

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/payment 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 <https://www.maritime.dot.gov/cargo-preference/civilian-agencies/shipping-guidance-%E2%80%93-ex-im-bank>
- 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



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 06/2018: [Form EIB 11-05](#)
- Certifications and Covenants are now on 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
- Compliance review function is managed by the Credit Review and Compliance Division (CRC)

Credit Administration Information on the Web



EXIM web site: 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

| | | |
|---------------------------------|-----------------|--------------|
| Senior Vice President | David Sena | 202 565 3272 |
| Credit Administration Officers: | Kit Arendt | 202 565 3480 |
| | Donna Schneider | 202 565 3612 |
| Credit Administrator: | Judy McClain | 202 565 3482 |

E-mail addresses at EXIM: firstname.lastname@exim.gov

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



Reducing Risk. Unleashing Opportunity.

www.exim.gov
1-800-565-3946 (EXIM)

