



DEFENSE SECURITY COOPERATION AGENCY

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24 JUN 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 26-23, Bank Letters of
Credit Memorandum of Understanding Templates [SAMM E-Change 814]

References: SAMM, [Section C9.7.1.2. Bank Letter of Credit](#)

Effective immediately, this memorandum establishes templates for Memoranda of Understanding (MOUs) between the DSCA and foreign partners regarding the use of Bank Letters of Credit (BLOCs) in the SAMM. Under the BLOC program, DSCA permits the use of a Letter of Credit (LC) - a type of third-party loan funding from a commercial bank, Export Credit Agency, or other lending institution - to cover liabilities on Foreign Military Sales (FMS) cases. BLOC provides additional financing options for partners using third-party funds from an eligible lending institution in place of, and to be treated the same as, national funds in accordance with the reference above [Section C9.7.1.2](#). Foreign partners may use an LC as a replacement for national funds to make routine payments on FMS cases or to supplement national funds in making such payments.

Specifically, this SAMM update adds two Memorandum of Understanding (MOU) templates: 1) Figure C9.F3. "Memorandum of Understanding Template for a Bank Letter of Credit to make Routine Payments" and 2) C9.F4. "Memorandum of Understanding Template for a Bank Letter of Credit to Supplement National Funds." Subsequent figures in Chapter 9 should

be reordered to account for the addition of two figures. Additionally, the memorandum adds terms to the SAMM Glossary.

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 dca.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 dca.ncr.spp.mbx.epa@mail.mil.

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Brian Watford
Acting Chief Operating Officer and Chief Financial
Officer

Attachments:

1. SAMM E-Change 814 - Bank Letters of Credit Memorandum of Understanding Templates
2. SAMM E-Change 814 - Figure C9.F3. Memorandum of Understand Template for a Bank Letter of Credit to make Routine Payments
3. SAMM E-Change 814 - Figure C9.F4. Memorandum of Understand Template for a Bank Letter of Credit to Supplement National Funds

Attachment 1: Security Assistance Management Manual E-Change 814

BANK LETTERS OF CREDIT MEMORANDUM OF UNDERSTANDING TEMPLATES

1. Update C9.7.1.2.5.2., add Figure C9.F3., and add Figure C9.F4. Subsequent figures in should be renumbered.

From:

C9.7.1.2.5.2. Memorandum of Understanding. The MOU governs the relationship and responsibilities of DSCA and the partner. The MOU must be negotiated and signed prior to implementation of the LC. The MOU should include the required value of the LC, the funds required in the partner's FMS Trust Fund or Interest-Bearing Account, the circumstances and process for amendments to the LC value, replenishment for routine payments, the timeline and actions for payment, insufficient LC funds, and stipulations regarding the disbursement schedule in the situation where the partner utilizes an LC as a supplement to making payments with national funds on FMS.

To:

C9.7.1.2.5.2. Memorandum of Understanding. The MOU governs the relationship and responsibilities of DSCA and the partner **in the establishment and use of an LC**. The MOU must be negotiated and signed prior to implementation of the LC. The MOU should include the required value of the LC, the funds required in the partner's FMS Trust Fund or Interest-Bearing Account, the circumstances and process for amendments to the LC value, replenishment for routine payments, the timeline and actions for payment, insufficient LC funds, and stipulations regarding the **LC funds** disbursement schedule in the situation where the partner utilizes an LC as a supplement to making payments with national funds on FMS **cases**.

Figure C9.F3. Memorandum of Understand Template for a Bank Letter of Credit to make Routine Payments

See Attachment 2 for Figure

Figure C9.F4. Memorandum of Understand Template for a Bank Letter of Credit to Supplement National Funds

See Attachment 3 for Figure

2. Add the following terms and definitions to the SAMM glossary:

TERM	DEFINITION	LINK
Advising Bank [Bank Letter of Credit (BLOC) Memorandum of Understanding (MOU)]	The financial institution that provides overarching guidance to the Participants regarding a Letter of Credit (LC). Duties include providing notification to the Beneficiary when a Letter of Credit has been opened on behalf of the Foreign Military Sales (FMS) partner, authenticating and transferring the LC to the Beneficiary, and advising the Beneficiary on the terms and conditions of the LC. The Advising Bank often serves as the Confirming Bank, but these roles may be filled by different financial institutions as well.	N/A
Beneficiary [Bank Letter of Credit (BLOC) Memorandum of Understanding (MOU)]	The entity that is entitled to have its complying presentation for payment honored under the Letter of Credit (e.g. DSCA).	N/A
Confirmation [Bank Letter of Credit (BLOC) Memorandum of Understanding (MOU)]	The formal assurance provided by a Confirming Bank to honor the credit issued by an Issuing Bank, ensuring payment to the Beneficiary if the Issuing Bank fails to fulfill its obligation under the Letter of Credit.	N/A
Confirming Bank [Bank Letter of Credit (BLOC) Memorandum of Understanding (MOU)]	The financial institution that undertakes to honor a presentation made by DSCA, as Beneficiary, under the Letter of Credit issued by the Issuing Bank at the request of the Issuing Bank.	N/A
Issuing Bank [Bank Letter of Credit (BLOC) Memorandum of Understanding (MOU)]	The financial institution that issues the Letter of Credit.	N/A
Presentation [Bank Letter of Credit (BLOC) Memorandum of Understanding (MOU)]	The submission of documents by DSCA to the Issuing or Confirming Bank for payment as Beneficiary under the terms of the Letter of Credit [and Confirmation if applicable].	N/A
Letter of Credit [Bank Letter of Credit (BLOC) Memorandum of Understanding (MOU)]	A legal instrument issued by a bank, Export Credit Agency, or other lending institution, that guarantees the Foreign Military Sales (FMS) partner's payment due to the U.S. Government under applicable FMS Letter of Offer and Acceptance. LC Number: Unique identifier for a specific Letter of Credit.	N/A
Risk Assessed Payment Schedules (RAPS)	A term of sale that provides approved Foreign Military Sales (FMS) partners that are otherwise ineligible for Dependable Undertaking (DU) status with an alternative to the "Cash with Acceptance" standard term of sale. RAPS offers FMS partners on the cusp of DU eligibility a mechanism to establish a positive payment history for future Letters of Offer and Acceptance (LOAs), while mitigating risk to the USG against non-payment.	N/A

Attachment 2: Figure C9.F3. Memorandum of Understand Template for a Bank Letter of Credit to make Routine Payments

MEMORANDUM OF UNDERSTANDING BETWEEN
THE [The Name of the Organization Signing on Behalf of the FMS Partner] OF THE MINISTRY OF DEFENSE OF
XXXXXXXX
AND
THE DEFENSE SECURITY COOPERATION AGENCY
OF THE DEPARTMENT OF WAR OF THE UNITED
STATES OF AMERICA
REGARDING
THE USE OF A BANK LETTER OF CREDIT TO MAKE
ROUTINE PAYMENTS TO SUPPORT FOREIGN
MILITARY SALES

1) Introduction and Scope.

A) Purpose. This Memorandum of Understanding (hereafter referred to as the “MOU”) between [The Name of the Organization Signing on Behalf of the FMS Partner] (the “Foreign Military Sales (FMS) Partner”) and the Defense Security Cooperation Agency (DSCA) (each referred to individually as a “Participant” and collectively as “Participants”) pertains to the financing of the FMS Partner’s Foreign Military Sales Program that DSCA executes on behalf of the FMS Partner under the Arms Export Control Act (“AECA”), as amended.

Specifically, this MOU documents the terms and conditions under which the FMS Partner may utilize a [confirmed]¹ Letter of Credit (the LC or LC No. [LC Number(s)]) as a replacement for national funds held in the FMS Trust Fund or Interest-Bearing Account to make routine payments due under the FMS Partner’s Letter(s) of Offer and Acceptance (LOAs). In accordance with U.S. Department of War policy, the FMS Partner may use an LC from a commercial bank, Export Credit Agency, or other eligible lending institution to make payments on its FMS cases.

In order to utilize a Bank Letter of Credit (BLOC), the FMS Partner must be eligible for Dependable Undertaking (DU), or Risk Assessed Payment Schedules (RAPS) and maintain or secure an LC [and the Confirmation]¹ with a dollar value determined by DSCA. In addition to the LC [and Confirmation]¹, the FMS Partner will be required to maintain a cash reserve in the FMS Trust Fund Account in an amount determined by DSCA.

B) Definitions.

- **Advising Bank:** The financial institution that provides overarching guidance to the

¹ To the extent the FMS Partner is using a Confirming Bank.

Participants regarding an LC. Duties include providing notification to the Beneficiary when an LC has been opened on behalf of the FMS Partner, authenticating and transferring the LC to the Beneficiary, and advising the Beneficiary on the terms and conditions of the LC. The Advising Bank often serves as the Confirming Bank, but these roles may be filled by different financial institutions as well.

- **Beneficiary:** The entity that is entitled to have its complying presentation for payment honored under the LC (i.e. DSCA).
- **Business Days:** Business Days are calendar days on which the offices of the Federal Reserve Bank of New York are not closed.
- **Cash with Acceptance:** A term of sale in which U.S. dollar currency, check, or other negotiable instrument is submitted by the FMS customer concurrent with acceptance of an FMS sales offer for the full amount shown as the estimated total cost on the LOA.
- **Confirmation:** The formal assurance provided by a Confirming Bank to honor the credit issued by an Issuing Bank, ensuring payment to the Beneficiary if the Issuing Bank fails to fulfill its obligation under the LC.
- **Confirming Bank:** The financial institution that undertakes to honor a presentation made by DSCA, as Beneficiary, under the LC issued by the Issuing Bank at the request of the Issuing Bank.
- **Dependable Undertaking (DU):** An excepted term and condition within the FMS LOA representing a firm commitment by a foreign government or international organization to pay the full amount of a contract for new production or for the performance of defense services which will assure the U.S. against any loss on such contract and to make funds available in such amounts and at such times as may be required by the contract, or for any damages and costs that may accrue from the cancellation of such a contract, provided that in the judgment of the DoW there is sufficient likelihood that the foreign government or international organization will have the economic resources to fulfill the commitment.
- **Foreign Military Sales (FMS) Billing Statement:** The DD Form 645 FMS Billing Statement (or automated equivalent), and special billing arrangement statements issued by DSCA represent an official claim for payment by the USG. The DD Form 645 is prepared on a quarterly basis as of December, March, June, and September.
- **Issuing Bank:** The financial institution that issues the LC.
- **Letter of Credit (LC):** A legal instrument issued by a bank, Export Credit Agency, or other lending institution, that guarantees the FMS Partner's payment due to the U.S. Government under applicable FMS LOAs. **LC Number:** Unique identifier for a specific LC.
- **Letter of Offer and Acceptance (LOA):** The government-to-government agreement under which the United States Government (USG) sells defense articles and/or defense services to a foreign country or international organization.
- **Presentation:** The submission of documents by DSCA to the Issuing or Confirming

Bank for payment as Beneficiary under the terms of the LC [and Confirmation]².

- Termination Liability: The potential cost for which the U.S. Government would be liable if a particular Foreign Military Sales case that includes procurement contracts is terminated prior to completion.
- Risk Assessed Payment Schedules (RAPS): RAPS is a term of sale that provides approved FMS partners that are otherwise ineligible for DU status with an alternative to the "Cash with Acceptance" standard term of sale where they provide an initial deposit and then remit quarterly payments on a schedule. RAPS offers FMS Partners on the cusp of DU eligibility a mechanism to establish a positive payment history for future LOAs, while mitigating risk to the USG against non-payment. DSCA will evaluate and grant the FMS Partner's eligibility at case or country level with the existing three tier DU evaluation process.

- C) Scope and General Requirements. This MOU applies to LC No. [LC Number(s)] [and its Confirmation]² as [it/they] [pertains/pertain] to the FMS Partner's financial obligations to DSCA under the Associated LOAs listed in Exhibit A. Other financial obligations of the FMS Partner to the USG are not covered by this arrangement. LC No. [LC Number(s)] [and its Confirmation]² must [each] be a dollar value no less than the dollar amount identified in section 3(c) below. In addition to the LC [and its Confirmation]², the FMS Partner will be required to maintain a cash reserve in the FMS Trust Fund Account. When determining the value of the LC [, its Confirmation]² and the cash reserve, DSCA will consider the average monthly disbursement based on a 12-month average, maximum monthly payment amount for the year prior to the LC request, payment frequency (monthly, quarterly, or semi-annually), the value of the FMS Partner's FMS program, the time required by the FMS Partner and bank to make payment and replenish the LC [, its Confirmation]² and any other factors pertinent to the FMS Partner's FMS program.
- D) Associated LOAs. The FMS Partner and DSCA agree that the LOAs listed in Exhibit A and any subsequent amendments or modifications thereto are to be covered by LC No. [LC Number(s)] [and its Confirmation]² and that national funds will be used to fund any shortfall in the required LC dollar value or to make payments in the event the LC [and its Confirmation]² [is/are] terminated.
- E) Modifications to the MOU. This MOU may be modified by mutual agreement of the Participants.

