



U.S. Small Business Administration

Federal & State
Trade Development

International
Trade Finance

International Affairs
Trade Agreements

SBA Export Loan Programs

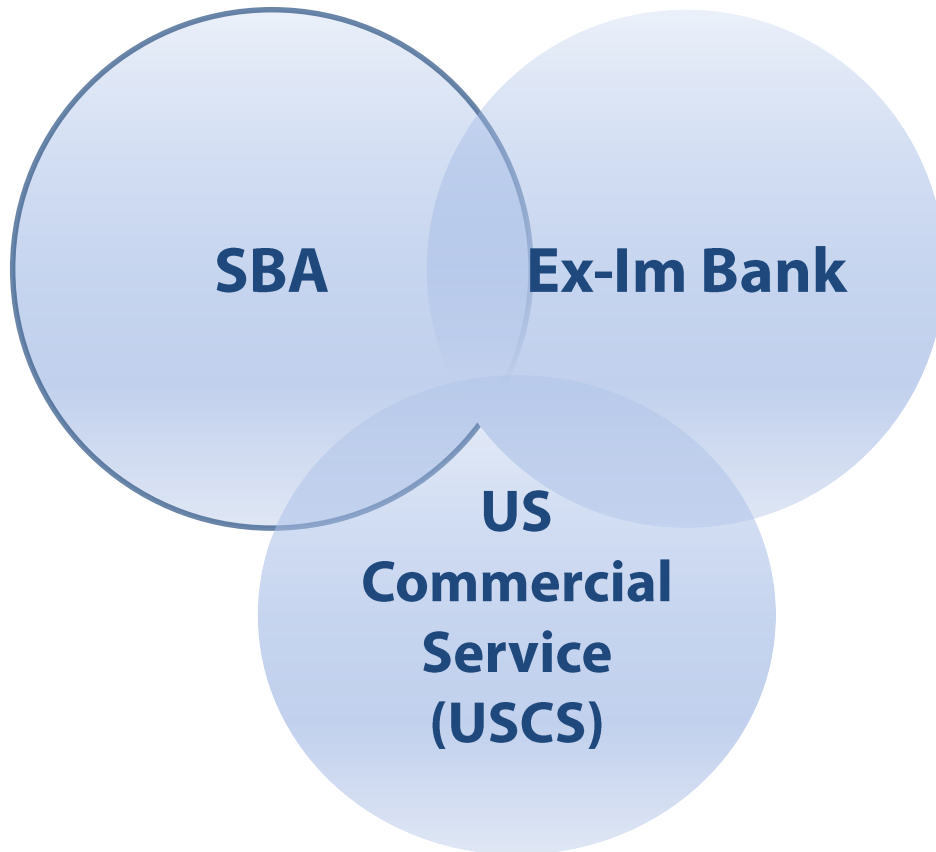
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Regional Manager, (MD,VA,DC,WV)

US Export Assistance Center

Office of International Trade

US Export Assistance Center (USEAC)



USCS & State EDO

- Market analysis
- Match making
- Buyer due diligence

SBA

- Export activity working capital
- Transaction working capital
- Fixed asset and real estate term loans

Ex-Im Bank

- Export working capital
- *Credit insurance*





Small Business Definition

- Manufacturers: <500 employees generally; can go as high as 1,500
- Wholesalers, including export trading companies: <100 employees
- Services companies are eligible based on annual sales: \$7.0 million to \$35.5 million
- Or, applicant can use the *Alternative Size Standard*: a firm with less than an average of \$5 million in net income for the past two years and a net worth less than \$15 million.

