Janesville, Lake Almanor, Mariposa, Oakhurst, and Susanville, CA; and Battle Mountain, Elko, Fallon, Fernley & Tonopah, NV.

Freight Claims/Handling Damaged Products

Products can be damaged in the course of handling and transporting freight. CFM can assist in the filing and processing of damage claims. However, with minor/cosmetic damage, we suggest field repair (paint, panel replacement, etc.) whenever possible, and for non-repairable minor damage, we would prefer to offer a discount as settlement; savings could be passed on to the consumer.

Consignees must always thoroughly inspect all freight at the time of delivery, and note all damage on the freight bill at this time — before signing. In the absence of a receiving clerk, our Preferred Vendor Carriers’ drivers can assist with inspections; however, consignee’s employee must sign the freight bill.

Return Policy

CFM's return policy is in accordance with the adage "No harm — no foul". We acknowledge that errors will occur. We *do not* profit from our customers errors; of course, billings for additional freight, restocking, etc., are passed on to the customer. All new product returns must have prior approval with a written Return Authorization form. Include a copy of the form as your return packing slip.

CFM handles various types of returned merchandise as outlined below.

TO RETURN CURRENTLY STOCKED ITEMS

- a) New and unused
- b) Not Damaged
- c) Original carton in good condition
- d) Call or fax a list of material to be returned, with serial numbers, if applicable, and CFM invoice number or date. CFM will fax back a completed Return Authorization form (see above; required as of 04/01/05).
- e) All freight charges are the responsibility of the customer
- f) Electrical / electronic parts **are not** returnable
- g) A re-stocking fee, up to 15%, will apply to all returns, excluding Warranty returns

TO RETURN NON-STOCKED ITEMS

- a) through e) stocked items applies
and in addition:
- f) The manufacturer must approve a return to factory
- g) all freight charges and re-stocking fees involved will be debited on the return credit

WARRANTY ITEMS

- h) Within warranty period, a completed warranty claim form must be submitted with returned part, in accordance with the manufacturer's requirements as per their warranty policy guide. American Standard and Coleman parts may not be required to be returned. File these claims on line, and keep the part until you receive credit from CFM, or are instructed to return it.
- i) If claim cannot be filed online, send the claim form and part to CFM within 30 days of the date of repair/service.
- j) Freight to CFM is to be paid by contractor.

No pre-authorization is necessary if conditions h) through j) are met

FREIGHT DAMAGED ITEMS

- a), c) and d) for stocked items applies
and in addition:
- k) Copy of freight bill with signature noting exception(s)