

	June 2018	April 2019	November 2019
Total Respondents	101	73	96
Respondents with customers in this county	99	70	93
Sales are primarily to	June 2018	April 2019	November 2019
Existing Customers	99%	97%	100%
New Customers	1%	3%	0%
Respondents extending credit to customers vs. those who do not	June 2018	April 2019	November 2019
Extend Credit	100%	100%	
Do Not Extend Credit	0%	0%	
Payment terms granted by those extending credit to customers in this country:	June 2018	April 2019	November 2019
0-30	70%	66%	66%
31-60	28%	34%	32%
61-90	2%	0%	1%
91+	0%	0%	1%
Average days beyond terms:	June 2018	April 2019	November 2019
	14.5	15.5	16.3
Payment methods used (multiple selections permitted):	June 2018	April 2019	November 2019
Wire Transfer	76%	68%	77%
EFT (seller initiated)	38%	38%	40%
EFT (buyer initiated)	56%	52%	59%
Check	90%	91%	87%
Credit Card	56%	64%	55%
Extended Payment Program or Progress Billing	13%	12%	10%
B.P.O. (Bank Payment Obligation)	0%	0%	0%
Letter of Credit	6%	4%	11%
Cash Against Documents	4%	3%	2%
Dated Draft	1%	0%	0%
*Other	1%	1%	6%

***OTHER**

June 2018	April 2019	November 2019
<ul style="list-style-type: none"> ACH, Prelim filing on project-based sales. 	<ul style="list-style-type: none"> Deposits & cash at time of delivery. 	<ul style="list-style-type: none"> We have just instituted discount payment terms. Contract or Personal Guarantee. Credit Insurance Cash in Advance

Payment Delays Are:	June 2018	April 2019	November 2019
Increasing	18%	14%	32%
Decreasing	12%	17%	4%
No Change	64%	66%	54%
No Payment Delays	6%	3%	10%

Causes of payment delays, open account:	June 2018	April 2019	November 2019
Billing Disputes	24%	30%	35%
Other Disputes	4%	11%	6%
Cash Flow Issues	30%	27%	26%

Causes of payment delays, open account:	June 2018	April 2019	November 2019
Inability to Pay	4%	1%	7%
Unwilling to Pay	4%	1%	4%
Customer Payment Policy	24%	21%	16%
Government Approval	1%	0%	0%
Regulatory Issues	0%	0%	0%
Foreign Exchange Rates	0%	0%	0%
Central Bank Issues	0%	0%	0%
Cultural Norms and Customs	1%	3%	0%
*Other	8%	6%	6%

***OTHER**

June 2018	April 2019	November 2019
<ul style="list-style-type: none"> • Biggest issue right now is the chaos in Puerto Rico. • Retainage held jobs. • Builders waiting for funding. • Slow rail service. • Companies are demanding extended terms. Net 90 to Net 150 • Seasonal industry, now entering peak season coming off slowest time of year. 	<ul style="list-style-type: none"> • Billing disputes followed by cash flow/seasonal followed by customer payment policies. • Payment processing by customer and mail time. • On large equipment purchases, many are not paying, until they are paid. 	<ul style="list-style-type: none"> • Customer waiting to get paid from the owner. • Customer bank issues. • Retainage held commercial jobs. • Postal delays. • Weather issues. Ag industry, late planting season and late harvest season.

PRS Political & Economic Risk Forecast (Updated 07/01/19)

18-month & 5-year political forecasts and probability for REGIMES most likely to hold power; risk ratings for TURMOIL (low to high), and RISK RATINGS (A+ least, D- most) for financial TRANSFER, direct INVESTMENT, and EXPORT to the country. If forecast has changed, the previous rating appears in parentheses. An asterisk (*) means a nonincumbent regime. Most recent economic data and forecasts include a previous five-year average, a one-year forecast or estimate, and a five-year forecast average. REAL GROWTH of GDP and INFLATION are expressed as percentages, and CURRENT ACCOUNT figures are in billions of US dollars.

Country Regimes and Probabilities	Turmoil	Transfer	Investment	Export		Real GDP Growth	Inflation	Current Account
United States					2014-2018	2.4	1.4	-430.41
*Divided Government 85%	Low	A-	A	A	2019	2.2	1.9	-535.00
*Divided Government 45%	Low	B+	A	A-	2020-2024	1.9	2.0	-575.00

Advice when doing business in this country:

November 2019

- Customer information readily available. Economy stable at present.
- In startups/young companies Crunchbase is a great tool for information.
- Get your agreements and contracts signed!
- Making sure all invoicing is 100% accurate from the start and purchase orders are noted correctly from the start will help get everything processed faster.
- Be clear about your terms up front and follow up.
- Run a credit report on each customer first. If you still have concerns pick up the phone and call them to discuss.
- Complete due diligence including financial statement analysis.
- Get your billing correct before invoices go out of the door. Stay on top of invoices but especially disputes.
- Get used to prehistoric usages such as paper checks, so expect some delays while the check is in the mail.
- US customers are dragging out payments, especially the smaller companies. The best advice is to make sure that the billing is correct for terms, quantity and pricing to eliminate these excuses for non-payment. Do a thorough financial investigation.
- Keep in mind the different time zones.