SBA Export Financing Programs

•Export Express

- 90% guarantee for amounts up to \$350,000 (for up to 7 years)
- 75% guarantee for amounts between \$350,000 and \$500,000 (for up to 7 years)
- Lender uses its own loan approval process and documents
- For financing of inventory, accounts receivable and export development activities

•Export Working Capital Program

- 90% guarantee for amounts up to \$5,000,000
- Use of funds for purchase order financing, accounts receivable and inventory financing , advance rates ranging from 75% (inventory) to 90% (AR)

•International Trade Loan Program

- 90% guarantee for amounts up to \$5,000,000
- For working capital term loans for financing and refinancing of fixed assets used for exporting (loan tenures up to 10 years for plant & equipment and 25 years for real estate)

•Developing an Export Business Plan

- www.sba.gov/exportbusinessplanner



Indirect Exports

- Applicants who produce products or services that enter into the export channel, but do not directly export their products:
 - Manufacturers using an Export Trading Company
 - Suppliers to other domestic manufacturers that export directly: **supply chain financing solution**
- Requires certification from domestic customer that goods are, in fact, being exported.
- Can now be supported by all three of SBA's core export loan programs: EWCP, Export Express, International Trade Loan



SBA Loans for Exporters

SBA Export Financing Solutions

- Working capital or fixed-asset financing
 - ✓ Financing to support export development activities
 - ✓ Short-term financing to support export orders
 - ✓ Long-term financing for support export expansion

SBA Export Finance Products

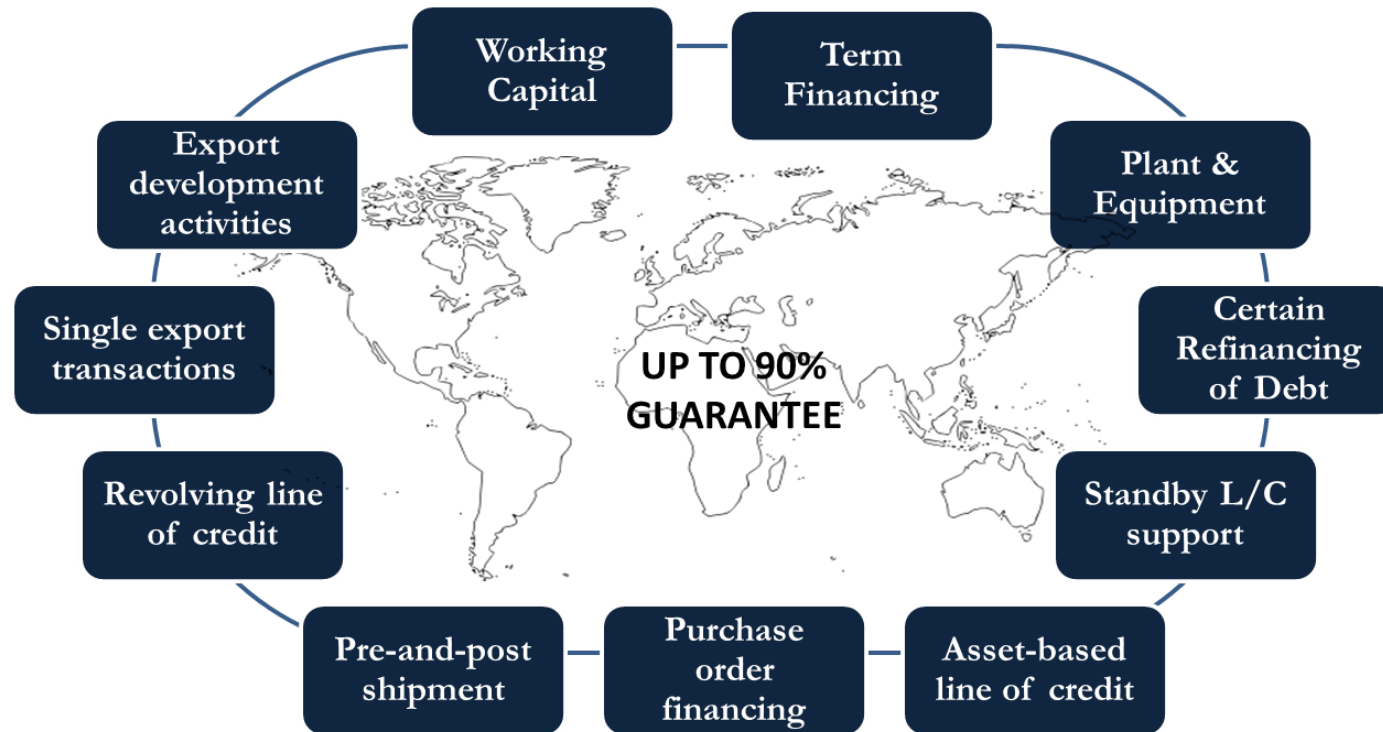




Exporters Questions

- 1) How do I get paid? **USEAC**
- 2) How can I reduce my payment risk? **Exim**
- 3) Are funds available to help me explore international markets? **SBA**
- 4) How can I finance my export transactions?
SBA/Exim
- 5) How can I finance my business expansion? **SBA**
- 6) Is financing available for my foreign buyer?
Exim

