



SBA EXPORT FINANCE PROGRAMS

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International Finance Seminar

EXPORT WORKING CAPITAL (EWCP)



- ◆ **TRANSACTION FINANCING**
 - PRE-EXPORT WORKING CAPITAL
 - POST-EXPORT WORKING CAPITAL
 - COMBINATION
- ◆ **STANDBY-LCs, BID & PERFORMANCE BONDS (guarantees of performance)**


TYPES OF LOANS, GUARANTEED % & MATURITY

- ◆ SINGLE TRANSACTION FINANCING
- ◆ REVOLVING LINE OF CREDIT
- ◆ UP TO 90% GUARANTY BY SBA or \$1,500,000 (whichever is less)
- ◆ 12 MONTHS OR LESS
- ◆ 18 MONTHS MAXIMUM
- ◆ CO-GUARANTY W/EX-IM \$2,000,000

INTEREST RATES AND FEES

- ◆ NEGOTIABLE BETWEEN APPLICANT AND LENDER
- ◆ SBA FEE IS .25% OF 1% OF GUARANTEED AMOUNT FOR 12 MONTHS OR LESS
- ◆ SERVICE FEE OF .50% OF AVERAGE OUTSTANDING LOAN AMOUNT
- ◆ BLENDED FEE IF GREATER THAN 12 MONTHS

ELIGIBILITY

- 
- ◆ Meet SBA'S size standards
 - ◆ Exporter must show ability to perform based on at least 1 year of operating experience
 - ◆ Service exporters are eligible (additional collateral may be required)
 - ◆ Trading and management companies are eligible
 - Take title to the goods
 - Be in business for three years

ADVANCE RATES

◆ Pre-shipment Guarantees:

- ✦ Not to exceed the exporter's cost (material, labor and overhead) of the product being exported

◆ Post-shipment Guarantees:

- ✦ Up to 85% of insured foreign receivables
- ✦ Up to 90% of negotiated strong usance LCs

◆ ETC and EMC advances:

- ✦ Not to exceed COGS plus out-of-pocket expenses, with no allowance for officer/owner's salary

CREDIT REQUIREMENTS



- ◆ IS THE TRANSACTION VIABLE
- ◆ HOW RELIABLE IS THE REPAYMENT SOURCE
- ◆ CAN THE EXPORTER PERFORM UNDER THE TERMS OF THE DEAL
 - Capacity
 - Sub-contracting

COLLATERAL

- ◆ ASSOCIATED WITH THE DEAL
 - EXPORT INVENTORY, FOREIGN REC..
 - ASSIGNMENT OF CONTRACT
 - PERSONAL GUARANTEES



International Trade Program

- ◆ \$1,750,000 in SBA guarantee (max 75% Guarantee or whichever is less)
- ◆ Long Term Loan-7(a) fees apply
 - Interest rate and other fees are capped
- ◆ Fixed assets and working capital for export growth (no debt repayment)
- ◆ Based on company's Cashflow (3 yrs)
- ◆ First Lien Position on assets being financed
- ◆ Facilities and services in the US eligible only

SBA Export *Express*

Use of Proceeds

- **Export development activities such as brochure translation or trade mission attendance.**
- **Transaction-specific financing.**
- **Revolving lines of credit with a maturity of up to 5 years.**
- **Term loans for permanent working capital, machinery and equipment, or real estate.**



SBA Export *Express*

Use of Proceeds

- **Proceeds may not be used to finance overseas operations.**
- **Proceeds may not be used to refinance any other SBA loan.**



SBA Export *Express*

Eligibility

- **Applicant in business for at least 12 months.**
- **Proceeds are to be used to develop or expand applicant's export markets.**
- **Lender to obtain a one or two page narrative from applicant with financial projections which show how loan will allow company to either enter a new export market or expand an existing export market.**



SBA Export *Express* Interest Rate & Fees

- **Normal SBA limits on Interest OR**
 - 6.5% over prime of loans of \$50,000 or less
 - 4.5% over prime for loans greater than \$50,000
- **Normal SBA Guaranty Fees Apply**
 - 2.0% if loan maturity is over 12 months (lender may retain 25% of this fee)
 - 0.25% if loan maturity is 12 months or less



SBA *Export Express*

Key Features

- **Modeled after SBA *Express* and in fact is a subprogram thereof.**
- **Open to all SBA *Express* lenders**
- **Maximum loan amount is \$250,000.**
- **Lenders receive 85% guaranty up to \$150,000**
- **Lenders receive 75% guaranty over \$150,000**



SBA Export *Express*

How it Works

- **Uses the SBA*Express* Program covering exporter eligibility issues.**
- **Adopts the SBA*Express* eligibility checklist. Lenders submit the eligibility checklist to the PLP Processing Center in Sacramento.**
- **Streamlined application with applicants in most cases only signing a single 2-sided SBA Form**



SBA Export *Express*

How it Works

- **PLP Processing Center determines borrower's eligibility and issues the SBA loan number, but will not perform any additional credit analysis.**
- **SBA Export *Express* lenders must service and liquidate their loan portfolios or if balance is less than \$50,000 have the Treasury liquidate.**
- **Loan servicing and liquidation issues, including purchases, will be handled centrally by SBA's Loan Servicing Centers.**

