

CREDIT POLICY TEMPLATE

Company Name: _____

Policy Number: _____

1. PURPOSE

This Credit Policy is established to define the standards and procedures for extending credit to customers, managing credit risk, and ensuring timely collection of receivables in order to maintain the financial health and profitability of the Company.

2. SCOPE

This policy applies to all credit sales and credit-related activities conducted by the Company, including all departments and employees involved in credit evaluation, approval, monitoring, and collections.

3. CREDIT ELIGIBILITY CRITERIA

Customers seeking credit must undergo a creditworthiness assessment including, but not limited to: review of credit reports, financial statements, payment history, and references. Approval is contingent upon meeting minimum credit standards as determined by the Credit Department.

4. CREDIT APPROVAL PROCESS

All credit applications must be reviewed and approved by authorized personnel before credit is extended. Credit limits and terms will be established based on risk evaluation. Any exceptions require approval from senior management.

5. CREDIT TERMS

Standard credit terms are net 30 days, unless otherwise approved in writing. Invoices are due on the date specified and payments must be made in United States Dollars (USD). Early payment discounts or late fees shall be applied as per contract terms.

6. CREDIT LIMITS

Credit limits shall be set based on customer creditworthiness and financial capacity. Limits must be monitored periodically and adjusted as necessary. Exceeding credit limits requires immediate notification to management and may result in suspension of credit privileges.

7. RECEIVABLES MONITORING AND COLLECTION

Accounts receivable aging shall be reviewed regularly. Collection efforts including reminders, phone calls, and written notices shall commence promptly after due dates. Delinquent accounts may be subject to collection agencies, legal action, or credit hold.

8. BAD DEBT PROVISION AND WRITE-OFFS

Provision for doubtful accounts shall be established in accordance with generally accepted accounting principles. Write-offs require approval from the Chief Financial Officer or designated authority and must be documented with supporting evidence.

9. ROLES AND RESPONSIBILITIES

Credit Department: Responsible for credit evaluation, approval, monitoring, and collections. Sales Department: Responsible for initiating credit applications and informing customers of credit terms. Finance Department: Responsible for accounting, provisioning, and reporting on credit and receivables.

10. CONFIDENTIALITY AND DATA PROTECTION

All customer credit information shall be handled confidentially and in compliance with applicable federal and state laws including data protection and privacy regulations.

11. POLICY REVIEW AND AMENDMENT

This Credit Policy shall be reviewed periodically by management and amended as necessary to ensure continued effectiveness and compliance with applicable laws and business needs.

12. LEGAL COMPLIANCE

The Company commits to complying with all applicable United States federal, state, and local laws governing credit, collections, and consumer protection including but not limited to the Fair Credit Reporting Act, the Equal Credit Opportunity Act, and the Fair Debt Collection Practices Act.

13. ACKNOWLEDGEMENT

By granting credit under this policy, both the Company and the Customer agree to abide by the terms and conditions herein. Failure to comply with this policy may result in suspension or termination of credit privileges.

AUTHORIZING OFFICER

CUSTOMER REPRESENTATIVE

Signature: _____

Signature: _____

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