Capital (Export Finance)



SBA offers short- and long-term guaranteed export financing to help increase small business's ability to compete in international markets.



What Might an SME Exporter Need?

Life-Cycle of an SME Exporter's Financing Needs

- Funds for training to get started and then to explore and develop foreign markets.
- Funds to finance the export transaction cycle.
- Funds to expand plant and equipment due to export success.



Solution: Export Express--SBA

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

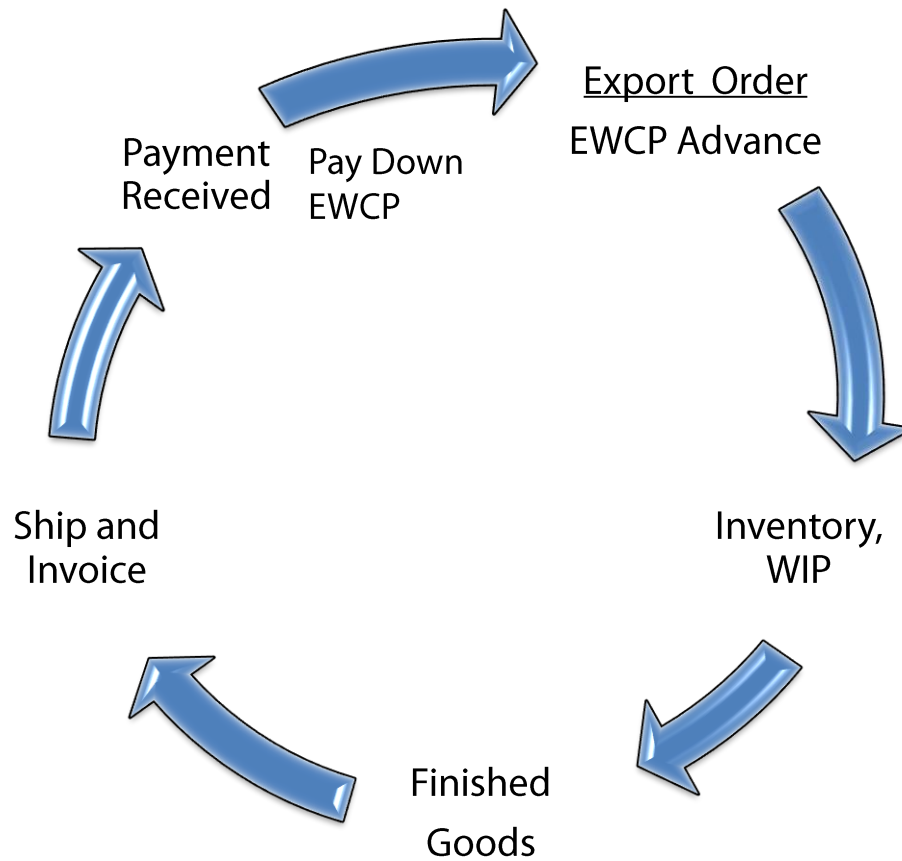
- 1) **export development** including participation in a foreign trade show or translation services;
- 2) **Transaction financing** to support export purchase orders and/or to carry foreign accounts receivables;
- 3) issuance of **standby letters of credit** that serve as performance or bid bonds or advance payment guarantees; and
- 4) **Term loans** to buy equipment or real estate for export purposes.

What Might an Exporter Need?

