

Trust Receipt/Import Invoice Financing

Definition

Trust Receipt (TR) is a type of short-term import loan to provide the buyer with financing to settle goods imported under Letter of Credit where title of goods is held by the bank. Under a TR arrangement, the Bank retains title to the goods but allows the buyer to take possession of the goods on trust for resale before paying the Bank on TR due date. TR financing is applicable to goods imported under documentary credit.

For documentary collection, we offer import loans against Import Invoice Financing is a short term loan applicable to buyer who trade on open account basis.

Advantages of Trust Receipt/Import Invoice Financing

Buyer may enjoy the following benefits under TR/Import Invoice Financing:

- Do not need to effect payment immediately when documents are presented under documentary credit, documentary collection or open account.
- Financing can be up to 100% of the documentary credit, documentary collection or invoice value.
- Enjoy credit terms pre-approved by the Bank, with principal and interest only payable on maturity.
- Buyer's working capital or cash flow is not tied up and can be deployed for other business purposes.

Prerequisites for Trust Receipt/Import Invoice Financing

The following prerequisites must be in place in order to apply for TR/Import Invoice Financing:

For TR Financing

- Duly executed TR agreement;
- Bill of Exchange accepted by the buyer; and
- A TR facility line of credit granted by the Bank.

For Import Invoice Financing

- Customer's letter declaring that :
 - They have not and will not obtain other financing pertaining to this transaction from another bank or financial institution, which in aggregate (including this financing) would exceed the value of this trade transaction; and
 - The underlying transactions are genuine and undertake to furnish the Bank for inspection

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all relevant original documents in support thereof at the Bank's request.

- Customer's letter providing information on:
 - Remittance and loan amount
 - Name of supplier/beneficiary
 - Supplier/beneficiary bank's particulars and account number
 - Financing tenor and currency
 - Charges information
- Bill of Exchange accepted by the buyer
- Copy of invoice and transport document
- An import invoice financing facility granted by the Bank
- Proceeds of the import finance will be paid directly to the exporter