



Application for Standby Irrevocable Credit

Letters of Credit Department (904)
 PO Box 362708
 San Juan, PR 00936-2708
 Swift Address: BPPRPRSX
 Telex: MCI 3252320
 Tel. (787) 723-0077, Ext. 3187; Fax (787) 281-4158

Loan ID. _____
 Banco Popular de Puerto Rico
 1500 Ponce de León Ave., 2nd Floor
 Santurce, PR 00908

Unit	Mailing Code	Cost Center
Employer Tax ID	Account Number	Unit Contact Person & Extension No.

To: BANCO POPULAR DE PUERTO RICO: Please issue for our account and at our risk your Standby Irrevocable Credit (Credit) subject to the terms and conditions hereof.

We authorize you to debit our account upon presentation of documents, including commission charges and/or any expenses incurred by the Bank.

This Application is made subject to the Standby Letter of Credit Agreement on the reverse hereof, the provisions of which are hereby made applicable to this Application and the Credit.

In consideration of your issuance of Standby Letters of Credit from time to time, substantially in accordance with our application thereof, as the same may be amended with our agreement or consent, we hereby agree that, except as you and we shall otherwise specifically agree in writing in each instance, the Terms and Conditions hereinafter set forth shall apply to each such application and to each Standby Letter of Credit issued by you pursuant to such application and to ICC Publication, International Standby Practices (ISP).

Notify through your correspondent by: Mail / Air mail Teletransmission Courier
 If Transferable Credit (As per ISP 98 rule 6)

For account of (Applicant) Telephone or Fax Number ()	Beneficiary
Applicant Address	Beneficiary Address

Beneficiary Bank (Advising Bank)
 Name and Physical Address

Drafts must be drawn and negotiated not later than _____.
Expiration Date

Up to the aggregate amount of (in figures and words) (use ISO Currency Code)

Available by drafts drawn at sight: _____ at your option, on you or any of your correspondents when accompanied by the following documents (you may, however, at your option waive presentation of drafts):

Purpose of the Letter of Credit _____

Documents Required: _____

(Please be specific as to documents; remember that Letters of Credit are negotiated against documents and not conditions.)

Partial Drawings Allowed Not Allowed
 Confirmation of the Credit Requested Not Requested

Special Instructions _____

This Credit will be subject to the most recent revision of the International Standby Practices of the International Chamber of Commerce.

Applicant's Signature _____ Bank Officer's Signature _____

Date _____ Printed Name / Title _____

“Application” means a written application by the Customer to the Bank for the issuance of Standby Letters of Credit and includes all modifications made with the Customer’s written or oral agreement or consent.

“Bank” means Banco Popular de Puerto Rico.

“Collateral” includes all property in which the Bank at any particular time has a security interest and the proceeds thereof.

“Credit” means a Letter of Credit issued pursuant to the Application, including any amendments or modifications of such Credit.

“Customer” means the party or parties signing the Application jointly and severally, if more than one.

In consideration of the Bank opening at the Customer’s request, a Credit, the Customer hereby agrees with the Bank as follows:

1. The Customer will pay the Bank, in United States currency, the amount of each drawing under the Credit, together with interest, commissions, all customary charges, and all other disbursements or payments by the Bank pursuant to the Credit or this Agreement, such payment to be made on demand with interest from the date of payment under the Credit to the date of payment by the Customer to the Bank. If a drawing is payable in foreign currency, the Customer will pay the Bank the equivalent of the amount of such drawing in United States currency at the Bank’s then selling rate for cable transfers to the place of payment or to the place of the Bank’s settlement of its obligation, as the Bank may require. If there is no rate of exchange for effecting such cable transfer, the Customer will pay the Bank on demand the amount in United States currency equivalent to the Bank’s actual cost of settlement, with interest on the amount in United States currency payable by the Customer from the date of settlement to the date of payment by the Customer. Unless otherwise agreed, interest and commission payable hereunder shall be at such rate as the bank may deem appropriate. Any amount which at any time may be owing by the customer to the Bank pursuant to this Agreement may be charged against any funds held by the Bank for the account of the customer.

2. Bank may select any intermediary bank and any means for the transmission of operative letter of credits which it considers suitable, including but not limited to Bank’s own internal systems, Fedwire, SWIFT, or Telex. The Bank must operate in accordance with the policies and procedures of each respective network.

Unless otherwise directed in writing by Customer, Bank may execute requests in any order and select means and routes which Bank considers appropriate under the circumstances. If Customer directs Bank to use a specific intermediary bank or specific means of execution, which related to the Customer assumes all risk of failure or of non-execution by the intermediary bank and all risks of loss by the means directed.

Bank is not responsible for performance failure as a result of an interruption in transfer facilities, labor disputes, power failures, equipment malfunctions, suspension of payment by another bank, refusal or delay by another bank to accept the letter of credit transactions, war, emergency conditions, fire, earthquake, or other circumstances not within Bank’s control.

