



Financial

Number	KF269 Amendment 6
Type	KF Finance Bulletin
Date	April 1, 2022
Subject	Parts & Service Note Financing

SUBJECT: Parts & Service Note Financing Support Up to 4 Skips

This program has been amended to advise rate change and extend the program.

PROGRAM PERIOD: April 1, 2022 – June 30, 2022

ELIGIBLE EQUIPMENT AND REPAIRS:

- Repair or Service work on all Komatsu, and Komatsu-owned brand machines, currently financed with Komatsu Financial or any Komatsu and Komatsu-owned brand machines owned by the customer where a perfected security interest in the machine being repaired can be obtained in favor of Komatsu Financial. Machines used in rent to rent applications, agricultural, for personal use, or owned by the dealer, do not qualify for the program. Komatsu and Komatsu-owned Forestry brand machines and attachments (Timberpro, Quadco, LogMax, Southstar) are eligible for these subsidized rates.
- Repairs to Non-Komatsu equipment are eligible for Komatsu Financing at different rates.
- Komatsu Parts Purchases – Individual point-in-time purchase covered by a single invoice.

ELIGIBLE CUSTOMERS:

- New and Current KF Customers – subject to our standard credit review

PROGRAM PARAMETERS:

- Applies to work orders dated 4/1/2022 or after.
- Payment due date respective of first skip and contract due date; i.e., if contract due date is 15th of month, first payment is due on 15th.

Only current work performed on eligible machines at a Komatsu distributorship, by Komatsu-approved technicians, utilizing parts sold by Komatsu, is eligible for service note financing. Financing will be considered only for work covered by a single work order/invoice detailing the nature and extent of the work performed and all parts and components used in the repair. The work order should include the labor hourly rate or flat rate for the service work to be performed. The work order must be signed and dated by the customer.

AMOUNT ELIGIBLE FOR FINANCING:

MINIMUM: The minimum amount to be financed is \$7,500 unless otherwise restricted by state or local law.

FINANCE RATES:

AMOUNT TO FINANCE	TERM	RATE	1 ST LIEN POSITION REQUIRED
UNDER \$100,000	Up to 12 Months	0.00%	Credit Review
\$100,001 to \$300,000	Up to 12 Months	0.99%	YES
UP to \$300,000	Up to 24 Months	1.99%	YES
Longer Term and/or Over \$300,000	Call for custom quote		YES

With prior credit approval of Komatsu Financial, transactions may include up to four (4) skips per 12-month period.

RATE RESERVE:

Distributor may charge customer rates over and above the special published rates, up to 4% over and above the special published rates, or to the highest rate allowed by law. Notwithstanding any state rate limitations, Distributor and Komatsu Financial will split the Net Present Value of the rate overage from the above program rates 50/50. If a contract retires early for any reason, distributors will be required to repay KF any unearned portion of the rate reserve.

RATE BUY DOWN: Distributors can buy down interest rates from the published program rates. If a contract retires early for any reason, KF will credit the distributor account for any unused portion of the rate buy down.

APPLICATION SUBMISSION

Standard submission of Service Note finance requests.

POLICY ADJUSTMENTS & WORKMANSHIP DISPUTES

Policy Adjustments: Any items covered by a Komatsu Policy Adjustment (PA) are excluded from the program. If, after a Service Note has been documented, a PA is issued, the KAC Service Organization will notify KF of the amount of the credit. Distributors will be required to send any such credits to KF to be applied to the customer's Service Note.

Workmanship Disputes: If the customer disputes the quality of the work performed and as a result elects to withhold payment from KF, then KF may, at its sole discretion, reassign the contract to the distributor and request payment in the amount of the net contract payoff. KF will also consult with the distributor to see what actions, if any, can be taken to resolve the issue before reassignment.

DISTRIBUTOR RESPONSIBILITIES

First Lien – It is the Distributor's responsibility to provide KF with a first lien position on all Service Note transactions. To determine if there are any conflicting Financing Statements, a UCC Record Search must be performed on machines financed under this program.

To assist distributors using this program, KF will perform the required record search on all units.

If there is a conflicting filing, a Subordination Agreement will be required. KF will prepare and forward the Subordination Agreement to the distributor via e-mail. It is the Distributor's responsibility to get the Subordination executed.

Credit Application Receipt Dates: All credit applications for utilization of this program must be submitted by midnight on the day before any announced rate change or program termination becomes effective to be eligible for the rates or program terms in effect before any such change. In the event the base subsidized rates change, the Distributor will have seven (7) business days from any announced rate change or program termination to complete pending finance deals at the rates in effect before such change. Documentation received after this time period will be subject to any revised rates or Komatsu Financial's standard non-subsidized rates if the program is terminated. Any differences in cost will be the Distributor's responsibility.

Documentation: Distributors can prepare the required Service Note documentation using the appropriate KF credit system. A ***Parts & Service - Security Agreement*** must be utilized for these transactions; along with the standard Seller's Assignment form currently used for machine financing. ***The Distributor shall provide Komatsu Financial a detailed customer work order invoice. The invoice must list the machine model and serial number, all Komatsu Parts sold, and services rendered.***

Customer Payments: Notices are sent to customers in advance of their due date. Please make sure you advise customers that KF will be invoicing them monthly.

PROVISIONS

To qualify for this finance program through Komatsu Financial, the Distributor must have an approved Retail Finance Agreement with Komatsu Financial.

GENERAL:

Terms and conditions outlined in this letter are not meant to alter or amend the terms and conditions of any or all KF/Distributor Agreements; including but not limited to the Distributor Retail Finance Agreement which is in full force.

1. Komatsu Financial reserves the right to modify or cancel this program at any time.
2. There is no rate lock-in provision with this program.

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