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PROCEDURE FOR TERM CONTRACT

Term contracts are 12 month contracts or longer. They require a deposit equals to a one (1) month's shipment.

- 1) Buyer sends a LOI using our LOI template to ensure the LOI contains all relevant information.
- 2) Seller will issue the contract to the Buyer along with a Corporate Performance Bond (CPB). Note: if the Buyer requires a FCO, prior to contract issuance, we can accommodate. Let us know.
- 3) Buyer and Seller sign the contract. This will activate the Corporate Performance Bond for the full amount of the deposit.
- 4) Buyer has five (5) banking days to deposit via TT to Seller's account the deposit payment (equal to 1 month shipment) which is protected by the Corporate Performance Bond
- 5) Between 30 – 45 days later, Buyer will be invoiced the first month shipment (all monthly shipments will reflect a discount, see "Note about the Deposit" below)
- 6) Buyer issues a Letter of Credit (LC) to the Seller. Once the LC is verified to match the contract terms, the deposit (protected by the CPB) will be converted to a Bank Bond issued by a European Bank.

PAYMENT PROCEDURES

Irrevocable, unconditional, NON-Transferable, confirmed, Documentary Letter of Credit (DLC)

NOTE ABOUT THE DEPOSIT

Deposits are NOT required for existing customers. In case of a new customer, deposits are required.

Why a deposit?

The Seller has the absolutely best prices in the market. This is accomplished by a very simple formula: No risks = lowest prices. Sellers with more accommodating procedures have no choice but to increase their prices to limit their exposure. Remember: nothing comes for free.

Is your deposit safe?

Absolutely! All contracts come with a Corporate Performance Bond which automatically activates to cover 100% of the Buyer's deposit when the contract is executed. This is a guarantee the Seller will perform EXACTLY as indicated in the contract. Otherwise, the Buyer can claim against the CPB and have their deposit returned.

An extra layer of safety

When the Letter of Credit is received from the Buyer, the Corporate Performance Bond will be converted to a Bank Bond issued by a European Bank.

How do you get your deposit back?

The deposit is returned to the Buyer from the very first month of the contract, in equal monthly installments for the duration of the contract.

For example:

The monthly contract is valued at \$12M for 12 months.

The required deposit (protected by a CPB) is \$12M

The deposit will be returned to the Buyer in 12 equal monthly installments. In this case, the Seller will return \$1M to the Buyer every month (deducted from the deposit) in the form of a discount. All monthly invoices for this example would be reduced from \$12M to \$11M. At the last month of the contract, the Buyer would have received 100% of their deposit back.