

# Disbursement Process

Credit Administration



*Reducing Risk. Unleashing Opportunity.*

# Key Presentation Highlights



- Introduction to Credit Administration
- Required Disbursement Documents
- Electronic Compliance Program: Medium-Term Guarantee Disbursements
- Credit Administration Resources

# Introduction to Credit Administration



Responsibilities of Credit Administration, a unit of the Office of Board Authorized Finance (OBAF):

- Approves medium-term guarantee disbursements
- Approves L/Cs and reimbursements for loans and long-term guarantees
- Acts as “Gatekeeper” for foreign content and other EXIM policies
- Ensures compliance with U.S. flag shipping requirements as per P.R. 17
- Provides training and assistance to lenders, borrowers and exporters before and after disbursements begin

# Required Disbursement Documents for U.S. Exports



“Disbursements against documents” is the underlying premise of EXIM financing.

Five standard required documents for U.S. exports:

- U.S. invoice
- Evidence of payment
- Evidence of export
- Exporter’s Certificate
- Anti-lobbying Certificate: direct loans only





# Disbursement Documents: U.S. Invoices



## Invoice requirements:

- Issued by a U.S. exporter approved by EXIM
- U.S. address
- Addressed to foreign buyer approved by EXIM
- Requests payment for U.S. goods/services approved by EXIM
- Commercial invoice not pro forma
- Copies are acceptable



# Disbursement Documents: U.S. Invoices



## Pre-export Payment Invoices: Additional Requirements

- Invoice for work performed by U.S. exporter prior to export of specialized goods
- Pre-export payments must be pre-authorized by EXIM
- Disbursements for pre-export payments prior to export may not exceed percentage set by EXIM
- Value of work performed must equal amount invoiced per certification in Exporter's Certificate

# Disbursement Documents: Evidence of Payment



Acceptable evidences of payment:

- Copy of commercial bank's advice of payment to U.S. exporter
- Copy of both sides of a canceled check made payable to U.S. exporter
- Letter from U.S. exporter confirming payment of invoices
  - List of invoices and amounts paid
- Invoice stamped "paid" and paid stamp signed by exporter
- Copies are acceptable



# Disbursement Documents: Evidence of Export



Examples of evidence of export for U.S. goods:

- Signed, dated, clean onboard ocean bill of lading
- Signed, dated air or rail waybill
- Signed, dated truck bill of lading
- For Mexico, truck bill of lading may show delivery to U.S. border city if goods are consigned to Mexican buyer or their freight forwarder
- Copies are acceptable





# Disbursement Documents: Evidence of Export



Helpful information about bills of lading and waybills:

- Must show shipment from the U.S. to buyer's country approved by EXIM
  - Transshipment is acceptable
- Must be signed by third-party: carrier, freight forwarder or shipping agent
  - "Signed" includes handwritten, electronic, digital signature, or other methods of authentication
    - Refer to UCP 600 for Documentary Credits, Article 3, for a useful description
- Freight forwarder's receipts and customs documents (e.g. pedimentos) are not acceptable

# Evidence of Export: U.S. Flag Shipping



- Shipment on U.S. flag vessels is required for:
  - All Direct Loans
  - Guarantees over \$20 million (excluding EXIM Exposure Fee) or (with some exceptions) repayment period of greater than seven (7) years
- US Maritime Administration (MarAd) offers facilitation services to assist exporters and foreign buyers with obtaining suitable shipping arrangements on U.S.-flag vessels
- EXIM strongly encourages exporters/buyers to contact U.S. flag carriers as early as possible to obtain bids for transporting their ocean-bound cargos in order to obtain the most favorable rates and shipping schedule

## Evidence of Export: U.S. Flag Shipping



- In some limited circumstances, foreign flag shipping will be permitted under a MarAd certification or determination. For additional information, please refer to [http://www.marad.dot.gov/wp-content/uploads/pdf/MAR620.MarAd\\_US\\_Flag\\_Shipping\\_Guidance\\_Final.pdf](http://www.marad.dot.gov/wp-content/uploads/pdf/MAR620.MarAd_US_Flag_Shipping_Guidance_Final.pdf)
- More details regarding EXIM's shipping policy can be found at <http://www.exim.gov/policies/us-flag-shipping-requirements>
- Contact U.S. Maritime Administration at 202.366.4610 or [cargo.marad@dot.gov](mailto:cargo.marad@dot.gov)



# Disbursement Documents: Exporter's Certificate



The Exporter's Certificate is a document unique to EXIM.

