



**Domestic Commercial Letter of Credit
Application and Agreement**

Date

Gentlemen:

Please issue an IRREVOCABLE letter of credit and transmit it by () airmail () cable as follows:

In favor of _____

with principal business address at _____

For the account of _____

with principal business address at _____

For any sum or sums not exceeding a total of _____

Available by drafts at _____ drawn with/without recourse at your option, on you or on us for _____% of the invoice of merchandise to be described in the invoice as:

in one or more shipments from _____ at _____

Accompanied by the following documents:

- Commercial Invoice/s / Sales Invoice/s, duly signed and acknowledged by Drawee
- Signed Delivery Receipt dated within the life of this credit, per BDO Unibank, Inc. form attached, evidencing receipt of the above described merchandise signed by the buyer.
- Signed Draft and Trust Receipt
- Other Documents Required:*

This credit expires in _____ on _____

SPECIAL INSTRUCTION:

In consideration of your arranging for the establishment of this commercial letter of credit substantially in accordance with the foregoing, the undersigned hereby (jointly and severally) agree(s) to each and all of the stipulated provisions and conditions of this Domestic Commercial Letter of Credit Application and Agreement.

PAYMENT INSTRUCTIONS

- Please debit to Account No. _____ for all charges incidental to this credit
- Check No. _____ in payment of
 - Charges and Margin Only
 - Charges and Full Payment for Cash LC

Very truly yours,

Authorized Signature Over Printed Name

In consideration of your issuing the Credit, substantially according to the Application appearing on this Domestic Commercial Letter of Credit Application and Agreement hereof or as attached hereto and initialed by the undersigned, the undersigned hereby (jointly and severally) agree(s) as follows:

