



DEFENSE SECURITY COOPERATION AGENCY

2800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2800

01 APR 2026

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
INTERNATIONAL PROGRAMS
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, SECURITY COOPERATION ACCOUNTING
DIRECTORATE, DEFENSE FINANCE AND ACCOUNTING
SERVICE, INDIANAPOLIS OPERATIONS
DIRECTOR OF CYBERSECURITY DIRECTORATE AND DEPUTY
NATIONAL MANAGER FOR NATIONAL SECURITY
SYSTEMS, NATIONAL SECURITY AGENCY

SUBJECT: Defense Security Cooperation Agency Policy Memorandum 26-18, Credit Assured
Payment Schedules Term of Sale Update [SAMM E-Change 811]

References: (a) Security Assistance Management Manual [Chapter 9, Section C9.8.5. Credit Assured Payment Schedules](#)

Effective immediately, this memorandum updates the Security Assistance Management Manual (SAMM) to adjust the Standby Letter of Credit (SBLC) amount required to utilize the Credit Assured Payment Schedules (CAPS) Term of Sale. To utilize the CAPS Term of Sale, a partner must secure an SBLC for the greater of either the sum of the three largest remaining payments or 50 percent of the remaining balance on the Foreign Military Sales (FMS) case(s). The memorandum revises the required actions for Country Finance Directors to implement FMS cases using the CAPS Term of Sale. The memorandum also adds the term and definition of SBLC to the SAMM Glossary.

The purpose of this policy is to improve the viability of the CAPS Term of Sale to increase the competitiveness of FMS in the global market for defense articles and services. This policy memorandum updates reference (a). The policy in the attachment is incorporated into the SAMM at <https://samm.dsca.mil>.

If you have questions on this memorandum, please contact DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate, Financial Policy Division (OBO/FPRE/FP)) at dsca.ncr.obo.list.fpre-fp@mail.mil. Please reference the DSCA policy number and memorandum subject. For general questions about the SAMM, please contact DSCA (Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA)) at dsca.ncr.spp.mbx.epa@mail.mil.

YOON.THOMAS.YOUNG
G CHUL.

Digitally signed by
YOON.THOMAS.YOUNG
CHUL.
Date: 2026.04.01 15:02:40 -04'00'

Brian Watford
Acting Chief Operating Officer and Chief Financial
Officer

Attachments:

1. SAMM E-Change 811 – Credit Assured Payment Schedules Term of Sale Update
2. SAMM E-Change 811 – Credit Assured Payment Schedules Update to the SAMM Glossary

Attachment 1: Security Assistance Management Manual E-Change 811

CREDIT ASSURED PAYMENT SCHEDULES TERM OF SALE UPDATE

1. Update the following sections in Chapter 9:

From:

C9.8.5.2. Standby Letter of Credit - Credit Assured Payment Schedules. The value of the SBLC must be equal to or greater than the total uncollected value of all applicable implemented and proposed CAPS-related FMS LOAs, Modifications, and Amendments.

C9.8.5.2.1.1. Standby Letter of Credit. CAPS eligible FMS partners may obtain an SBLC issued by an eligible bank. The SBLC is a formal and independent undertaking issued by a bank to DSCA as the "beneficiary" of the SBLC, specifies the responsibilities of the bank and the FMS partner, and establishes the ability for DSCA to draw upon the value of the SBLC when the FMS partner does not make a timely payment. The SBLC, in effect, serves as the partner's guarantee of payment to DSCA in the event they fail to make timely quarterly payments on an FMS LOA in accordance with the DD 645.

C9.8.5.2.2.3. Country Finance Director. The DSCA (OBO/FPRE) CFD shall coordinate the signing of a MOU between the FMS partner and DSCA. The DSCA (OBO/FPRE) CFD will work with the partner and the issuing bank to acquire a draft of the SBLC. The DSCA (OBO/FPRE) CFD is responsible for informing the SCO, IA and FMS partner of DSCA's (OBO/FPRE/FP) decision regarding the partner's CAPS approval, and ensures the term of sale on the LOA identifies CAPS and prompts DSCA (OBO/FPRE) CFD's LOA monitoring. The DSCA (OBO/FPRE) CFD will toggle the SBLC indicator on and enter the PAYAUTH milestone in Defense Security Assistance Management System (DSAMS) to facilitate the use of the CAPS term of sale. For FMS partner unique payment schedules, the DSCA (OBO/FPRE) CFD will communicate approval/denial to the IA and enter approval Case Remark in DSAMS. The DSCA (OBO/FPRE) CFD will monitor the SBLC value, the difference between the DD645 invoice and payment schedule, and the total uncollected value of the CAPS LOAs, Modifications, and Amendments. The DSCA (OBO/FPRE) CFD will monitor payments in the Monthly Case Report (MCR) and will work with both DFAS and the partner to determine the nature and causation of any late/missed payments. If a remedy has not been provided within 30 days, the DSCA (OBO/FPRE) CFD, with support from DFAS, will issue a demand letter against the SBLC for the quarterly payment.

C9.8.5.2.2.6. Implementing Agencies. The IA will communicate the request to use a unique payment schedule on the FMS Cover Memorandum (Memo) (see [Figure C5.F25.](#)) upon MILAP, and subsequently upload documentation into the Case Tracking System (CTS) for review and approval by the DSCA (Office of International Operations, Global Execution Directorate, Case Writing and Development Division (IOPS/GEX/CWD)) and DSCA (OBO/FPRE) CFD.

