

Guide to Fill out the Irrevocable Documentary Credit Application (COM-880) Form

1. **Internal use section** - Loan ID number, name of the branch that originates, delivery code, cost center, application date, applicant employer's tax ID, and the account number.
2. **Applicant** – Applicant's exact name (company), address, telephone and fax number. Should be in agreement with the information of the account holder and the credit.
3. **Beneficiary** – Full name of the party in whose favor the credit is to be issued. Usually is the seller of the goods in the commercial invoice documents and other documents required in the credit. Full physical and postal address, telephone, and fax number.
4. **Beneficiary Advising Bank** – Specify the name and address of the bank where the letter of credit will be sent to be advised to the Beneficiary. If the customer does not indicate the nominated bank, Banco Popular de Puerto Rico will nominate one of its correspondent banks that serve the area where the seller is located.
5. **Amount** – Amount in figures and words and indicate the currency used to pay the letter. The guarantee in words is for detecting errors in the currency expression.
6. **Shipment** – Specify the port of shipment or airport, port of discharge, and the latest date of shipment.
7. **Expiry Date and Place of Presentation of Documents** – Expiry date and place for presentation of documents to require the payment on or before the credit expiry date. Represents the latest date for the presentation of the draft and documents for payment at the issuing, nominated, or confirming bank as stipulated in the credit.
8. Specify the nominated bank and the **terms of the draft**:
 - Nominated Bank** – The nominated bank is the bank where the credit will be available.
 - At sight** – Immediate payment upon presentation of documents.
 - By deferred payment** – When it is established a fixed date for payment and a draft document is not required or the draft expiry period is more than 180 days.
 - By acceptance of drafts** – Payment of the draft on fixed date that does not exceed 180 days of the established date. Example: 30 days sight, 30 days of Bill of Lading or 30 days of the invoice date.
 - By Negotiation** – Represents the purchase, by advancing or agreeing to advance funds by the nominated bank that will purchase the draft and/or documents presented for payment.
 - Negotiation** – Means the purchase by the nominated bank of drafts (drawn on a bank other than the nominated bank) and/or documents under a complying presentation, by advancing or agreeing to advance funds to the beneficiary on or before the banking day on which reimbursement is due to nominated bank.
9. Specify the method used: By mail, Courier or SWIFT (Teletransmission) – The letter of credit is sent via SWIFT when the bank to be sent is our correspondent bank with whom we maintain authorization to honor mutually authenticated messages.

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10. **Partial Shipments** - Indicate if partial shipments are allowed or not allowed.

Transshipments - Implies unloading from one means of conveyance and reloading to another means of conveyance (whether or not in different modes of transport) during the carriage from the place of dispatch, taking in charge or shipment to the place of final destination stated in the credit. Indicate if transshipments are allowed or not allowed.

11. **Type of Credit** - Indicate if the credit is transferable. Refer to the corresponding article in the UCP, as stipulated in the credit.

12. **Confirmation of the Credit** - Indicate if the credit should be confirmed by another bank. It means that the beneficiary's bank will send the documents in compliance for payment or acceptance to the confirming bank before the expiry date of documents. The confirming bank pays and sends us an authenticated message requesting the reimbursement of the funds. The issuing bank will receive the documents later.

Mark no in the checkbox if not required by the beneficiary.

13. **Shipping Terms** - Trade term that establishes who covers the insurance, freight, and who is in charge of carrying the merchandise to the place at which the goods are to be delivered for shipment. Should be the terms defined by the ICC in their most recent Incoterms publication:

EXW (Ex Works) - This term represents the seller's minimum obligation, since the seller only has to place the goods at the disposal of the buyer. The buyer must carry out all tasks of export and import clearance. Carriage and insurance is to be arranged by the buyer.

FCA (Free Carrier) - Means that the seller delivers the goods--cleared for export--to the carrier nominated by the buyer at the named place. Seller pays for carriage to the named place.

FAS (Free Alongside Ship) - Means that the seller delivers when the goods are placed alongside the vessel at the named port of shipment. The seller is required to clear the goods for export. The buyer has to bear all costs and risks of loss or damage to the goods from that moment. This term can be used for sea transport only.

FOB (Free on Board) - Means that the seller delivers when the goods pass the ship's rail at the named port of shipment. Means the buyer has to bear all costs and risks to the goods from that point. This term can only be used for sea transport. If the parties do not intend to deliver the goods across the ship's rail, the FCA term should be used.

