

## LEGAL AUDIT FOR COMPANIES PURSUING CREDIT SALES IN MEXICO

This legal audit has been prepared by HMH Legal to help assist companies evaluate their risk while selling on credit to companies located in Mexico. Whether you are a company that is planning or currently selling to companies in Mexico, the following audit will help you assess how much risk you're taking with your credit budget for these specific transactions. The more the negative answers, the higher the risk.

Please take a moment to answer the following questions:

1. Do you have a credit and collections policy in place for your business?
2. Does your credit and collections policy identify and address specific international credit sales, specifically to Mexico?
3. Do you have a credit manual that you provide to the people in your organization to share with them the company's policy and objectives in the credit and collections department?
4. Does your credit manual address the following issues?
  - a. Mission and objectives for the credit and collections department
  - b. Organization for the credit and collections department
  - c. Guidelines for credit evaluation with prospective clients
  - d. Guidelines for monitoring clients
  - e. Potential high risk transactions or clients
  - f. Guidelines for documenting the sale properly
  - g. Terms and conditions of sale
  - h. Strict collection procedure with timelines
  - i. Collection telephone calls and demand letters
  - j. Resources for conflict management
  - k. Contract forms for adding security to your debt
5. Do you request your client with an originally signed credit application (not fax copies)?
6. Does your credit application include terms and conditions of sale?
7. Do your terms and conditions of sale consider contract enforcement in Mexico?
8. Do you run credit reports for prospective clients?
9. Do you request clients with purchase orders for each order placed with you?
10. Do you request original bills of lading from freight carriers to keep as proof of delivery?
11. Do your bills of lading contain the date of delivery, full name and signature of the individual receiving your goods on behalf of your client?
12. Do you secure your sales with promissory notes, checks or a formal contract?
13. Have you made sure that these security devices can be enforced in Mexico with no problems?
14. Do you turn your receivables for collection to a law firm or collection agency within 90 days due?
15. Are you sure that the professional hired to help you with debt collection has the capabilities to handle international collections for you?

*This material has been provided as free educational message by HMH Legal. We invite you to send us your comments, or to call us for a free consultation. If you have any questions please call us at +52 (664) 685-1387 or 685-9196. You can also email us at [info@hmhlegal.com](mailto:info@hmhlegal.com). If you would like further information about our firm or our educational handouts, please visit us at [www.hmhlegal.com](http://www.hmhlegal.com).*