

SBA Export Loan Programs

Office of International Trade
U.S. Small Business Administration

**San Diego CRA Roundtable
Trade Finance Workshop**
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Office of International Trade (OIT) Mission

To increase the number of U.S. small business exporters and increase the volume of U.S. exports; The Office of International Trade works to enhance the ability of small businesses to compete in the global marketplace.



Key Focus Areas

- To achieve this mission, OIT facilitates
 - **Export trade finance** to help small business exporters gain access to the capital they need; and
 - 19 USEACs (United States Export Assistance Center) with SBA representatives

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Territory: Southern California, Nevada

- Provide support and training to banks
- Support banks in making & servicing export loans
- Provide counseling, training and financing to support small business export opportunities

SBA Export Loan Programs for Exporters

1. Export Working Capital—to \$5 million
2. SBA International Trade Loan—to \$5 million
3. SBA's Export Express—to \$500,000



Export Working Capital Program

- \$5 million maximum loan amount
- 90% Guarantee
- \$4.5 million maximum SBA guarantee
- ¼% SBA guaranty fee with maturities of 12 months or less
- Fixed or variable interest rate – negotiated between the borrower and lender



Export Working Capital Eligibility

- SBA's 7(a) size and ownership standards apply:
 - NAICs--Manufacturing: under 500 employees; can go as high as 1,500 employees
 - Or, Tangible Net Worth under \$15 million and Net Income over last 2 years averages less than \$5 million
- Eximbank: Country Limitation Schedule
- Product shipped from U.S.A. or services provided and invoiced by U.S. entity
- 12 months of operating history or proven expertise



EWCP

1. **Export Working Capital Loan—90% guaranty**

--SBA: loans to \$5 million, \$4.5 million guaranty

Transaction-Based Financing (Purchase order financing)

- Single Order or Revolving Line
- Most supplier and production costs through collections

Or, Asset-Based Line-of-Credit

- Working Capital for pre-shipment, post-shipment or both requirements
- Borrowing Base: inventory, WIP, (insured) A/R



Transaction-Based EWCP: Use of Proceeds

To produce goods or services for export. Funds can be used to finance up to 100% of exporter's direct cost associated with a specific export transaction, not to exceed 90% of the overall export sale amount.

Example - Small business exporter lands a \$1 million export sale. The production costs for the exported item is \$700,000 – bank can therefore advance the entire \$700,000 under the EWCP program.

To support Standby Letters of Credit used as performance and bid bonds



Asset-Based EWCP: Use of Proceeds

- To finance existing foreign accounts receivables. Advance rates up to 90%. Note: normally export credit insurance is required (foreign accounts receivable insurance).
- To finance existing export foreign inventory. Advance rates up to 75%.
- To support Standby Letters of Credit used as performance or bid bonds.



EWCP - Payment Terms

Examples of Payment Terms with foreign buyer

- Cash in Advance/Prepaid/COD
- Documentary Collection – D/P & D/A
- Letter of Credit
- Open Account (insured)
- Open Account (uninsured)



EWCP - Collateral

- Self-liquidating loan
- Must have First lien on all assets being financed
- Personal guarantees of all owners of 20% or more who are active in the business
- Other collateral on a case-by-case basis



How to Apply

- A small business applies directly to a participating lender.
- The lender reviews/approves the application and submits to the request/application package to the SBA to the USEAC covering the territory where the business is located.



USEAC – Loan Process

- The USEAC Regional Manager will conduct a full eligibility and credit review in their Loan Officer's Report (LOR), prepare the loan authorization and submit a recommendation to the LGPC.
- The LGPC will review the LOR and EWCP submission for final approval. If the LGPC concurs with the USEAC approval recommendation, a final authorization will be sent directly to the lender.



SBA Loans for Exporters

2. International Trade Loan (ITL)—up to \$5,000,000

- Combination of fixed assets/term loan with W/C
 - maximum Working Capital: \$4,000,000
- Maximum term: 25 years; 10 years for working capital
- Refinancing
- Relocation of production to the USA
- Business plan/application must document (eligibility requirements) export projections or evidence of adverse impact



International Trade Loans

- Use of Proceeds is limited to:
 - Facilities
 - Equipment
 - Refinancing of any debt that is not structured with reasonable terms
 - Working Capital (limited to maximum \$4 million)



SBA Loan Programs for Exporters

3. SBA's Export Express

- to \$350,000 with 90% guaranty
- \$500,000 with 75% guaranty
- Processed by lenders under the SBA *Express* program
- Working capital: 7 years; Fixed assets: up to 25 years

Required:

- In business for at least 12 months
- Entering or expanding in foreign market



Export Express: Use of Proceeds

Proceeds may be used for any of the following:

- Transaction-specific financing of export deals, including standby letters of credit
- General lines of credit for export purposes
- Term loans for permanent working capital, machinery and equipment, or real estate



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