Avoiding Documentary Credit Problems

1. Sending the buyer a letter of credit proforma

To avoid problems and delays in payment, it is recommended that the exporter convey in writing some guidelines to the buyer as to what terms the credit should contain, the complete name and address of the bank to which the letter of credit should advised by the opening bank, and details of shipment terms. If these are spelled out in advance of the issuance of the credit than costly amendments may not be required. A sample letter of credit template, or proforma, is indicated below:

SAMPLE LETTER OF CREDIT TEMPLATE / PROFORMA

PROFORMA INVOICE:

	YOUR REF.:
	YOUR REF. DATE:
credit issued by the issuance of unable to issue on those areas t	atted below those terms and conditions that we would find acceptable in a letter of your bank. Your efforts to gain compliance with these terms and conditions in this letter of credit will ensure prompt dispatch of your order. If your bank is the credit within the following guidelines, please contact us providing information that must be altered. This will eliminate needless delay and costs involved with ter the credit has been opened. Only those items marked with an "X" will apply.
	[] The letter of credit is to be irrevocable and subject to the Uniform as and practice for Documentary Credits, as published and updated me to time by the International Chamber of Commerce.
2.	[] The letter of credit is to be [] Advised [] Confirmed by our bank: KeyBank National Association Attn: International Operations Telex No.: 212525 SNB UR SWIFT No.: KEYBUS33 ABA.: 041001039
3.	[] The beneficiary is to be shown as:

TO: { BUYER}

4.	at:	[]	The lette	r of credit is to be payable upon presentation of drafts drawn
	at.		A. [] B. []	At sight days after the date of the transport document (i.e., 90
			C []	days after sight (i.e., 90 days after sight)
			C. [] D. []	days after sight (i.e., 90 days after sight) Other:
5.		[]	The lette	r of credit is to be available by negotiation with any bank.
6.		[]	The lette	r of credit is to be payable in:
		[]	U.S. doll	lars
		[]	Other: _	
7		гэ	The ome	want of the letter of anodit is to be specific as
7.				ount of the letter of credit is to be specific as: exceed " [] "About "
		LJ	Notio	[] About
8.		[]	The follow	wing documents are normally provided if required in the
	letter of			e avoid the requirement for any other documents
				ent on our part.
			A.	[] Signed Commercial Invoice, one original and
				copies.
			B.	[] Packing List in copies.
			C.	[] Negotiable Marine/Air Insurance policy or certificate in
				duplicate for 110% of invoice value covering all risks and
				war risks and
			D.	[] Full set of clean on board ocean bills of lading
				issued to order of :
			E.	[] Clean air waybill consigned to:
			F.	[] Other documents:
9.	[]	The	letter of o	credit is to specify shipment of:
10.	[]	Sh	ipment is	to be:
			[]	FOB From:
			[]	CFR To:
			[]	CIF
			[]	EXW

		[] Other (i.e.: FCA, FAS, CIP, etc.)		
11.	[]	The Bill of Lading is to be marked: [] Freight Prepaid [] Freight Collect		
12.	[]	Transshipments: [] Are permitted [] Are not permitted		
13.	[]	Partial shipments: [] Are permitted [] Are not permitted		
14.	[]	Latest Shipment Date		
15.	[]	Latest Presentation Date of Documents to the Negotiating bank to be lays after each shipment date.		
16.	[]	Expiration Date of letter of credit to be		
17.	[] countr benefic	The letter of credit should specify that all banking charges outside the ry of the applicant are for the account of the [] applicant [] ciary.		
18.	[]	letter of credit to be transferable.		
19.	[]	Other special instructions.		

2. Complying with Documentary Requirements

Exporters and freight forwarders who frequently assist the exporter is preparing documents for shipment are aware that terms and conditions in letters of credit are to be fulfilled exactly as stated. The opening bank has set forth terms as requested by the applicant, or buyer, and neither the opening bank, negotiating bank or designated paying bank will honor documents other than those specified. Furthermore, some documents required under a letter of credit are specifically described as to the information which must be contained in the specified document.