

ENCORE INSPIRING HOME FURNISHINGS

Distributed by Sarreid Ltd.

TERMS OF SALE

1. Terms and Pricing

- a. **Direct Container Orders** - Shipped directly to Dealer (customer) from our overseas factory. **Payment terms are net sixty (60) days from invoice date.** Delivery to Dealer location may take longer than sixty (60) days on occasion. However, the invoice remains due at net sixty (60) days from the invoice date. The invoice date will be the date merchandise is **loaded at our overseas factory**. On direct container orders, the prices are Delivered Duty Paid (DDP) Dealer's location. Prices include freight, insurance, duty and brokerage charges necessary to deliver the merchandise to Dealer for 40-foot and 20-foot containers. Prices **do not** include demurrage/storage charges for any size container or surcharges for regular 40' containers and 20' containers. Containers must be accepted for delivery by Dealer within 24 hours of the trucker's call for establishing a delivery appointment, and be unloaded by Dealer's personnel within two hours of delivery. Dealer will be responsible for all demurrage/storage charges on the container if delivery or unloading is delayed by Dealer. Delivery drivers are not responsible for unloading. Invoices for 20-foot containers and standard 40' containers will contain an additional transportation surcharge (see below) which is subject to change. There is currently no surcharge for 40" HC shipments. Any container order that does not total the minimum cubic meters will be charged \$125.00 per unused cubic meter. The minimum cubic meter requirements are as follows:

	<u>Minimum</u>	<u>Maximum</u>	<u>Container Surcharge</u>
20 Footer	27 Cubic Meters	29 Cubic Meters	\$2,395.00
40 Footer	58 Cubic Meters	62 Cubic Meters	\$1,395.00
40 High Cube	67 Cubic Meters	70 Cubic Meters	None

If the total cubic meter volume of the merchandise ordered is greater than the maximum for the container, the excess merchandise will be drop shipped to Dealer thru Wilson, North Carolina freight collect and with net 15-day terms as a Regular order (See 1.b. Regular Orders below).

- b. **Regular Orders** – Ship to Dealer from Encore/Sarreid, Ltd.'s warehouse in Wilson, North Carolina or other distribution centers, via our primary carriers. **Payment terms are net thirty (30) days** FOB Sarreid Ltd.'s warehouse. Dealers are responsible for freight, delivery, and insurance charges. Unless otherwise advised by Dealer, Sarreid will add a two percent (2%) claim file fee to all Regular Orders in order to guarantee that Sarreid will file damage or lost freight claims on Dealer's behalf. (See point 7 below.) We make every effort to ship orders complete, but Regular Orders may require multiple shipments.
2. There are **no** anticipation, **no** ad allowances, and **no** early payment discounts. All prices are net. Unauthorized deductions are not allowed and may cause order delays. **Dealer will be invoiced for direct container shipments when the merchandise is loaded at the overseas factory.** Payment for direct container orders is due sixty (60) days thereafter **regardless of delivery date of the container.**
3. Prices are in effect as indicated on our acknowledgements and may vary if Dealer's prepayment or standby-letter-of-credit, as may be required by Sarreid Ltd., is not received in a timely manner by Sarreid Ltd. If Dealer requests an extended ship date beyond one hundred and eighty (180) days, the invoice price will be that in effect at the requested ship date.
4. **Dealer Orders** - Dealer is responsible for order accuracy and should carefully review order acknowledgements for any discrepancies. All purchase orders must be signed by an authorized representative of Dealer. Sarreid Ltd. must be advised of order changes within five (5) days of order receipt because all orders are **non-cancelable** by the customer and are not subject to change after production is scheduled. If a customer cancellation is accepted by Sarreid Ltd., it is subject to a fifty percent (50%) service charge. Encore merchandise is produced in the quantity requested by Dealer and exactly as Dealer's orders are placed. Therefore, **Sarreid Ltd. cannot accept cancellations after production has been scheduled.** All requests for changes to or cancellations of Dealer's orders are subject to prior Sarreid Ltd. approval.
5. **Dealer Credit** - Encore Dealers are expected to pay invoices within terms regardless of delivery date to dealer location. In most cases, our factor, CIT Group, 2 First Union Center, P. O. Box 31307, Charlotte, N. C. 28231-1307, telephone 704-339-2200, will be responsible for credit approval, establishing Dealer credit limits, and receiving payment directly from Dealer. Otherwise, cash, pro forma payment, or letter of credit payments may be requested. Dealers with past due balances will have future orders placed on hold pending payment of the past due invoices. The responsibility for paying for pending or unshipped scheduled orders remains with Dealer.
6. **Dealer Order Acceptance By Sarreid Ltd.** - Orders are subject to Sarreid Ltd. acceptance. Sarreid Ltd. will establish minimum order amounts and minimum annual purchase amounts for Encore Dealers. Cancellation of Dealer orders, or cancellation of certain items on orders, by Sarreid Ltd. may be necessary due to Dealer credit status, minimum order requirements, or unforeseen manufacturing problems.
7. **Dealer Shipments** - Sarreid Ltd. will not ship C.O.D. Direct shipments to consumers or end users are not allowed. All service and communication with end users is the responsibility of Encore Dealers. No merchandise is to be returned without Sarreid Ltd. preapproval. Unauthorized returns will be subject to a fifty percent (50%) restocking fee plus any packing and freight charges incurred by Sarreid Ltd.
8. **Matching Sets** – Encore furniture, accessories and lighting are hand crafted and may vary slightly in color finish, and construction. If you require matching pairs or sets, this must be explicitly stated on **each** order. We regret that we cannot guarantee a match with items shipped on previous or subsequent orders.
9. **Merchandise Returns** - Claims for shortages or damages must be reported within five (5) days of receipt of goods. Dealer must inspect Encore merchandise immediately upon receipt to permit timely filing of freight claims. Freight claim filings with the carrier on regular orders shipped from Sarreid's warehouses are the responsibility of the Dealer unless Dealer has accepted and is invoiced for the two percent (2%) charge for our claim filing fee. Defective merchandise that does not appear to be freight damaged should be reported as a quality problem immediately to Sarreid Ltd. Sarreid Ltd. may arrange local repair or make other adjustments in lieu of return. Local repairs are the responsibility of the Dealer unless pre approved by Sarreid Ltd. Under no circumstances will Sarreid Ltd. be responsible for product damage due to improper care after merchandise has left our warehouse. Written authorization from Sarreid Ltd. is required prior to the return of defective merchandise. Unauthorized returns may be subject to a 50% restocking fee plus any packing and freight charges incurred by Sarreid Ltd. Once authorization is obtained from Sarreid Ltd., defective merchandise is to be returned within thirty (30) days, properly packaged to avoid further damage, and only via the carrier authorized by Sarreid Ltd. Sarreid Ltd. cannot be responsible for damages or freight charges for product returned on a carrier not preapproved by Sarreid Ltd. **Packing and/or re-cartoning charges are the responsibility of the Dealer.** Sarreid Ltd. may refuse to accept, replace, or repair merchandise that has not been properly packaged.