



Associated Pharmacies, Incorporated

Pharmacists Working Together

Credit Policy

Associated Pharmacies, Inc. is a purchasing cooperative owned by member independent pharmacies. Credit losses can greatly reduce funds available for rebates to customers and patronage dividends to our members. The following policy has been implemented to protect our customers and members.

Payment terms: Note: A payment is past due if API has not received it by 5:00 PM Central time on the date due.

Discounted terms – Automated Clearing House (ACH) / Electronic Funds Transfer (EFT) payment method only

Plan A – Payment is due on Thursday, the week after invoice date. Timely payment earns a **0.25%** (1/4 of 1 percent) order discount. **Plan B** – Payment is due 10 days from date of invoice. Timely payment earns a **0.25%** (1/4 of 1 percent) order discount.

Standard terms Payment for products invoiced from the 1st to the 15th of the month is due on the 25th of that month.

Payment for products invoiced from the 16th to the end of the month are due on the 10th of the following month.

Payment methods: ACH / EFT – application available on request **OR** Fax check – application available upon request **OR** Check **Initial credit line:**

During a pharmacy's first six months of purchases from API, credit limit size will be determined by choice of payment method, whether or not the personal guaranty* has been completed by the owner, and the information obtained from credit information providers. Subsequent credit line adjustments will also be affected by those factors as well as payment history. Without an owner-completed personal guaranty*, the credit line will remain at \$5,000.

Subject to credit approval the following limits will apply:

Credit line If you pay by fax check or ACH / EFT, and complete a personal guaranty* \$18,000 If you pay by check, and complete a personal guaranty* 10,000 All payment methods without an owner personal guaranty* 5,000

With completed application, owner personal guaranty* and previous two years' financial statements (or business income tax returns) an increased initial credit line may be issued, subject to credit approval.

*Note: If **all** the following conditions are met, the personal guaranty requirement may be waived:

1. A D&B Paydex score of at least 75 for prior 3 months and 12 months
2. API receives a copy of pharmacy's most recent prime vendor statement indicating timely payment pattern
3. The pharmacy-owning entity has been in business at that location for at least 3 years
4. A report from API's credit information provider indicates owner has satisfactory personal credit history

No orders, quarterly rebates, or patronage dividends will be sent to customers with past due invoices.

A late charge of .2% (two tenths of one percent) will be charged twice per month on past due invoices. Unpaid late charges will be subtracted from quarterly rebates.

API reserves the right to limit or refuse credit or modify terms of credit for any customer at any time at its sole discretion. For questions about API credit policy, contact the credit department: **(800) 243-8521**.

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