

EFFECTIVE DATE: 1996

REVISED: 2012

POLICY NO: CP-1

SECTION: Credit

**SUBJECT: Credit and Trading
General**

PURPOSE: To establish proper procedures to administer credit to our members purchasing non food items.

POLICY

- 1) It is the Co-operatives objective that all merchandise shall be sold for cash. Accommodation credit however, may be granted for sales of non-food commodities to members and non-members in good standing.
- 2) Food will be sold for cash only: Government, Service Clubs, and Business accounts being the exception.
- 3) Members and non-members who wish to use the credit privileges provided by the Co-operative must make application in writing and enter into a credit agreement signed by the applicant. The application must receive approval before charging is allowed. Membership alone does **NOT** ensure the granting of credit privileges. Personal Guarantees may be asked of partners in limited companies when deemed necessary.
- 4) The Co-operative shall have the right to refuse credit privileges to any applicant.
- 5) Approved bank sponsored credit cards and debit cards will be honored for payment of all purchases at the time of purchase. Debit cards, cheques, and cash will be accepted to pay Co-op charge accounts.
- 6) All Charge accounts must have current credit application on file. A current application refers to a completed application within the past 5 years. Members who do not have a current credit application on file may be suspended until one is filled out.
- 7) Any accounts over 60 days in arrears will be reported automatically to the Credit Bureau.
- 8) The Co-operative shall issue regular monthly statements current to the last business day of the month. All accounts are due and payable upon receipt of the monthly statement. All accounts not paid by the last day of the month following statement date shall be charged an interest penalty of 2% per month, compounded monthly.

9) Any accounts over 90 days in arrears will have their credit privileges suspended. Six months after the account has been paid in full, the customer must re-apply for credit privileges and, upon approval of the Credit Committee, credit privileges may be reinstated.

10) A maximum credit limit will be assigned on each account. Any account exceeding their credit limit will be put on a cash basis until the account is paid within the credit limit.

11) The Co-operative reserves the right to withdraw credit privileges if credit and/or conditions are violated.

12) Costs incurred by the Co-operative to collect past due accounts will be applied to the customers account or taken from their equity.

13) In the event the Co-operative changes its credit terms and/or interest rate charged on past due accounts, the Co-operative will notify members and non-members of any changes at least 60 days before such change(s) become effective.