CFR (Cost & Freight) - This term means the seller delivers when the goods pass the ship's rail in the port of shipment. Seller must pay the costs and freight necessary to bring the goods to the named port of destination. Seller must clear goods for export. This term can only be used for sea transport.

CIF (Cost, Insurance & Freight) - The seller delivers when the goods pass the ship's rail in the port of shipment. Seller must pay the cost and freight necessary to bring goods to named port of destination. Seller also has to procure marine insurance against buyer's risk of loss/damage during the carriage. This term can only be used for sea transport.

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CPT (Carriage Paid To) - Means that the seller delivers the goods to the carrier nominated by him, but the seller must, in addition, pay the cost of carriage necessary to bring the goods to the named destination. The buyer bears all costs occurring after the goods have been so delivered. This term may be used irrespective of the mode of transport (including multimodal).

CIP (Carriage & Insurance Paid to) - This term is the same as CPT with the exception that the seller also has to procure insurance against the buyer's risk of loss or damage to the goods during the carriage. This term may be used for any mode of transportation.

DAF (Delivered At Frontier) - Means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport not unloaded, cleared for export but not cleared for import, at the named point and place at the frontier--but before the Customs border of the adjoining country. To be used when delivering to a land frontier.

DES (Delivered Ex Ship) - Seller delivers when goods are placed at the disposal of the buyer on board the ship, not cleared for import at the named port of destination. The seller bears all costs and risks in bringing the goods to the named port before discharging. This term can only be used when the goods are to be delivered by sea.

DEQ (Delivered Ex Quay) - Terms are same as DES with the exception that the seller is responsible to place the goods at the disposal of the buyer, not cleared for import, on the quay (wharf) at the named port of destination. Seller bears all costs and risks as in DES, plus discharging the goods on the quay. This term can only be used in sea transport.

DDU (Delivered Duty Unpaid) - Means the seller delivers the goods to the buyer, not cleared for import, and not unloaded from arriving means of transport at the named place of destination. The seller bears all costs and risks involved in bringing the goods to the named place other than duty (which includes the responsibility for Customs formalities and payment of those formalities, duties and taxes) for import into the country of destination. Buyer is responsible for payment of all customs and duties and taxes.

DDP (Delivered Duty Paid) - Represents maximum obligation to the seller. This term should not be used if the seller is unable to directly or indirectly obtain the import license. It means the same as the DDU term with the exception that the seller also will bear all costs and risks of carrying out Customs formalities including the payment of duties, taxes and Customs fees.

When the shipment term is CFR, FOB, EXW and the insurance is for the account of our customer; the customer should provide the name of the insurance company and the policy number. Please complete the checkbox *Through the applicant's own agent*.

If the customer does not have previous arrangement to insure the merchandise, he/she can **voluntarily** communicate with Popular Insurance, who provides the Maritime Policy Program. Under this option the customer should complete the checkboxes *Through Popular Insurance...* and *authorize to provide...*, and complete other documents of required law disclosures.

14. Document to be presented within ____ days...- Number of days; after shipment date, that the beneficiary should present the documents in the nominated bank. This term is established by the beneficiary based on the time it takes to obtain all the documents required for payment. If it is not established, for rule (UCP), are 21 days.

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15. Bank charges of the correspondent bank - Who covers them, if beneficiary or applicant.
16. **Goods** - Brief description of the merchandise. It is suggested to include copy of the pro forma with the application even though the document is not part of the credit.
17. **Required documents** - The **documentary** conditions the beneficiary should accomplish to obtain the payment:
 - **Commercial invoice** - Should always be requested and establishes the number of copies.
 - **Transport document:**
 - **Multimodal Transport Document** - Different modes of transportation are used.
 - **Marine / Ocean Bill of Lading** - Consigned to the order of Banco Popular de PR for account of the _____ (name of the applicant). Mark the checkbox applicable: prepaid freights or to collect, according to the Incoterms. Refer to the definitions published by ICC under Incoterms, most recent edition.
 - **Air Waybill** - When mode of transport is by air.
 - **Delivery Receipt** - The applicant must designate the name of the authorized person to sign for the receiving of the merchandise. Should include copy of the authorized signature to complete our file and its verification.
 - **Insurance Policy** - Should mark the corresponding checkboxes according to the Incoterm definition. If the insurance is for the account of the importer, it should present the insurance evidence with the application. If it is for the account of the seller, should complete the checkbox in the required documents section.
18. Other required documents - Indicate if it is necessary.

At least, indicate the exact name of the document and for who must be issued the document.