2) Responsibilities.

- A) Defense Security Cooperation Agency (DSCA). DSCA is the Beneficiary of LC No. [LC Number(s)] on behalf of the USG. DSCA is responsible for managing the implementation of all aspects of U.S. security cooperation programs. In addition, DSCA is the FMS Trust Fund manager.
- B) Defense Finance and Accounting Agency (DFAS). DFAS is the service provider for DSCA managing daily accounting and financial operations of the Trust Fund. In addition, DFAS directly receives payments from the BLOC to fund LOA activity.
- C) Issuing Bank - [Bank Name]. Under separate agreement, the Issuing Bank, [Issuing

² Include if the FMS Partner is using a Confirming Bank.

[Bank's Name] (also referred to as the "Issuer"), and the FMS Partner, or agent or authorized representative acting on its behalf, will negotiate fees³ associated with the LC No. [LC Number(s)], as well as any other underlying transactions required to effectuate the LC. Under no circumstances will defense articles transferred or defense services performed under the FMS Program be used as collateral for securing arrangements associated with LC No. [LC Number(s)]. LC No. [LC Number(s)] is required to specify that the [Issuing Bank's Name] is obligated to pay DSCA, as Beneficiary, upon presentation of a complying demand for payment under the LC to the Issuer [including if the Confirming Bank, [Confirming Bank's Name] (also referred to as the "Confirmer") fails to pay a complying presentation to the Confirmer]¹.

- D) Eligibility Requirements for the Issuing Bank. The Issuer must meet the eligibility requirements for the Issuing Bank as described in [Section C9.9.1.5.4.5.2.4.](#), its subparagraphs, and [Table C9.T18.](#) of the SAMM, outlining acceptable credit ratings.
- E) [Confirming Bank – [Bank Name]. If DSCA approves the use of a foreign bank, as defined at [31 CFR § 561.309](#), as an Issuing Bank, or determines it is in the best interest of the USG to secure additional credit support for the LC, then a Confirming Bank that is either a U.S. bank or U.S.-based foreign bank that meets all the criteria outlined in [Section C9.9.1.5.4.5.2.4.](#), its subparagraphs, and [Table C9.T18.](#) of the SAMM will be required to issue the Confirmation. In the Confirmation of LC No. [LC Number(s)], the FMS Partner must ensure that the Confirmer agrees that it will pay DSCA, as Beneficiary, upon presentation to the Confirmer of a complying demand for payment under the LC, including if the Issuer fails to pay a complying presentation by DSCA.²
- F) Advising Bank – [Bank Name]. The Advising Bank, [Advising Bank Name], [bank address], and SWIFT Address: [Fill in Blank], will notify DSCA that an LC [and Confirmation]² has been opened on behalf of the FMS Partner. The Advising Bank will authenticate and transfer the LC [and the Confirmation]² to DSCA as well as advise DSCA on the terms and conditions of the LC [and the Confirmation]².
- G) Non-Parties. The Issuer [, Confirmer,]² and Advising Bank are not participants to this MOU and have no rights or obligations under the MOU.
- H) FMS Partner – [The Name of the Organization Signing on Behalf of the FMS Partner]. The FMS Partner is responsible for remitting payment to the Issuer [and Confirmer]² of any/all fees associated with the LC No. [LC Number(s)] or its confirmation, as applicable. No fees can be capitalized or subsumed into the amount payable under LC No. [LC Number(s)] or the Confirmation's documents, as applicable. The FMS Partner is responsible for notifying DSCA within 90 calendar days in writing if it wishes to terminate its LC. Further, under the terms of the relevant LOA(s), the FMS Partner is obligated to pay any shortfall in the amount of funding provided under the LC [or the Confirmation]¹ with national funds and increase the amount of cash reserves held in its FMS Trust Fund Account upon cancellation of an LC.

3) Terms and Conditions: Bank Letter of Credit (BLOC)

- A) Document Issuance. The Participants agree that the FMS Partner will cause Issuer [and Confirmer]² to issue an LC [and Confirmation]², properly completed in the form set forth

³ Any and all fees will be paid by the FMS Partner with national funds outside of the FMS process.

in Exhibit B [and Exhibit C]² to this MOU (“LC Form” [and “Confirmation Form”]²) together with [its/their] relevant documentation. The LC [and Confirmation]² must reflect the requirements outlined in this MOU. The FMS Partner will provide a final copy of the LC [and the Confirmation]² and/or any subsequent amendment(s), to DSCA within ten Business Days of its/their effective date.

- B) Forms and Payment. The Participants agree that in presenting demands for payment under LC No. [LC Number(s)] [and the Confirmation]² [in the format set forth in Exhibit E [and Exhibit F]² to this MOU] or in otherwise presenting documents to the Issuer [and Confirmer]², including the mode by which payment is to be affected and the location at which it is to be made. The FMS Partner agrees to submit any additional documents requested by the Issuing [or Confirming Bank] regarding LC No. [LC Number(s)] to the Issuing [or Confirming Bank], as appropriate, in order to effectuate payment to DSCA.
- C) Value of LC. The value of the LC [and the Confirmation]² as issued will be [Spell Out Dollar Value] U.S. dollars (\$[Numerical Amount]).
- D) Initial Deposit. The use of an LC does not alter the initial deposit requirement under the term of sale of a particular FMS LOA. The FMS Partner may utilize the LC to make an initial deposit payment.
- E) Payment Composition. The FMS Partner may stipulate the level of funds that are provided from national funds and from the LC [and the Confirmation]², as long as the quarterly payments cover the full amount owed and are made in a timely manner.
- F) Cash Reserve. The FMS Partner must maintain a cash reserve in its FMS Trust Fund Account based on the 12-month average monthly disbursement, maximum monthly payment amount for the year prior to the LC request, payment frequency (monthly, quarterly, or semi-annually), the value of the FMS Partner’s FMS program, the time required by the partner and bank to make payment and replenish the LC, and any other factors pertinent to the FMS Partner’s FMS program. The cash requirement is in addition to the LC [and the Confirmation]².
- G) Billing. Billing will occur with the DD Form 645 FMS Billing Statement or Special Bill sent to the FMS Partner, not the Issuing or Confirming Bank. It is the responsibility of the FMS Partner to ensure the Bank makes payments to the FMS Trust Fund Account in a timely manner. In the event a demand letter is issued, DSCA will send the demand letter directly to the Issuing Bank and Confirming Bank, if applicable, and provide a courtesy notification to the FMS Partner.
- H) Making Payments. The FMS Partner is solely responsible for ensuring that the Issuing [and Confirming]² Bank makes timely and complete payments to the Defense Finance and Accounting Service (“DFAS”) on behalf of the FMS Partner upon receipt of the DD 645 quarterly bill, or the DSCA Special Bill. DSCA will recognize any payments made by the Issuing [or the Confirming]² Bank from the LC [or the Confirmation]² as national funds. The FMS Partner will use the LC [or the Confirmation]² to pay towards none, some, or all of its quarterly bill, with the remainder being paid with national funds.
- I) Replenishment. Within 15 days of drawdown, the FMS Partner must replenish the LC [and Confirmation]² to the original dollar value. After each replenishment, the bank must

notify DSCA in writing within 15 days of replenishment that the replenishment occurred. The Bank should use Exhibit D for the notification. Recurring failure to replenish the LC [or Confirmation]² within 15 days of drawdown will result in revocation of the FMS Partner's eligibility to use an LC, and/or DSCA issuing a demand letter to the bank for payment under the LC [and Confirmation]², which may include the remaining balance of the total case value(s).

- J) Incomplete or Untimely Payment. If the FMS Partner does not make payments or makes untimely payments as required under the terms and payment schedules of the relevant LOAs, DSCA will coordinate with the FMS Partner to determine the nature and cause of the missed/late payments. In this situation, DSCA may issue a demand letter for the full value of the LC [or the Confirmation]² and require "Cash with Acceptance" for any remaining amount due on the LOA. DSCA may also revoke the FMS Partner's eligibility to use an LC.

4) **Proceeds.**

- A) The Participants agree that the Issuer [or Confirmer]² will deposit the proceeds of any drawing on LC No. [LC Number(s)] [or its Confirmation]² into the FMS Trust Fund Account for the FMS Partner according to the information below.
- [Name of Bank], [Address of Bank], routing number: [Account Routing Number], account: [Account Name and Number].

5) **Presentation.**

- A) Presentation of Documents. The Participants agree that a demand for payment may be presented under the LC No. [LC Number(s)] [and its Confirmation]² by DSCA or any subsequent transferee Beneficiary to Issuer [and Confirmer]² and that they may be presented in paper or electronic documents, at the Beneficiary's option, per any of the methods specified in the LC [or the Confirmation]².
- B) Documents. DSCA agrees to provide the FMS Partner with copies of any drawing documents under LC No. [LC Number(s)] [and the Confirmation]².
- C) Time for Examination and Honor of Presentation. The FMS Partner agrees the LC [and the Confirmation]² will provide that:
- The Issuer [or Confirmer]² will examine any presented documents and make any decisions regarding honor within three Business Days of the day of presentation, and
 - Payment of any complying Presentation will be made within three Business Days of Presentation.
- D) Multiple Demands. The Participants agree that DSCA may, at its sole discretion, make multiple demands under LC No. [LC Number(s)] [or the Confirmation]² to ensure timely payments under the FMS Partner's FMS Program.
- E) Excessive Demands. The Participants agree that any demand by DSCA of more than the available balance under LC No. [LC Number(s)] [or its Confirmation]² will be deemed to be a demand for the available balance and will not constitute a basis for its refusal.

6) **Adjustments to Letter of Credit Value and Cash Reserve**

- A) Evaluation. At least once a year, or as needed, DSCA will review whether the value of

the LC [and the Confirmation]² and cash reserve amount adequately covers the FMS Partner's FMS program.

- B) Increasing the LC, Confirmation, and Cash Reserve. DSCA will notify the FMS Partner if the LC [, the Confirmation]² or cash reserve [is/are] insufficient, or [any/all] will soon be insufficient to cover the FMS Partner's FMS obligations due to an increase in the FMS Partner's average disbursement or an expected increase in the FMS program. The FMS Partner will be required to increase the dollar value of the LC [, the Confirmation]² and the cash reserve to cover the changed requirements within 30 days of notification of the needed increase. DSCA CFD shall notify the FMS Partner of the required increase to the LC within 15 days of the completion of the assessment. A decision by the FMS Partner to not increase the dollar value of the LC [, the Confirmation]² or cash reserve would amount to a withdrawal from the BLOC program, and the FMS Partner would revert to the payment method in place prior to BLOC implementation. This action does not exclude the FMS Partner from future eligibility in the BLOC program. If the Issuer [or Confirmer]² decides to not increase the dollar value of the LC [or the Confirmation]², the FMS Partner will be required to obtain a new LC [and the Confirmation]² for the additional amount or use national funds to cover the difference. The FMS Partner may be required to increase the cash reserve to serve as working capital while the amendment or new LC [and the Confirmation]² is being finalized.
- C) Process for Increasing the LC, Confirmation, and Cash Reserve. The Issuer [and Confirmer] must process an LC amendment in order to increase the amount of the LC [and the Confirmation]². In that event, DSCA will notify the FMS Partner in writing that an increase is necessary and will allow the FMS Partner ten Business Days to reply as to whether the FMS Partner prefers that the LC [and the Confirmation]² amount(s) be increased via an amendment or if it wishes to deposit additional national funds. If the FMS Partner replies that an amendment should be processed, the FMS Partner will submit in writing a notice to the Issuer [and Confirmer]², with a copy to DSCA, that an increase to the amount of the LC [and the Confirmation]² is required. In that notice, the FMS Partner will normally request that the Issuing [and the Confirming]² Bank reply within 15 Business Days. The Issuing [and the Confirming]² Bank(s) reply should either: (1) provide a formal amendment that indicates the Issuing [and the Confirming]² Bank(s)' willingness to raise the amount per FMS Partner's request; or (2) provide notice to the FMS Partner and DSCA that the requested increase to the amount will not be accommodated by the Issuing [and/or the Confirming]² Bank(s). In the event of scenario (1), above, the amendment will be accepted by DSCA. In the event of scenario (2), above, or if no reply from the Issuing [and/or the Confirming]² Bank(s) is/are received within 15 Business Days, the FMS Partner will notify DSCA and the increased adjustment will be deposited with national funds unless a separate LC [and the Confirmation]² with a different bank for the increment is obtained.

