

Discovery World Furniture's Policies & Procedures

We have been in business for 13 years now. We service many large wholesalers but our core customer base is the small to medium size retailer. Customer service has been the backbone of our success. We have always and will continue to warrant our products and service. Speaking frankly and acting fairly is the only way to conduct business in this fast passed new millenium.

I have spoken to many of my friends in the furniture distribution business and there seems to be an alarming trend by retailers to push any and all problems off on the manufacturer. Discovery treats it manufacturers both domestic and international with respect and consideration. For Discovery to provide the pricing our customers demand, margins are low for the manufacturer and for us. Partnerships are forged and disputes are handled equitably for both parties. We have this relationship with many of our longstanding customers as well. We will strive to have partnerships with each and every customer we service.

Discovery is not in the retail business on any level. Our responsibility is to provide the highest quality product at the lowest possible price as quickly as possible. The following policies are spelled out in an effort to clarify our position on issues that can arise from time to time.

Manufacturers Defect Policy (Entire Product):

Discovery will replace any product due to manufacturers defect for a period of 1 year or abide by the predetermined warranty period enclosed in certain items. The customer will purchase the replacement then send back the defective item for full credit. Full credit will be issued upon receipt of the defective item if the item is returned, carefully packed, in the original carton that the replacement was sent in and the product has been determined to have legitimate manufacturers defect. If the customer is not on our truck run, photo documentation of the problem will be required. An R/A number is required for all returned merchandise.

Manufacturers Defect Policy (Parts):

Discovery stocks in excess of \$50,000 worth of replacement parts. Replacement parts are supplied at no cost to the dealer on his or hers next shipment. If the retailer requires the part immediately, the freight will be sent collect. If the part is not in stock we will order it from the manufacturer and arrange to put it on the customers order within 30 days. If we cannot accommodate within 60 days we will issue credit for the full amount of the product. Discovery will not open new boxes in effort to supply the customer with a replacement part.

Manufacturers Defect Waterbed Mattresses:

Waterbed mattresses have come a long way in 40 years and by any standard would be considered a low service product after installation. Discovery will replace all defective waterbed mattresses on behalf of the manufacturer according to the time frame specified on the warranty sheet enclosed within the product. In order to receive credit, the mattresses must have the defective area clearly marked (circled) along with the valve and hang tag intact, to the point of the problem, all in one continuous piece. A return authorization number is required for this product as well. Please take caution when replacing mattresses to the end user. There can be only 2 types of warranty replacements:

- 1) **A seam leak:** where the top and bottom of the lap seam actually separate. Legitimate seam leaks are extremely rare, about one in 1000 pcs and typically occur within 24 hours of filling the mattress. Note: It is not uncommon for the end user to try and duplicate a seam leak by slicing just above or below the seam. Slices, cuts or holes are not warranted.
- 2) **Vinyl problems:** 1) where the vinyl becomes hard and brittle in an area away from the heater causing a crack or 2) where the mattress will emit a strong odor that does not dissipate after 48 hours. Again these are extremely rare occurrences, about one in 5000 pcs.

Incorrect Shipment Policy: All faxed or e-mailed orders are guaranteed for accuracy. Discovery will pay the freight for a shipping error on our part if the product is UPS-able. If not, we will ask the customer to build a minimum order in an effort to palletize and safely ship the product in question and ship it at our cost. If the customer is COD, this fee must be collect. Discovery takes no responsibility for accuracy on orders that are called in.

Deluxing Policy:

Any educated furniture retailer knows that the very nature of the product, especially solid wood furniture, is subject to service on their part. A professional retail establishment will deluxe all furniture prior to delivery to the final customer, especially if it is a long distance delivery. Much of the furniture sold these days is imported. No matter how good the manufacturer is, there can be no assurance of what is inside the box without inspection. Today more than ever, deluxing and professional delivery is what separates the retailer from liquidators and on-line furniture companies. **Policy:** Discovery will take no responsibility for time/travel with respect to normal deluxing, minor repairs or service calls related to a problem discovered at the end users home.

Shipping Damage Policy:

Issues regarding freight and shipping are part of the retail business. Discovery will professionally palletize, band, stretch wrap and label all common carrier shipments in an effort to minimize damage.

Policy: Shipments are FOB Sanford, Florida. If a customer encounters damage, the retailer must receive the shipment and file the freight claim with the carrier. Return of any shipment without the written consent of Discovery will result in the cancellation of the order and account status.

Inventory Policy:

Discovery carries well over 1 million dollars in inventory at all times. It is our understanding that we are here to minimize the inventory carrying requirements of our retailers. A professional retailer will keep small inventories of items that they show on their floors and replenish it every week. Even though we generally ship the same day the order is placed when using common carrier, the retailer should **never** guarantee delivery of the product the next day. This single issue causes more bad will between wholesalers and retailers than all others combined. We recommend a 4-day promise to the retail customer if the product is in stock and you are within our next day delivery area and a 2-week promise if you are outside that scope. On occasion orders are placed incorrectly by the retailer, taken incorrectly by us or damaged/delayed by the freight carrier. We keep a very heavy inventory of the important commodity items. Being in the bedroom business, we know how important it is to supply the customer with the frame and the sleeping surface at the very minimum. From time to time we will be out of stock on complimentary items. If the item were domestic the lead-time normally would not exceed 30 days. If the item is imported the lead-time could be as long as 60 days.

Terms:

Discovery offers three methods of payment, all of which require our customers to fill out the simple credit application and sales tax certificate.

- 1) **Factoring:** Our accounts are factored by Lyons. A copy of the report we receive will be forwarded to the customer showing the amount of credit that Lyons will issue.
- 2) **Credit Card:** This method has become very popular for us because of the ease of the transaction and the many worthwhile incentives credit card companies now offer. We accept Visa and Mastercard. A copy of your invoice along with our standard credit card authorization form is faxed to the customer prior to shipment. Once the form is signed and faxed back, the order is released.
- 3) **2% COD Company Check:** Since the product we sell is somewhat of a commodity for our industry and we are a quick ship operation, the retailer enjoys many inventory turns. Most of our retailers take advantage of the 2% discount because it represents 24% interest over a 30-day period.

Lighting:

All finish colors for Discovery products are developed in natural light. Many retailers now use soft white fluorescent bulbs in their showrooms because these bulbs duplicate natural light and the soft light bulbs most commonly found in residential applications. The use of standard fluorescent bulbs can dramatically change the actual color of the product.

Office Hours: Monday- Thursday 8:30 am- 5:30 pm. Friday 8:30am to 12:00pm

Pick up Hours: Monday- Thursday 8:30 am- 3:00 pm. Friday 8:30am to 12:00pm

Holidays: Office & Warehouse Closed

New Year's Day

Memorial Day

July the 4th

Labor Day

Thanksgiving Day & the Day after

Christmas Day

******* As always, your comments are important to us. Please call, fax or e-mail us your opinions and comments about our policies and procedures.**

*******All prices are subject to change without prior written notice.**