



Talk to an Expert

EXIM's export finance regional directors are ready to answer your questions and expedite your EXIM application.

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This is a descriptive summary to be used only as a general introductory reference tool. The complete terms & conditions of the policy are set forth in the policy text, applications, and endorsements.

BRCH-DCL-22-02-24

Multi-Buyer Export Credit Insurance:

EXTENDING CREDIT UNDER YOUR POLICY

Being able to extend credit terms to foreign buyers gives you an advantage in doing business abroad and is a major benefit of your EXIM policy. EXIM offers exporters two ways to establish a buyer credit limit under this policy type:

- ✔ A **Discretionary Credit Limit (DCL)** which is included in many EXIM Multi-Buyer policies
- ✔ A **Special Buyer Credit Limit (SBCL)** for which you need to apply when your policy does not include a DCL, when your DCL is too low for a particular buyer, or when your DCL is restricted by [EXIM's Country Limitation Schedule](#)

YOUR DCL

A DCL is a per-buyer limit included in many Multi-Buyer policies which enables you to extend credit terms, up to specified amounts, without prior EXIM approval, provided you first obtain certain information that justifies the credit amount you are extending. The DCL cannot be used if an SBCL is in effect for a buyer even if the amount or term of the SBCL is less than that of the DCL.

The DCL also cannot be used if the buyer, on the date of shipment, is already more than 60 days past due to you on an invoice which is greater than \$10,000.

There are two types of DCLs endorsed to Multi-Buyer policies:

A “Credit” DCL

Requires you to obtain current credit information on the buyer, before making shipment. This DCL will apply to new buyers—those to which you have not sold to on credit in the last 12 months—as well as to buyers you wish to move from secured payment terms (documentary credits and letters of credit) to open account terms.

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A “Ledger” DCL

Authorizes you to extend credit terms to a buyer, based on your past favorable trading experience on similar amounts and repayment terms.

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TIP:

To use your DCLs, the transaction must meet the conditions of [EXIM's Country Limitation Schedule](#), whereby:

- (1) the Country that you are invoicing, does not have a “NOTE 1” in the far right column next to it,
- (2) if the Country has “NOTE 6a” in the far right column, you are limiting your DCL amount to the lesser of your approved DCL, or \$50,000 as a maximum, or
- (3) if the Country has “NOTE 6b” in the far right column, you are limiting your DCL amount to the lesser of your approved DCL, or \$100,000 as a maximum

"CREDIT" DCL REQUIREMENTS

You must obtain **either** (not both) of the following credit information prior to shipment:

Favorable Credit Agency Report

- ✔ Must be from a credit agency that appears as an "[approved credit agency](#)"
- ✔ Contains no derogatory information or outstanding judgments against the buyer.
- ✔ Should not indicate any payments received from the buyer more than 60 days after the due date during the past 12 months

Trade Reference from Another Supplier

- ✔ Must verify that during the last 12 months, the buyer made all payments within 60 days after the due date
- ✔ Must verify that the credit repaid by the buyer is at least half of the amount of your credit DCL.
- ✔ Your payment terms to this buyer must not exceed the supplier's longest credit term by more than 60 days (see [EXIM Approved Trade Reference Form](#))

Example:

You have a \$50,000 Credit DCL. You have not sold to this foreign buyer within the last 12 months on credit (net 30, etc.), and they would like to purchase \$40,000/Net 30. Since you are about to do the first credit sale, you will need to have the following on file:

1 reference from 1 other supplier that has given them at least \$20,000 on Net 15 days credit terms (half of what you are trying to sell them), showing that they pay this other supplier no more than 60 days past terms (U.S. reference preferable), *OR*

A credit report, as detailed above.

Either of these qualifying items should be less than 6 months old.

“LEDGER” DCL REQUIREMENTS

To use the “ledger” DCL, your payment experience with your buyer must meet the following conditions:



Prompt Payment

Your customer must have a record of paying you promptly on all shipments made on similar terms within the 12 months preceding the date of shipment. Prompt payment means that all of the foreign buyer’s payments were made within 60 days of the invoice due date.



Similar Payment Terms

Your payment terms to the buyer must not exceed your longest previous payment terms granted to the buyer over the 12 months preceding the date of shipment by more than 60 days.

Shipments made on secured terms (such as letter of credit, cash against documents or sight draft documents against payment) can be used only to justify other secured term shipments. Prior shipments made on unsecured terms (open account terms) must be used to justify “ledger” DCL shipments made on unsecured terms.

You cannot use sales made on secured terms to justify using your “ledger” DCL for unsecured sales.



Similar Amounts

You can extend credit to a buyer up to twice (2x) the highest credit amount given to that buyer by you over the 12 months preceding the date of shipment and repaid promptly (in accordance with our definition, above) up to the maximum Ledger DCL amount endorsed to your policy.

Example:

You have a \$100,000 Ledger DCL. Based on your sales history with your customer over the last 12 months, you shipped a \$20,000 order to them, and they paid you promptly (within 60 days after your due date). Under your “ledger” DCL, you are now able to increase the credit limit for that buyer to \$40,000 ($\$20,000 \times 2$). You then ship a \$40,000 order to the buyer on similar terms, and the buyer again pays the full amount promptly. Now you can increase the credit for that buyer to \$80,000. You will max out at \$100,000 by applying this doubling rule after each promptly paid sale.

COVERAGE UNDER AN SBCL

If your buyer needs a credit limit in excess of the “similar amounts and terms” definition, you must apply for a Special Buyer Credit Limit (SBCL).

An SBCL establishes a revolving credit limit and is used in place of a DCL for a particular buyer. An SBCL cannot be used if the buyer is currently more than 60 days past due to you on an amount greater than \$10,000.

You must apply for an SBCL when:

- ✓ Your policy does not include a DCL, *or*
- ✓ Your DCL is too low for a particular buyer, *or*
- ✓ Your DCL is restricted in a particular market by the Country Limitation Schedule

With an SBCL in effect, EXIM will cover shipments to that buyer up to the SBCL amount provided the conditions of the SBCL and the policy are met. If you need a higher credit amount for the buyer, you may either request an increase in the SBCL, or hold shipment until the buyer pays down the outstanding amount.

Each SBCL indicates a final shipment date that limits the length of time EXIM coverage is in effect for a buyer. Unless endorsed otherwise, SBCLs expire concurrently with the policy. EXIM's automated system self-initiates SBCL renewals. We will advise you if any additional information is required to renew your SBCL.



APPLYING FOR AN SBCL

To apply, log-in at [EXIM OnLine](#) using your user-id and password. On the left side of your screen, click on "Apply for SBCL". Follow the prompts and complete the required information. You must submit the following credit information to support your request:

For SBCL's of Amounts Up to \$100,000:

- ✔ A favorable credit agency report dated within 6 months of the application, *or*
- ✔ One trade reference (for similar amounts and terms), *or*
- ✔ Your own favorable ledger experience (similar amounts and terms).

For SBCL's of Amounts \$100,001–\$500,000:

- ✔ A favorable credit agency report dated within 6 months of the application.

Plus Either of the Following:

- ✔ One trade reference (similar amounts and terms),
- ✔ Your own favorable ledger experience (similar amounts and terms),
- ✔ The buyer's financial statements for the 2 most recent fiscal years.



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