7) **Expiration and Automatic Extension.**

- A) The Participants agree that the LC [and the Confirmation]² will [each]² have an initial expiration date approximately equal to or longer than the expected delivery schedule for the associated FMS case(s) [, except that the expiration date of the Confirmation shall be set 30 calendar days later than that of the LC]²; and

B) The LC [and the Confirmation]² will [each]² provide for automatic extension, without amendment, for additional periods of one-year from the initial expiration date or any extended expiration date, but not beyond 25 years from the date of issuance in the case of the LC [or 25 years plus 30 calendar days from the date of issuance in the case of the Confirmation]² unless the Issuer [or Confirmer]² notifies DSCA at least 60 calendar days prior to the applicable initial expiration date or extended expiration date, that it will not extend the LC [or the Confirmation]² for an additional period. A payment demand template for the refusal of automatic extension is set forth in Exhibit G.

8) Drawdown Process.

A) Basis for Drawing on the LC [or the Confirmation].² DSCA may draw on the LC [or the Confirmation]² where either: (1) the FMS Partner fails to replenish the LC to the original dollar value within 15 days of a drawdown, (2) the cash reserve in the FMS Trust Fund Account falls below the required amount (3) a contractor presents a bill to the USG for termination charges for short-falls or termination liability associated with an FMS case(s) of the FMS Partner, or (4) the FMS Partner fails to complete all actions to implement any election under Section 6 of the MOU.

B) Demand for Payment. The demand for payment letter shall be the only document necessary for DSCA to request payment from the Issuing [or Confirming]² Bank [set forth in Exhibit E and F]. If DSCA executes a demand for payment and the availability of funds does not cover the entire amount required, the FMS Partner will have 30 Business Days to ensure the required amount is fully paid as requested by DSCA. The demand for payment may be for the entire amount of the LC [or the Confirmation]² or a portion of the amount and shall not exceed the outstanding balance of all implemented cases listed in Exhibit A. Multiple drawings, on either the same date or on separate dates, can also be made, provided those drawings taken together do not exceed the entire amount of the LC [or the Confirmation]² and do not exceed the outstanding balance of all implemented cases listed in Exhibit A.

C) Presentation. DSCA will present each demand to the Issuer [and the Confirmer]² with a copy provided to the FMS Partner.

D) Payments under LC. If and when DSCA makes a demand for payment under LC No. [LC Number(s)], the payment instructions shall direct payment to the FMS Partner's FMS Trust Fund Account.

9) **Transfer Provision.** The LC [and the Confirmation]² each specifies the means by which DSCA or any subsequent transferee Beneficiary can transfer its rights as the Beneficiary. Only DSCA or any subsequent transferee Beneficiary has the right to demand, in its sole discretion, transfer of its rights under the LC [and the Confirmation]². Absent consent by DSCA or any subsequent transferee Beneficiary, neither the Issuer [, Confirmer²,] nor the FMS Partner has authority to transfer rights as Beneficiary of the LC [or the Confirmation]².

10) **Termination Provisions.** In all cases, the termination of the LC [or the Confirmation]², prior to its expiration date or non-renewal requires written notification to DSCA no later than 90 days prior to termination or expiration.

A) Termination due to Bank Eligibility. If [either] the Issuing [or the Confirming]² Bank ceases to satisfy the eligibility criteria while the LC [or the Confirmation]² is in effect,

DSCA will notify the FMS Partner that the bank no longer meets the eligibility criteria. DSCA reserves the right to draw upon the LC [or the Confirmation]² for the remaining amount of the LC. DSCA will then require a new LC [and Confirmation]² from a qualifying bank or the FMS Partner will revert to the payment method in place prior to BLOC implementation. Subject to its discretion, DSCA may also modify the FMS Partner's eligibility for DU or RAPS term of sale and require immediate payment on all or some of the relevant LOAs.

- B) Termination by Bank. Should the Issuing [or the Confirming]² Bank communicate its decision to revoke the LC [or the Confirmation]², the FMS Partner will be required to provide a new LC [and Confirmation]² with another qualifying bank for the required amount or will be required to pay the remaining amount required under the applicable FMS cases under the Cash with Acceptance term of sale.
- C) Closeout. Closeout of an LC, [and Confirmation]² can be prompted by either its termination or expiration. Within 30 days after either event, the Issuing Bank [and Confirming Bank]² will be requested to submit to DSCA, and to the authorized FMS Partner official, a written notice that confirms the LC [and the Confirmation]² [is/are] closed and that the bank(s) [is/are] no longer carrying this contingent liability on its books. Within 15 days after receiving the bank(s) notice, DSCA will send written confirmation to the FMS Partner and the bank(s) that it has also closed the LC [and the Confirmation]² on its records. Written confirmation to the FMS Partner will also include information on how future funding requirements will be billed until a new LC [and Confirmation]² is implemented. If DSCA executes a demand for payment and the availability of funds does not cover the entire amount required, the FMS Partner will have 30 Business Days to ensure the required amount is fully paid as requested by DSCA.

If the FMS Partner requests that the LC [and the Confirmation]² not be extended, not later than 30 Business Days prior to the expiration date of the LC [and the Confirmation]² the FMS Partner may request that DSCA either draw the entire amount from the LC [and the Confirmation]² and/or make available funds for the required amount for deposit into its FMS Trust Fund Account. If the amount available under the LC [or the Confirmation]² is not sufficient to cover all funds required at the time of the LC [or the Confirmation]² expiration to satisfy existing FMS liabilities, the FMS Partner is responsible for depositing the difference in the amount not less than 30 days prior to the expiration date.

11) Applicable Law and Practice Rules.

- A) The AECA is the statutory authority for the FMS program.
- B) The MOU will be construed in light of the attached LC forms.
- C) The MOU is subject to the law of the State of New York (United States of America) and applicable U.S. federal law. The U.S. federal courts located in the County of New York in the State of New York (United States of America) shall have exclusive jurisdiction over any disputes arising under or in connection with the MOU.

12) Rules and Dispute Resolution.

- A) LC No. [LC Number(s)] [and its Confirmation]² will be subject to the Uniform Customs and Practice for Documentary Credits (UCP 600), International Chamber of Commerce

Publication No. 600, unless otherwise expressly stated in the LC [or the Confirmation]², and shall be governed by law of the State of New York (United States of America) and applicable U.S. Federal law. In addition, LC No. [LC Number(s)] [and its Confirmation]² [contains/contain] an irrevocable consent to the exclusive jurisdiction of the Federal courts located in the County and State of New York (United States of America) with respect to any dispute arising under the LC [or the Confirmation]². Per the standard terms and conditions of the FMS LOA, the Participants to this MOU agree to resolve any disagreements regarding their LOAs by mutual consultations and not to refer any such disagreement to any international tribunal or third party for settlement.

13) Interpretation of the Agreement.

- A) This MOU constitutes a complete, exclusive, and final expression of the agreed terms between the Participants regarding the FMS Partner's establishment and use of an LC [and the Confirmation]² for its FMS payments and supersedes all previous communications, representations, warranties, and agreements, either oral or written, between the Participants with respect to the subject matter of the MOU. Any subsequent agreement to modify or rescind the Agreement must be by a writing signed by the Participant affected. Headings and sub-headings used in the MOU are for convenience and shall not affect the interpretation of the Agreement.
- B) Effect of Signatures. When signed, the MOU is accepted and agreed to by the Participants by and through the Participants or their agents or authorized representatives acting on their behalf. The Participants acknowledge that they have read and understand the Agreement and the Exhibits hereto. Each Participant further acknowledges that it has executed this legal document voluntarily and of their own free will.
- C) Authorized Signatories. The Participants agree that documents presented under the LC [or the Confirmation, as applicable], or relating to the MOU can be signed by any official representing him/herself to be:
- Ministry level representative acting on behalf of the FMS Partner; or
 - Director, Deputy Director, or Chief Financial Officer acting on behalf of DSCA.
- D) By executing the MOU, DSCA and the FMS Partner each represent and warrant that the signatures are authorized to bind the respective organizations and governments and approve all the terms and conditions contained in the MOU.

14) Communications and Change of Address.

- A) All communication between the Participants will be sent to the following addresses:
- Defense Security Cooperation Agency:
ATTN: OBO/FPRE
2800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2800
 - [FMS Partner Name]: [FMS Partner Address]
- B) Any request for change of address sent by either Participant to the other at the then-current address shall be effective ten Business Days after its receipt. The format for a

Demand for Automatic Change of Address is set forth in Exhibit J.

15) The signatures, below, by authorized officials of each Participant constitute each Participant's acceptance and approval of all terms and conditions of the MOU. The Participants now ratify, assume, and agree to perform and observe, each of the covenants, rights, agreements, terms, conditions, obligations, duties, and liabilities under this MOU.

**FOR THE DEFENSE SECURITY
COOPERATION AGENCY**

**FOR THE [The Name of the Organization
Signing on Behalf of the FMS Partner]**

_____ Signature	_____ Signature
_____ Name	_____ Name
_____ Title	_____ Title
_____ Date	_____ Date

Exhibit A: Associated Letters of Offer and Acceptance

Exhibit B: Bank Letter of Credit

Exhibit C: Confirmation of Letter of Credit

Exhibit D: Notification of Replenishment

Exhibit E: Payment Demand

Exhibit F: Payment Demand for Confirmation

Exhibit G: Payment Demand on Refusal of Automatic Extension

Exhibit H: Issuer's Notice of Revocation of Notice of Non-Extension

Exhibit I: Transfer Demand

Exhibit J: Demand for Automatic Change of Address

Exhibit A: Associated Letters of Offer and Acceptance

LOA Identifier	Case Description	Total Case Value
XX-X-XXX	Please add a brief description of the case.	\$XX.XX

Exhibit B: Bank Letter of Credit

Bank Letter of Credit

Defense Security Cooperation Agency

[Date of Issuance]

ATTN: OBO/FPRE

2800 DEFENSE PENTAGON

WASHINGTON, D.C. 20301-2800

Advising Bank: [Advising Bank Name], [Advising Bank Address] is requested to advise this irrevocable Letter of Credit.

Issuance. At the request and for the account of the Government of [Country], [The Name of the Organization Signing on Behalf of the FMS Partner], [Office Address] (“Applicant”), we, [Name of Issuing Bank], [Issuing Bank Address], (“Issuer”), issue this irrevocable Letter of Credit number [LC Number] (henceforth, referred to as the “LC”) in favor of the Defense Security Cooperation Agency (“Beneficiary”) in the maximum aggregate amount of [Spell Out Dollar Value] U.S. dollars (\$[Numerical Amount]).

Confirmation. Issuer authorizes and requests [Confirming Bank Name], [Confirming Bank Address] (“Confirmer”) to add its confirmation (“Confirmation”) to this LC in the form indicated in Exhibit C to this LC (Confirmation of LC).

Underlying Purpose. Issuer has been notified by Applicant that this LC is required in connection with a Memorandum of Understanding (MOU) between Applicant and Beneficiary for Terms and Conditions for LC Supporting Foreign Military Sales.

Associated LOAs. It is agreed that the funds guaranteed by this LC may be drawn upon by the Beneficiary if any circumstances listed in Section 8A ('Basis for Drawing on the LC') of the attached MOU relating to any of the LOAs listed in Exhibit A occur.

Undertaking. Issuer undertakes to Beneficiary to pay Beneficiary’s demand for payment in the above identified currency and for an amount available under this LC, completed as indicated and presented to Issuer at [Address of Place for Presentation]. Such demand for payment must be presented at or before the close of business there either:

- i) on or before the expiration date of this LC, in the form of a Payment Demand, or
- ii) whether before or within 90 calendar days after the expiration date of this LC, in the form of a Demand upon Confirmer’s Failure to Honor, which will be treated as if the presentation had been made to Issuer in a timely manner if Confirmer has failed to honor a complying presentation made to Confirmer by Beneficiary.

If a demand for payment exceeds the amount available, but the presentation otherwise complies, Issuer undertakes to pay the amount available.

Means of Presentation. Presentation of any demand under this LC may be made at Beneficiary's option i) by paper, ii) by authenticated message to Issuer through the advising bank or iii) by any other means of communication as may be agreed upon in writing by Issuer, Confirmer and Beneficiary.

Expiration. The expiration date of this LC is [A Fixed Calendar Date]. The LC will have an initial expiration date approximately equal to or longer than the expected delivery schedule for the associated FMS case(s).

