



**WAREHOUSE DISTRIBUTOR POLICY  
DATED 1-01-06 thru 12-31-06**

**1. ORDERS:**

Orders are accepted via telephone, mail, and fax machine or by your MotorVation Sales Representative.

Sales            8:30 a.m. to 5:00 p.m. Central Time Monday thru Thursday  
                    8:30 a.m. to 12:00 p.m. Friday  
Fax                24 hours  
E-mail            [www.motorvation.tv](http://www.motorvation.tv)

**2. CHANGE ORDERS AND CANCELLATIONS:**

MotorVation policy is to enter orders immediately upon receipt. Cancellation orders must be in writing, either by fax or mail. If an order requires unpacking due to the customer's request for change or cancellation, a minimum service charge of \$5.00 may be charged.

**3. MINIMUM ORDER:**

Orders of less than \$25.00 may be assessed a \$5.00 service charge.

**4. PURCHASE ORDER REQUIREMENT:**

- a. Purchase order number.
- b. Complete shipping information.
- c. Part numbers to be shipped

**5. BACKORDERS:**

MotorVation's computer is programmed to either hold or cancel backorders according to an individual customer's preference. Should the Warehouse Distributor desire a change in status, MotorVation must be notified in writing.

Any product placed on backorder will ship when the product is available.

Backorders from C.O.D. orders will automatically be canceled unless MotorVation is specifically advised to hold them.

**6. BILLING CUT-OFF:**

MotorVation billing cut-off is the 25<sup>th</sup> day of the month. Payment due is the total of all invoices billed through that day.

7. **PRODUCT DISCOUNT:**

Sales to Warehouse Distributors are priced at Jobber, less 30% (unless otherwise stated).

8. **PAYMENT TERMS:**

2% 10<sup>TH</sup> Net 30<sup>th</sup>

9. **PRICING POLICY:**

Approximately 90 days prior to the effective date of a new price list, MotorVation will notify the Warehouse Distributor of any products requiring a price increase. Such increase will be reflected on orders received on or after the effective date of the new price list.

10. **INVOICE DEDUCTIONS:**

No deduction or credit may be taken for any reason until MotorVation has issued a credit memo. Any unauthorized deduction will automatically put the account on credit hold.

11. **DELINQUENT ACCOUNTS:**

Accounts are delinquent if not paid as outlined under the payment terms above. Accounts that are delinquent after 60 days will be automatically put on hold. At that point, no shipments will be made to that delinquent account until the outstanding balance is current. Repeated delinquency will result in revocation of open account status. Delinquent accounts will be charged a 1-1/2% finance charge for all accounts over 30 days.

12. **MINIMUM DISTRIBUTORSHIP REQUIREMENTS:**

Total yearly purchases by an account must equal a minimum of \$12,000.00 to maintain eligibility as a MotorVation Warehouse Distributor. In addition, there are other criteria necessary to fulfill distributorship requirements—including a reasonable number of jobber accounts, an order taking facility and capability, a responsive distribution system, credit worthiness, etc.

13. **EXPORT ACCOUNTS:**

Sales to export accounts require payment in advance. Payable in U.S. dollars only; by wire transfer, cashier's check, irrevocable letter of credit, cash or credit card.

**14. RUSH SHIPMENTS:**

Any order with a premium shipping method request, such as next day, 2<sup>nd</sup> day air, or 3-day select, (Emery, Federal Express, etc.) will be shipped the same day if received by MotorVation before 3:00 p.m. PST. Orders received after 3:00 p.m. will be processed and shipped the next business day. The purchase order must state “**RUSH ORDER**” and requested Freight Company. All rush shipment charges are payable by the Warehouse Distributor.

**15. DAMAGED SHIPMENTS, SHORTAGES:**

- a. All MotorVation shipments are F.O.B. Memphis, TN. Title passes from MotorVation to the purchaser at the time of shipment. Carton shortages and damages must be claimed against the carrier at the time of delivery. To expedite processing claims against the carriers, the customers must note damages on the bill of lading at the time of delivery, and promptly request an inspection by the carrier or his claims agent.
- b. If a shortage is found within the shipment it must be reported to MotorVation in writing within five (5) business days of shipment receipt. Claims not received within this time frame will not be honored. Claims should refer to the order number, invoice number, date of invoice, date of shipment, part number, description and carton unit.