## Forms:

- Current Exporter's Certificate form is EIB 11-05 dated 07/2015: [Form EIB 11-05](#)
- Certifications and Covenants are now on [www.exim.gov](http://www.exim.gov) as form EIB 15-05 dated 10/2015: [Form EIB 15-05](#). These Certifications are incorporated into the Exporter's Certificate as if fully set forth therein.

## Basic Requirements:

- Issued by a U.S. company with a U.S. street address
- No alterations or changes allowed
- Copy of signed original acceptable
- Signed by authorized officer of the U.S. company, including name and title
- Signature must match name of signatory
- Lists U.S. company's contract(s) covered by loan or guarantee transaction

# Disbursement Documents: Exporter's Certificate



## Material Changes to Part A Content:

- Foreign content increases by more than 5% and exceeds 20% of the Net Contract Price
- Part A: Content table is recalculated using the Disbursement Calculator at <http://www.exim.gov/tools-for-exporters/credit-administration-and-operations/disbursement-calculator>
- Amended Exporter's Certificate is required to be submitted
- Revised Disbursement Percentage applies to all of U.S. exporter's invoices going forward
- At the end of the day, only U.S. content is financed

# Disbursement Documents: Exporter's Certificate



## Disclosures and Amendments

- Disclosures or changes to the Exporter's Certificate (EIB 11-05) or the Certifications and Covenants (EIB 15-05) may require an amended Exporter's Certificate and prior EXIM approval
- Please refer to the "Changes" section of each form for specific guidance



# Disbursement Documents: Anti-lobbying Certificate



## Anti-lobbying Certificate:

- Required from U.S. exporters, local cost providers and ancillary service providers under direct loans if contract is \$100,000 or greater
- Copy of a signed original is acceptable
- Form available on EXIM's website:  
<http://www.exim.gov/sites/default/files//forms/anti-lobbying-certificate-direct-loan.pdf>

Note: Other participants in loan and guarantee transactions must sign an Anti-lobbying Certificate upfront

# Medium-Term Guarantees: Disbursement Methods



## Three Methods of Disbursement:

- Reimbursement – to the borrower for the financed portion of payments to a U.S. exporter
- L/C Payment – drawings by U.S. exporter under a letter of credit for the financed portion of goods and services
- Direct Disbursement – direct payments by the lender to a U.S. exporter for the financed portion of goods and services
  - More than one disbursement method can be used under the same transaction
  - Disbursements may not occur until EXIM declares the transaction legally effective, i.e. operative!





# Medium-Term Guarantees: Electronic Compliance Program



Electronic Compliance Program-EXIM Online (ECP- EOL) provides for electronic disbursement approval

- Lender collects and reviews required disbursement documents for approved U.S. exporter(s)
- Lender disburses and wires Exposure Fee to EXIM (unless paid upfront)
- Lender submits disbursement information (ECP checklist) for approved U.S. exporter(s) electronically via secure website in EXIM Online (EOL)
  - EXIM relies on the Lender's compliance certifications which are contained in the ECP checklist
  - Contact person submitting request for disbursement approval binds the Lender
- Electronic system assigns a disbursement identification number



# Medium-Term Guarantees: Electronic Compliance Program



- Credit Administration receives electronic disbursement approval request
  - Reviews ECP checklist
  - Confirms receipt of Exposure Fee
  - Approves disbursement electronically
  - Disbursement approval posted on lender's ECP-EOL page
- Lender required to retain disbursement documents for 7 years beyond final repayment
- PEFCO may purchase disbursements approved under ECP-EOL
- Audit function is managed by the Credit Review and Compliance Division (CRC)

# Credit Administration Information on the Web



EXIM web site: [www.exim.gov](http://www.exim.gov)

Click on Tools for Exporters, then Credit Administration and Disbursements:

<http://www.exim.gov/tools-for-exporters/credit-administration-and-operations>

- EXIM Exporter's Certificate and Disbursement Calculator
- Fact Sheets
- Description of the Electronic Compliance Program
- Presentation on disbursement procedures
- Letter of credit sample proviso wording

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For ECP, if password has expired or technical assistance is needed, contact Judy McClain.



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