Automatic Extension. The expiration date of this LC shall be automatically extended for successive one-year periods from the initial expiration date or any extended expiration date, unless Issuer notifies Beneficiary by registered mail or other receipted means of delivery received at Beneficiary's above-stated address 60 or more calendar days before the then-current expiration date that Issuer elects not to extend the expiration date. If this LC is not extended or replaced on or before the date that is 45 calendar days prior to the then-current expiration date of this LC Issuer is obligated to honor Beneficiary's Payment Demand on Refusal of Automatic Extension, completed as indicated and presented to Issuer at the above-stated place for presentation on or before the then-current expiration date of this LC. At any time before the then-current expiration date of this LC, Issuer may retract its notice of non-extension and thereby automatically extend the expiration date of this LC as if its notice of non-extension had not been sent or received and may treat any pending (unhonored) demand for payment based on non-extension as automatically retracted by Beneficiary, by delivering a Notice of Retraction to Beneficiary in the form of Issuer's Notice of Revocation of Notice of Non-Extension [in the format of Exhibit H].

Final Expiration. The expiration date of this LC is not subject to automatic extension beyond [A Fixed Calendar Date 25 Years from the Date of Issuance], and any pending automatic one-year extension shall be ineffective beyond that date.

Payment. Payment against a complying presentation shall be made within 3 Business Days, with Business Days being those calendar days on which the offices of the Federal Reserve Bank of New York are not closed (henceforth, referred to as "Business Days"), after the Business Day of presentation at the place for presentation or by wire transfer to an account duly requested in the demand for payment. An advice of such payment shall be sent to Beneficiary's above-stated address.

Drawing. Partial and multiple drawings are permitted.

Transfer. This LC is transferable. Beneficiary's drawing rights under this LC may be transferred in their entirety by presentation of a demand in the form of a Transfer Demand [set forth in Exhibit I] presented with this LC or a copy (but not any amendments) of it to: (i) Issuer at the above-stated place for presentation under this LC or (ii) Confirmer at the place for presentation to Confirmer stated in the Confirmation. Upon presentation of a complying demand for transfer: (i) the person identified as the transferee shall inherit from the Beneficiary all its rights and obligations as specified in this LC, the MOU and associated documents and whose name and address and duly provided bank account information for any requested payment by wire transfer of funds shall be substituted for that of the transferor on any demands, requests, or consents then or thereafter required or permitted to be made by Beneficiary under this LC or the Confirmation and (ii) Issuer or Confirmer, as applicable, shall acknowledge and effect the demanded transfer and shall issue its advice of transfer to

the transferor and transferee and to Issuer or Confirmer, as applicable.

Applicable Rules & Laws; Jurisdiction. This LC is issued subject to the Uniform Customs and Practice for Documentary Credits (UCP 600), International Chamber of Commerce Publication No. 600. Issuer's obligations under this LC are governed by the law of the State of New York (United States of America) and applicable U.S. Federal Law. The U.S. federal courts located in the County of New York in the State of New York (United States of America) shall have exclusive jurisdiction over any action to enforce Issuer's obligations under this LC.

Bank Charges and Fees. All bank charges and fees associated with issuing, advising, amending, extending, honoring, or transferring this LC shall be borne by Applicant and shall not be deducted from the proceeds of any drawing on this LC.

Communications. Communications other than demands may be made to Issuer by telephone, telefax, email or SWIFT message, to the following: [\[Numbers/Addresses\]](#). Communications to Beneficiary will be made to Beneficiary at the above Beneficiary's address unless Beneficiary makes demand to Issuer in the form of a Demand for Automatic Change of Address, which will be automatically effective and, thereafter, Issuer will notify Confirmer thereof and all communications by Issuer and Confirmer must be sent to Beneficiary at that address.

Issuing Bank Name and Address

Signature

Exhibit C: Confirmation of Bank Letter of Credit

Confirmation of Bank Letter of Credit

Defense Security Cooperation Agency

[Date of Issuance]

ATTN: OBO/FPRE

2800 DEFENSE PENTAGON

WASHINGTON, D.C. 20301-2800

Advising Bank: [Advising Bank Name], [Advising Bank Address] is requested to advise this Confirmation.

Confirmation. We, [Confirming Bank Name], [Confirming Bank Address] (“Confirmer”), issue this irrevocable confirmation number [Confirmation number] (“Confirmation”) in favor of the Defense Security Cooperation Agency (“Beneficiary”) in the maximum aggregate amount of [Spell Out Dollar Value] U.S. dollars (\$[Numerical Amount]) under the Letter of Credit number [LC Number] (“LC”) issued by [Issuing Bank Name], [Issuing Bank Address] (“Issuer”). The LC was issued on the application of the Government of [Country], [The Name of the Organization Signing on Behalf of the FMS Partner], [Office Address] (“Applicant”), and nominates Confirmer to advise and issue this Confirmation.

Underlying Purpose. Confirmer has been notified that this LC is required in connection with an MOU between the Applicant and the Beneficiary for Terms and Conditions for Letter of Credit Supporting Foreign Military Sales.

Undertaking. Confirmer undertakes to Beneficiary to pay Beneficiary’s demand for payment in the above identified currency and for an amount available under this Confirmation, completed as indicated, and presented to Confirmer at [Address of Place for Presentation]. Such demand for payment must be presented at or before the close of business on the expiration date of this Confirmation, in the form of either:

- (i) Payment Demand, or
- (ii) Payment Demand Upon Issuer’s Failure to Honor.

If a demand for payment exceeds the amount available, but the presentation otherwise complies, Confirmer undertakes to pay the amount available.

Electronic presentation. Presentation of any demand under this Confirmation may be made at Beneficiary’s option i) by paper, ii) by authenticated message to Confirmer or iii) by any other means of communication as may be agreed upon in writing by Issuer, Confirmer and Beneficiary.

Expiration. The expiration date of this LC is [A Fixed Calendar Date]. The LC will have an initial expiration date approximately equal to or longer than the expected delivery schedule for the associated FMS case(s).

Automatic Extension. The expiration date of this Confirmation shall be automatically

extended for successive one-year periods or any extended expiration date, unless Confirmer notifies Beneficiary by registered mail or other receipted means of delivery received at Beneficiary's above-stated address 60 or more calendar days before the then-current expiration date that Issuer elects not to extend the expiration date. If this Confirmation is not extended or replaced on or before the date that is 45 calendar days prior to the then-current expiration date of this Confirmation, Confirmer is obligated to honor Beneficiary's Payment Demand on Refusal of Automatic Extension presented to Confirmer at the above-stated place for presentation on or before the then-current expiration date of this Confirmation. At any time before the then-current expiration date of this Confirmation, Confirmer may retract its notice of non-extension and thereby automatically extend the expiration date of this Confirmation as if its notice of non-extension had not been sent or received and may treat any pending (unhonored) demand for payment based on non-extension as automatically retracted by Beneficiary, by sending a Notice of Retraction to Beneficiary in the form of Issuer's Notice of Revocation of Notice of Non-Extension [in the format of Exhibit H].

Final Expiration. The expiration date of this Confirmation is not subject to automatic extension beyond [A Fixed Calendar Date 25 Years Plus 30 Calendar Days from the Date of Issuance of the LC], and any pending automatic one-year extension shall be ineffective beyond that date.

Termination of Obligations. The Confirmer's obligations under this Confirmation will automatically end once the Issuer fulfills its obligations under the LC.

Payment. Payment against a complying presentation shall be made within 3 Business Days, with Business Days being those calendar days on which the offices of the Federal Reserve Bank of New York are not closed (henceforth, referred to as "Business Days"), after the Business Day of presentation at the place for presentation or by wire transfer to an account requested in the demand for payment. An advice of such payment shall be sent to Beneficiary's above-stated address.

Drawing. Partial and multiple drawings are permitted.

Transfer. This Confirmation is transferable. Beneficiary's drawing rights under this Confirmation may be transferred in their entirety by presentation of a demand in the form of a copy of Beneficiary's Transfer Demand [set forth in Exhibit I] presented with the LC or a copy (but not any amendments) of it (i) to Issuer at the place for presentation under the LC or (ii) to Confirmer at the above-stated place for presentation to Confirmer under this Confirmation. Upon presentation of a complying demand for transfer: (i) the person identified as the transferee shall inherit from the Beneficiary all its rights and obligations as specified in the LC, the Confirmation, the MOU and associated documents and whose name and address and duly provided bank account information for any requested payment by wire transfer of funds shall be substituted for that of the transferor on any demands, requests, or consents then or thereafter required or permitted to be made by Beneficiary under the LC or this Confirmation and (ii) Issuer or Confirmer, as applicable, shall acknowledge and effect the demanded transfer and shall issue its advice of transfer to the transferor and transferee and to Issuer or Confirmer, as applicable.

Applicable Rules & Laws; Jurisdiction. This Confirmation is issued subject to the Uniform Customs and Practice for Documentary Credits (UCP 600), International Chamber of Commerce Publication No. 600. Confirmer's obligations under this Confirmation

are governed by the law of the State of New York (United States of America) and applicable U.S. Federal Law. The U.S. federal courts located in the County of New York in the State of New York (United States of America) shall have exclusive jurisdiction over any action to enforce Confirmer's obligations under this Confirmation.

Bank Charges and Fees. All bank charges and fees associated with issuing, advising, amending, extending, honoring, or transferring this Confirmation shall be borne by Applicant and shall not be deducted from the proceeds of any drawing on this Confirmation.

Communications. Communications other than demands may be made to Confirmer by telephone, telefax, email or SWIFT message, to the following: [\[Numbers/Addresses\]](#). Communications to Beneficiary will be made to Beneficiary at the above Beneficiary's address unless Beneficiary makes demand to Confirmer in the form of a Demand for Automatic Change of Address, which will be automatically effective and thereafter Confirmer will notify Issuer thereof and all communications by Issuer and Confirmer must be sent to Beneficiary at that address.

Confirming Bank's Name and Address

Signature

Exhibit D: Notification of Replenishment

Notification of Replenishment

[Insert Date]

[Insert Name and Address of Issuer and Confirmer as Stated in The Letter of Credit]

Re: Bank Letter of Credit No. [Insert Reference Number] dated [Date], issued by [Issuing Bank] and Confirmation No. [Insert Reference Number], dated [Date], confirmed by [Confirming Bank] .

Letter of Credit No [Insert Reference Number] was replenished to the original dollar value of [Insert Dollar Value] on [Insert Date].

Bank's Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title

Exhibit E: Payment Demand

Payment Demand

[Date]

[Issuing Bank]

[Insert Address of Issuer at Place Of Presentation as Stated in Bank Letter of Credit]

Re: Bank Letter of Credit No. [Insert Reference Number], dated [Date], issued by [Issuing Bank] (“Letter of Credit”).

The undersigned Beneficiary demands payment of [\$] under the Letter of Credit.

The Beneficiary states that the Applicant is obligated to pay to the Beneficiary the amount demanded under the agreement between the Beneficiary and Applicant titled Memorandum of Understanding regarding the use of a Bank Letter of Credit to Make Routine Payments to Support Foreign Military Sales and dated [Insert Date].

The Beneficiary requests that payment be made by wire transfer to an account of the Beneficiary as follows: [Insert Name, Address, and Routing Number of Beneficiary’s Bank, and the Name and Number of the Beneficiary’s Account].

Beneficiary’s Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title

Exhibit F: Payment Demand for Confirmation

Payment Demand for Confirmation

[Date]

[Issuing Bank]

[Insert Address of Issuer at Place of Presentation as Stated in Bank Letter of Credit]

Re: Bank Letter of Credit No. [Insert Reference Number], dated [Date], issued by [Issuing Bank] (“Letter of Credit”).

The undersigned Beneficiary demands payment of [\$] under the Letter of Credit.

The Beneficiary states that the Applicant is obligated to pay to the Beneficiary the amount demanded under the agreement between the Beneficiary and Applicant titled Memorandum of Understanding regarding the use of a Bank Letter of Credit to Make Routine Payments to Support Foreign Military Sales and dated [Insert Date].

The Beneficiary requests that payment be made by wire transfer to an account of the Beneficiary as follows: [Insert Name, Address, and Routing Number of Beneficiary’s Bank, and the Name and Number of the Beneficiary’s Account].

Beneficiary’s Name and Address

By its authorized officer:

Signature

Typed/Printed Name And Title

Exhibit G: Payment Demand on Refusal of Automatic Extension

Payment Demand on Refusal of Automatic Extension

[Insert Date]

[Insert Issuing Bank]

[Name and Address of Issuer at Place of Presentation as Stated in the Bank Letter of Credit]

Re: Bank Letter of Credit No. [Insert Reference Number], dated [Date], issued by [Issuing Bank] (“Letter of Credit”) and Confirmation No. [Insert Reference Number], dated [Date], confirmed by [Confirming Bank].

