

Ex-Im Bank Foreign Dealer Insurance Policy

Foreign dealerships are a strategic distribution channel for U.S.-manufactured machinery, equipment and spare parts. The Foreign Dealer Insurance Policy is designed to provide flexible, competitive support for financing the capital goods exports of small, medium and large U.S. manufacturers through foreign dealerships. The unique feature of this insurance policy is its ability to cover “floor plan/rollover” financing. This form of financing combines short-term financing of inventory acquired for resale with the option to rollover (i.e., to refinance) that financing for a longer term in order to better match the dealer’s financing requirements. The Foreign Dealer Insurance Policy is currently available to financial institutions; a supplier credit version for exporters is planned for a later date.

The “floor plan/rollover” cover is designed specifically for exports of U.S. capital goods, such as machinery and equipment, held by the dealer for resale to end users. Support of exports of U.S. capital goods to a foreign dealer for use in its own operations (e.g., rental fleets) can be obtained through Ex-Im Bank’s medium-term insurance policies and/or loan guarantees. Short-term financing of purchases of non-capital goods, such as accessories and spare parts, by a foreign dealer can also be covered under the Foreign Dealer Insurance Policy under an endorsement.

The “floor plan/rollover” feature of the Foreign Dealer Insurance Policy provides coverage for a combination of short- and medium-term financing. Ex-Im Bank policies that govern support for medium-term financing, such as a required cash payment by the dealer of at least 15% of the net contract value, apply to the Foreign Dealer Insurance Policy as well. Ex-Im Bank will normally cover 100% of the principal and interest on the financed portion.

Under the “floor plan/rollover” feature, the dealer will receive 180-day credit terms to finance the acquisition of U.S. capital goods as inventory intended for resale. If the goods are resold and payment is received in full by the dealer by the end of the 180-day credit period, then the financing related to those goods must be repaid. Otherwise, provided certain conditions are met, the original financing can be refinanced as follows:

- (a) If, at the end of the 180 day credit period, the goods have been resold on dealer credit, the dealer may refinance its debt obligations to the insured lender on either: i) a short-term basis (i.e., for an additional 180 days) or ii) a medium-term basis (i.e., generally up to 3 years from the date the original loan was made -- including the initial 180-day

credit period), depending on the term extended by the dealer to its customer¹); or

- (b) if the product remains unsold at the end of the initial 180-day credit period, the dealer may refinance its debt on either: i) a short-term basis or ii) a medium-term basis (up to a limit of 2 years from the date the original loan was made including the 180-day credit period).

Ex-Im Bank charges separate premiums for coverage of the initial 180-day credit period as well as for coverage of any refinancing. However, in the case of a refinancing, any additional premium due is calculated after giving full credit for the premium already paid for coverage of the initial 180-day financing.

The premium rates for the initial 180-day financing and for any short-term refinancing are the 180-day and 360-day single buyer rates, respectively. These rates are published on Ex-Im Bank's website www.exim.gov (under the "Apply" section, look for "Exposure Fee Advice"). For a medium-term refinancing, a non-binding indication of the premium rate or "exposure fee" can be found by referring to the Exposure Fee Calculator at Ex-Im Bank's website www.exim.gov.

To apply, the applicant must submit an application, form [EIB03-02](#), check the box "Foreign Dealer Policy" under "Special Features Requested" and provide the supplemental information requested in *Attachment J* on Ex-Im Bank's web site under "Insurance Forms and Applications (<http://www.exim.gov/tools/appsforms/insurance.html>).

For more detailed information on this policy, please refer to the Lender's Guide to the Foreign Dealer Insurance Policy on Ex-Im Bank's web site under "Insurance Forms and Applications (<http://www.exim.gov/tools/appsforms/insurance.html>).

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This documentation is for informational purposes only and is non-binding. The complete terms and conditions of the policy are set forth in the policy and its application, declarations and endorsements. The terms of a specific policy or endorsement to an existing policy may differ from the description above.

The foregoing does not constitute an offer or commitment by the Export Import Bank of the United States or its employees to provide any specific terms or any policy to any person.

¹ A "prepayment" provision in the policy requires the dealer to prepay the lender a portion of a rescheduled amount if the customer prepays the dealer.