

# Babcock Laboratories, Inc. Finance Policy

This policy outlines the financial terms to which all Clients of Babcock Laboratories, Inc. (hereafter referred to as the "Company") agree to adhere when doing business with the Company. This policy applies to all sales made within the United States, excluding sales to the federal government, state government, or government agencies that have written contracts with the Company.

## **Minimum Charge Fee**

If a Client has not contracted the Company to perform at least \$1,000 worth of work annually, the Client is subject to minimum charge fees. A minimum charge fee of \$250 will be applied per service submission. This is the lowest amount accepted per business transaction, regardless of the service(s) requested. Clients are encouraged to select additional testing services to meet the \$250 minimum charge requirement.

## **Payment Types**

### ***Credit Payment***

The Company will extend credit to a Client if it meets its threshold criteria for the granting of credit. The basic form of credit is a maximum credit of \$10,000 per month, with no security interest. The maximum credit can be expanded with the approval of the Company's Chief Financial Officer or Chief Executive Officer. In situations where a Client's ability to repay is in question, a personal, corporate, or bank guarantee may be required. All terms are net 30 days unless an exception is granted by the Company's Chief Financial Officer or Chief Executive Officer.

The accounting department will review the credit applications of all new clients to determine whether or not the Client meets the qualifications required to receive credit. The amount of credit must be recommended by the Company's sales associate. Credit will be issued to Clients that require multiple future payments. Clients that are one-time or once-annual customers will not be issued credit accounts. If there is no Company sales associate assigned to the Client, the credit amount will be determined by the Company's accounting department.

The Company requires a credit application be completed by any Client requesting credit. Credit checks will require a banking reference. The Company will confirm the length of banking relationship; whether or not the relationship is satisfactory; and the extent of the banking relationship in regard to credit facility, checking, and savings accounts. Clients that provide banking references that are not satisfactory; or prove to not have available funds to cover the requested line of credit; or do not qualify as a reoccurring Client will be denied credit.

The accounting department will periodically review Client's payment history to ensure this finance policy has not been violated. A Client that has not paid within its net terms and has outstanding finance charges greater than 90 days will be denied future credit and the Client account will become Cash in Advance (CIA) status, meaning the Client may only pay cash in advance of services performed. Additionally, any Client that does not have a line of credit with the Company will become CIA status if the Client opts out of automatic payment processing and/or if the account balance exceeds \$5,000/per month.

All credit accounts are subject to a finance charge of 1.5% monthly (18% annually) which will be applied to all unpaid balances 30 days past the due date. The minimum finance charge is \$10. Under this policy, past due is not dependent upon receipt of payment by the Client's third party and/or user, and the Client is solely responsible for a timely payment of all invoices not withstanding payment or non-payment by any said third party and/or user.

If the Client has established a line of credit with the Company, they are ineligible for Annual Pre-Payment. Any *credit* Client subject to minimum charge fees is responsible for paying all such fees.

### ***Cash in Advance (CIA) Payment***

All Clients that do not have a line of credit with the Company, including those that have applied and been denied credit, must pay the Company for any and all services prior to work being performed. Payment methods accepted include Cash, ACH, check, and credit card<sup>1</sup>.

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<sup>1</sup>Credit card payments are subject to the following guidelines. If a Client authorizes the Company to keep its credit card on file, the Client is granting the Company express authority to use the saved credit card information to charge the Client upon completion of services, without additional Client authorization required. If a Client wishes to opt out of automatic payment processing, the Client must inform the Company's Accounting Department in writing.

Any *Cash in Advance (CIA)* Client subject to minimum charge fees is responsible for paying all such fees.

## **Annual Pre-Payment**

This payment option is only available to Clients that 1) do not have a line of credit with the Company AND 2) have not contracted the company to perform at least \$1,000 worth of work annually, yet wish to waive the minimum charge fee(s). If the Client opts for an Annual Pre-Payment plan, the Client must pre-pay the Company \$1,000 prior to performance of the first service of the year with the understanding that the Client will not be refunded, even if the actual services performed annually amount to less than \$1,000. If the services performed during the year exceed the pre-paid \$1,000, the Client will be invoiced the remaining amount and responsible for payment under the Cash in Advance payment terms. If a Client has been approved for Annual Pre-Payment and has paid the \$1,000 (via cash, ACH, check, or credit card) prior to performance of the first service of the year, the Client is not subject to minimum charge fees for one year.

Under this payment plan a year refers to 365 days from the first date of service(s).

The Client is ineligible for Annual Pre-Payment if 1) any money from previous services or fees is still owed to the Company; AND/OR 2) the Client has a line of credit with the company; AND/OR 3) the Client is not subject to minimum charge fees.

## **Payment Selection<sup>2</sup>**

The Client intends to apply for a line of credit with the Company      Yes      No

In the event that the Client is subject/becomes subject to paying minimum charge fees and does not hold a line of credit with Babcock Laboratories, Inc., the Client opts to pay via (choose one):

\_\_\_\_\_ Cash in Advance Payment      \_\_\_\_\_ Annual Pre-Payment  
(Initials of Authorized Person)      (Initials of Authorized Person)

<sup>2</sup>This section must be filled out by all Clients, including credit applicants, as this selection will be used in the event that a line of credit is denied or revoked and/or if the Client becomes subject to minimum charge fees in the future.

## **Statement of Primacy**

Terms and conditions issued by a Client that differ to any degree with the terms of this policy are hereby objected to, rejected, and shall be void unless written authorization by Babcock Laboratories, Inc. is provided.

## **Statement of Understanding and Agreement**

We/I, \_\_\_\_\_, hereby agree to be bound by the terms and conditions  
(Name of Client)

outlined in this Agreement. We/I also understand that by doing business with Babcock Laboratories, Inc.,

we/I agree to be bound by the Babcock Laboratories, Inc. Terms and Conditions.

\_\_\_\_\_  
Person Authorized to Sign on Behalf of Client

\_\_\_\_\_  
Date