

PROCEDURES for CIF (As of June 1st, 2009)

1. Buyer sends ICPO (Irrevocable Corporate Purchase Order) or LOI (Letter Of Intent) with soft probe authorization.
2. Seller accepts ICPO/LOI, and an Authorized Executive for Seller speaks directly with Principal for Buyer.
3. A conversation will then take place between Seller's Bank Officer and Buyer's Bank Officer in order to establish comfort for both parties that each party can perform and that each party has a banking relationship in order to complete the transaction.
4. Seller confirms willingness to go forward with the transaction by offering a Sample Only Contract in PDF Format. (Buyer will address any concerns on a separate document or email. However, due to Seller's Banking requirements, very few edits, if any, will be acceptable.)
5. Buyer sends an email to Seller stating that they accept the Contract.
6. Seller will then send a completely filled in Final Contract back to Buyer & Buyer and Seller sign and execute the Final Contract.
7. Buyer and Seller deposit signed copies of Contract with their respective Banks as applicable.
8. Buyer's Bank issues to Seller's Bank a (Non-Transferable) Documentary Letter of Credit (DL/C). (IMPORTANT NOTE: The DL/C will state that the DL/C can only be drawn upon after presentation of the agreed upon Documents which will include Charter Party Bills of Lading consigned to the order of the Buyer's Bank marked "freight prepaid", and certification of quality & quantity issued by SGS or Saybolt certifying Q & Q as per contract specifications. This in the past was commonly referred to as the issuance of the "Pre-Documentary Letter of Credit" or "Non-Operative Documentary Letter of Credit").
9. Seller's Bank will verify and may confirm, and then accepts DL/C.
10. Seller's Representative delivers product documents to the Buyer. (1. Third Party Charter Agreements. 2. Laycan documentation. 3. Terminal

Confirmation (for storage and/or loading) of the product (when applicable).
4. Copy of Statement of availability of product for monthly delivery requirements (when applicable). This step has been commonly referred to as the issuance of “POP”, however, Humble Trading and each of Humble’s Banking Relationships refers to this as the issuance of the “Initial Product Documents” or IPD. Humble uses the term “POP” as a reference to Proof Of Performance which refers to evidence that a Buyer and/or Seller can perform the duties necessary to complete a transaction.)

11. Seller’s Bank advises Seller, and shipment commences as per schedule.

12. Seller’s Bank delivers documents to Buyer’s Bank per the language of the DL/C. (This will include at a minimum: Charter Party Bills of Lading consigned to the order of the Buyer’s Bank, Certification of quality & quantity issued by SGS or Saybolt certifying Q & Q as per contract specifications, Certification of Origin [which will include the “Ministry Documents”: Copy of license to export, issued by Ministry of Energy & Copy of approval to export, issued by the Ministry of Justice, as well as the Deal Passport issued by Exporter of Records Bank], and a commercial invoice: these are referred to as “Payment Documents”).

13. Buyer’s Bank releases payment to Seller’s Bank as outlined in the Final Contract.

NOTE: We no longer use the word, nor recognize the word, POP to define Proof Of Product. We use POP only to refer to Proof Of Performance. Our Banking Relationships do not like the term POP used to define Proof Of Product due to the potential liability that is inherent when doing so. Please refer to the terms above in # 8 & # 10 to see acceptable terminology.