

*Nourison*TM

Timeless Design for the Modern Age

DEALER MANUAL

Effective April 2015

NOURISON INDUSTRIES
5 SAMPSON ST. • SADDLE BROOK, NJ 07663

*Nourison*TM

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Welcome!

Dear Prospective Dealer:

Welcome to Nourison.

In this package you will find the Terms and Conditions of Sale and Company Policies, which contain all the information you will need to enter into a business relationship with Nourison.

The terms and conditions set forth in these materials supercede any previous or existing policy that Nourison may have applied in its business dealings.

Also included in this packet are the forms necessary to establish an open account with Nourison. After carefully reviewing the "Agreement," please remove the forms, complete them and return them to the Credit Department at Nourison along with a valid resale certificate.

The credit application must be filled out completely and signed at the bottom. In the trade reference section, please list only those references that will respond to our inquiries. Some of our competitors may not, so please do not use them.

The shipping instruction form has two sections - small package carriers and truckers. Both sections must be filled out entirely. If you have any questions regarding this form, please contact your Nourison representative.

The fax or E-mail form is self-explanatory.

Nourison has very strict guidelines and policies with regard to Internet Sales. If you are interested in selling our product on the Internet, please contact our E-Commerce Department. Our images and all copyrighted and trademarked material are NOT to be displayed on your website until you have been issued a Nourison account number and been approved to sell our product on your website.

We look forward to a mutually beneficial relationship.

Sincerely,

Nourison Management

*Nourison*TM

COMPANY STATEMENT

BUSINESS ETHICS POLICY:

Nourison Industries is committed to operating our business with the highest standards of ethical and legal behavior. Nourison is an equal opportunity employer. Our company is dedicated to providing all of its employees with equitable compensation, a humane work environment, and meaningful opportunities for advancement, regardless of race, sex, creed, age, or national origin.

In keeping with our commitment to these values, Nourison expects all trading partners to adhere to similar standards.

EMPLOYMENT PRACTICES:

- Child Labor - The use of child labor under the legal working age as specified by local laws is strictly prohibited.
- Voluntary employment - The use of forced or prison labor is strictly prohibited.
- Compensation - Employees are fairly and consistently compensated in accordance with local laws and local manufacturing standards.
- Working hours - Reasonable working hours are consistently maintained in accordance with local laws and practices.

WORKPLACE CONDITIONS:

Nourison provides a safe and healthy workplace for all employees. This includes adequate lighting and ventilation, clean restrooms, fire exits and personal protection equipment where necessary.

LEGAL REQUIREMENTS:

Nourison is committed to uniform compliance with local building and safety codes, with local environmental laws, and with the applicable customs regulations of any country in which we operate.

BUSINESS RELATIONSHIPS:

Nourison is firmly committed to the principles and standards outlined herein. All customers and trading partners shall also conduct their business practices in conformance with the standards outlined herein. We retain the absolute right to terminate our business relationship with any customer or trading partner whose practices are deemed to be in violation thereof.

TERMS AND CONDITIONS OF SALE

Nourison Industries

A. ACCEPTANCE OF ORDERS

1. In general, Nourison reserves the right to accept or reject any application for a new account or any order from an existing account. Acceptance of an order from a new or existing account does not in any way obligate Nourison to accept future orders. Where an existing account opens new branches, divisions, or locations, Nourison reserves the right to accept or reject orders intended for these new or additional businesses.
2. All potential new customers must complete and sign a Nourison credit application and purchase agreement to be considered for an open account. Nourison reserves the right to refuse any credit application that is not signed by an officer of the company. All new accounts are subject to a 90-day probation period.
3. If we find that your account has been delinquent more than 30 days, a credit hold will be placed on your account.
4. No application will be processed unless accompanied by the minimum required order. A minimum order is defined as a substantial commitment to Nourison product, which unless otherwise stipulated, would be \$5,000 at cost. In order to continue in good standing as a Nourison dealer account must maintain a substantial commitment to Nourison product which unless otherwise stipulated, shall be a minimum annual cost volume of \$10,000.
5. Acceptance of any order is subject to satisfactory credit arrangements.
6. Nourison reserves the right to accept or reject any order. Nourison also reserves the right to sell or not to sell any collection or category to any individual dealer. Nourison also reserves the right to refuse to quote a price or refuse to sell any specific collection or category of carpet to a dealer for any order, including those collections for which the dealer has not purchased samples.
7. Acceptance of any order is conditioned upon Nourison's ability to make delivery. Nourison will not be liable for any delay or failure to deliver any or all the goods in case the delay or failure is caused by manufacturing limitations, shortages of materials, late delivery of raw materials, labor disputes, Nourison's good faith compliance with any foreign or domestic law, rule, regulation or directive or any causes beyond Nourison's control.
8. All custom rugs require a 50% non-refundable deposit prior to production. Orders cannot be changed or cancelled once in production. All special orders for machine made rugs will take approximately 10-12 weeks and up to 9-12 months on hand made rugs.
9. Special construction broadloom orders are subject to an overrun of up to 5% of the yardage ordered, which the dealer must purchase.
10. Special construction area rug orders are subject to a 5% tolerance within the measurements ordered.

