

VRR DEFECTIVE ALLOWANCE PROGRAM

Version 16

VRR requires all of our vendors to participate in our Defective Allowance program unless otherwise approved by a Divisional Merchandise Manager.

The Defective Allowance Program will include all manufacturer's defects, and or damages resulting from manufacturer's defects. These defects or damages may be generated from end-customer returns to our stores or defects found within our retail stores or warehouses. This program does not include rentals, demos, vendor recalls, stock rotation and overage/not-ordered items.

The VRR Defective Allowance Program has many advantages:

- No requests for Return Authorization Numbers
- No Call Tags will need to be sent to VRR
- No 10% handling fee
- No return shipping costs

At the end of each quarter VRR will take a deduction from vendor invoices in the form of a chargeback fee. **The amount of the chargeback fee will be 1% of total receipts during the quarter.** A Fee Notification email will be sent to the VNC Distro List in the contact profile on www.vailresortsretail.com prior to the deduction.

The quarterly deduction percent for the upcoming year will be determined at the Winter Season Year End (April 30). If the actual return percent is greater than 1% the quarterly deduction percent for the upcoming year will be adjusted to the actual return percent from the previous year. A Notification email with the revised defective percentage will be sent after the Winter Season Year End (April 30). We will not request/require that a new contract be signed from season to season.

The intent of this program is to provide better service to our customers and also reduce costs for both our vendors and VRR. There will be a year end "True-Up" chargeback from VRR if actual returns exceed the quarterly chargeback fees.

VRR reserves the right to remove any vendor at any time from the Defective Allowance Program.