

Note

By importing and exporting directly, many expensive and speculating middlemen are bypassed and one can enjoy directly the prices from overseas. Many people think exporting is difficult, which is definitely not true. There are two rules for a successful export:

1. Close a well-defined contract, such as above.
2. Comply with the well-defined contract, which includes quantity, quality, sizes, species, you name it.

Some businessmen find Letter of Credits complicated, which in fact they are not because they are pretty obvious. Information about delivery, date, quantity, price etc etc are clearly specified. See for an example: www.roquevalente.com/LC_payment.htm. The problem is however, that costs are relatively high. Nevertheless there exist possibilities to lower costs by using a revolving LC, or an LC with year quantity allowing partial shipments.

What matters is that the exporter has a guarantee of its payment and a creditworthy client, and the client in return has the guarantee of its goods. No goods; no payment. No payment; no goods. All you need to do is to print the instructions below and have your bank explain them to you. That's it!

LETTER OF CREDIT INSTRUCTIONS

Date: _____

From _____
Address _____
City and State _____
Country _____
Zip Code _____
Attn _____
Telephone _____
Fax _____

RE: Our Purchase Contract# _____ Dated _____

Gentlemen:

In connection with your above-referenced purchase contract n°_____, the following terms and conditions are for inclusion in your irrevocable letter of credit. We are providing you with these details as a confirmation of our understanding of the terms of sale covering this transaction. If these details do not agree with your understanding or if you are unable to comply with these terms and conditions, please have us (seller) verify the draft of the LC **prior** to the issuance of your letter of credit to avoid unnecessary delays and costs. Mistakes or discrepancies to these instructions and/ or purchase contract if not priory verified and confirmed by the beneficiary will be for the applicant's account. Thank you for your patronage and cooperation.

The letter of credit must be issued no later than _____ by a bank acceptable to us.
The place of expiry of the letter of credit is Bolivia.

The letter of credit must be irrevocable and be subject to the 1993 Revision of the Uniform Customs and Practice for Documentary Credits published by the International Chamber of Commerce, Paris (UCP500).

The letter of credit must state that it is available to Banco Santa Cruz by negotiation.
The letter of credit must be opened with full details by SWIFT or tested telex

In favor of/ Beneficiary: Roque Valente SRL attn: André J Wouters MA Address: Calle Junin, Casilla 1739 - Centro - Santa Cruz de la Sierra - Bolivia - Tel: + 591 76084304 - email: info@roquevalente.com

We will **not** initiate shipment until the actual letter of credit is received but it may expedite processing if you will fax a copy of the letter of credit to André J Wouters MA at + +31 84 8333237. This must be a copy of your bank's actual SWIFT message sent to the advising bank. A copy of your letter of credit application is not sufficient.

The letter of credit must be payable in U\$ Dollars for
 up to an amount of _____
 an approximate amount of _____

The letter of credit must be advised through an acceptable, "prime" U.S. or European bank such as: HSBC, ABNAMRO, CityBank, Barclays, LloydsTSB, Banc of America, Credit Suisse, USB, American

Express Bank, Banco Santander Central Hispano, Bank of Tokyo Mitsubishi, First Union National Bank, Corp Banca, BANESPA, Societe Generale, Dresdner Bank, KBC, Deutsche Bank

The letter of credit must be able to be confirmed by and Banco Santa Cruz must be able to add its confirmation

The letter of credit must authorize the negotiating bank to debit the issuing bank's account with a reimbursing bank with **no** deductions. The issuing bank must indicate the reimbursing bank.

The letter of credit must be payable against drafts drawn, at the beneficiary's option, on the issuing bank, on the advising bank, or on the reimbursing bank. Drafts must be

- at sight
- at ____ days from the date of the transport document/forwarder's receipt.
- at ____ days from the date of the invoice.