B. TERMS:

1. All terms are Net 30 days.
2. Samples are Net 30 days unless otherwise approved. Accounts with specific policies in regards to samples must present those policies in writing prior to any samples being shipped and terms must be agreed to by both parties.
3. A 1 1/2 % monthly service charge (18% Annual) is added to all account balances 30 days past due. All account balances 90 days past due, unless Nourison is notified of reason for the delay in payment, will be turned over for collection. If account becomes delinquent and collection becomes necessary, buyer will pay all attorney fees, court costs and or collection fees.

C. DELIVERY

1. All goods are shipped at the risk of the consignee, F.O.B. Nourison's warehouse. Nourison Industries is not responsible for damage or delay in transportation.
2. No claims will be allowed unless we are notified within 3 business days of receipt of goods. If goods called for on the bill of lading are damaged, or there is a shortage of the number of pieces shipped, the dealer should not accept them until the carrier's agent makes a notation on the freight bill of the damage or shortage, or supplies the dealer with a copy of the usual inspection report. The buyer is responsible for payment of the Nourison invoice. Nourison assumes no responsibility for filing these claims. The dealer should file its claims with the carrier promptly to avoid being barred by state statutes. The dealer should support its claim with the bill of lading, freight bill, certified copy of the invoice, and the inspection report. Nourison will not be required to respond to any request for proof of delivery after nine months from the date of shipment since such records are not available from most carriers.
3. Pursuant to the provisions of the Uniform Commercial Code, title to all goods purchased by the dealer shall pass to dealer upon shipping of the product as set forth above. From the time the carrier takes possession of the goods, the goods shall be at the dealer's risk of loss, expense, destruction, damage, delay and taxes/duties of any kind (if applicable). Nourison retains its right to transit stoppage and to a security interest in the goods to secure any unpaid balance of the purchase price, and is hereby authorized as to file all appropriate financing statements to perfect such sensitive interests.
4. Nourison will not be liable for penalties or indemnity obligations of any nature imposed on any dealer because of a delay in delivery of product, unless specifically and expressly agreed to in Nourison's written acknowledgements at the time of Nourison's acceptance of the order.
5. Freight Charges:
 - I. All UPS and Fedex shippable items are prepaid, F.O.B. Nourison's warehouse.
 - II. All rugs shipped by truck will be freight collect F.O.B. Nourison's warehouse unless noted on the shipping instruction form. If so stated, these may be billed on a separate invoice.

- III. Third party UPS and FEDEX shipments are subject to a \$5.00 per rug handling charge. All accounts shipping third party are required to carry additional insurance in case of loss or damage.
- IV. Area rugs sized 9x12 and larger are subject to an upcharge in addition to the normal freight charge in accordance with the applicable carrier upcharge.
- V. Prepaid freight shipments carry a prepaid service charge of \$20.00 per bill of lading. (Truckers only)
- VI. Insurance: Shipments made by truck have a release value of \$125.00 per CWT. Any and all additional in-transit insurance must be carried by the buyer.

D. COMPLIANCE WITH LAWS

1. Fiber Labels:

All products subject to the Textile Products Fiber Identification Act are labeled in accordance with the provisions of the Act.

2. Flammability:

All products subject to the Flammable Fabrics Act are manufactured and labeled in accordance with the provisions of the Act.

E. CLAIMS

1. In general, Nourison warrants its products against manufacturing defects for one year from date of invoice. All claims under this warranty must be made in writing to the attention of Nourison's Claims/Return Department.
2. Shading, shedding, and pulled loops are normal characteristics of carpet and rug products, and no claims arising as a result of these factors will be accepted.
3. All merchandise is shipped F.O.B. Nourison's warehouse. Any claim arising in connection with freight loss or in-transit damages must therefore be pursued by the recipient against the freight carrier.
4. Broadloom Claims: All Nourison products are inspected prior to shipping from our facility, but it is also the responsibility of the customer to inspect the merchandise prior to cutting or installing to verify it is the correct style, color, and that it is free of visible defects. Claims entered for merchandise with wrong style, wrong color, off dye lots, and/or visible defects will not be considered if merchandise is cut and installed. All merchandise is shipped F.O.B. Nourison's warehouse. Therefore any claims for freight loss or damage should be handled directly with the freight carrier. Nourison is not responsible for any incidental costs such as labor, freight, lost time, storage, etc. that may be associated with claims situations.

