



## DEFENSE SECURITY COOPERATION AGENCY

2800 DEFENSE PENTAGON

WASHINGTON, D.C. 20301-2800

19 DEC 2019

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR  
DEFENSE EXPORTS AND COOPERATION  
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR  
INTERNATIONAL PROGRAMS  
DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR  
INTERNATIONAL AFFAIRS  
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY  
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY  
DIRECTOR, DEFENSE LOGISTICS AGENCY  
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY  
DIRECTOR, MISSILE DEFENSE AGENCY  
DIRECTOR, NATIONAL GEOSPATIAL – INTELLIGENCE  
AGENCY  
DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE  
DIRECTOR, DEFENSE LOGISTICS AGENCY DISPOSITION  
SERVICES  
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,  
NATIONAL SECURITY AGENCY  
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE

SUBJECT: New Standard Note for Letters of Offer and Acceptance, Risk Assessed Payment Schedule (RAPS) Term of Sale, DSCA Policy 19-55 [SAMM E-Change 458]

Reference: (a) DSCA Policy 19-42, New Term of Sale, Risk Assessed Payment Schedules (RAPS)  
(b) Security Assistance Management Manual (SAMM), C9.8.4, Risk Assessed Payment Schedules

This memo in accordance with DSCA Policy 19-42 (ref a) and SAMM Section C9.8.3.5 (ref b), mandates the following Standard Note is placed on all Letters of Offer and Acceptance (LOAs) that use the RAPS term of sale and related payment schedule. The Standard Note will be placed below the LOA's payment schedule and it will read as follows:

"Risk Assessed Payment Schedules (RAPS) are authorized under Section 22 of the Arms Export Control Act. The RAPS on this Letter of Offer and Acceptance was calculated and approved by DSCA's Country Financial Management (CFM) division. The initial deposit or due with amendment acceptance amount is front loaded to include the highest projected termination liability amount, and the payment schedule requires payments one year in advance of expected financial requirements, in order to mitigate risk to the U.S. Government. The U.S. Government reserves the right to bill for additional amounts if,

during the execution phase, actual costs materialize at a rate that cannot be supported by the LOA's stated payment schedule. CFM must be notified and provide written approval prior to any payment schedule adjustments via a LOA modification or amendment. Any questions or concerns regarding RAPS should be addressed to CFM."

RAPS or RAPS revisions will be manually calculated by CFM and provided to the Implementing Agency for incorporation into the approved LOA package(s). CFM will also enter a Defense Security Assistance Management System (DSAMS) case remark stating that a RAPS is approved, the approval date, and whether approval is at the case or country level. The DSCA Case Writing Division (CWD) will apply the Standard Note to all applicable LOA documents, including amendments and modifications when the RAPS term of sale remains valid.

See attachment for SAMM Appendix 6 and Table C9.T11 updates.

This policy is effective immediately. For any questions regarding this policy, please contact Ms. Danielle Ayers, DSCA/DBO/FPA, at (703) 697-9407 or [mary.d.ayers2.civ@mail.mil](mailto:mary.d.ayers2.civ@mail.mil).



J. Aaron Harding  
Chief Financial Officer

Attachment(s):  
As stated

**Attachment 1**  
**Security Assistance Management Manual (SAMM), E-Change 458**  
**Updates to Appendix 6 and Table C9.T11.**

1) Update Appendix 6, LOA Notes Listing, to read as follows:

