

EXPORT-IMPORT BANK OF THE UNITED STATES

SAMPLE PROVISIO WORDING FOR LETTERS OF CREDIT

Long-Term Guarantees and Direct Credits

General Guidance: The irrevocable letter of credit must be issued, confirmed or advised by a U.S. bank (the L/C Bank). The Beneficiary must be a company registered to do business in the U.S. with a U.S. street address. The letter of credit must expire before the Final Disbursement Date in the Ex-Im Bank Credit Agreement. A proposed or pro forma letter of credit (not an issued letter of credit) complete in all respects except for date and signature must be provided with the Borrower's Request for Letter of Credit Approval. The letter of credit must evidence shipments from the United States to the Purchaser's country. Progress payments for the manufacture of goods prior to export must be specifically preauthorized by Ex-Im Bank. Freight forwarder's receipts are not acceptable.

Instructions to L/C Banks for submitting drawing documents to Ex-Im Bank:

Letter of Credit drawing documents should be submitted electronically to the Operations & Data Quality mailbox at: credit.administration@exim.gov

If an Amended Exporter's Certificate is received, the original must be mailed to Credit Administration and cannot be submitted electronically.

Letter of Credit Text:

1. **Exposure Fee Payment Instructions for Long-term Guarantees when Exposure Fee is Financed as Disbursed:** The total amount of this letter of credit is \$____, of which \$_____ is available to you for the payment of drafts presented hereunder. The balance of this letter of credit (\$_____) represents the maximum amount of the Ex-Im Bank Exposure Fee, a portion of which is payable to Ex-Im Bank each time that you make a drawing under this letter of credit. Prior to your first drawing hereunder, we require as a condition of payment that you authorize and direct (insert name of the L/C Bank) in writing to charge this letter of credit and to remit to Ex-Im Bank, at the time (insert name of the L/C Bank) honors each draw, the applicable portion of the Exposure Fee, equal to ____% of the amount of each draft presented hereunder. Upon receipt of those instructions, (insert name of the L/C Bank) agrees to calculate and remit such fees to Ex-Im Bank each time (insert name of the L/C Bank) pays a draft to you.

Instructions to L/C Banks: For those transactions in which the Exposure Fee is financed and paid up-front or is not financed, please contact the Credit Administration Officer in Operations for alternate payment instructions.

2. **Commercial Invoice and Exporter's Certificate:** Commercial invoices must show 100 percent of the gross invoice value and indicate that a cash payment of not less than 15

percent has been received (or financed) and deducted from the gross invoice value. All invoices will be paid at the Disbursement Percentage noted in Part A of the applicable Initial or Amended Exporter's Certificate executed by an authorized officer or employee of the Beneficiary. If the Disbursement Percentage is less than 85%, there must be a proportional increase in the amount of the cash payment received or financed which must be noted on the invoice.

Invoices must describe Goods and/or Services on the Acquisition List. The Acquisition List is a document outside of this letter of credit and is not an integral part of it. Invoices must state "Invoiced Goods and/or Services appear on the Acquisition List approved by Ex-Im Bank."

If there are changes in accordance with Part C of the Exporter's Certificate, the Beneficiary is required to submit an Amended Exporter's Certificate in the form attached hereto. Each such Amended Exporter's Certificate must be fully completed, dated, and manually signed by an authorized officer or employee of the Beneficiary. The Exporter's Certificate is an integral part of the letter of credit; alterations to the text are not acceptable.

If an Amended Exporter's Certificate is submitted with a Disbursement Percentage indicated in Part A that is lower than the Disbursement Percentage in the previously submitted Initial or Amended Exporter's Certificate as applicable, then that Disbursement Percentage must apply to the remaining invoices presented by the Beneficiary. If such Disbursement Percentage is zero, no further L/C payments may take place.

3. For invoices related to progress payments, a certification from the Beneficiary must be presented stating that, "The ___% limit on progress payments has not been exceeded."
4. Signed, clean, onboard ocean bills of lading must evidence shipment on vessels of U.S. registry or be accompanied by a certification or determination from the U.S. Maritime Administration.
5. For all shipments of Goods, marine and transit insurance policy or certificate for 110 percent of the value of the Goods to the Purchaser's country must be presented.
6. This letter of credit is subject to Uniform Customs and Practice for Documentary credits (2007 Revision), International Chamber of Commerce (ICC Publication No. 600LF).
7. Documents for Goods shipped or Services rendered which are dated earlier than (insert Initial Eligibility Date) are not acceptable.
8. Exposure Fee Payment Instructions for Direct Credits when Exposure Fee is Financed as Disbursed: Ex-Im Bank is hereby instructed by the Applicant to charge the Exposure Fee of ___ % of each draft as a disbursement under Ex-Im Bank Credit No. AP0____, to retain the Exposure Fee amount, and to remit the draft amount to the L/C Bank. The

amounts so reimbursed to the L/C Bank together with the Exposure Fee retained by Ex-Im Bank shall constitute the amount of the disbursement under the Ex-Im Bank Credit.

Instructions to L/C Banks: For those transactions in which the Exposure Fee is financed and paid up-front or is not financed, please contact the Credit Administration Officer in Operations for alternate payment instructions.

SPECIAL CIRCUMSTANCES:

9. Transferable letters of credit are transferable only to companies registered to do business in the U.S. with a U.S. street address.
10. Multi modal transport documents must include a signed, clean, onboard ocean or combined transport/multi modal/through bill of lading.
11. L/C for Local Costs and U.S. Goods and Services: Local Cost drawings may not exceed \$_____.

General Guidance: Local costs should have a separate section in the Letter of Credit with the specific documentary requirements for local costs. There is no cash payment (Disbursement Percentage) or bill of lading requirement for local cost drawings.

12. Co-financing: Contact Credit Administration staff for further instructions.
13. Foreign Currency Guarantees: Contact Credit Administration staff for further instructions.

Revised 5/12