

BASIC INSTRUCTIONS & DOCUMENT REQUIREMENTS

LETTER OF CREDIT APPLICATIONS

Document Copies

We recommend changes to letter of credit applications in several areas. You should insert the following statement in the space marked "Other" or "Miscellaneous":

"Immediately after shipment, the original textile visa *and* a complete set of non-negotiable documents must be sent to Western Overseas Corp., P. O. Box 90099, Long Beach, Calif., 90809-0099, USA, via air mail. Failure to do so will subject supplier to a penalty of U.S.\$100.00, which amount shall be deducted from the proceeds of this credit."

Where appropriate, of course, substitute the address of another Western Overseas Corp. office with which you are doing business.

If your supplier has fax capability add the following requirement **in addition to** the foregoing:

"Immediately after shipment, a complete set of document copies must be sent by fax to Western Overseas Corp. at (310) 986-1345."

We suggest that similar statements be placed in the same area directing the mailing and/or faxing of documents to you also.

Importing Food, Drug or Cosmetic Products

If you are importing food products, try to include a clause specifying that payment, instead of being made "at sight," will be made **after release by the U. S. Food & Drug Administration and the U. S. Department of Agriculture**. If your supplier agrees to this procedure, your bank will send the original documents to us—without charging your account—on a bailment receipt. We will be able to make entry, clearing Customs, FDA and USDA, and deliver the goods to your warehouse. When we receive releases from FDA and USDA, we will inform your bank and at that point they will charge your account for the documents.

FOB or CIF?

We recommend that you purchase your goods on an FOB basis. The shipment will move on a "freight collect" basis and the marine insurance coverage will not be included in the price. There are several advantages to buying FOB.

1. CIF transactions include freight and insurance. Suppliers usually inflate these costs to cover any last minute changes in rates. If there are no changes, or if the rates go down, suppliers usually pocket the difference. If rates go up, the costs are usually passed on to you anyway.
2. When shipping "freight collect," you know exactly how much you pay for the freight and you need not pay until the ship is due to arrive.
3. Our marine insurance rates are competitive with all world markets. In the unlikely event of a claim, it is far easier (and faster) to receive claims settlement from a domestic insurer than a foreign one.
4. Foreign marine insurance is usually of little or no use. In many countries it is completely meaningless. In others, obtaining settlement is extremely difficult, at best. Importers must pay for all the costs of surveys and include these costs in their claims, which are frequently ignored.
5. Our marine insurance is underwritten through the Great American Insurance Co., an A. M. Best AAA+ rated insurer. We take care of all details and expenses related to surveys and claims.

We therefore suggest that you request a quotation from your supplier for an FOB price. Check the boxes on the letter of credit application indicating that (1) marine insurance will be arranged by the buyer (meaning you) and (2) freight charges will be collect. Then, advise us that you wish us to place insurance coverage on your shipments and we will take care of the rest.

Delayed Payment Terms

If you are successful in obtaining delayed payment terms (payment at 45, 60 or 90 days sight, for instance), we congratulate you. Be sure your bank understands that they are not to deduct the funds from your account until that time, nor are they to pay the foreign bank.

Bill of Lading Structure

Letter of credit applications usually require that bills of lading be consigned to order and endorsed in blank. Some applications include a section to show a "notify party." This is an extremely important section because it directs the steamship company or airline to notify the named person of the arrival of the shipment.

On some applications, the bill of lading paragraph ends with a statement that bills of lading are to be "...consigned to order, endorsed in blank, marked notify...". It is left to you to declare the notify party. We recommend that this blank be completed to read, "...buyers **and** Western Overseas Corp., P. O. Box 90099-0099, Long Beach CA 90809-0099, 310-985-0616." Use this same statement to advise the bank of the proper contents of the notify party block if the application is different in content.

You must furnish the original bill of lading to us as soon as you receive it. Without it, the steamship company will not release your goods, even if U. S. Customs releases the shipment.

GENERAL CONDITIONS

Invoices

Invoices must be in English and must contain complete descriptions of every item being purchased. These descriptions must be sufficient to determine the intended use of the article in its imported form and the material from which it is made. The invoice for a shipment of leather chairs, for example, can not say, simply, "Furniture." It must say that the items are chairs and that they are made of leather.

Invoices must show unit prices (the price per item), with totals extended, for each item on the invoice. If you provide any assistance to the manufacturer in the form of molds, tooling, design, art work, etc., please advise us. These costs are dutiable and we must be sure they are added to the dutiable value.

For antiques, the date of production must be shown for each item being claimed as an antique.

For food products, suppliers must show the size of the container (number of ounces of product contained therein) and the number of containers in each case. They must also show any FDA registration numbers, such as FCE numbers, for each item.

Other requirements may apply for certain other types of products. It is best to check with us for specific situations not covered herein.

Copy Documents

Advance document copies and arrival notices are important. If your supplier follows instructions and sends copies to both of us by air mail and/or fax, we will both be aware of the shipment. By requiring that both of us receive copies, one of us should receive copies, even if the supplier forgets something.

Steamship companies and airlines are not required to send arrival notices. Most of them do, however, so it is wise to have us shown as notify party on the bill of lading or airwaybill. When shipping by air, include our phone number next to our name and instruct your supplier to attach all documents to the airwaybill. We will pick up the documents from the airline after the goods arrive.

Payment of Our Invoice

Please be **sure** that you pay our invoice immediately. Steamship companies do not grant credit and insist that they receive your freight charges **prior** to pick up of the cargo. The best procedure is for you to send a check for the ocean freight amount to us with your documents and/or instructions. If we have already set up a file for the shipment because your supplier has sent documents to us directly, you should send a check to us for the freight charges, indicating our file number on the check. We will reflect the deposit on our invoice and show the balance due as the payable amount.

Customs requires duty payment no later than ten days from the date of arrival, in most cases. In some cases, it must be paid prior to pick up (quota entries, for example). Deposits should be furnished to us for duty in the same manner as those for freight charges.

Remember:

If we don't receive copy documents and the carrier doesn't send us an arrival notice, we will not know of the existence of the shipment and will not be able to do anything to help. Redundancy is therefore important; send us copies of any documents you receive. At the very least, contact us to be sure we have documents if you are unsure. You may always refer any other questions to us. In our opinion, it is always better to ask a question than to make guesses or assumptions. And we always enjoy talking to our customers.