

Policy on Returned Goods

Effective June 1, 2004

To: All Home Folks Customers

RE: Credit Memo on Returned Items

Effective **June 1,2004** the attached policy and procedure should be used for any credits on returned items. These new policies are a result of product manufacturers no longer giving credit on their product lines, or only partial credit. We will continue to update you on any changes to these policies as they may occur.

Thank you for your Business,

Don Childers

President/General Manager

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HFW Credit on Good Merchandise

ALL PRODUCT PURCHASED FROM HFW IN THE LAST 30 DAYS THAT IS SUITABLE FOR RESALE WILL BE CREDITED AT 100% OF LAST INVOICED PRICE.

A 5% RESTOCKING FEE MAY BE CHARGED ON GOOD CIGARETTES, CIGARETTE DEALS, AND PRE BOOKED ITEMS.

HFW Credit on Unsaleable Merchandise

THE FOLLOWING ITEMS WILL RECEIVE 100 % CREDIT of LAST INVOICED PRICE:

1. **CANDY & GUM OVER \$.25 SRP.**
2. **CIGARETTES MARKED FOR RETURN BY MANUFACTURER**
3. **ALL TOBACCO PRODUCTS**
 - a. **EXCEPT PREMIUM CIGARS**
 - b. **COPENHAGEN MUST BE 30 DAYS OLD (Manuf. Policy)**
4. **CAMPBELL'S JUICE PRODUCTS(Effective 7/16/04 – Product is no longer guaranteed)**
5. **CRYSTALLINE DRINKS & SPRINGTIME WATER**
6. **Li'l HUGS & BIG HUGS**
7. **YOO-HOO DRINK PRODUCTS**
8. **ROGER WOOD MEATS**
9. **CIGARETTE LIGHTERS, BIC AND CRICKET (MANUFACTURER DEFECTS ONLY). ROLL N' LIGHT WILL NOT BE CREDITED. SUNGLASSES**
13. **KEEBLER/KELLOGG'S PRODUCTS. All product must be written up as "X" code then bagged and put into a tote for destruction upon return to warehouse.**

RECLAMATION PROCEDURE

As a service to you, HFW will be glad to process all non-infested, dry grocery products purchased from HFW (with the exception of Private Label Branded Items & Special Order Items). We will in turn sort, pack, code and ship to the reclamation center. After processing is completed by the reclamation center (usually 90 days), you should have your credit memo from HFW.

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HFW Credit Policy on out of Date/Damaged Merchandise

HFW will issue full credit for any product that has concealed damage at time of delivery or is misshipped in totes on delivery provided HFW is notified by the customer within 24 from time of delivery.

On merchandise that is damaged or becomes unsuitable for sale in customer's store, we give credit to our customer on all merchandise where we receive credit from the manufacturer. Our policy is as follows:

CATEGORY	CREDIT GIVEN
Cigarettes (full cartons same cost),except Cigarettes purchased from another supplier	100% \$1 per carton restocking fee
Cigars, except Premium Cigars	100% None
Tobacco (out of date or damaged)	100%
Moist Snuff	100%
Copenhagen	100%
Candy & Gum (out of date) .25 and over SRP	100%
Seasonal Merchandise	None
Force Outs (Authorized Bookings)	Not Returnable
In-Store Damages	None
Beverages	None
Fishing supplies	None
School supplies	None
Lighters (Bic and Cricket, not Roll 'n Light)	100% (defectives only)
Smokers Accessories	None
Retail Paper	None
Film	None
Drugs & Sundries, except Sunglasses	None 100%
Batteries & Flashlights	None
Light Bulbs	None
Automotive Accessories	None
Toys	None
Cigarette Papers	None
Institutional Foods	None
Resale Groceries including Huisken Except Nabisco Cookies, Keebler, Planter's Products, & Meat Snacks	100% NONE
Janitorial	None
Playing Cards	None
Hosiery	None
Miscellaneous	None
Frozen - Refrigerated & Milk, except Roger Wood Meats (BAD/IN DATE)	None 100%
Close Out Items	None
Special Order Items	None
General Mills (ALL PRODUCTS) ALL KRAFT PRODUCTS (DRY & PERISHABLE)	None None

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SHORT on DELIVERY

ONLY AT THE TIME OF DELIVERY YOUR HOMEFOLKS DRIVER CAN ISSUE CREDIT ON ANY PRODUCT SHORTAGES INVOLVING CIGARETTES, CANDY, TOBACCO, CASE GOODS, OR REFRIGERATED GOODS. CUSTOMER SERVICE REPRESENTATIVES AND STORE REPRESENTATIVES ARE NOT ALLOWED TO ISSUE "SHORT ON DELIVERY" CREDITS. SIGNING YOUR DELIVERY TICKET CERTIFIES AGREEMENT ON COUNTS BETWEEN THE DRIVER AND THE RETAILER. ONLY ITEMS THAT ARE RECEIVED IN THE BLUE HOME FOLKS TOTES CAN BE CALLED IN AFTER THE DRIVER HAS LEFT YOUR PREMISES AT THAT TIME PROPER CREDIT WILL BE ISSUED.

Following is a listing of items that we as a distributor receive 0% credit from our suppliers thereby making these items non -creditable to you our customer.

- a. Our Family Products
- b. Buy 'n Save Products
- c. Hy-Top Products
- d. Sauers Spices & Extracts
- e. Refrigerated Product that is out of date.
- f. Product which is discontinued.

Following is a listing of damaged and or out-of -date items that we as a distributor receive partial credit from our suppliers through a reclamation center procedure thereby making these items a partial credit item to you our customer.

- a. Damaged Product
- b. Out-of-Date Product
- c. Unlabeled Product - provided there is a UPC number written legibly on the container

RESTOCKING FEES

20% Fee on pre booked Cigarette Deals

20% Fee on all pre booked orders.

\$1 restocking fee on all cigarettes returned from another distributor.