



U.S. Small Business  
Administration



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# Financing Your Small Business Exporters

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U.S. Small Business Administration

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# Export Financing Programs

- 3 primary export financing programs consisting of guarantees

Why is this important:

- 97% of all exporters are small businesses
- 96% of all customers reside outside the United States

# SBA Loan Programs for Exporters

- Export Express—to \$500,000
- International Trade Loan—to \$5 million
- Export Working Capital Program—to \$5 million

# Export Express Program

## 1. Export Express Program—to \$500,000

- to \$350,000 with 90% guaranty
- to \$500,000 with 75% guaranty
- Processed by SBA-approved Export Express lenders
- Working capital: 7 years; Fix assets: up to 25 years

### Required:

- In business for at least 12 months (can now be waived by lender if the applicant's key personnel have demonstrated export expertise and successful business experience and lender does conventional underwriting, not relying on credit scoring)
- Entering or expanding in foreign market

# Export Express Loan Program

**Proceeds may be used for any “export development activity,”**

**such as:**

- Translation of product literature or website
- Participation in a trade show or on a trade mission
- transaction-specific financing of export deals, including standby letters of credit
- general lines of credit for export purposes (70% of proceeds should be used for export activities)
- term loans for permanent working capital, machinery, equipment, or real estate used in the production of goods or services for export
- Indirect exports qualify

# International Trade Loan program

## 2. International Trade Loan—to \$5 million

- Eligibility requirement is either:
  - a) expanding because of exports, or
  - b) adversely impacted by imports
- maximum guaranty:
  - a) \$4.5 million, 90% guaranty
  - b) if combination of fixed assets or term loan with W/C, maximum guaranty for all W/C loans: \$4.0 million
- maximum term: 25 years; 10 years for working capital
- refinancing is allowed
- can be processed by SBA 7(a) PLP lenders
- can be used for “on-shoring” if conditions above are met
- business plan documenting requirements above must be included
- indirect exporting is a qualifying eligibility criteria

# Export Working Capital Program

3. Export Working Capital loan—to \$5 million
  - Maximum guaranty: \$4.5 million; 90% guarantee
  - Maximum maturity: 3 years, but 1 year more typical—can be “re-issued” after one-year
  - Transaction-based or Asset-based line of credit
  - Can support export transaction cycle from purchase order to collections
  - Disbursed against a Purchase Order, Letter of Credit or Contract to fund foreign orders—no market development expenses



# Export Working Capital Program Eligibility

- SBA's 7(a) size and ownership standards apply based on NAICs—
  - Manufacturers: typically under 500 employees, but as high as 1,500
  - Wholesalers: 100 employees
  - Services: \$7.0-\$35.5 million in sales
  - Or, **Tangible Net Worth under \$15 million and Net Income over last 2 years averages less than \$5 million**
- Product shipped from U.S.A., or services provided/invoiced by U.S. entity
- No prohibition against military sales
- No U.S. content requirement
- 12 months of operating history or proven expertise
- Shipment cannot be to a prohibited country—see Ex-Im Bank's Country Limitation Schedule, note #7

## EWCP - *Indirect Exports*

- Applicants who produce products or services that enter into the export channel, but do not directly export their products are eligible for EWCP financing
  - Manufacturers using an Export Trading Company
  - Suppliers to other domestic manufacturers
- Requires certification from domestic customer that goods are in fact being exported.

# EWCP – Advance Rates & Collateral

## Advance Rates

1. 75% against inventory, WIP
2. 85-90% against insured, foreign A/R
3. 90% against Letter of Credit

## Collateral

Because these are self-liquidating loans, we look primarily at transactional collateral:

1. First lien on all assets being financed:
  - typically inventory, WIP and A/R
2. Assignment of proceeds under:
  - documentary letters of credit
  - credit insurance policies
3. Other assets as required by the lender
4. Personal guarantees of 20% or more owners

# SBA Loan Programs for Exporters

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2. International Trade Loan—to \$5 million
3. Export Working Capital—to \$5 million

**PLEASE USE THEM!**





Thank You!