- "1. For all draft(s) drawn or purporting to be drawn under this commercial letter of credit (hereinafter referred to as the Credit), to pay you on demand in Philippine legal currency, the equivalent amount(s) of such draft(s) with interest at the rate of _____ (_____ %) per annum from the date(s) of the draft(s) to the date(s) of arrival of payment therefore, including bank charges, expenses and commissions. In case any such draft shall be in a foreign currency, to pay the equivalent of the amount of such drafts in Philippine legal currency at the current drawing rate on the date of actual payment. No question or obligation of whatsoever nature in relation to this transaction or otherwise shall be raised by the undersigned. Interest not paid when due shall be added to and become part of the principal and shall likewise bear interest at the same rate.
- "2. The undersigned will comply with any and all government exchange regulations now or hereafter applicable to the purchase of foreign exchange relative to drafts under the credit, or purporting to be so drawn, and will indemnify and hold you harmless from any failure to comply.
- "3. The undersigned shall be liable for any and all taxes, exchange or otherwise, which may or hereafter be imposed on this letter of credit.
- "4. That, if the aforesaid Application requests the inclusion in the Credit of any provision for Clean Advance(s) to the beneficiary, you may place in the Credit such a provision in that respect as you may deem appropriate, under which any bank entitled to negotiate drafts under the Credit acting in its discretion in each instance and upon the request and receipt in writing from the beneficiary may make any one or more Clean Advances at any time on or prior to any time on or prior to the date by which bills of exchange are to be negotiated under the Credit. The aggregate of such advance(s) shall in no event be more than the amount specified in the Application for Clean Advances, and in no event shall any such advance exceed the amount remaining available under the Credit at the time of the advance. While it is expected by the undersigned that each such advance will be repaid to the bank(s) that made the advance by the beneficiary from the proceeds of any draft(s) drawn under the Credit should any such advance(s) not be thus repaid, the undersigned will on demand pay you the amount(s) thereof as if such advance(s) were evidenced by draft(s) drawn under the Credit, together with interest on each such amount for the period that the same shall have been outstanding at the same rate as mentioned. It is understood that neither you or any bank(s) which make such advance(s) shall be obligated to inquire into the use that may be made thereof by the beneficiary and that you and each such bank shall be without liability for any wrongful use that may be made by the beneficiary for any funds so advanced.
- "5. I/we authorize you, at any time at your option, to hold, apply and/or charge against any money or credit due me, now or hereafter existing any and all drawings, commissions, charges, expenses, taxes, etc. of the Bank and/or its correspondents arising out of the arrangement, establishment and/or negotiation of this Credit, whether directly or indirectly, all without prior notice and/or demand.
- "6. To procure promptly any necessary licenses required for selling, purchasing, shipping or forwarding the property and to comply with all Philippine regulations in regard to the shipping or forwarding the property or the financing thereof, and to furnish such certificates in that respect that you may at any time require.
- "7. To keep the merchandise relating to the Credit covered with insurance at all times against marine and fire risks and any other risks as required by you in companies acceptable and satisfactory to you until the drafts are fully paid, and you may cause to cover with insurance against any and all risks at any time at your discretion and at your expense any and all of the merchandise without our further consent even though we have caused the merchandise to be insured against the same or similar risks. I/We further agree to sign the insurance policies or certificates to you or to make the loss or adjustment payable to you at your option. It is understood that you will not be responsible for any act or omission on the part of any insurance company and if any insurance company fails to pay we will still be responsible to you for the payment of the draft(s). It is further understood that if you or the undersigned or any one else fail to cause to insure the merchandise and if any loss or damage either partial or total occurs we will still be responsible for the payment of the draft(s).
- "8. Should the time limit specified in the Credit be extended or the amount of the Credit be increased or should any other changes in terms and/or the conditions of the Credit be made upon our application, all of our obligation hereunder shall remain in full force and effect during the term of any such extension and shall apply in all respects to any such increase in the amount of the Credit and to any other changes in the Credit.
- "9. That if the Credit specifies shipments to installments within stated periods, and the shipper fails to ship in any designated period, shipments of subsequent installment may nevertheless be made in their respective designated periods and you may honor the relative draft(s).
- "10. That you and any of your correspondents may receive and accept as Bills of Lading under the Credit, any documents issued or purporting to be issued by or on behalf of any carrier which acknowledge receipt of property for transportation, whatever the specific provisions of such documents; that the date of each such document shall be deemed to be the date of shipment of the property mentioned herein; that the Bills of Lading to shippers order endorsed to you or endorsed in blank will be acceptable; and that railroad through Bills of Lading shall be acceptable.
- "11. That you may exercise your right of recourse to drawer at any time at your discretion without notice or demand on us and that you are responsible or liable for any rights to or equity in the merchandise that we may have for duty, storage, insurance, advance or any other reason and it is understood by us that your right of recourse does not in any way affect our obligations under the Credit and this Agreement.
