

Figure AP3.F3. - Foreign Military Financing Loan Agreement - Exhibit B

DSCA Requirements to Support Requests for Advances

1. This Exhibit describes the documents which the Borrower must furnish to the DSCA (Office of Business Operations (OBO)) in support of requests for advances.
2. Whenever the Borrower desires a disbursement of FMS loan funds, its authorized representative(s), as designated pursuant to provisions of the Loan Agreement, shall forward the written request, prepared in accordance with Annex II of the Agreement, to:

Defense Finance and Accounting Service-IN
 Security Assistance Accounting/JAX
 8899 East 56th Street, Indianapolis, IN 46249-6300

not less than 15 business days before the desired disbursement date.

3. With each request for an advance, the Borrower will provide a letter addressed to the Director, Defense Finance and Accounting Service, substantially in the format as follows:

Dear Sir:

In accordance with the provisions of Section 1.4 of our Loan Agreement with the Government of the United States of America dated [date], the Government of [] hereby requests the DSCA approval and disbursement of an advance of [amount] from that loan.

The Government of [] acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this loan which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 7 of the Loan Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of [] confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement [insert Case Identifier] with the [insert Supplier].

Sincerely,

Government Of _____

By _____

(Name and Title)

4. Whenever funds from this loan are to be used to pay a Commercial Supplier, the Borrower shall also provide invoices and bills-of-lading in support of each request for an advance, as follows:

a. As a minimum, the invoices must:

- i. reflect the amount due and payment due date;
- ii. specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment;
- iii. list the items and services delivered for which payment is requested;
- iv. indicate by a separate entry the transportation costs, if not included in the item price;
- v. designate the FOB point and “ship to” address;
- vi. designate the address to where the payment should be sent;
- vii. if the billed amount consists of “cost, insurance and freight” (CIF) terms for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the U.S. Port of Embarkation; and
- viii. be supported by a copy of freight bills, air waybills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed separately to the Purchaser, bills-of-lading or air waybills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the Purchaser is paying the export transportation cost with other than U.S. Government funds (i.e., the Contractor is not paying for the export transportation cost) the Contractor will submit a certification with the invoice as follows:

<p>The [Contractor] acknowledges that U.S. Government funds are being used by the Government of _____ to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States and no shipping cost is included in the sales price or otherwise included in the invoice amount for which payment is requested.</p>
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c. All Contractor’s invoices must be submitted with the following certification:

<p>The [Contractor] acknowledges U.S. Government funds are being used by the Government of _____ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.</p>
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d. Before DSCA authorizes the use of loan funds to finance any purchase from a Commercial Supplier, the Borrower must ensure that the Commercial Supplier completes and submits

to the DSCA the “Contractor’s Certification and Agreement with Defense Security Cooperation Agency.” See Chapter 9, paragraph C9.7.4. and http://www.dsca.osd.mil/DSCA_memoranda/fmf_dcc_2001/2001_cert.pdf

5. Whenever funds from this loan are to be used to pay an amount owed on an FMS case, the Borrower shall also provide a listing of the FMS cases for which payment is requested and the amounts applicable to each.