**16. FREIGHT POLICY:**

- a. MotorVation will choose the most efficient shipping method possible. Warehouse Distributors may, specify a particular truck line or shipping method. Any additional costs incurred by MotorVation maybe charged back to the Warehouse Distributor.
- b. All WD orders that require truck shipment and are less than \$2500.00 will be shipped freight collect (ground only) F.O.B. Memphis, TN. Warehouse Distributors with pre-established third party freight billing arrangements should provide MotorVation with the shipper’s name and third party account number.
- c. Orders with a value of \$2,000.00 or more will be shipped freight free (ground only) providing the shipment is to one location in the contiguous United States or Canada. Orders for shipment out of the contiguous US will be prepaid to a domestic port of embarkation (P.O.E.)

**17. DROP SHIPMENTS:**

No charge for drop shipments.

**18. REFUSED SHIPMENT:**

**Any expense due to or resulting from a refused shipment must be borne by the Warehouse Distributor.**

**19. PRODUCT LIABILITY INSURANCE:**

**At the request of the Warehouse Distributor, MotorVation will furnish a certificate of Insurance covering all products supplied to the WD as co-insured.**

**20. WARRANTY POLICY:**

**Warehouse Distributors may submit product to MotorVation that is deemed defective in material or workmanship. Such returns are subject to the same conditions as covered in the MotorVation Limited Warranty, as published in the current MotorVation catalogs.**

**MotorVation field sales representative will inspect the suspect product and make a preliminary judgment as to whether or not the product will be considered for warranty. If the representative agrees that the product should be returned to MotorVation for further inspection, then he will call MotorVation for an RA to accompany the returned product.**

**The suspect product must be shipped to MotorVation with the freight prepaid. When the product is received, MotorVation technical support personnel will analyze it and final disposition will be made in accordance with the MotorVation Limited Warranty Policy.**

**Products deemed to be defective and returned within the warranty time period would receive full credit. A partial credit will be issued if the product is incomplete. W/D may request a replacement part.**

**If it is determined that the cause of the failure was not due to a defect in material or workmanship, then a restocking fee will apply.**

**Debit memos or invoice deductions are not allowed and will be charged back to the customer's account.**

## **21. STOCK ADJUSTMENT POLICY:**

Stock adjustments are limited to 5% of the individual customer's net purchases during MotorVation previous fiscal year. MotorVation fiscal year begins January 1<sup>st</sup> and ends December 31<sup>st</sup>.

All stock adjustments must have a RA number assigned by MotorVation. Any stock adjustment returned without this number will be refused. Customers must first provide MotorVation with a proposed return list to determine eligibility and dollar value.

No RA will be issued without first receiving a two-for-one dollar offsetting order for immediate shipment on standard terms only. Previously placed orders and dating orders may not be used as an offsetting order.

Stock adjustments must be shipped to MotorVation freight prepaid and with the RA clearly marked on all cartons.

No obsolete items will be considered for stock adjustments. Product that is not on the current price list is considered obsolete.

MotorVation will not accept any returned items for credit or exchange that have been used for display, has been installed, or is shopworn. All products being returned must be in new, uninstalled, perfect condition, in their original carton or package and are subject to factory inspection.

Component parts missing (cannibalized) from returned products will be deducted from the credit issued.

Any stock adjustment return that requires repackaging (as determined by MotorVation) will incur a repack charge of \$3.00 for clam shell or blister pack parts and \$5.00 for boxed items.

All stock adjustment returns will be credited at the account's last purchase price.

Debit memos or invoice deductions will not be allowed and will be charged back to the Warehouse Distributor's account.

Non-authorized returns will be sent back to the customer at his expense.

Stock adjustment allowances will not be accrued from year to year. Returns may be processed anytime throughout the year with the year-end cutoff being the last working day of the last week in December.

Only current accounts with a history of prompt payment will be eligible to participate in this program. No custom-built products are eligible for return.

## **22. CO-OP Advertising**

Co-op advertising is paid at 5% of purchases to Warehouse for promoting the MotorVation product line. Proof of advertising is required. The WD may pass any portion of co-op to the jobber with proof of advertising. Co-op may be used for print, TV, radio, and catalog with approval.

Co-op may not be used to advertise MotorVation products at less than Jobber.