- "12. I/We hereby recognize and admit your ownership in and unqualified right to the possession and disposal of all property shipped under or pursuant to or in connection with the Credit or in any way relative thereto or to the draft(s) drawn thereunder, whether or not released to us on trust or bailee receipt, and also in and to all shipping documents, warehouse receipts, policies or certificates of insurance and other documents accompanying or relative to draft(s) drawn under the Credit, and in and to the proceeds of each and all of the foregoing until such time as all the obligations and liabilities of us or any of us to you at any time existing under or with the reference to the Credit or this agreement or any other Credit or any other obligation or liability to you, have been fully paid and discharged, all as security for such obligations and liabilities; and that all or any of such property and document, and the proceeds of any thereof, coming into the possession of you or any of your correspondents, may be held and disposed of by you as hereinafter provided; and the receipt by you, or any of your correspondents, at any time of other security, or whatsoever nature, including cash, shall not be deemed a waiver of any of your rights or powers herein recognized.
- "13. The users of the Credit shall be deemed our agents and we assume all risks of their acts or omissions. Neither you or your correspondents shall be responsible for the existence, character, kind, quality, quantity, condition, packing, value or delivery of the property purporting to be represented by documents; for any difference in character, kind, quality, quantity, condition or value of the property from that expressed in documents; for the validity, sufficiency, genuineness, form or correctness of documents or draft(s) even if such documents or draft(s) should in fact prove to be in any or all respects invalid, insufficient, incorrect, defective, irregular, fraudulent or forged for the time, place, manner or order in which shipment is made; for partial or incomplete shipment or failure or omission to ship any or all of the property referred to in the Credit; for the character, adequacy, validity, or genuineness of any insurance policy or certificate of insurance; for the solvency or responsibility of any insurer; or any other risk connected with insurance; for any deviation from instructions, delay, default or fraud by the shipper or anyone else in connection with the property of the forwarding, delivery, storing, warehousing, or shipping thereof; for the solvency responsibility or relationship to the property of any party issuing any documents in connection with the property; for delay in arrival or failure to arrive of either the property or any of the documents relating thereto; for delay in giving or failure to give notice or arrival or any other notice; for any breach of contract between the shippers or vendors and ourselves or any of us, or for any law, customs or regulations which may be effective in countries or negotiation and/or payment of this Credit; for failure of any draft to bear any reference or adequate reference to the Credit, or failure of documents to accompany any draft at negotiation, or failure of any person to note the amount of any draft, on this Commercial Letter of Credit Application and agreement or to surrender or to take up Credit or to send or forward documents apart from the draft(s) as required by the terms of the Credit, each of which provisions, it contained in the Credit itself, it is agreed may be waived by you or for errors, omissions, interruptions or delay in transmission, or delivery of any messages by mail, cable, telegraph, wireless or otherwise, whether or not they be in cipher; nor shall you be responsible for error, neglect or default of any of your correspondents; and none of the above shall affect, impair or prevent the vesting of any of your rights or powers hereunder. If the Credit provides that payments is to be made by your correspondent, neither you nor such correspondent shall be responsible for the failure of the documents specified in the Credit to come into hands or for any delay in connection therewith and our obligation to make reimbursement shall not be affected by such failure or delay in the receipt by you of any such documents. In furtherance and extension and not in limitation of the specific provisions herein before set forth, we agree that any action taken by you or any correspondent of yours under or in connection with the Credit or the relative draft(s), documents or property. If taken in good faith, shall be binding on us and shall not put you or your correspondents under any resulting liability to us; and we make like agreement as to any inaction or omission, unless in breach of good faith. We agree to hold you and your correspondents indemnified and harmless against any and all loss of liability howsoever arising from or in connection with the Credit.
- "14. Each of us agrees at any time and from time to time, on demand to deliver, convey, transfer or assign to you, as security for any and all of his and/or our obligations and liabilities, hereunder, and also for any and all other obligations and liabilities, absolute or contingent, due or to become due, which are now or may at any time or hereafter be owing by him or to us to you, additional security of a value and character satisfactory to you, or to make such payment as you may require. As security for the payment and performance of any and all of our obligations and liabilities to you, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, each of us hereby pledges to you and/or gives you a general lien upon and/or right of set-off of all rights, titles and interest of each of us in and to the balance of every deposit account, now or at any time hereafter existing, or each of us with you, or any other claims of any of us against you, and in and to all money, negotiable instruments, commercial paper notes, bonds, stocks, credits, choses in action, claims, demands, or any interest in any thereof, and in any other property, rights and interest of each of the undersigned, or, any evidence thereof, which have been or at any time shall be delivered to or otherwise come into your possession, custody, or control, or into the possession, custody, or control of any of your agents or correspondents for any purpose, whether or not accepted for the purpose or purposes for which they are delivered or intended, and you shall be deemed to have possession, custody or control of any such property actually in transit to or set apart for you or any of your agents, correspondents or others acting in your behalf. Each of us agrees that upon his or our failure at all times to keep a margin of security with you satisfactory to you; or upon death of any of us; or if any of the obligations and liabilities of any of us to you shall not be paid when due; or if any of us shall become insolvent (however such insolvency may be evidenced) or commit any act of insolvency, or make a general assignment for the benefit of creditors; or if any of us shall suspend the transaction of his or our usual business or be expelled or suspended from any exchange; or if an application is made by any judgment creditor of any of us for an order directing you to pay over money; or if a petition in bankruptcy shall be filed by or against any of