Working Capital to Produce, Deliver and Collect on Export Orders:

- Inventory, materials, labor, other production costs
- Ability to offer open account terms and carry foreign accounts receivable
- Foreign accounts receivable (credit) insurance
- Insurance and freight costs
- Bank fees related to the transactions
- Standby-letters of credit to guarantee bid or performance bonds or an advance payment

Transaction-Based/Self-Liquidating EWCP



Transaction-Based EWCPs can be utilized for single export orders or multiple orders on a revolving basis. No funds are disbursed until there is an export purchase order. Funds are used by the borrower to produce goods for a specific order. SBA requires a secure payment method from the foreign buyer which will be directed to pay down the EWCP loan.

Solution: Export Working Capital Programs

Advance rates:

- 75% against inventory, WIP
- up to 90% against insured A/R

SBA: 90% guaranty to lender; \$5 million maximum amount

- no US content requirement; no prohibition on military sales
- only Small Business applicants
- Guaranty fee: 25bps on guaranteed amount, 12 month note
- Asset-based or transactional line of credit

Exim Bank: 90% guaranty to lender; no maximum amount

- 51% US content, no military sales, any size applicant
- Guaranty fee: 1.75% on loan amount, 12 months
- Typically asset-based loans

Asset-Based Line of Credit

Maximizing the Borrowing Base

	<u>Amount</u>	<u>% Advance</u>	<u>Collateral</u>	<u>% Advance</u>	<u>Collateral</u>
<u>Exportable Inventory</u>			<u>Without USG Guaranty</u>	<u>With USG Guaranty</u>	
Raw Materials	\$200,000	40	\$80,000	75	\$150,000
Work-In-Progress	200,000	0	0	75	150,000
Finished Goods	600,000	50	300,000	75	450,000
Subtotal	<u>\$1,000,000</u>		<u>\$380,000</u>		<u>\$750,000</u>
<u>Foreign Accts Receivable</u>					
Open Account	\$400,000	0	\$0	90	\$360,000
L/C Backed A/R	600,000	70	420,000	90	540,000
Subtotal	<u>\$1,000,000</u>		<u>\$420,000</u>		<u>\$900,000</u>
Total Borrowing Base	<u>\$2,000,000</u>		<u>\$800,000</u>		<u>\$1,650,000</u>



Bid & Performance Bonds and Advance Payment Guarantees

- Standby letters of credit issued by a commercial bank can serve as a performance or bid bond or as an advance payment guaranty.
- Funding support for Standby Letters of Credit can be provided by the following guaranty loan programs:
 - *Export Express*
 - Export Working Capital Programs—SBA or Exim Bank
- The guaranty serves as an incentive to the bank to issue the standby letter of credit with less than full, 100% cash collateral (typically requires 25% cash collateral).

What Might an Exporter Need?

Term Loan for fixed assets:

- Machinery or equipment to expand production in order to meet foreign demand
- Retooling expenses necessary for metric production or to meet other standards
- Permanent working capital
- Real estate needed as a result of expanding export sales

Solution: International Trade Loan

- Maximum loan amount - \$5 million
- Maximum SBA guarantee portion of \$4.5 million - 90%
- Maximum SBA guarantee for working capital: \$4 million
- Maximum maturity: 10 years--working capital; equipment--10 years or useful life; 25 years--real estate
- Eligibility requirements: The applicant
 - Will expand an existing export market or develop new export markets as a result of financing, or
 - Can demonstrate it has been adversely impacted by imports and needs to modernize or retool operations; and
 - The loan will improve the applicant's competitive position.

Solution: International Trade Loan

- Use of Proceeds:
 - Facilities, equipment, working capital , viz:
 - “To acquire, construct, renovate, modernize, improve, or expand facilities and equipment in the United States to produce goods or services involved in international trade.”
 - Debt refinancing is allowed, but no business acquisitions
- File must include: A business plan which documents export projections (or, adverse impact from imports) and how financing will allow company to become more competitive
- Can be processed by any SBA-approved 7(a) lender
- May be used for on-shoring production, if also expanding exports

SBA's Office of International Trade

Federal-State Trade Development & State Trade Expansion Program

Matching funding program to States for U.S. small business exporting assistance.

