



# Bank Letter of Credit

At Panaprint, we give you the option of using a bank Letter of Credit. It is most useful when the buyer needs extended payment terms...



A letter of credit issued by a bank authorizes the bearer to draw a stated amount of money from the issuing bank, its branches, or other associated banks or agencies. It is abbreviated as LC or L/C.

The applicant typically pays a small LC fee to the bank (sometimes Panaprint is able to offer a discount to cover the fee). From the bank's point of view, the LC they have issued can be called upon at any time (subject to the relevant terms and conditions). So, it is in effect a conditional loan, and the applicant must have sufficient credit worthiness to suit the bank.

In normal operation, the LC only serves as a guaranty for payment. The customer (applicant) typically pays for his order within the agreed terms, and the LC is cancelled or expires.

A Letter of Credit spreads the risk of doing business evenly between the buyer and seller.

The buyer is always protected by the agreed upon terms and conditions. These are normally found as an additional page, on the reverse side, of your quotation. Please feel free to ask any questions you may have.



*Call us, or your local bank, for more information on Letters of Credit. See the back of this page for a sample letter.*

**SAMPLE  
LETTER OF CREDIT**  
(bank letterhead)

Date: \_\_\_\_\_

Panaprint, Inc.  
7979 NE Industrial Boulevard  
Macon, GA 31216

RE: Letter of Credit # \_\_\_\_\_  
Irrevocable Letter of Credit  
In the amount of  
\$000,000.00 (xxx Thousand Dollars and No Cents)

Dear Sir,

For the account of (YOUR COMPANY NAME HERE), we hereby authorize you to draw on us at sight up to an aggregate amount of US \$000,000.00, plus tax. This letter is irrevocable, but will become null and void on (DATE IN 30 DAYS). Drafts under this letter must specify the number of this credit.

This credit sets forth in full the terms of our obligation to you and such undertaking shall not in any way be modified or amplified by any agreement in which this credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

This letter of credit is subject to and governed by the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce (Publication 400).

In the event this letter of credit expires during an interruption of business as a result of one or more of the occurrences specified in Article 19 of Publication 400, it shall be deemed automatically extended to a date at least thirty (30) days after the end of such interruption.

We engage with you that drafts under and in compliance with the terms of the credit will be duly honored.

Sincerely,

Banking Officer  
Title