The undersigned Beneficiary demands payment of [Insert Currency/Amount] under the Letter of Credit.

The Beneficiary states that the Letter of Credit is set to expire fewer than 45 days from the date hereof, because the Issuer has given a notice of non-extension of the Letter of Credit, no notice of retraction of the non-extension or satisfactory substitute Letter of Credit has been duly received, and the amount demanded is required as cash collateral to secure the obligations of the Applicant referred to in the Letter of Credit under the agreement between the Beneficiary and such Applicant titled Memorandum of Understanding regarding the use of a Bank Letter of Credit to Make Routine Payments to Support Foreign Military Sales and dated [Insert Date].

The Beneficiary requests that payment be made by wire transfer to an account of the Beneficiary as follows: [Insert Name, Address, and Routing Number of Beneficiary’s Bank, and Name and Number of Beneficiary’s Account].

Beneficiary’s Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title

Exhibit H: Issuer’s Notice of Revocation of Notice of Non-Extension

Issuer’s Notice of Revocation of Notice of Non-Extension

[Insert Date]

Defense Security Cooperation Agency
2800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2800

[Insert Address of Beneficiary]

[Insert Date of Issuance]

Re: Bank Letter of Credit No. [Insert Reference Number], dated [Date], issued by [Issuing Bank] (“Letter of Credit”).

The Issuer hereby irrevocably retracts its Notice of Non-Extension dated [Date] sent to the Defense Security Cooperation Agency at the above address or: [Indicate Address if Different].

This retraction signifies that the Letter of Credit remains in full force and effect and will automatically extend as if the Notice on Non-Extension had not been issued.

Bank’s Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title

Exhibit I: Bank Letter of Credit Transfer Demand

Bank Letter of Credit Transfer Demand

[Insert Date]

[Insert Name and Address Of Issuer]

Re: Bank Letter of Credit No. [Reference Number] (“Letter of Credit”), dated [Date], issued by [Issuing Bank]. (“Issuer”).

The undersigned Beneficiary demands transfer of drawing rights in their entirety, including rights to demand further payment, reduction, increase, and transfer under the Letter of Credit, and rights to give or withhold consent to any pending or future amendment or cancellation, to the following person at the following address: [Insert Name and Address of that Person]

Name

Address

and with the following bank account for payment by wire transfer of funds to that person [Insert Name, Address, and Routing Number of that Person’s Bank and Name and Number of that Person’s Account].

The Beneficiary states that the above-identified person is the transferee, from and after the effective date stated below, of all of the Beneficiary’s rights that are supported by the Letter of Credit under the agreement between the Beneficiary and Applicant titled Memorandum of Understanding regarding the use of a Bank Letter of Credit to Make Routine Payments to Support Foreign Military Sales and dated [Insert Date].

The Beneficiary further states that there are no outstanding demands or requests for transfer under the Letter of Credit. The Beneficiary agrees to make no such demands or requests while this demand is outstanding.

Accompanying this demand is the Letter of Credit or, if not, a copy accompanied by the following declaration: “The original Letter of Credit is not available and the Beneficiary undertakes to indemnify and hold the Issuer harmless from any losses directly resulting from

non-presentation of the original.”

Please effect the demanded transfer as of the following effective date: [\[Insert Date\]](#) by delivering a replacement to the above-identified person as the transferee beneficiary and then notifying the undersigned thereof.

Beneficiary’s Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title

Exhibit J: Demand for Automatic Change of Address

Demand for Automatic Change of Address

[Insert Date]

[Insert Name and Address of Issuer]

Re: Bank Letter of Credit No. [Insert Reference Number], dated [Date], issued by [Issuing Bank] (“Letter of Credit”) and Confirmation No. [Insert Reference Number], dated [Date], confirmed by [Confirming Bank] (“Confirmation”)

The undersigned Beneficiary demands that its address for sending all communications related to the Letter of Credit and Confirmation be changed to [Insert New Address] effective [Insert Date].

Beneficiary’s Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title

Attachment 3: Figure C9.F4. Memorandum of Understand Template for a Bank Letter of Credit to Supplement National Funds

MEMORANDUM OF UNDERSTANDING BETWEEN
THE [The Name of The Organization Signing on Behalf of The FMS Partner] OF THE MINISTRY OF DEFENSE OF
XXXXXXXX
AND
THE DEFENSE SECURITY COOPERATION AGENCY
OF THE DEPARTMENT OF WAR OF THE UNITED
STATES OF AMERICA
REGARDING
THE USE OF A BANK LETTER OF CREDIT TO
SUPPLEMENT NATIONAL FUNDS TO SUPPORT
FOREIGN MILITARY SALES

1) Introduction and Scope.

A) Purpose. This Memorandum of Understanding (hereafter referred to as the “MOU”) between [The Name Of The Organization Signing On Behalf Of The FMS Partner] (the “Foreign Military Sales (FMS) Partner”) and the Defense Security Cooperation Agency (DSCA) (each referred to individually as a “Participant” and collectively as “Participants”) pertains to the financing of the FMS Partner’s Foreign Military Sales Program that DSCA executes on behalf of the FMS Partner under the Arms Export Control Act (“AECA”), as amended.

Specifically, this MOU documents the terms and conditions under which the FMS Partner may utilize a [Confirmed]¹ Letter of Credit (the LC or LC No. [LC Number(s)]) as a supplement to national funds held in the FMS Trust Fund or Interest-Bearing Account to make payments due under the FMS Partner’s Letter(s) of Offer and Acceptance (LOA) (referred to interchangeably as “FMS case(s)”). In accordance with U.S. Department of War policy, the FMS Partner may use an LC from a commercial bank, Export Credit Agency, or other eligible lending institution to make payments on its FMS cases.

In order to utilize a Bank Letter of Credit (BLOC), the FMS Partner must be eligible for Dependable Undertaking (DU) or Risk Assessed Payment Schedules (RAPS) and maintain or secure an LC [and the Confirmation]¹ no less than the difference between the Total Case Value and what the FMS Partner intends to pay in national funds over the life of the case. In addition to the LC [and the Confirmation]¹, the FMS Partner will be required to maintain an available cash amount in the FMS Trust Fund Account in an amount determined by DSCA.

¹ To the extent the FMS Partner is using a Confirming Bank.

B) Definitions.

- **Advising Bank:** The financial institution that provides overarching guidance to the Participants regarding an LC. Duties include providing notification to the Beneficiary when an LC has been opened on behalf of the FMS Partner, authenticating and transferring the LC to the Beneficiary, and advising the Beneficiary on the terms and conditions of the LC. The Advising Bank often serves as the Confirming Bank, but these roles may be filled by different financial institutions as well.
- **Beneficiary:** The entity that is entitled to have its complying presentation for payment honored under the LC (i.e. DSCA).
- **Business Days:** Business Days are calendar days on which the offices of the Federal Reserve Bank of New York are not closed.
- **Cash with Acceptance:** A term of sale in which U.S. dollar currency, check, or other negotiable instrument is submitted by the FMS customer concurrent with acceptance of an FMS sales offer for the full amount shown as the estimated total cost on the LOA.
- **Confirmation:** The formal assurance provided by a Confirming Bank to honor the credit issued by an Issuing Bank, ensuring payment to the Beneficiary if the Issuing Bank fails to fulfill its obligation under the LC.
- **Confirming Bank:** The financial institution that undertakes to honor a presentation made by DSCA, as Beneficiary, under the LC issued by the Issuing Bank at the request of the Issuing Bank.
- **Dependable Undertaking (DU):** An excepted term and condition within the FMS LOA representing a firm commitment by a foreign government or international organization to pay the full amount of a contract for new production or for the performance of defense services which will assure the U.S. against any loss on such contract and to make funds available in such amounts and at such times as may be required by the contract, or for any damages and costs that may accrue from the cancellation of such a contract, provided that in the judgment of the DoW there is sufficient likelihood that the foreign government or international organization will have the economic resources to fulfill the commitment.
- **Foreign Military Sales (FMS) Billing Statement:** The DD Form 645 FMS Billing Statement (or automated equivalent), and special billing arrangement statements issued by DSCA represent an official claim for payment by the USG. The DD Form 645 is prepared on a quarterly basis as of December, March, June, and September.
- **Issuing Bank:** The financial institution that issues the LC.
- **Letter of Credit (LC):** A legal instrument issued by a bank, Export Credit Agency, or other lending institution, that guarantees the FMS Partner's payment due to the U.S. Government under applicable FMS LOAs. **LC Number:** Unique identifier for a specific LC.
- **Letter of Offer and Acceptance (LOA):** The government-to-government agreement under which the United States Government (USG) sells defense articles and/or

defense services to a foreign country or international organization.

- **Presentation:** The submission of documents by DSCA to the Issuing or Confirming Bank for payment as Beneficiary under the terms of the LC [and Confirmation]².
- **Termination Liability:** The potential cost for which the U.S. Government would be liable if a particular Foreign Military Sales case that includes procurement contracts is terminated prior to completion.
- **Risk Assessed Payment Schedules (RAPS):** RAPS is a term of sale that provides approved FMS partners that are otherwise ineligible for DU status with an alternative to the "Cash with Acceptance" standard term of sale where they provide an initial deposit and then remit quarterly payments on schedule. RAPS offers FMS Partners on the cusp of DU eligibility a mechanism to establish a positive payment history for future LOAs, while mitigating risk to the USG against non-payment. DSCA will evaluate and grant the FMS Partner's eligibility at case or country level with the existing three tier DU evaluation process.

- C) Scope and General Requirements. This MOU applies to LC No. [LC number(s)] [and its Confirmation]² as [it/they] [pertains/pertain] to the FMS Partner's financial obligations to DSCA under the Associated LOAs listed in Exhibit A. Other financial obligations of the FMS Partner to the USG are not covered by this arrangement. LC No. [LC number(s)] [and its Confirmation]² must [each] be a dollar value no less than the dollar amount identified in section 3(c) below. In addition to the LC [and its Confirmation]², the FMS Partner will be required to maintain six months of available cash in the FMS Trust Fund Account. When determining the available cash reserve, DSCA will consider the average monthly disbursement based on a 12-month average, maximum monthly payment amount for the year prior to the LC request, payment frequency (monthly, quarterly, or semi-annually), the value of the FMS Partner's FMS program, and any other factors pertinent to the FMS Partner's FMS program.
- D) Associated LOAs. The FMS Partner and DSCA agree that the LOAs listed in Exhibit A and any subsequent amendments or modifications thereto are to be covered by LC No. [LC Number(s)] [and its Confirmation]² and that national funds are to be used to supplement any shortfall in the required LC dollar value or to make payments in the event the LC [and its Confirmation]² [is/are] terminated.
- E) Modifications to the MOU. This MOU may be modified by mutual agreement of the Participants.

2) Responsibilities.

- A) Defense Security Cooperation Agency (DSCA). DSCA is the Beneficiary of LC No. [LC Number(s)] on behalf of the USG. DSCA is responsible for managing the implementation of all aspects of U.S. security cooperation programs. In addition, DSCA is the FMS Trust Fund manager.
- B) Defense Finance and Accounting Agency (DFAS). DFAS is the service provider for DSCA managing daily accounting and financial operations of the Trust Fund. In addition,

² Include if the FMS Partner is using a Confirming Bank.

DFAS directly receives payments from the BLOC to fund LOA activity.