Goals → Increase the number of U.S. small businesses that are exporting; increase the value of U.S. exports for those small businesses that are currently exporting

Outcome: Help more businesses export to more markets

www.sba.gov/step

International Trade Finance

Loans for U.S. small business exporters and interagency trade finance collaboration

Goals → Increase the number of U.S. companies that can access SBA export loan programs; increase the number of lenders (banks) that are making export loans

Outcome: Expand access to export finance

www.sba.gov/international

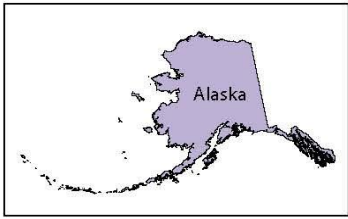
International Trade Affairs

Global market access, trade negotiation and enforcement for U.S. small business exporters

Goals → Increase the number of U.S. small-business exporters; eliminate foreign tariff and non-tariff measures (regulations); support bilateral and multilateral diplomacy efforts

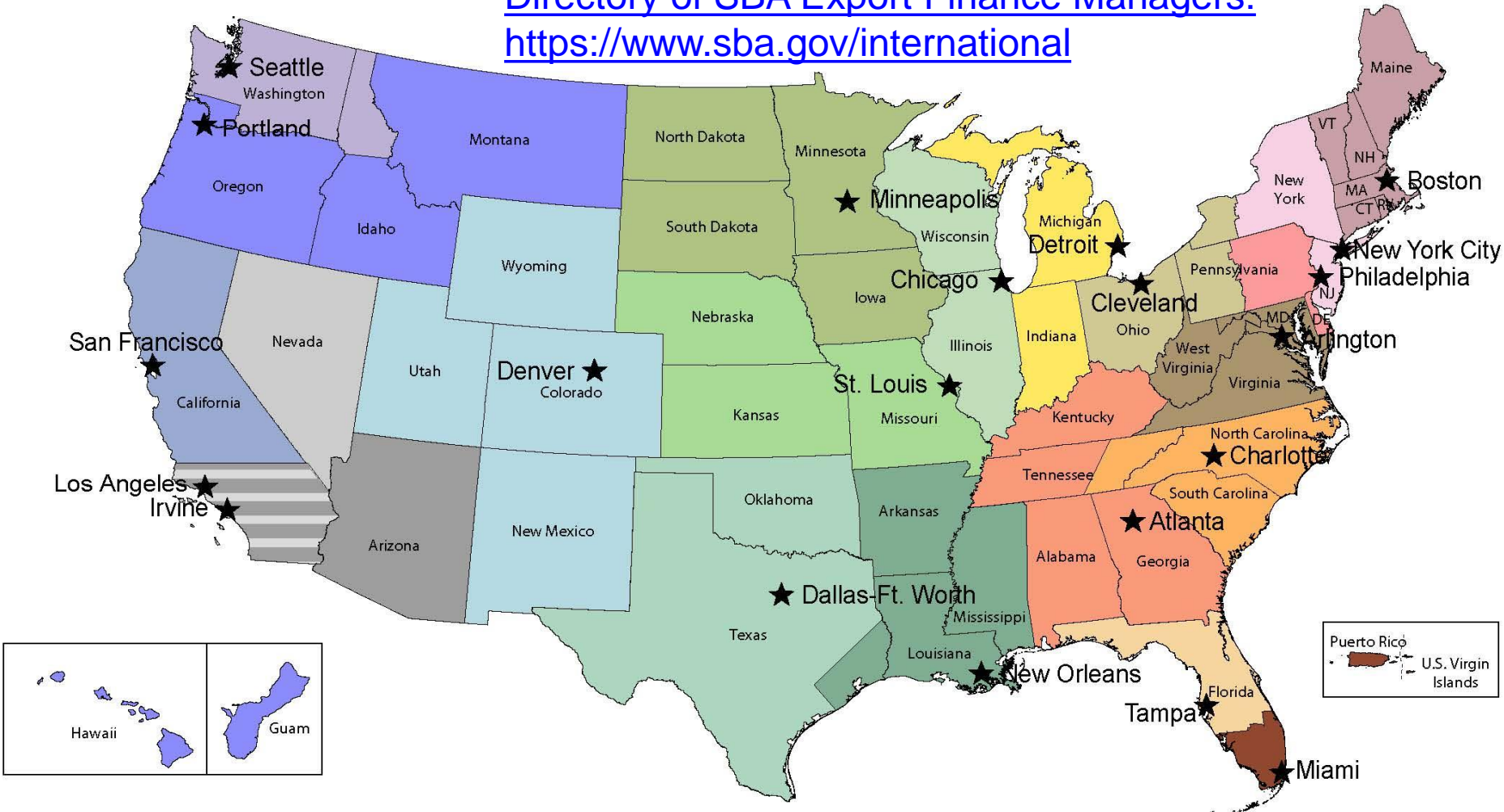
Outcome: Expand and level the playing field for U.S. companies

