

Premium Plant Materials by



Credit Limit Guidelines

We have recently changed our policy on credit limits and how they are calculated. Any customer wishing to have a charge account with us will be set to N-30 terms with an approved credit application on file. The credit limit that opening year will be set at the approved amount for the remainder of the season. During the winter after the first year any credit applications approved that season (along with all other charge accounts on file) will all be reevaluated based on a formula as follows:

The last 3 years of sales totals will be added together and divided by 3 to come up with a 3 year average. Then the 3 year average will be multiplied by the percentage listed below which is based on average days to pay

- If average days to pay is 30 days or less 50% of the 3 year average will be the credit limit
- If average days to pay is 31-40 days 40% of the 3 year average will be the credit limit
- If average days to pay is 41-50 days 30% of the 3 year average will be the credit limit
- If average days to pay is 51-60 days 20% of the 3 year average will be the credit limit
- If average days to pay is 61-90 days 10% of the 3 year average will be the credit limit
- If average days to pay is more than 90 days a credit account will not be offered or reinstated until such time that the average days to pay (through timely payments) dips below 90 days (and even then only 10% of the 3 year average would be listed)

Once that figure is generated the posted credit limit on your account will then be rounded up to a whole number interval (usually by the \$100.00's or for higher amounts the next \$1,000.00's benchmark) for those that the average days to pay is 30 days or less. An exact calculated dollar figure will be shown for the credit limit if that company's average days to pay is more than 30 days.

Any account with charges that are 31 days or more **past** due are not allowed to charge to even if the credit limit has not yet been reached, in this case any plant material being received will need to be paid for at the time of pick up/delivery until such time that payment has been made on the account to satisfy any amount 31 days past due or more. The assigned DMF Gardens Account Rep or DMF Gardens Bookkeeper has the authority to offer a credit limit above/below these amounts if conditions warrant but this is the guideline to help originally determine and annually alter/reevaluate customer account credit limits as necessary.

It is the customer's responsibility to inquire with the DMF Gardens office about their current credit limit each year as a notice of any reflected change up or down will not be automatically issued.

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