- C) Issuing Bank - [Bank Name]. Under separate agreement, the Issuing Bank, [Issuing Bank's Name] (also referred to as the "Issuer"), and the FMS Partner, or agent or authorized representative acting on its behalf, will negotiate fees³ associated with the LC No. [LC Number(s)], as well as any other underlying transactions required to effectuate the LC. Under no circumstances will defense articles transferred or defense services performed under the FMS Program be used as collateral for securing arrangements associated with LC No. [LC Number(s)]. LC No. [LC Number(s)] is required to specify that the [Issuing Bank's Name] is obligated to pay DSCA, as Beneficiary, upon presentation of a complying demand for payment under the LC to the Issuer [Including If The Confirming Bank, [Confirming Bank's Name]] (also referred to as the "Confirmer") fails to pay a complying presentation to the Confirmer]¹.
- D) Eligibility Requirements for the Issuing Bank. The Issuer must meet the eligibility requirements for the Issuing Bank as described in Section C9.9.1.5.4.5.2.4., its subparagraphs, and Table C9.T18. of the Security Assistance Management Manual (SAMM), outlining acceptable credit ratings.
- E) [Confirming Bank - [Bank Name]]. If DSCA approves the use of a foreign bank, as defined at 31 CFR § 561.309, as an Issuing Bank, or determines it is in the best interest of the USG to secure additional credit support for the LC, then a confirming bank that is either a U.S. bank or U.S.-based foreign bank that meets all the criteria outlined in Section C9.9.1.5.4.5.2.4., its subparagraphs, and Table C9.T18. of the SAMM will be required to issue the Confirmation. In the Confirmation of LC No. [LC number(s)], the FMS Partner must ensure that the Confirmer agrees that it will pay DSCA, as Beneficiary, upon presentation to the Confirmer of a complying demand for payment under the LC, including if the Issuer fails to pay a complying presentation by DSCA.²
- F) Advising Bank - [Bank Name]. The Advising Bank, [Advising Bank Name], [bank address], and SWIFT Address: [Fill In Blank], will notify DSCA that an LC [and Confirmation]² has been opened on behalf of the FMS Partner. The Advising Bank will authenticate and transfer the LC [and the Confirmation]² to DSCA as well as advise DSCA on the terms and conditions of the LC [and the Confirmation]².
- G) Non-Parties. The Issuer [, Confirmer]² and Advising Bank are not Participants to this MOU and have no rights or obligations under the MOU.
- H) FMS Partner - [The Name Of The Organization Signing On Behalf Of The FMS Partner]. The FMS Partner is responsible for remitting payment to the Issuer [and Confirmer]² of any/all fees associated with the LC No. [LC Number(s)] or its confirmation, as applicable. No fees can be capitalized or subsumed into the amount payable under LC No. [LC Number(s)] or the Confirmation's documents, as applicable. The FMS Partner is responsible for notifying DSCA within 90 calendar days in writing if it wishes to terminate its LC. Further, under the terms of the relevant LOA(s), the FMS Partner is obligated to supplement any shortfall in the amount of funding provided under the LC [or the Confirmation]¹ with national funds and increase the amount of available cash held in its FMS Trust Fund Account upon cancellation of an LC.

³ Any and all fees will be paid by the FMS Partner with national funds outside of the FMS process.

3) Terms and Conditions: Bank Letter of Credit (BLOC)

- A) Document Issuance. The Participants agree that the FMS Partner will cause Issuer [and Confirmer]² to issue an LC [and Confirmation]², properly completed in the form set forth in Exhibit B [and Exhibit C]² to this MOU (“LC Form” [and “Confirmation Form”]²) together with [its/their] relevant documentation. The LC [and Confirmation]² must reflect the requirements outlined in this MOU. The FMS Partner will provide a final copy of the LC [and the Confirmation]² and/or any subsequent amendment(s), to DSCA within ten Business Days of its/their effective date.
- B) Forms and Payment. The Participants agree that in presenting demands for payment under LC No. [LC Number(s)] [and the Confirmation,]² [in the format set forth in Exhibit D [and Exhibit E]² to this MOU] or in otherwise presenting documents to the Issuer [and Confirmer]², including the mode by which payment is to be affected and the location at which it is to be made. The FMS Partner agrees to submit any additional documents requested by the Issuing [or Confirming Bank] regarding LC No. [LC Number(s)] to the Issuing [or Confirming Bank], as appropriate, in order to effectuate payment to DSCA.
- C) Value of LC. The value of the LC [and the Confirmation]² as issued will be [Spell Out Dollar Value] U.S. dollars (\$[Numerical Amount]).
- D) Initial Deposit. The use of an LC does not alter the initial deposit requirement under the term of sale of a particular FMS LOA. The FMS Partner may utilize the LC to make an initial deposit payment.
- E) Payment Composition. The FMS Partner may stipulate the level of funds that are provided from national funds, and from the LC [and the Confirmation]², as long as the quarterly payments cover the full amount owed and are made in a timely manner.
- F) Available Cash. The FMS Partner must maintain six months of available cash in its FMS Trust Fund Account, based on its 12-month average disbursement, excluding any funds reserved within the letter of credit. The available cash requirement is in addition to the LC [and the Confirmation]². FMS Partners utilizing a Special Billing Arrangement (SBA) must maintain an available cash level of no less than one-half of the cash reserve requirement built into their SBA.
- G) Billing. Billing will occur with the DD Form 645 FMS Billing Statement or Special Bill sent to the FMS Partner, not the Issuing or Confirming Bank. It is the responsibility of the FMS Partner to ensure the Bank makes payments to the FMS Trust Fund Account in a timely manner. In the event a demand letter is issued, DSCA will send the demand letter directly to the Issuing Bank and Confirming Bank, if applicable, and provide a courtesy notification to the FMS Partner.
- H) Making Payments. The FMS Partner is solely responsible for ensuring that the Issuing [and Confirming]² Bank makes timely and complete payments to the Defense Finance and Accounting Service (“DFAS”) on behalf of the FMS Partner upon receipt of the DD 645 quarterly bill, or the DSCA Special Bill. DSCA will recognize any payments made by the Issuing [or the Confirming]² Bank from the LC [or the Confirmation]² as national funds. The FMS Partner will use the LC [or the Confirmation]² to pay towards none, some, or all of its quarterly bill, with the remainder being paid with national funds.
- I) Incomplete or Untimely Payment. If the FMS Partner does not make payments or makes

untimely payments as required under the terms and payment schedules of the relevant LOAs, DSCA will coordinate with the FMS Partner to determine the nature and cause of the missed/late payments. In this situation, DSCA may issue a demand letter for the full value of the LC [or the Confirmation]² and require “cash with acceptance” for any remaining amount due on the LOA. DSCA may also revoke the FMS Partner’s eligibility to use an LC.

4) Proceeds.

- A) The Participants agree that the Issuer [or Confirmer]² will deposit the proceeds of any drawing on LC No. [LC Number(s)] [or its Confirmation]² into the FMS Trust Fund Account for the FMS Partner according to the information below.
- [Name Of Bank], [Address Of Bank], routing number: [Account Routing Number], account: [Account Name And Number].

5) Presentation.

- A) Presentation of Documents. The Participants agree that a demand for payment may be presented under the LC No. [LC Number(s)] [and its Confirmation]² by DSCA or any subsequent transferee Beneficiary to Issuer [and Confirmer]² and that they may be presented in paper or electronic documents, at the Beneficiary’s option, per any of the methods specified in the LC [or the Confirmation]².
- B) Documents. DSCA agrees to provide the FMS Partner with copies of any drawing documents under LC No. [LC Number(s)] [and the Confirmation]².
- C) Time for Examination and Honor of Presentation. The FMS Partner agrees the LC [and the Confirmation]² will provide that:
- The Issuer [or Confirmer]² will examine any presented documents and make any decisions regarding honor within three Business Days of the day of presentation, and
 - Payment of any complying Presentation will be made within three Business Days of Presentation.
- D) Multiple Demands. The Participants agree that DSCA may, at its sole discretion, make multiple demands under LC No. [LC Number(s)] [or the Confirmation]² to ensure timely payments under the FMS Partner’s FMS Program.
- E) Excessive Demands. The Participants agree that any demand by DSCA of more than the available balance under LC No. [LC Number(s)] [or its Confirmation]² will be deemed to be a demand for the available balance and will not constitute a basis for its refusal.

6) Adjustments to Letter of Credit Value and Available Cash Amount

- A) Increasing the LC, Confirmation, and Available Cash. DSCA will notify the FMS Partner if the LC [, the Confirmation]² or available cash [is/are] insufficient, or [any/all] will soon be insufficient to cover the FMS Partner’s FMS obligations due to an expected increase in the FMS program. The FMS Partner will either (1) be required to increase the dollar value of the LC [, the Confirmation]² and the available cash amount to cover the changed requirements to ensure it is maintaining six months of available cash, within 30 days of notification of the needed increase; or (2) the FMS Partner can maintain the original LC [, Confirmation]² and available cash amount while using additional national funds to ensure

complete and timely quarterly payments. If the Issuer [or Confirmer]² decides to not increase the dollar value of the LC [and the Confirmation]², the FMS Partner will be required to obtain a new LC [and Confirmation]² for the additional amount or use national funds to cover the difference. The FMS Partner may be required to increase the available cash to serve as working capital while the amendment or new LC [and Confirmation]² is being finalized.

- B) Process for Increasing the LC, Confirmation, and Available Cash. The Issuer [and Confirmer] must process an LC amendment in order to increase the amount of the LC [and the Confirmation]², an amendment must be processed. In that event, DSCA will notify the FMS Partner in writing that an increase is necessary and will allow the FMS Partner ten Business Days to reply as to whether the FMS Partner prefers that the LC [and the Confirmation]² amount(s) be increased via an amendment or if the FMS Partner wishes to maintain the original LC [, Confirmation]² and available cash amount and use additional national funds to ensure complete and timely quarterly payments. If the FMS Partner replies that an amendment should be processed, the FMS Partner will submit in writing a notice to the Issuer [and the Confirmer]², with a copy to DSCA, that an increase to the amount of the LC [and the Confirmation]² is required. In that notice, the FMS Partner will request that the Issuing [and the Confirming]² Bank(s) reply within 15 Business Days. The Issuing [and the Confirming]² Bank(s) reply should either: (1) provide a formal amendment that indicates the Issuing [and the Confirming]² Bank(s)' willingness to raise the amount per FMS Partner's request; or (2) provide notice to the FMS Partner and DSCA that the requested increase to the amount will not be accommodated by the Issuing [and/or the Confirming]² Bank(s). In the event of scenario (2), above, the FMS Partner will deposit the required amount of national funds into its FMS Trust Fund Account or provide a new LC [and Confirmation]² with a different bank to DSCA.

7) Expiration and Automatic Extension.

- A) The Participants agree that the LC [and the Confirmation]² will [each]² have an initial expiration date approximately equal to or longer than the expected delivery schedule for the associated FMS case(s) [, except that the expiration date of the Confirmation shall be set 30 calendar days later than that of the LC]²; and
- B) The LC [and the Confirmation]² will [each]² provide for automatic extension, without amendment, for additional periods of one-year from the initial expiration date or any extended expiration date, but not beyond 25 years from the date of issuance in the case of the LC [or 25 years plus 30 calendar days from the date of issuance in the case of the Confirmation]² unless the Issuer [or Confirmer]² notifies DSCA at least 60 calendar days prior to the applicable initial expiration date or extended expiration date, that it will not extend the LC [or the Confirmation]² for an additional period. A payment demand template for the refusal of automatic extension is set forth in Exhibit F.

8) Drawdown Process.

- A) Basis for Drawing on the LC [or the Confirmation]². DSCA may draw on the LC [or the Confirmation]² where either: (1) the available cash amount in the FMS Partner's Trust Fund Account falls below the required amount of six months of available cash, (2) a contractor presents a bill to the USG for termination charges for short-falls or termination

liability associated with an FMS case(s) of the FMS Partner, or (3) the FMS Partner fails to complete all actions to implement any election under Section 6 of the MOU.

- B) Demand for Payment. The demand for payment letter shall be the only document necessary for DSCA to request payment from the Issuing [or Confirming]² Bank [set forth in Exhibit D and Exhibit E]. If DSCA executes a demand for payment and the availability of funds does not cover the entire amount required, the FMS Partner will have 30 Business Days to ensure the required amount is fully paid as requested by DSCA. The demand for payment may be for the entire amount of the LC [or the Confirmation]² or a portion of the amount and shall not exceed the outstanding balance of all implemented cases listed in Exhibit A. Multiple drawings, on either the same date or on separate dates, can also be made, provided those drawings taken together do not exceed the entire amount of the LC [or the Confirmation]² and do not exceed the outstanding balance of all implemented cases listed in Exhibit A.
 - C) Presentation. DSCA will present each demand to the Issuer [and Confirmer]² with a copy provided to the FMS Partner.
 - D) Payments under LC. If and when DSCA makes a demand for payment under LC No. [LC number(s)], the payment instructions shall direct payment to the FMS Partner's FMS Trust Fund Account.
- 9) **Transfer Provision**. The LC [and the Confirmation]² each specifies the means by which DSCA or any subsequent transferee Beneficiary can transfer its rights as the Beneficiary. Only DSCA or any subsequent transferee Beneficiary has the right to demand, in its sole discretion, transfer of its rights under the LC [and the Confirmation]². Absent consent by DSCA or any subsequent transferee Beneficiary, neither the Issuer [, Confirmer,]² nor the FMS Partner has authority to transfer rights as Beneficiary of the LC [or the Confirmation]².
- 10) **Termination Provisions**. In all cases, the termination of the LC [or the Confirmation]², prior to its expiration date or non-renewal requires written notification to DSCA no later than 90 days prior to termination or expiration.
- A) Termination due to Bank Eligibility. If [either] the Issuing [or the Confirming]² Bank ceases to satisfy the eligibility criteria while the LC [or the Confirmation]² is in effect, DSCA will notify the FMS Partner that the bank no longer meets the eligibility criteria. DSCA reserves the right to draw upon the LC [or the Confirmation]² for the remaining amount of the LC. DSCA will then require a new LC [and Confirmation]² from a qualifying bank or the FMS Partner will revert to the payment method in place prior to BLOC implementation. Subject to its discretion, DSCA may also modify the FMS Partner's eligibility for DU or RAPS term of sale and require immediate payment on all or some of the relevant LOAs.
 - B) Termination by Bank. Should the Issuing [or Confirming]² Bank communicate its decision to revoke the LC [and the Confirmation]², the FMS Partner will be required to provide a new LC [and Confirmation]² with another qualifying bank for the required amount or will be required to pay the remaining amount required under the applicable FMS cases under the Cash with Acceptance term of sale.
 - C) Closeout. Closeout of an LC, [and Confirmation]² can be prompted by either its termination or expiration. Within 30 days after either event, the Issuing Bank [and

Confirming Bank]² will be requested to submit to DSCA, and to the authorized FMS Partner official, a written notice that confirms the LC [and the Confirmation]² [is/are] closed and that the bank(s) [is/are] no longer carrying this contingent liability on its books. Within 15 days after receiving the bank('s) notice, DSCA will send written confirmation to the FMS Partner and the bank(s) that it has also closed the LC [and the Confirmation]² on its records. Written confirmation to the FMS Partner will also include information on how future funding requirements will be billed until a new LC [and Confirmation]² is implemented. If DSCA executes a demand for payment and the availability of funds does not cover the entire amount required, the FMS Partner will have 30 Business Days to ensure the required amount is fully paid as requested by DSCA.