NOURISON POLICIES

I. NOURISON ADVERTISING POLICY

As a leading resource in the floor covering industry, Nourison has established a conspicuously high reputation for the design and quality of its products. It is imperative that any advertising of Nourison rugs or broadloom maintain and support this image.

In any publicity medium of any kind, Nourison trademarks, products, and other intellectual properties must be represented in a manner consistent with the standards of Nourison's own advertising and marketing programs. Nourison retains sole and absolute discretion as to what constitutes an appropriate use of said materials and references for the purposes of this policy. Serious or repeated violations of this policy will result in termination of Nourison's business relationship with non-complying dealers.

Wherever the Nourison logo is used in dealer advertising, the shape, graphics, proportions, and font style may not be changed or altered in any way from the proprietary format in which Nourison will provide it. It is likewise not permitted to use the Nourison logo or trademarks, or similar or confusing logos or trademarks, as part of the dealer's business name or URL.

Nourison retains the right to change, modify, or expand the policies set forth herein as the company deems necessary for the integrity of its corporate image and market position.

II. IN-STORE PRESENTATION POLICY

Nourison has established a prestigious reputation for the quality of its products and the integrity of its merchandising policies. Any in-store presentation of Nourison products, logos, or other company indicia must, in Nourison's sole judgment, conform with the highest visual and display standards of the floor covering industry.

III. DEALER LOCATOR POLICY

All authorized Nourison dealers may be listed on our dealer locator provided they maintain annual sales that meet or exceed our predetermined Minimum Sales requirement for each state. Any dealer with sales lower than the Minimum Sales requirement should consult their sales representative. References to dealers on our locator will include the dealer's store address and phone number. Redirect links to a dealers website can be provided for a nominal annual fee (\$89 per year).

A. Preferred Dealer status:

Dealers may apply to have Preferred status for their brick and mortar store and website by demonstrating an extraordinary commitment to our product line and our brand. Dealers looking to have preferred status may apply for that status through their Sales Representative. Senior Management reviews all preferred dealer applications.

IV. DROP SHIP POLICY

- A. All rugs drop shipped direct to a customer's home will be billed an additional \$5.00 per rug handling charge.
- B. Nourison will not be responsible for any rugs returned from the buyer's customer without the proper authorization. All rugs returned must have a Return Authorization(RA) number otherwise it will be refused at arrival.
- C. We respectfully request that the buyer does not refer their customer to Nourison in the event of a problem.
- D. Ship dates are not guaranteed. However, if merchandise is in stock our usual turn around time is no more than 36 hours.

V. RETURN AND RESTOCKING POLICY

- A. All returns must be accompanied by a Return Authorization number issued by Nourison.
- B. All requests for Return Authorization numbers must be made to the Claims/Returns Dept. and must specify the reason for the return and the original invoice number for the merchandise at issue.
- C. For merchandise returned with an RA number and within six months of purchase, the restocking fee will be 15%.
- D. For merchandise returned without an RA number or more than six months after purchase, the re-stocking fee will be 25%.
- E. The re-stocking fee will be deducted from the credit memo issued upon inspection of the returned merchandise.
- F. Freight charges on any returns other than defective merchandise will be the responsibility of the buyer.
- G. Broadloom re-stocking: Custom or special order merchandise is not returnable. We will not restock any cut of under 25' in length, or any merchandise that has been cut or altered in any way. Re-stocking fees vary according to circumstances and are at the discretion of our Claims Department. We reserve the right to decline any request for re-stocking.

VI. RIGHTS AND PERMISSIONS FOR USE OF NOURISON IMAGES

- A. Any Nourison designs or images made available for use by our dealers, as well as the associated logos, graphics, and other indicia, are the exclusive property of Nourison. All such content is protected by U.S. and international copyright law, and all related rights are reserved.
- B. The images and other indicia described herein may be used only as permitted by the language of this section and the NOURISON IMAGE LICENSE AGREEMENT. Any other use, including but not limited to reproduction, distribution, transmission, or modification, is strictly prohibited.

- C. Use of any Nourison image provided to a dealer on CD or other medium is contingent upon the dealer's agreement to the NOURISON IMAGE LICENSE AGREEMENT. Any dealer who does not agree to the provisions therein is not permitted to use the images or CD in any manner and should return all such materials to Nourison immediately.

VII. TRANS-SHIPPING POLICY

Our Terms and Conditions of Sale govern the sale of Nourison products to dealers. Nourison dealers may sell Nourison products only to retail customers or to other authorized Nourison dealers. Dealers may not, under any circumstances, sell or otherwise provide any Nourison product to any individual or party other than a retail customer or other authorized Nourison dealer. Nourison retains the absolute right to terminate its relationship with any dealer found to have violated this policy.