3. The Customer will promptly examine (a) the copy of the Credit (and any amendments thereof) sent to it by the Bank and (b) all instruments and documents delivered to it from time to time by the Bank, and the Customer will within twenty-four (24) hours of receipt thereof, notify the Bank of any irregularity or claim of non-compliance with the Customer’s instructions. The Customer is conclusively deemed to have waived any such claim against the Bank and its correspondents unless such notice is given as aforesaid.

4. The Customer agrees to indemnify the Bank and its correspondents for and hold them harmless against any and all claims, loss, liability, or damage, including reasonable attorney fees, howsoever arising from or in connection with the Credit. The agreements in this paragraph will survive any payment under or termination of this Agreement.

5. The Customer will pay the Bank on demand all charges, costs, and expenses, including reasonable attorney fees, incurred or paid by the Bank in connection with the exercise of any right, power, or remedy hereunder, or in the enforcement thereof.

6. Any deposits or other sums at any time credited by or due from the Bank to the Customer and any securities or other property of the customer in the possession of the Bank or any of its correspondents may at all times be held and treated as Collateral for the payment of any obligations of the Customer to the Bank hereunder, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising. Regardless of the adequacy of any Collateral, any deposits or other sums credited by or due from the Bank to the Customer may, at any time, be applied to or set off against such liabilities and obligations without notice.

7. Upon (1) the failure of the Customer to perform any of its obligations under this Agreement, or any of its obligations for borrowed money or in respect of any extension of credit or accommodation under any lease, (2) the death, insolvency, dissolution, termination of existence, suspension of business, appointment of a receiver of any part of the property, assignment for benefit of creditors by, or the commencement of any proceeding under any law relating to bankruptcy or insolvency by or against the Customer, (3) the issuance of or application for writ or order of attachment or garnishment against any Collateral or a substantial part of the property or assets of the Customer, or (4) any governmental authority, or any court at the instance of any governmental authority, taking possession of any substantial part of the property of the Customer or assuming control over the affairs or operations of the Customer, thereupon, the Bank may (a) without notice or demand declare any and all of the obligations and liabilities, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of the Customer to the Bank under this Agreement, to be immediately due and payable, and the Bank shall have all of the rights and remedies provided hereunder and by law and/or (b) require the Customers to deliver to the Bank to be held and treated as Collateral such other property of the Customer equal in amount or value to 125% of the Credit, and the Customer shall promptly deliver the same upon request.

8. Neither the Bank nor its correspondents shall be in any way responsible for performance by any Beneficiary of its obligations to the Customer, nor for the form sufficiency, correctness, genuineness, authority of person signing, falsification or legal effect of any documents called for under the Credit if such documents on their face appear to be in order.

9. The Bank may honor, as complying with the terms of the Credit and of the Application therefor, any drafts or other documents otherwise in order signed or issued by an administrator, executor, conservator, trustee in bankruptcy, debtor in possession, assignee for benefit of creditors, liquidator, receiver, or other legal representative of the party authorized under the Credit to draw or issue such drafts or other documents.

10. Unless otherwise expressly agreed to, the Customer hereby authorizes the Bank to (a) select an advising bank, if any, (b) authorize or restrict negotiation under the Credit, and (c) waive any such restriction on negotiation.

11. This Agreement and a request or consent to any modification, change amendment, waiver, or any other action pursuant to this Agreement, will be binding and enforceable upon the Customer and its respective heirs, executors, administrators, successors, and assigns and will inure to the benefit of and if the provision hereof is determined by a court of competent jurisdiction to be invalid, such invalidity will not affect any other provision of this Agreement. The Customer represents and warrants that the execution, delivery, and performance by the Customer hereof has been duly authorized by all necessary corporate and/or other action and that the making and performance hereof by the Customer does not and will not contravene the terms of any existing law, agreement, or instrument by which the Customer is bound or to which the Customer is subject.

12. Customer certifies that the transactions in the merchandise covered by the application and or credit are not prohibited under the Foreign Assets Control Regulations, other regulations of a similar nature in effect from time to time with regard to specified foreign countries or the Transaction Control Regulations of the United States Treasury Department and that any importation or exportation covered by this application conforms in every respect to all existing United States Government Regulations. Neither Customer nor the Beneficiaries are “designated nationals” or “specially designated nationals” under such Regulations.

13. The failure of the Bank to enforce at any time any provision hereof will not be construed to be a waiver of such provision or of the right of the Bank thereafter to enforce any such provision.

14. It is agreed that all directions and correspondence relating to the Credit are to be sent at the Customer’s risk and that the Bank does not assume any responsibility for any inaccuracy, interruption, error, or delay in transmission or delivery by post, telegraph, cable, or courier for any inaccuracy of translation.

15. This Agreement is made in the Commonwealth of Puerto Rico and shall be deemed to be a contract under seal to be governed by and construed in accordance with the laws of said Commonwealth. The Bank’s rights, powers, and remedies specified herein are cumulative and are in addition to those otherwise created or existing by law agreement.

16. The ICC Publication for International Standby Practices (ISP) shall apply to Standby Letters of Credit to the extent to which they may be applicable and not inconsistent with the terms hereof.

17. Charges refused by beneficiary should be paid by applicant.