If the FMS Partner requests that the LC [and the Confirmation]² not be extended, not later than 30 Business Days prior to the expiration date of the LC [and the Confirmation]² the FMS Partner may request that DSCA either draw the entire amount from the LC [and the Confirmation]² and/or make available funds for the required amount for deposit into its FMS Trust Fund Account. If the amount available under the LC [or the Confirmation]² is not sufficient to cover all funds required at the time of the LC [or the Confirmation]² expiration to satisfy existing FMS liabilities, the FMS Partner is responsible for depositing the difference in the amount not less than 30 days prior to the expiration date.

11) Applicable Law and Practice Rules.

- A) The AECA is the statutory authority for the FMS program.
- B) The MOU will be construed in light of the attached LC forms.
- C) The MOU is subject to the law of the State of New York (United States of America) and applicable U.S. federal law. The U.S. federal courts located in the County of New York in the State of New York (United States of America) will have exclusive jurisdiction over any disputes arising under or in connection with the MOU.

12) Rules and Dispute Resolution.

- A) LC No. [LC Number(s)] [and its Confirmation]² will be subject to the Uniform Customs and Practice for Documentary Credits (UCP 600), International Chamber of Commerce Publication No. 600, unless otherwise expressly stated in the LC [or the Confirmation]², and shall be governed by law of the State of New York (United States of America) and applicable U.S. Federal law. In addition, LC No. [LC Number(s)] [and its Confirmation]² [contains/contain] an irrevocable consent to the exclusive jurisdiction of the Federal courts located in the County and State of New York (United States of America) with respect to any dispute arising under the LC [or the Confirmation]². Per the standard terms and conditions of the FMS LOA, the Participants to this MOU agree to resolve any disagreements regarding their LOAs by mutual consultations and not to refer any such disagreement to any international tribunal or third party for settlement.

13) Interpretation of the Agreement.

- A) This MOU constitutes a complete, exclusive, and final expression of the agreed terms between the Participants regarding the FMS Partner's establishment and use of an LC [and the Confirmation]² for its FMS payments and supersedes all previous communications, representations, warranties, and agreements, either oral or written,

between the Participants with respect to the subject matter of the MOU. Any subsequent agreement to modify or rescind the Agreement must be by a writing signed by the Participant affected. Headings and sub-headings used in the MOU are for convenience and shall not affect the interpretation of the Agreement.

- B) Effect of Signatures. When signed, the MOU is accepted and agreed to by the Participants by and through the Participants or their agents or authorized representatives acting on their behalf. The Participants acknowledge that they have read and understand the Agreement and the Exhibits hereto. Each Participant further acknowledges that it has executed this legal document voluntarily and of their own free will.
- C) Authorized Signatories. The Participants agree that documents presented under the LC [or the Confirmation, as applicable], or relating to the MOU can be signed by any official representing him/herself to be:
- Ministry level representative acting on behalf of the FMS Partner; or
 - Director, Deputy Director, or Chief Financial Officer acting on behalf of DSCA.
- D) By executing the MOU, DSCA and the FMS Partner each represent and warrant that the signatures are authorized to bind the respective organizations and governments and approve all the terms and conditions contained in the MOU.

14) Communications and Change of Address.

- A) All communication between the Participants will be sent to the following addresses:
- Defense Security Cooperation Agency:
ATTN: OBO/FPRE
2800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2800
 - [FMS Partner Name]: [FMS Partner Address]
- B) Any request for change of address sent by either Participant to the other at the then-current address shall be effective ten Business Days after its receipt. The format for a Demand for Automatic Change of Address is set forth in Exhibit H.

- 15) The signatures, below, by authorized officials of each Participant constitute each Participant's acceptance and approval of all terms and conditions of the MOU. The Participants now ratify, assume, and agree to perform and observe, each of the covenants, rights, agreements, terms, conditions, obligations, duties, and liabilities under this MOU.

**FOR THE DEFENSE SECURITY
COOPERATION AGENCY**

**FOR THE [The Name of The
Organization Signing on Behalf of The
FMS Partner]**

_____ Signature	_____ Signature
_____ Name	_____ Name
_____ Title	_____ Title
_____ Date	_____ Date

Exhibit A: Associated Letters of Offer and Acceptance

Exhibit B: Letter of Credit

Exhibit C: Confirmation of Letter of Credit

Exhibit D: Payment Demand

Exhibit E: Confirmation Payment Demand

Exhibit F: Payment Demand on Refusal of Automatic Extension

Exhibit G: Issuer's Notice of Revocation of Notice of Non-Extension

Exhibit H: Transfer Demand

Exhibit I: Demand for Automatic Change of Address

Exhibit A: Associated Letters of Offer and Acceptance

LOA Identifier	Case Description	Total Case Value
XX-X-XXX	Please add a brief description of the case.	\$XX.XX

Exhibit B: Bank Letter of Credit

Bank Letter of Credit

Defense Security Cooperation Agency

[Date of Issuance]

ATTN: OBO/FPRE

2800 DEFENSE PENTAGON

WASHINGTON, D.C. 20301-2800

Advising Bank: [Advising Bank Name], [Advising Bank Address] is requested to advise this irrevocable Letter of Credit.

Issuance. At the request and for the account of the Government of [Country], [The Name Of The Organization Signing On Behalf Of The FMS Partner], [Office Address] (“Applicant”), we, [Name of Issuing Bank], [Issuing Bank Address], (“Issuer”), issue this irrevocable Letter of Credit number [LC Number] (henceforth, referred to as the “LC”) in favor of the Defense Security Cooperation Agency (“Beneficiary”) in the maximum aggregate amount of [Spell Out Dollar Value] U.S. dollars (\$[Numerical Amount]).

Confirmation. Issuer authorizes and requests [Confirming Bank Name], [Confirming Bank Address] (“Confirmer”) to add its confirmation (“Confirmation”) to this LC in the form indicated in Exhibit C to this LC (Confirmation of LC).

Underlying Purpose. Issuer has been notified by Applicant that this LC is required in connection with a Memorandum of Understanding (MOU) between Applicant and Beneficiary for Terms and Conditions for LC Supporting Foreign Military Sales.

Associated LOAs. It is agreed that the funds guaranteed by this LC may be drawn upon by the Beneficiary if any circumstances listed in Section 8A ('Basis for Drawing on the LC') of the attached MOU relating to any of the LOAs listed in Exhibit A occur.

Undertaking. Issuer undertakes to Beneficiary to pay Beneficiary’s demand for payment in the above identified currency and for an amount available under this LC, completed as indicated and presented to Issuer at [Address of Place for Presentation]. Such demand for payment must be presented at or before the close of business there either:

- i) on or before the expiration date of this LC, in the form of a Payment Demand, or
- ii) whether before or within 90 calendar days after the expiration date of this LC, in the form of a Demand upon Confirmer’s Failure to Honor, which will be treated as if the presentation had been made to Issuer in a timely manner if Confirmer has failed to honor a complying presentation made to Confirmer by Beneficiary.

If a demand for payment exceeds the amount available, but the presentation otherwise complies, Issuer undertakes to pay the amount available.

Means of Presentation. Presentation of any demand under this LC may be made at Beneficiary's option i) by paper, ii) by authenticated message to Issuer through the advising bank or iii) by any other means of communication as may be agreed upon in writing by Issuer, Confirmer and Beneficiary.

Expiration. The expiration date of this LC is [A Fixed Calendar Date]. The LC will have an initial expiration date approximately equal to or longer than the expected delivery schedule for the associated FMS case(s).

Automatic Extension. The expiration date of this LC shall be automatically extended for successive one-year periods from the initial expiration date or any extended expiration date, unless Issuer notifies Beneficiary by registered mail or other receipted means of delivery received at Beneficiary's above-stated address 60 or more calendar days before the then-current expiration date that Issuer elects not to extend the expiration date. If this LC is not extended or replaced on or before the date that is 45 calendar days prior to the then-current expiration date of this LC Issuer is obligated to honor Beneficiary's Payment Demand on Refusal of Automatic Extension, completed as indicated and presented to Issuer at the above-stated place for presentation on or before the then-current expiration date of this LC. At any time before the then-current expiration date of this LC, Issuer may retract its notice of non-extension and thereby automatically extend the expiration date of this LC as if its notice of non-extension had not been sent or received and may treat any pending (unhonored) demand for payment based on non-extension as automatically retracted by Beneficiary, by delivering a Notice of Retraction to Beneficiary in the form of Issuer's Notice of Revocation of Notice of Non-Extension [in the format of Exhibit G].

Final Expiration. The expiration date of this LC is not subject to automatic extension beyond [A Fixed Calendar Date 25 Years from The Date Of Issuance], and any pending automatic one-year extension shall be ineffective beyond that date.

Payment. Payment against a complying presentation shall be made within 3 Business Days, with Business Days being those calendar days on which the offices of the Federal Reserve Bank of New York are not closed (henceforth, referred to as "Business Days"), after the Business Day of presentation at the place for presentation or by wire transfer to an account duly requested in the demand for payment. An advice of such payment shall be sent to Beneficiary's above-stated address.

Drawing. Partial and multiple drawings are permitted.

Transfer. This LC is transferable. Beneficiary's drawing rights under this LC may be transferred in their entirety by presentation of a demand in the form of a Transfer Demand [set forth in Exhibit H] presented with this LC or a copy (but not any amendments) of it to: (i) Issuer at the above-stated place for presentation under this LC or (ii) Confirmer at the place for presentation to Confirmer stated in the Confirmation. Upon presentation of a complying demand for transfer: (i) the person identified as the transferee shall inherit from the Beneficiary all its rights and obligations as specified in this LC, the MOU and associated documents and whose name and address and duly provided bank account information for any requested payment by wire transfer of funds shall be substituted for that of the transferor on any demands, requests, or consents then or thereafter required or permitted to be made by Beneficiary under this LC or the Confirmation and (ii) Issuer or Confirmer, as applicable, shall acknowledge and effect the demanded transfer and shall issue its advice of transfer to

the transferor and transferee and to Issuer or Confirmer, as applicable.

Applicable Rules & Laws; Jurisdiction. This LC is issued subject to the Uniform Customs and Practice for Documentary Credits (UCP 600), International Chamber of Commerce Publication No. 600. Issuer's obligations under this LC are governed by the law of the State of New York (United States of America) and applicable U.S. Federal Law. The U.S. federal courts located in the County of New York in the State of New York (United States of America) shall have exclusive jurisdiction over any action to enforce Issuer's obligations under this LC.

Bank Charges and Fees. All bank charges and fees associated with issuing, advising, amending, extending, honoring, or transferring this LC shall be borne by Applicant and shall not be deducted from the proceeds of any drawing on this LC.

Communications. Communications other than demands may be made to Issuer by telephone, telefax, email or SWIFT message, to the following: [\[Numbers/Addresses\]](#). Communications to Beneficiary will be made to Beneficiary at the above Beneficiary's address unless Beneficiary makes demand to Issuer in the form of a Demand for Automatic Change of Address, which will be automatically effective and, thereafter, Issuer will notify Confirmer thereof and all communications by Issuer and Confirmer must be sent to Beneficiary at that address.

