

Medium-Term Guarantee 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 division under 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 and certifications” 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





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 U.S. 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 (formerly known as “waiver”).
- For additional information, 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





EXIM'S Content Policy & the Exporter's Certificate



For each U.S. exporter approved by EXIM:

EXIM cover is available for the lesser of 85% of the aggregate U.S. export value (Net Contract Price) of the U.S. goods and services or 100% of the U.S. Content in the U.S. exporter's supply contract(s)

- All items must be shipped from the U.S. to be considered eligible (i.e., part of the Net Contract Price)
- Local costs and goods shipped from a third country are ineligible/excluded and are not part of the U.S. export value (Net Contract Price)
- Exporters may utilize annual average content certification for recurring export sales in consultation with EXIM's Engineering & Environment Division
- Each U.S. exporter must execute an Exporter's Certificate certifying to content and other EXIM and U.S. Government certifications and representations prior to disbursement/loan funding

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 11/2021: [EXIM Exporter's Certificate \(EIB 11-05\)](#)
- Current Certifications and Covenants form is EIB 15-05 dated 11/2021: [Certifications and Covenants for Exporter's Certificate \(EIB 15-05\)](#). 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
- Signed by authorized representative of the U.S. company, including name and title
- Signature must match name of signatory
- Copy of signed original acceptable
- Lists U.S. company's contract(s) covered by EXIM transaction

Disbursement Documents: Exporter's Certificate



SAMPLE U.S. CONTENT TABLE		
	Example 1	Example 2
SUPPLY CONTRACT	\$ 100.00	\$ 140.00
LESS EXCLUDED GOODS AND SERVICES	\$ -	\$ -
LESS LOCAL COSTS	\$ -	\$ 40.00
NET CONTRACT PRICE	\$ 100.00	\$ 100.00
LESS ELIGIBLE FOREIGN CONTENT	\$ 10.00	\$ 20.00
U.S. CONTENT	\$ 90.00	\$ 80.00
U.S. CONTENT PERCENTAGE	90.00%	80.00%
DISBURSEMENT PERCENTAGE	85.00%	80.00%

Disbursement Documents: Exporter's Certificate



Calculating the EXIM financed amount at disbursement:

- Apply the Disbursement Percentage from the Exporter's Certificate to the U.S. exporter's invoice value for eligible U.S. goods and services
- The financed amount may be less than approved by EXIM in the Annex B letter if the Disbursement Percentage from the Exporter's Certificate is less than estimated in the Annex B letter
- The financed amount cannot exceed the amount on the Annex B letter for that U.S. exporter without EXIM's prior approval
- EXIM may require a higher cash payment



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: [Disbursement Calculator | EXIM.GOV](https://disbursementcalculator.exim.gov)
- 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



Medium-Term Guarantees: Electronic Compliance Program



The Electronic Compliance Program is currently in use for the following types of transactions:

- Medium-term guarantees
- Credit Guarantee Facilities
- Long-term guarantees that are \$25 million or less (excluding Exposure Fee, if financed)

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
- Credit Administration conducts disbursement spot checks
- Compliance review function is managed by the Credit Review and Policy Division

Credit Administration Information on the Web



EXIM website: www.exim.gov

Click on Resources, Select a Page, then Credit Administration and Disbursements:

[Credit Administration and Disbursements | EXIM.GOV](#)

- 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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