The letter of credit must indicate:

- All banking charges outside the applicant's country, including any amendment charges, are for the account of the applicant beneficiary.
- Discount and acceptance charges for time drafts shall be for the account of the applicant beneficiary.
- Reimbursement related charges must be for the account of the issuing bank.
- All required documents by the applicant are restricted (but not necessarily required) to:
 - original / photocopies of commercial invoices
 - original / photocopies of packinglists
 - full set of clean BL, indicating the name of the carrier, made out to order, blank endorsed, marked freight collect, showing notifying applicant (buyer)
 - photocopy of original BL
 - 1 original certificate of origin
 - if necessary; 1 photocopy wood certificate CFOR, issued by the Bolivian authorities
- due to unpredictable Brazilian authorities in case of port of loading Paranagua, the LC must state port of loading 'any south American port' for alternative dispatch.

Please instruct your bank to reflect this in their reimbursement authorization as well as in the letter of credit.

- The letter of credit must be transferable by any bank.
- The letter of credit must allow partial shipments and transshipments.
- The letter of credit must allow a tolerance of 10% in more or less on credit amount **and** volume

The latest shipping date in the letter of credit must be at least **90** days after the issuance date of the L/C.

The letter of credit must allow a minimum of **30** days after the date of transport document/forwarder's receipt for presentation of documents. Add 14 days if any documents required must be consularized or legalized or if they include an inspection certificate issued by S.G.S. or similar inspection service. Expiration should be this same number of days after the latest shipment date at the counters of the negotiating bank.

The letter of credit must require the commercial invoice to describe the merchandise, in accordance with our above-referenced purchase contract n° _____,

- EXW (Ex Works, Ex Factory) cleared for export
- loaded on departing vehicle

- | | |
|---|--|
| <input checked="" type="checkbox"/> FOB (Free on Board) | <input checked="" type="checkbox"/> cleared for export |
| | <input checked="" type="checkbox"/> loaded on Carrier's terminal in Seller's country |
| <input type="checkbox"/> FCA (Free Carrier At) | <input type="checkbox"/> Seller's premises |
| | <input type="checkbox"/> Consolidator's terminal in Seller's country |
| | <input type="checkbox"/> Carrier's terminal |
| | <input type="checkbox"/> Airport of departure |
| <input type="checkbox"/> CPT (Carriage Paid To) | <input type="checkbox"/> Customs terminal in Buyer's country |
| | <input type="checkbox"/> Consolidator's terminal in Buyer's country |
| | <input type="checkbox"/> Buyer's premises |
| | <input type="checkbox"/> Airport of destination |
| <input type="checkbox"/> CIP (Carriage & Insurance Paid To) | <input type="checkbox"/> Customs terminal in Buyer's country |
| | <input type="checkbox"/> Consolidator's terminal in Buyer's country |
| | <input type="checkbox"/> Buyer's premises |
| | <input type="checkbox"/> Airport of destination |

If you have selected a freight forwarder who will be receiving the goods for consolidation and/or shipment, payment must be available against a Forwarder's Cargo Receipt showing merchandise consigned to/at disposal of yourselves. Otherwise the L/C must require either a multimodal transport document consigned to order of the issuing bank showing place of receipt as _____ and place of delivery or final destination as _____ or an air waybill consigned to yourselves showing airport of departure as _____ and airport of destination as _____. L/C must require the multimodal transport document or air waybill be marked "Freight Prepaid" if terms are CIP or CPT or "Freight Collect" if terms are EXW or FCA.

If terms are CIP, you may require a marine cargo insurance certificate covering

- All risks warehouse to warehouse
- All risks warehouse to warehouse including SRCC & War Risks

If terms are EXW, FCA, or CPT and we are arranging the shipment, you may require a copy of a cable or fax message to yourselves giving date and means of shipment and description and value of the goods shipped, certified by the beneficiary (ourselves) to be true and accurate and to have been sent no later than two days after shipment.

We anticipate receipt of your letter of credit conforming to these requirements.

This document is also available at:

<http://www.roquevalente.com/ROQUE VALENTE LC instructions.pdf>

Roque Valente SRL – Bolivia, June 2006