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Credit and Collection Policy

Purpose:

To describe QUALITY OIL AND GAS COMPANY's credit and collection policies and procedures. These procedures will govern alliance with customer base, primarily for granting credit limits for the sale of the products and services offered by QUALITY OIL AND GAS COMPANY. Furthermore, the collection procedures will be outlined by order of sequence.

Summary:

All customers seeking a line of credit must complete a credit application. Customers that are not approved for credit by the Credit Manager **MUST PREPAY** their order to obtain delivery. A customer can re-apply for a line of credit after establishing a customer relationship with the QUALITY OIL AND GAS COMPANY.

Credit Procedure: All customers of the QUALITY OIL AND GAS COMPANY, whether external and internal are to be treated with respect and courtesy in an efficient and timely manner. Customers will be contacted a reasonable period of time regarding QUALITY OIL AND GAS COMPANY's credit decision and the basis which determined our decision. The extension of credit is based on the approval process of the Credit Manager or other members of Management of the QUALITY OIL AND GAS COMPANY. The regulations are as follows:

1. All customers must submit a credit application in order to receive a line of credit.
2. Commercial accounts that have not been in business for 5 years or more may be required to complete a personal guarantee form.
3. A Motor Fuels Sales Agreement and a pre authorized payment agreement form will be required for all Retail Sales locations. Additional terms and conditions may apply as specified in the Motor Fuels Sales Agreement.
4. All customers that pay according to Purchase Order numbers can provide these numbers once credit has been approved and set with a credit limit. The customer must keep a current pay history otherwise the credit account will be placed as inactive status until the account is paid to the current balance.
5. All customers without an existing line of credit or Purchase Order set up with the QUALITY OIL AND GAS COMPANY must pre-pay all materials ordered.
6. All Credit Customers must pay the invoice in full on or prior to the due date listed on the invoice unless otherwise specified in a separate purchase agreement such as Motor Fuels Sales Agreement, Annual Budget Agreements, or other special payment arrangements.
7. Additional information such as financial statements, credit card payment authorization form, pre authorized payment agreement form, tax id forms and third party guarantee forms may be required to complete the credit procedure.
8. Accounts that remain inactive due to past-due balances and/or no activity for a maximum 24 month period will be deleted. Deleted accounts will require credit to be re-established according to our current credit procedures.

Collection Procedures – Home Heating and Commercial Accounts: Customer statements will be processed and mailed prior to the 15th of every month.

1. Each customer will be notified of the QUALITY OIL AND GAS COMPANY's efforts to collect past due invoices within the first 45 days of delinquency.
2. If payment is not received by the initial due date indicated on the invoice, the customer will be charged a 1.5% finance charge, (not to exceed 18% APR) as agreed on the credit application.
3. Customer accounts that exceed 60 days past due will be notified. If payment is not received within 10 days the Credit Limit of their account will be lowered to the current outstanding balance, thereby preventing release of further orders. The Management and Customer Relations staff will be notified of all accounts that have exceeded 60 days past due and their assistance may be solicited. Each salesperson will be notified regarding accounts of substantial amounts.
4. Past due customers of 90 days or more will be reported to Management for approval to invoke third party and/or legal assistance.

Collection Procedures – Budget Accounts: Customer statements will be processed and mailed prior to the 15th of every month.

1. If a budget payment is not submitted by the 15th the customer will be notified via mail and or phone to instruct them that their account is past due and they shall be changed to a regular charge account unless reasonable arrangements are made at the time of contact.
2. Budget Plan accounts that become past due will be changed to regular charge accounts, subject to finance charges, and the balance must be paid in full before another delivery is made.
3. Each customer will be notified of the QUALITY OIL AND GAS COMPANY's efforts to collect past due invoices within the first 45 days of delinquency.
4. If payment is not received by the initial due date indicated on the invoice, the customer will be charged a 1.5% finance charge, (not to exceed 18% APR) as agreed on the credit application.
5. Customer accounts that exceed 60 days past due will be notified. If payment is not received within 10 days the Credit Limit of their account will be lowered to the current outstanding balance, thereby preventing release of further orders. The Management and Customer Relations staff will be notified of all accounts that have exceeded 60 days past due and their assistance may be solicited. Each salesperson will be notified regarding accounts of substantial amounts.
6. Past due customers of 90 days or more will be reported to Management for approval to invoke third party and/or legal assistance.

Collection Procedures – Retail Sales Accounts:

1. Each Retail Sales customer will be notified of the QUALITY OIL AND GAS COMPANY's efforts to collect past due invoices when the account becomes 14 days past due.
2. If payment is not received by the initial due date indicated on the invoice, the customer will be charged a 1.5% finance charge, (not to exceed 18% APR) as agreed on the credit application.
3. If payment is not received within 10 days of the initial notification of their delinquency the account will be SUSPENDED according to the terms specified in the Motor Fuels Sales Agreement.
4. Customers that exceed 60 days past due will be reported to Management for approval to invoke third party and/or legal assistance. The account must be paid in full, and the Customer will have to re-apply for another line of credit with a reduced credit limit. If the customer continues to violate the credit terms and agreement, future sales will be on a PRE-PAYMENT BASIS ONLY.

Returned Check Procedure/NSF

1. All returned NSF checks would be charged a \$35 NSF fee, regardless of the purchase (materials or certificates), to be paid prior to the acceptance of a new order.
2. When a check is returned due to insufficient funds the account that the check is posted may be considered past due and collection procedure will begin with a Returned Check Notice mail certified to the issuer of the check.
3. If the total amount due listed above is not paid within 30 days of the mailing of the Returned Check Notice, thereafter we may file a civil action to seek damages of three time the amount of the check (with a minimum damage of one hundred dollars (\$100.00) and a maximum damage of five hundred dollars (\$500.00) for allegedly giving a worthless check in violation of law (G. S. 6-21.3), in addition to the amount of the check and the fees specified above.
4. Appropriate relief will then be sought before a court of proper jurisdiction for full payment of the check plus all costs, damages, and witness fees.
5. Cash or bank official check will be the only acceptable means of redeeming the dishonored check.
6. In the event that two returned checks are received within a 12 month period the account will be changed to accept cash or bank official check will be the only acceptable means of payment.

Exceptions: The President, Administrator and Credit Manager may grant exceptions on a case by case basis.