international@sba.gov



★ U.S. Export Assistance Centers (USEACs)

[Directory of SBA Export Finance Managers:](https://www.sba.gov/international)
<https://www.sba.gov/international>



SBA's Network of Export Finance Managers at U.S. Export Assistance Centers

ATLANTA

Territory: Georgia, Alabama, Kentucky,
West/Central Tennessee
David.Leonard@sba.gov -- 404-815-1496

ARLINGTON, VA

Territory: Virginia, Maryland, District of
Columbia, West Virginia
William.Houck@sba.gov 202-557.4063

BOSTON

Territory: Maine, Vermont, New Hampshire,
Massachusetts, Connecticut, Rhode Island
John.Joyce@sba.gov 617-565-4305

CALIFORNIA

IRVINE

Territory: Southern California, Nevada
Martin.Selander@sba.gov 949.660-8935

LOS ANGELES

Territory: Southern California, Arizona
Pellson.Lau@sba.gov 213-894-8267

SAN FRANCISCO

Territory: Northern California – Bakersfield
to the Oregon border
Jeff.Deiss@sba.gov --415-744-7730

CHARLOTTE

Territory: North Carolina, South Carolina,
Eastern Tennessee
Dan.Holt@sba.gov 704-333-4886 x226

CHICAGO

Territory: Wisconsin, Illinois
Dennis. Foldenhauer@sba.gov 312-353-8065

CLEVELAND

Territory: Ohio, Western New York, Western
Pennsylvania,
Patrick.Hayes@sba.gov 216-522-4731

DALLAS/FORT WORTH

Territory: West/North/Central Texas, Oklahoma
Alale.Allal@sba.gov 817.684.5506

DENVER

Territory: Colorado, New Mexico, Utah, Wyoming
Bryson.Patterson@sba.gov 303-844-6622

DETROIT

Territory: Michigan, Indiana
John.Ogara@sba.gov 313-226-3038

FLORIDA

MIAMI

Territory: S. Florida , Puerto Rico, Virgin Islands
Mary.Hernandez@sba.gov 305-526-7425 ext. 21

TAMPA

Territory: Central & North Florida
Sandro.Murtas@sba.gov 727-464-7177

MINNEAPOLIS

Territory: Minnesota, North Dakota, South Dakota
Carlos.Sosa@sba.gov 612-348-1642

NEW ORLEANS- Louisiana, Arkansas, Mississippi,
Gulf Coast of Texas—Houston
Reginald.Harley@sba.gov 504-589-6730

NEW YORK CITY

Territory: New York City & 5 Boroughs, Eastern
Upstate New York, New Jersey
Vacant 212-809-2645

PHILADELPHIA

Territory: Eastern Pennsylvania, Delaware
Robert.Elsas@sba.gov 610-382-3069

PORTLAND

Territory: Oregon, S. Idaho, Montana; Hawaii &
Guam
James.Newton@sba.gov; 503.326.5498

SEATTLE

Territory: Washington, Alaska, N. Idaho,
Leland.Gibbs@sba.gov; 206-553-0051 ex.228

ST. LOUIS

Territory: Kansas, Missouri, Nebraska, Iowa
Larry.Cresswell@sba.gov; 314.260.3788



Questions?

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U.S. Small Business Administration

For more information, please visit www.sba.gov/international