WARRANTIES

Nourison warrants its products against manufacturing defects for one year from date of invoice. All claims under this warranty must be made in writing to the attention of Nourison's Claims/Returns Department..

Nourison's liability under this warranty and the sole remedy for performance or non-performance of any product sold by Nourison is limited to replacement of the damaged good(s) or refund of the net sales price as evidenced by Nourison's invoice. The time limit for effectiveness of this warranty is one full year from the date of invoice to their customer.

This is the only warranty associated with our product. Nourison's Obligations and Liabilities under this warranty are those expressly written herein, and no other warranty, guaranty and/or liabilities are given or intended or otherwise implied.

In no event shall NOURISON be liable to any party for lost profits or revenue, failure to realize expected savings, loss of goodwill, any claims against the dealer by any other party, or other consequential, special, exemplary, incidental, indirect, or punitive damages.

This limitation of liability applies regardless of the basis on which dealer is entitled to claim damages, including but not limited to: any circumstance involving a finding that a warranty or condition or remedy has failed its essential purpose, breach of contract (including but not limited to fundamental breach), tort, such as but not limited to negligence or misrepresentation, breach of statutory duty, or other legal equitable theory even if NOURISON has been advised of this possibility of such damages.

Any cause of action you may have with respect to these terms of sale and/or a purchase of product(s) must be commenced within one (1) year after the claim or cause of action arises or shall be forever barred.

NOTABLE CHARACTERISTICS:

Dye Lots: Due to slight variation from dye lot to dye lot, color matches may vary within acceptable industry tolerance.

Shedding or Fluffing: this is a natural characteristic of all wool or wool blend pile carpets. Loose bits of natural fiber can appear on the carpet surface and can be removed with gentle vacuuming. Improper maintenance, dragging objects, or overly aggressive vacuum methods can distort pile and cause excess fuzzing.

Shading or Watermarking: All cut pile carpets and some loop pile carpets are characterized by highlighting or shading, sometimes called "watermarking." This is not a manufacturing defect, but simply a result of pile direction. Purchasers of fine carpets, especially cut pile should be made aware of this.

Woven Characteristics: Our products are woven with high quality fibers. As with all woven products and all fibers, there are certain variances in surface texture, yarn consistency, etc. that sometimes cause the appearance of striation, tension lines or other minor imperfections. These are not considered defects, but are inherent to the beauty of fine woven carpets.

Broadloom Installation: Nourison recommends that all products be installed by a certified, experienced installer in accordance with the formal guidelines

published by the Carpet & Rug Institute in their manuals CRI-104 & CRI-105. We recommend traditional tack and pad installation over a firm, dense pad, such as a 40 oz. synthetic hair and jute or a high density commercial rubber pad. As with any carpet, no guarantee, written or implied, applies to stair installations.

Broadloom Disclaimer: We are not responsible for improper installations, tears, burns, pulls, cuts, soiling, staining, pet damage, pile crushing or damage due to improper maintenance or cleaning, or improper application.

ENFORCEMENT

In the event of any violation of the policies outlined above or as subsequently amended by Nourison, Nourison retains the absolute right to terminate its business relationship with the dealer or dealers in violation.

APPLICABLE LAW

Nourison is a New York corporation, maintaining its worldwide headquarters in Saddle Brook, New Jersey. All transactions entered into by Nourison shall be construed and interpreted by the laws of New Jersey. All legal actions against Nourison for any claim of any kind shall be brought in the appropriate New Jersey court; the dealer expressly and irrevocably consents to the exclusive jurisdiction of such courts

NO WAIVER

A waiver of any default, breach or non-compliance under this Agreement is not effective unless expressed in writing and signed by Nourison.

SEVERABILITY

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable, then the remaining provisions will remain in full force and effect.

SURVIVAL

The termination of the relationship between Nourison and dealer will not affect or prejudice any rights or obligations which have accrued or arisen prior to the time of termination or expressly or by their nature survive the termination or expiry of this Agreement and those rights and obligations will continue in full force and effect subsequent to and notwithstanding such termination until they are satisfied or by their nature expire.

Nourison™

CONTACTS:

SALES _____

SALES _____

SALES _____

ACCOUNTING _____

ADVERTISING _____

INTERNET _____

CUSTOMER SERVICE _____

OTHER _____

OTHER _____

OTHER _____

OTHER _____

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Las Vegas Showroom • World Market Center, Building C • 455 S. Grand Central Pkwy., Suite C112, Las Vegas, NV 89106 • (702) 454-2600

Highpoint Showroom • International Home Furnishings Center (IHFC) • 210 E. Commerce Ave., InterHall Space IH101 • High Point, NC 27260 • (336) 841-6900

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