November 2019

- It must be made very clear what payment terms are in number of days, from what time of day invoices are received, how complete the invoices are, and by what method they are expected to pay.
- There doesn't seem to be a country risk, so normal due diligence on the customer should be sufficient. Pay particular attention to the industry in which the customer operates.
- Make a point to know your customer. Establish good relationships with customer. If you sell a tangible good than file and maintain a secure position in your inventory.
- Always make sure you have everything in writing, even document a verbal conversation with a confirmation in writing.
- Extreme research, too many name changes, etc.
- Know the lien laws in the state that you are selling to.
- Secure line of credit due to payment delays when contracting for large commercial retainage held jobs.
- Ensure you know the customers' end customer. If selling to major retailers, automotive industry, etc. they will be getting stretched out on their receipts. Those customers generally don't pay until 60 or 90 days.
- Obtain as much information as possible. Expect push back on financials for private companies. Visit if possible.
- Terms in the US are getting longer, make sure you do your homework first.
- Know your AP contact/counterpart.

April 2019

- Be proactive and confirm receipt of goods, any disputes and receipt of invoice early in the collections cycle.
- Complete due diligence and ask for financial statements.
- Eliminate ambiguity and set expectations in the contracting stage then follow up those expectations in the collection stage.
- Customer service should be a top priority. Smaller stores/accounts will pay you first if your company provides great customer service.
- Know your lien rights for each state you are selling to.
- In the apparel industry. Customers that are Net 30 pay in 60, Net 60 pay in 90, Net 90 pay in 120, etc. Or they threaten to go to another vendor.
- Be aware of small startup companies with limited business references.
- Understand the type of collection you are doing and rules need to follow consumer vs business. States can have different regulations - return payments a good example.
- US customers are very focused on small claims and packaging issues - Identify what type of business the customer is doing and what are agreements done with the company especially with regards to logistics.
- Stay on top of the accounts, do your initial review and follow your instincts.
- Credit is tightening somewhat in the US so companies are relying more on trade credit and asking for extended payment terms more often. Negotiate credit terms up front and make sure they are adhered to.
- Many US companies are currently carrying an unprecedented amount of debt. As a result, new customers should be reviewed closely to determine their risk of bankruptcy, and credit limits should be set that are compliant with your company's level of risk tolerance.
- Make sure you secure credit with PMSI, PG.
- Solid payments. Delays are usually tied to legitimate disputes only.
- Run credit reports prior to setup
- Information about companies is readily available so that you can make a sound credit decision. Majority of our customers are sold to with terms.
- Do your due diligence to find out if open terms are the best option. slow pay history means they will pay you slow!
- Know specific state lien law requirements and timeframe deadlines to file lien in states where project is being built.
- Ensure that the terms are correctly noted in the contract. Billing is accurate, and delivered on time. Clients will use any reason to delay payment.
- Build relationships with different levels in the company to make escalations easier.

June 2018

- Check out credit insurance if dealing with high risk customers.
- Obtain financial statements from customers.
- [We have found] Small orders worth the risk [without too much due diligence]
- My personal experience is with US buyer who export our products. Best to keep a fairly tight rein on them. We are, however, being fairly lenient in Puerto Rico until they get back on track.
- Check trade reports and capacity. If project related be sure to know state statutes. Since most industries are gaining steam with the improve economy be careful to watch for startups and fly by nights organization. Manage your exposure but do not go overboard or be too conservative or you may lose market share with your stronger customers.
- Find good general contractors and work with them. Make sure you have contracts in place that cover your terms and warranties. Make sure you have a good credit application that gets you all the information you will need in the future. Get a personal guarantee if you can.
- Know various state lien laws and notification requirements to protect lien rights in event of delayed payment.
- Know what the customer requires to pay an invoice and ensure the invoices and statements are being delivered to the correct persons.
- Follow all terms and conditions exactly or else payments will be delayed or deductions will be taken.
- Customers in US seem to feel they should be allowed beyond terms, make your company's terms clear.
- Know your customer; secure credit app and research; maintain good relationship. Make certain contact info is correct.
- Payments tend to come faster when paid electronically.
- Some private companies are reluctant to provide financial statements.
- You have to continue to stay abreast of the latest financial information as provided by your industry trade group
- Know your customers, make sure you are reaching the right people and stay on top of you AR.
- Utilize the many resources for credit reports to carefully review the customer's payment habits and credit worthiness.
- Be up to date on supplier lien and bond rights in the jurisdiction where you are selling.
- Review your contract, know your customer and verify new customer orders.
- Establish a good working relationship with customer. Secure position if needed PMSI and personal guarantees are a plus especially when establishing larger lines of credit.
- Secure projects with lien/bond rights where applicable.
- Like anywhere, perform your due diligence, and know your customer as best as you can. Otherwise it is not too difficult. Terms push is one of the biggest issues currently. Everyone is trying to extend days. They see large companies doing it and getting away with it, or it is happening to them, so they try to push it onto their suppliers.
- Have a good contract and you should have little issues collecting if they have the funds. Easy to do credit research in the US. Make sure you know your customer.
- Make sure the credit team is reviewing accounts at least annually and review slow trend paying customers monthly. Don't wait until the account is 30 DBT start collecting once it is 10-15 DBT or sooner.
- Be prepared when dealing with large multinational companies in the US for NET 75, NET 90 and even NET 120 day payment terms, if you want to be paid sooner expect the customer to want to take a 2 to 5 % discount to be paid in 10 to 30 days. Contractors occasionally pay-when-paid.