Issuing Bank Name and Address

Signature

Exhibit C: Confirmation of Letter of Credit

Confirmation of Letter of Credit

Defense Security Cooperation Agency

[Date of Issuance]

ATTN: OBO/FPRE

2800 DEFENSE PENTAGON

WASHINGTON, D.C. 20301-2800

Advising Bank: [Advising Bank Name], [Advising Bank Address] is requested to advise this Confirmation.

Confirmation. We, [Confirming Bank Name], [Confirming Bank Address] (“Confirmer”), issue this irrevocable confirmation number [Confirmation number] (“Confirmation”) in favor of the Defense Security Cooperation Agency (“Beneficiary”) in the maximum aggregate amount of [Spell Out Dollar Value] U.S. dollars (\$[Numerical Amount]) under the Letter of Credit number [LC Number] (“LC”) issued by [Issuing Bank Name], [Issuing Bank Address] (“Issuer”). The LC was issued on the application of the Government of [Country], [The Name of The Organization Signing on Behalf of The FMS Partner], [Office Address] (“Applicant”), and nominates Confirmer to advise and issue this Confirmation.

Underlying Purpose. Confirmer has been notified that this LC is required in connection with an MOU between the Applicant and the Beneficiary for Terms and Conditions for Letter of Credit Supporting Foreign Military Sales.

Undertaking. Confirmer undertakes to Beneficiary to pay Beneficiary’s demand for payment in the above identified currency and for an amount available under this Confirmation, completed as indicated, and presented to Confirmer at [Address of Place for Presentation]. Such demand for payment must be presented at or before the close of business on the expiration date of this Confirmation, in the form of either:

- (i) Payment Demand, or
- (ii) Payment Demand Upon Issuer’s Failure to Honor.

If a demand for payment exceeds the amount available, but the presentation otherwise complies, Confirmer undertakes to pay the amount available.

Electronic presentation. Presentation of any demand under this Confirmation may be made at Beneficiary’s option i) by paper, ii) by authenticated message to Confirmer or iii) by any other means of communication as may be agreed upon in writing by Issuer, Confirmer and Beneficiary.

Expiration. The expiration date of this LC is [A Fixed Calendar Date]. The LC will have an initial expiration date approximately equal to or longer than the expected delivery schedule for the associated FMS case(s).

Automatic Extension. The expiration date of this Confirmation shall be automatically extended for successive one-year periods or any extended expiration date, unless Confirmer notifies Beneficiary by registered mail or other receipted means of delivery received at Beneficiary's above-stated address 60 or more calendar days before the then-current expiration date that Issuer elects not to extend the expiration date. If this Confirmation is not extended or replaced on or before the date that is 45 calendar days prior to the then-current expiration date of this Confirmation, Confirmer is obligated to honor Beneficiary's Payment Demand on Refusal of Automatic Extension presented to Confirmer at the above-stated place for presentation on or before the then-current expiration date of this Confirmation. At any time before the then-current expiration date of this Confirmation, Confirmer may retract its notice of non-extension and thereby automatically extend the expiration date of this Confirmation as if its notice of non-extension had not been sent or received and may treat any pending (unhonored) demand for payment based on non-extension as automatically retracted by Beneficiary, by sending a Notice of Retraction to Beneficiary in the form of Issuer's Notice of Revocation of Notice of Non-Extension [in the format of Exhibit G].

Final Expiration. The expiration date of this Confirmation is not subject to automatic extension beyond [A Fixed Calendar Date 25 Years Plus 30 Calendar Days from the Date of Issuance of the LC], and any pending automatic one-year extension shall be ineffective beyond that date.

Termination of Obligations. The Confirmer's obligations under this Confirmation will automatically end once the Issuer fulfills its obligations under the LC.

Payment. Payment against a complying presentation shall be made within 3 Business Days, with Business Days being those calendar days on which the offices of the Federal Reserve Bank of New York are not closed (henceforth, referred to as "Business Days"), after the Business Day of presentation at the place for presentation or by wire transfer to an account requested in the demand for payment. An advice of such payment shall be sent to Beneficiary's above-stated address.

Drawing. Partial and multiple drawings are permitted.

Transfer. This Confirmation is transferable. Beneficiary's drawing rights under this Confirmation may be transferred in their entirety by presentation of a demand in the form of a copy of Beneficiary's Transfer Demand [set forth in Exhibit H] presented with the LC or a copy (but not any amendments) of it (i) to Issuer at the place for presentation under the LC or (ii) to Confirmer at the above-stated place for presentation to Confirmer under this Confirmation. Upon presentation of a complying demand for transfer: (i) the person identified as the transferee shall inherit from the Beneficiary all its rights and obligations as specified in the LC, the Confirmation, the MOU and associated documents and whose name and address and duly provided bank account information for any requested payment by wire transfer of funds shall be substituted for that of the transferor on any demands, requests, or consents then or thereafter required or permitted to be made by Beneficiary under the LC or this Confirmation and (ii) Issuer or Confirmer, as applicable, shall acknowledge and effect the demanded transfer and shall issue its advice of transfer to the transferor and transferee and to Issuer or Confirmer, as applicable.

Applicable Rules & Laws; Jurisdiction. This Confirmation is issued subject to the Uniform Customs and Practice for Documentary Credits (UCP 600), International

Chamber of Commerce Publication No. 600. Confirmer's obligations under this Confirmation are governed by the law of the State of New York (United States of America) and applicable U.S. Federal Law. The U.S. federal courts located in the County of New York in the State of New York (United States of America) shall have exclusive jurisdiction over any action to enforce Confirmer's obligations under this Confirmation.

Bank Charges and Fees. All bank charges and fees associated with issuing, advising, amending, extending, honoring, or transferring this Confirmation shall be borne by Applicant and shall not be deducted from the proceeds of any drawing on this Confirmation.

Communications. Communications other than demands may be made to Confirmer by telephone, telefax, email or SWIFT message, to the following: [Numbers/Addresses]. Communications to Beneficiary will be made to Beneficiary at the above Beneficiary's address unless Beneficiary makes demand to Confirmer in the form of a Demand for Automatic Change of Address, which will be automatically effective and thereafter Confirmer will notify Issuer thereof and all communications by Issuer and Confirmer must be sent to Beneficiary at that address.

Confirming Bank's Name and Address

Signature

Exhibit D: Payment Demand

Payment Demand

[Date]

[Issuing Bank]

[Insert Address of Issuer at Place of Presentation as Stated In Bank Letter Of Credit]

Re: Bank Letter of Credit No. [Insert Reference Number], dated [Date], issued by [Issuing Bank] (“Letter of Credit”).

The undersigned Beneficiary demands payment of [\$] under the Letter of Credit.

The Beneficiary states that the Applicant is obligated to pay to the Beneficiary the amount demanded under the agreement between the Beneficiary and Applicant titled Memorandum of Understanding regarding the use of a Bank Letter of Credit to Supplement National Funds to Support Foreign Military Sales and dated [Insert Date].

The Beneficiary requests that payment be made by wire transfer to an account of the Beneficiary as follows: [Insert Name, Address, And Routing Number of Beneficiary’s Bank, and the Name and Number of the Beneficiary’s Account].

Beneficiary’s Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title

Exhibit E: Confirmation Payment Demand

Confirmation Payment Demand

[Date]

[Issuing Bank]

[Insert Address of Issuer at Place of Presentation as Stated in Bank Letter of Credit]

Re: Bank Letter of Credit No. [Insert Reference Number], dated [Date], issued by [Issuing Bank] (“Letter of Credit”).

The undersigned Beneficiary demands payment of [\$] under the Letter of Credit.

The Beneficiary states that the Applicant is obligated to pay to the Beneficiary the amount demanded under the agreement between the Beneficiary and Applicant titled Memorandum of Understanding regarding the use of a Bank Letter of Credit to Supplement National Funds to Support Foreign Military Sales and dated [Insert Date].

The Beneficiary requests that payment be made by wire transfer to an account of the Beneficiary as follows: [Insert Name, Address, and Routing Number of Beneficiary’s Bank, and the Name and Number of the Beneficiary’s Account].

Beneficiary’s Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title

Exhibit F: Payment Demand on Refusal of Automatic Extension

Payment Demand on Refusal of Automatic Extension

[Insert Date]

[Insert Issuing Bank]

[Name And Address of Issuer at Place of Presentation as Stated in the Bank Letter of Credit]

Re: Bank Letter of Credit No. [Insert Reference Number], dated [Date], issued by [Issuing Bank] (“Letter of Credit”) and Confirmation No. [Insert Reference Number], dated [Date], confirmed by [Confirming Bank].

The undersigned Beneficiary demands payment of [Insert Currency/Amount] under the Letter of Credit.

The Beneficiary states that the Letter of Credit is set to expire fewer than 45 days from the date hereof, because the Issuer has given a notice of non-extension of the Letter of Credit, no notice of retraction of the non-extension or satisfactory substitute Letter of Credit has been duly received, and the amount demanded is required as cash collateral to secure the obligations of the Applicant referred to in the Letter of Credit under the agreement between the Beneficiary and such Applicant titled Memorandum of Understanding regarding the use of a Bank Letter of Credit to Supplement National Funds to Support Foreign Military Sales and dated [Insert Date].

The Beneficiary requests that payment be made by wire transfer to an account of the Beneficiary as follows: [Insert Name, Address, And Routing Number of Beneficiary’s Bank, and Name and Number of Beneficiary’s Account].

Beneficiary’s Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title

Exhibit G: Issuer’s Notice of Revocation of Notice of Non-Extension

Issuer’s Notice of Revocation of Notice of Non-Extension

[Insert Date]

Defense Security Cooperation Agency

2800 DEFENSE PENTAGON

WASHINGTON, D.C. 20301-2800

[Insert Address of Beneficiary]

[Insert Date of Issuance]

Re: Bank Letter of Credit No. [Insert Reference Number], dated [Date], issued by [Issuing Bank] (“Letter of Credit”).

The Issuer hereby irrevocably retracts its Notice of Non-Extension dated [date] sent to the Defense Security Cooperation Agency at the above address or: [Indicate Address if Different].

This retraction signifies that the Letter of Credit remains in full force and effect and will automatically extend as if the Notice on Non-Extension had not been issued.

Bank’s Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title

Exhibit H: Bank Letter of Credit Transfer Demand

Bank Letter of Credit Transfer Demand

[Insert Date]

[Insert Name and Address of Issuer]

Re: Bank Letter of Credit No. [Reference Number] (“Letter of Credit”), dated [Date], issued by [Issuing Bank]. (“Issuer”).

The undersigned Beneficiary demands transfer of drawing rights in their entirety, including rights to demand further payment, reduction, increase, and transfer under the Letter of Credit, and rights to give or withhold consent to any pending or future amendment or cancellation, to the following person at the following address: [Insert Name and Address of that Person]

Name

Address

and with the following bank account for payment by wire transfer of funds to that person [Insert Name, Address, And Routing Number of that Person’s Bank and Name and Number of that Person’s Account].

The Beneficiary states that the above-identified person is the transferee, from and after the effective date stated below, of all of the Beneficiary’s rights that are supported by the Letter of Credit under the agreement between the Beneficiary and Applicant titled Memorandum of Understanding regarding the use of a Bank Letter of Credit to Supplement National Funds to Support Foreign Military Sales and dated [Insert Date].

The Beneficiary further states that there are no outstanding demands or requests for transfer under the Letter of Credit. The Beneficiary agrees to make no such demands or requests while this demand is outstanding.

Accompanying this demand is the Letter of Credit or, if not, a copy accompanied by the following declaration: “The original Letter of Credit is not available, and the Beneficiary undertakes to indemnify and hold the Issuer harmless from any losses directly resulting from non-presentation of the original.”

Please effect the demanded transfer as of the following effective date: [Insert Date] by delivering a replacement to the above-identified person as the transferee beneficiary and then

notifying the undersigned thereof.

Beneficiary's Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title

Exhibit I: Demand for Automatic Change of Address

Demand for Automatic Change of Address

[Insert Date]

[Insert Name and Address of Issuer]

Re: Bank Letter of Credit No. [Insert Reference Number], dated [Date], issued by [Issuing Bank] (“Letter of Credit”) and Confirmation No. [Insert Reference Number], dated [Date], confirmed by [Confirming Bank] (“Confirmation”)

The undersigned Beneficiary demands that its address for sending all communications related to the Letter of Credit and Confirmation be changed to [Insert New Address] effective [Insert Date].

Beneficiary’s Name and Address

By its authorized officer:

Signature

Typed/Printed Name and Title