**Risk Assessed Payment Schedules (RAPS) Standard Note**

Note Usage
<p>FMS: Yes  BPC: No  Mandatory for FMS LOAs when the Term of Sale of Risk Assessed Payment Schedule (RAPS) has been approved.  This note should be included beneath the payment schedule.  Mandatory for Amendments and Modifications when RAPS remains a valid Term of Sale.</p>
References
<p>See Section C9.8.4.</p>
Note Input Responsibility
<p>CWD</p>
Note Text
<p>"Risk Assessed Payment Schedules (RAPS) are authorized under Section 22 of the Arms Export Control Act. The RAPS on this Letter of Offer and Acceptance was calculated and approved by DSCA's Country Financial Management (CFM) division. The initial deposit or due with amendment acceptance amount is front loaded to include the highest projected termination liability amount, and the payment schedule requires payments one year in advance of expected financial requirements, in order to mitigate risk to the U.S. Government. The U.S. Government reserves the right to bill for additional amounts if, during the execution phase, actual costs materialize at a rate that cannot be supported by the LOA's stated payment schedule. CFM must be notified and provide written approval prior to any payment schedule adjustments via a LOA modification or amendment. Any questions or concerns regarding RAPS should be addressed to CFM."</p>

2) Update Table C9.T11. Terms of Sale to read as follows:

Term of Sale	Application
Cash with Acceptance	<ul style="list-style-type: none"> <li>• Used when the initial cash deposit equals the amount in the "Estimated Total Costs" line of the LOA.</li> <li>• Used for FMSO I even though the initial deposit is less than "Estimated Total Costs" (it must equal the FMSO I Part A value).</li> </ul>

Term of Sale	Application
	<ul style="list-style-type: none"> <li>Used if the purchaser is not authorized Dependable Undertaking, unless specific DSCA approval is obtained.</li> </ul>
Cash Prior to Delivery	<ul style="list-style-type: none"> <li>Used if the purchaser is authorized Dependable Undertaking and the USG authorizes purchaser cash payment in advance of delivery of defense articles and rendering of defense services and design and construction services from DoD resources. AECA, sections 21(b) and <a href="#">29 (22 U.S.C. 2761(b))</a> and <a href="#">(22 U.S.C. 2769)</a> apply.</li> </ul>
Dependable Undertaking	<ul style="list-style-type: none"> <li>Used if the purchaser is authorized in accordance with AECA section 22.</li> </ul>
Risk Assessed Payment Schedule	<ul style="list-style-type: none"> <li>Approved by the DSCA Chief Financial Officer on a case-by-case basis. Authorized in accordance with AECA section 22.</li> </ul>
Payment on Delivery	<ul style="list-style-type: none"> <li>The USG issues bills to the purchaser at the time of delivery of defense articles or rendering of defense services from DoD resources. The first sentence of <a href="#">AECA, section 21(d) (22 U.S.C. 2761(d))</a> applies. The IA may use this term only pursuant to a written statutory determination by the Director, DSCA, who must find it in the national interest to do so. If <a href="#">AECA, section 21(d)</a> is applicable based on Director or Deputy Director, DSCA action, modify to read “Payment 60 days after Delivery.” If <a href="#">AECA, section 21(d)</a> is applicable based on Presidential action, modify to read “Payment 120 days after Delivery.”</li> </ul>
FMS Credit	<ul style="list-style-type: none"> <li>This term applies to an FMS case financed with repayable FMF funds, or partly repayable FMF funds, extended or guaranteed by the Department of Defense under <a href="#">AECA, sections 23 (22 U.S.C. 2763)</a> and <a href="#">24 (22 U.S.C. 2764)</a> or under other legislation.</li> </ul>
MAP Merger	<ul style="list-style-type: none"> <li>Applies to FMS cases financed with MAP Merger funds (<a href="#">FAA, section 503 (22 U.S.C. 2311)</a>).</li> </ul>
FMS Credit (Non-Repayable)	<ul style="list-style-type: none"> <li>Applies to FMS cases financed with non-repayable FMF funds. If the case is financed wholly with these non-repayable funds, the LOA qualifies for pricing benefits (i.e., exclusion of military salaries and NC of research, development, and production of MDE) as provided in <a href="#">FAA, section 503(a)(3) (22 U.S.C. 2311(a)(3))</a> and <a href="#">AECA, section 21(e) (22 U.S.C. 2761(e))</a>.</li> </ul>
EDA Grant	<ul style="list-style-type: none"> <li>Applies to Excess Defense Article – non-reimbursable grant transfers as provided in <a href="#">FAA section 516 (22 U.S.C. 2312j)</a>.</li> </ul>