

## **DISTRIBUTOR PAYMENT TERMS & CREDIT POLICY**

### **1. Purpose**

This policy defines the standard payment terms, credit approval procedures, invoicing expectations, and account management rules for all authorized distributors of Zendex Tool Corporation. The objective is to ensure consistent cash flow management, reduce credit risk, and establish transparent expectations for all trading partners.

### **2. Scope**

This policy applies to all U.S. and international distributors purchasing products from Zendex Tool Corporation, whether on open account, credit terms, COD, or prepayment basis.

### **3. Standard Payment Terms**

#### **3.1. Default Terms**

Unless otherwise approved in writing, standard distributor terms are: Net 30 days from invoice date.

#### **3.2. CBS (Cash Before Shipment) or Credit Card Terms**

Accounts under these terms must pay invoice in full before the order is released to ship.

- » The total due will include a 2.0% surcharge fee for card processing.
- » Distributor will provide a credit card number and billing information to be securely kept on file by the payment processor. The card information will be used to put a pre-authorization charge on the card at invoice date with the understanding that the total balance due will be charged at time of shipment, within 7 days.

#### **3.3. Early Payment Discount**

Zendex Tool Corporation. MAY offer discounts for early payment as part of promotional programs or negotiated terms.

Any early payment discount must be approved by management.

#### **3.4. Accepted Payment Methods**

- » ACH / EFT
- » Check
- » Wire Transfer
- » Credit Card (2.0% surcharge fees will apply)

Payments must reference the invoice number(s) to ensure proper application.

### **4. Credit Approval & Account Setup**

#### **4.1. Application Requirements**

New distributors requesting open credit terms can elect to provide:

- » Completed Zendex credit application
- » Trade references (minimum 2)
- » Banking information
- » Resale certificate (where applicable)

Zendex may still elect to review an account for terms without above provided information at our own discretion but an EIN must be provided

## 4.2. Credit Evaluation

Zendex Tool Corporation reserves the right to evaluate:

- » Credit history
- » Financial stability
- » Payment behavior
- » Order volume

Credit limits will be set at the discretion of management based on risk assessment.

## 4.3. Updates to Credit Limits

Credit limits may be:

- » Increased based on strong payment history and order growth
- » Reduced or suspended for slow payments or unfavorable credit reports
- » Reviewed annually or at Zendex's discretion

## 5. Invoicing & Statements

### 5.1. Invoice Delivery

Invoices will be sent electronically via email unless otherwise agreed. Distributors must maintain a valid A/P contact email on file.

### 5.2. Monthly Statements

Monthly account statements may be emailed summarizing all unpaid invoices, credits, and adjustments.

### 5.3. Discrepancies & Disputes

Distributors must report invoicing or pricing discrepancies within 10 days of receiving the invoice.

Disputes older than 30 days may not be eligible for adjustment unless a Zendex error can be clearly documented.

## 6. Late Payments & Finance Charges

### 6.1. Standard Enforcement of Terms

Invoices not paid within the established terms will be considered past due.

### 6.2. Finance Charges

Any balance that becomes more than 30 days past due will be subject to a finance charge as follows:

- » Monthly finance charge: 1% (or maximum allowed by applicable law)
- » Applies to all past-due balances beyond the 30-day grace period
- » Charged monthly until fully paid

Finance charges will be itemized on account statements.

## 7. Shipping Holds & Order Restrictions

### 7.1. Shipping Hold Threshold

If any invoice becomes more than 30 days past due, Zendex Tool Corporation will place the distributor on shipping hold.

No orders will be processed or shipped—including stock orders, special orders, and drop-shipments—until:

- » All past-due balances >30 days are paid in full
- » Any applicable finance charges have been satisfied

## 7.2. Return to Good Standing

To restore open terms and normal shipping activity:

- » Past due balance must be resolved
- » Payments must clear
- » Distributor must communicate corrective measures to prevent future delinquencies

## 7.3. Repeated Violations

Accounts with consistent late payments may be:

- » Cash Before Shipment (CBS) – Required to prepay before shipment
- » Assigned a reduced credit limit
- » Suspended from authorized distributor program eligibility

## 8. Deductions, Short-Pays & Unauthorized Offsets

### 8.1. Unauthorized Deductions

Short-pays or deductions taken without written approval from Zendex will be considered past due and subject to finance charges.

### 8.2. Pricing or Return-Related Deductions

Credits related to returns, pricing adjustments, or promotions must be issued by Zendex before deductions can be applied.

## 9. Returned Checks & Rejected Payments

- » Any returned check or rejected electronic payment may incur a \$25 fee.
- » Repeated incidents will result in a change of payment terms.

## 10. Account Suspension or Termination

Zendex Tool Corporation reserves the right to suspend or terminate credit terms or distributor status for:

- » Chronic late payments
- » Excessive disputes
- » Poor credit evaluations
- » Failure to comply with this policy

## 11. Amendments

Zendex Tool Corporation may update or amend this policy at any time. Distributors will be notified of any changes and continued business constitutes acceptance of the updated terms.

## 12. Acceptance of Terms

By placing orders or maintaining an active distributor account with Zendex Tool Corporation, the distributor acknowledges and agrees to the terms of this policy.

*This policy is also available on our website:*

<https://www.zendextool.com/authorized-distributor-center/distributor-payment-terms-credit-policy/>