C9.8.5.3. Monitoring. The DSCA (OBO/FPRE) CFD will monitor collections in the MCR to ensure that the partner has made the required payments at the appropriate times. Should there be any issues with payments, the DSCA (OBO/FPRE) CFD will coordinate with DFAS to address concerns. This requirement ensures the FMS partner is making complete and timely payments.

To:

C9.8.5.2. Standby Letter of Credit - Credit Assured Payment Schedules. The value of the SBLC must be ~~equal to or greater than~~ the greater of either 1) the sum of the three largest remaining payments, or 2) 50 percent of the remaining case balance ~~the total uncollected value~~ of all applicable implemented and proposed ~~CAPS-related~~ FMS LOAs, including their Modifications; and Amendments ~~that align with the CAPS Term of Sale.~~

C9.8.5.2.1.1. Standby Letter of Credit. CAPS eligible FMS partners may obtain an SBLC issued by an eligible bank. The SBLC is a formal and independent undertaking issued by a bank to DSCA as the "beneficiary" of the SBLC, specifies the responsibilities of the bank and the FMS partner, and establishes the ability for DSCA to draw upon the value of the SBLC when the FMS partner does not make a timely ~~and complete~~ payment. The SBLC, in effect, serves as the partner's guarantee of payment to DSCA in the event they fail to make timely quarterly payments on an FMS LOA in accordance with the DD 645.

C9.8.5.2.2.3. Country Finance Director. The DSCA (OBO/FPRE) CFD shall coordinate the signing of a MOU between the FMS partner and DSCA. The DSCA (OBO/FPRE) CFD will work with the partner and the issuing bank to acquire a draft of the SBLC. The DSCA (OBO/FPRE) CFD is responsible for informing the ~~SCO~~ MILGRP, IA and FMS partner of DSCA's (OBO/FPRE/FP) decision regarding the partner's CAPS approval, and ensures the term of sale on the LOA identifies CAPS and prompts DSCA (OBO/FPRE) CFD's LOA monitoring. The DSCA (OBO/FPRE) CFD will toggle the SBLC indicator on and enter the PAYAUTH milestone in Defense Security Assistance Management System (DSAMS) to facilitate the use of the CAPS term of sale. For FMS partner unique payment schedules, the DSCA (OBO/FPRE) CFD will communicate approval/denial to the IA and enter approval Case Remark in DSAMS. The DSCA (OBO/FPRE) CFD will monitor the SBLC value, the difference between the DD645 invoice and payment schedule, and the total uncollected value of the CAPS LOAs, Modifications, and Amendments. The DSCA (OBO/FPRE) CFD will monitor payments in the Monthly Case Report (MCR) and will work with both DFAS and the partner to determine the nature and causation of any late/missed payments. If a remedy has not been provided within 30 days, the DSCA (OBO/FPRE) CFD, with support from DFAS, will issue a demand letter against the SBLC for the quarterly payment.

C9.8.5.2.2.6. Implementing Agencies. The IA will communicate the request to use a unique payment schedule on the FMS Cover Memorandum (Memo) (see [Figure C5.F25.](#)) upon MILAP, and subsequently upload documentation into the Case Tracking System (CTS) ~~validating the unique payment schedule approval was coordinated with the DSCA (OBO/FPRE) CFD. Once the case is MILAP and supporting documentation is uploaded,~~

~~for review and approval by~~ the DSCA (Office of International Operations, Global Execution Directorate, Case Writing and Development Division (IOPS/GEX/CWD)) and DSCA (OBO/FPRE) CFD ~~will review and confirm the unique payment schedule is updated on the LOA.~~

C9.8.5.3. Monitoring. The DSCA (OBO/FPRE) CFD will monitor collections in the MCR to ensure that the partner has made the required payments at the appropriate times. Should there be any issues with payments, the DSCA (OBO/FPRE) CFD will coordinate with DFAS ~~and the FMS purchaser~~ to address ~~any~~ concerns. This requirement ensures the FMS partner is making complete and timely payments.

2. Update to C9.T17. Initial Deposit Requirements

Term of Sale	Application
Credit Assured Payment Schedules (CAPS)	Amount: 25 percent of the Total Case Value (TCV), which must include Termination Liability. If Termination Liability exceeds 25 percent of the TCV, then the initial deposit must at least equal the amount required for Termination Liability.

Attachment 2: Security Assistance Management Manual E-Change 811

CREDIT ASSURED PAYMENT SCHEDULES UPDATE TO SAMM GLOSSARY

1) Add the following term and definition in the SAMM glossary:

TERM	DEFINITION	LINK
Standby Letter of Credit (SBLC) [Credit Assured Payment Schedules (CAPS) Term of Sale]	A legal document that serves as the eligible bank's guarantee to pay DSCA if the Foreign Military Sales (FMS) partner fails to make complete and timely quarterly payments on an FMS Letter of Offer and Acceptance (LOA), in accordance with the DD 645. It is a formal independent undertaking issued by a bank to DSCA, as the "beneficiary," which specifies the responsibilities of the bank and the FMS partner and establishes the ability for DSCA to draw upon the value of the SBLC when the FMS partner does not make a complete and timely payment.	N/A

2) Add the following acronym and acronym description to the SAMM acronyms:

ACRONYMS	ACRONYM DESCRIPTION
SBLC	Standby Letter of Credit