us; or if a petition shall be filed by or against any of us or any proceeding shall be filed by or against any of us or any proceeding shall be instituted by or against any of us for any relief under any bankruptcy or insolvency laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, composition or extensions; or if any government authority, or any court at the instance of any government authority, shall take possession of any substantial part of the property of any of us shall assume control over the affairs or operations of any of us; or if a receiver shall be appointed, or a writ of order of attachment or garnishment shall be issued or made against any of the property or assets of any of us; there upon, unless you shall otherwise elect, any and all obligations and liabilities of each of us to you, whether now existing or hereafter incurred shall become and be due and payable forthwith without further notice or demand; and each of us, as to property in which he may have any interest, and all of us, as to property in which we may have any interest expressly authorize you in any event, or upon his or our failure to pay any of such obligations or liabilities when it or they become or be made due, to sell immediately, without demand for payment, without advertisement and without notice to us or any of us, all of which are hereby expressly waived, any and all such property, arrived or to arrive, at private sale or at public auction or at brokers board or otherwise at your option, in such parcel or parcels and at such time or times and at such place or places and for such price or prices and upon such terms and conditions as you may deem proper, and to apply the net proceeds of such sale or sales, together with any balance of deposits and any sums credited by or due from you to him or us in general account, or otherwise, to the payment of any and all of his and/or our obligations or liabilities to you, however, arising. If any such sale be at brokers board or at public auction, you may yourself be a purchaser at such sale, free from any right of redemption, which we and each of us hereby expressly waive and release.
- "15. Upon failure to pay any obligation under this Credit at maturity, the undersigned hereby expressly agree(s) to pay, in addition to the stipulated interest and service charges, an amount equivalent to _____ % for every 30 days or fraction thereof of any and all amounts due hereunder as liquidated damages computed from the date of default up to payment date.
- "16. The rate of interest agreed upon may be increased in the event the applicable maximum rate of interest is increased by law or by the Monetary Board, and said rate shall be reduced in the event the applicable maximum rate of interest is reduced by law or by the Monetary Board.
- "17. In case it shall be necessary to correct the amounts advanced herein by or through an attorney at law, the makers or obligors shall jointly and severally pay an additional amount equivalent to twenty five (25%) per centum of the amount due and payable which in no case shall be less than P200.00 as and for attorney's fees, exclusive of all costs, fees, and damages allowed by law.
- "18. This agreement and all right; obligations and liabilities arising hereunder shall be binding to us, and no act of you or your authorized agent shall be deemed a waiver, unless you or your authorized agent shall have signed such waiver in writing. No such waiver unless expressly as stated therein shall be effective as to any transaction which occurs subsequent to the date of such waiver, nor as to any continuance of a breach after such waiver. No delay on your part in exercising any power of sale or any other rights or options, hereunder, and no notice or demand, which may be given to or made upon the undersigned by you with respect to any power of sales or other right or option hereunder shall constitute a waiver hereof, or limit or impair your right to take any action or to exercise any power of sale or any other rights or options hereunder, without notice or demand, or prejudice your rights as against the undersigned in any respect.
- "19. The word "property" as used in this agreement includes goods, merchandise, securities, funds, choses in action, and any and all other forms of property whether real, personal or mixed and any right or interest therein.
- "20. IF THIS AGREEMENT IS SIGNED BY ONE INDIVIDUAL, THE TERMS "WE", "OUR", "US", SHALL BE READ THROUGHOUT AS "I", "MY", "ME", AS THE CASE MAY BE. IF THIS AGREEMENT IS SIGNED BY TWO OR MORE PARTIES, IT IS AGREED AND UNDERSTOOD THAT THE OBLIGATION SET FORTH IN THIS AGREEMENT, AS WELL AS IN THE COLLATERAL AGREEMENTS, IS JOINT AND SEVERAL.
- "21. Should this application and agreement be signed by more than one co-maker, it is agreed and understood that their obligation is joint and several, and that the maker or anyone of the co-makers may, with the consent of the Bank, renew or extend the original or subsequent maturity date(s) of the obligation herein stated for a portion or whole amount of the principal and increments thereto without notice to others and in such case, the liability to such other co-makers shall remain joint and several.
- "22. The obligations thereof shall continue in force, and apply, notwithstanding any change in the membership of any partnership whether arising from the death or retirement of one or more partners or the accession of one or more new partners, and the obligations hereof shall bind the heirs, executors, administrators, successors and assigns of the undersigned, and all rights, benefits and privileges hereby conferred on you shall be and hereby are extended to and conferred upon and may be enforced by your successors and assigns.
- "23. Unless otherwise expressly stated, this Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce, Publication No. 600.
- "24. This agreement and all rights, obligations and liabilities arising hereunder shall be construed according to the laws of the Philippines.
- "25. That you may assign or transfer the Agreement, or any instrument(s) evidencing at or any of the aforesaid obligations and/or liabilities, and may deliver all or any of the property then held as security thereof, to the transferee(s), who shall thereupon become vested with all the powers and rights in respect thereto given you herein or in the instrument(s) transferred, and you shall thereafter be forever relieved and fully discharged from any liability or responsibility with respect thereto, but you shall retain all rights and powers hereby given with respect to any instrument(s), rights or property not so transferred.
- "26. You are authorized at your discretion to convert sight drafts to usance acceptance.
- "27. You are authorized at your discretion to defer presentation of the drafts until arrival of the carrier, or 30 days after arrival of the drafts and documents whichever first occurs.