QUEDANCOR PROGRAM FOR EXPORT PACKING CREDIT FACILITY

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This program shall be in accordance with the policies of Circular No. 232 on the Consolidated Implementing Guidelines for GMA-CARES and Selected Non-GMA CARES programs except for the following salient features:

1. Definition of Terms

1.1

Issuing Bank - is a bank of the buyer who issues a letter of credit in favor of the seller.

1.2

Advising or Confirming Bank - is usually a bank in the seller's country whose primary role is to advise and confirm the transmission of credit, and by so doing, implies the authenticity of the signature of the issuing bank.

1.3

Buyer - refers to a person or juridical personality who is bind to buy/purchase a certain quantity of exported goods and obliged to pay a total sum of money by instructing his/her issuing bank to issue a Letter of Credit in favor of the seller.

1.4

Seller - refers to the exporter who bind himself to deliver or transport goods to the buyer in a specified time as stipulated in the Letter of Credit/Marketing Agreement.

1.5

Letter of Credit (LC) - refers to an instrument issued by a financial institution/bank certifying the credit of the bearer and allowing him or her to obtain credit or funds from another institution

1.6

Purchase Order (PO) - refers to a statement made by seller to buyer, confirming a purchase and requesting delivery of goods.

2. Loan Purpose

Provide financing for revolving credit line and/or marketing loan of target clients.

3. Eligible Clientele

Individual or sole proprietorship, partnership, corporation and other entities engaged or will engage in the export of various agri-fishery products.

4. Loanable Amount

The loanable amount shall be equivalent to eighty (80%) of the value of the existing letter of Credit as determined

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by the Quedancor Credit Assessment Group (CAG).

5. Manner of Release

The loan shall be released by Quedancor in the form of check.

6. Interest Rate and Service Fee (SF)

Interest rate shall be 1.5% per month. A non-refundable SF of one (1%) percent per transaction shall be deducted from the proceeds of the loan.

7. Term of Loan

The loan shall be payable within a minimum of 15 days and up to a maximum of one hundred eighty (180) days or six months, its maturity being co-terminus with the expiry date of the covering letter of credit, confirmed purchase order or confirmed sales contract inclusive of fifteen (15) day allowance to cover transit time for receipt of proceeds.

8. Documentary Requirements

- Deed of Assignment of letter of credit, confirmed purchase order or confirmed sales contract;

- Export Credit Insurance (ECI) policy supported by OR of premium payment;

- Shipping document;

- Promissory Note (to be accomplished upon approval/release of loan); and

- Other loan security documents, if any.

9. Security Arrangement

The loan shall be secured by any or combination of the following securities depending on the amount of loan as determined by the Quedancor CAG:

- Deed of Assignment of proceeds of irrevocable export letter of credit, confirmed purchase order or confirmed sales contract;

- Suretyship Agreement of principals or major stockholders, if corporation;

- Real Estate Mortgage (REM); and

- Other acceptable securities.

In addition, the borrower shall be required to issue post dated checks (PDCs) and to secure an ECI and Group Credit Life Insurance (GCLI).

For you guidance.

Adopted: 27 Aug. 2003

(SGD.) NELSON C. BUENAFLOR
President and CEO

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