



U.S. Small Business
Administration

SBA Export Loan Programs Overview

Connecting Your Borrowers to Global Markets



Gayle Roenbaugh
Export Finance Manager
Office of International Trade
U.S. Small Business Administration

(312) 886-0409 Cell (202) 941-8085

gayle.roenbaugh@sba.gov

How the SBA Defines Exporting

SOP 50 10 6 definition: “An export transaction is the production and payment associated with the **sale of goods or services to a foreign buyer.**” (p. 339)

The exporter must also satisfy general 7(a) rules:

- The Applicant must be located and primarily operate in the United States... (p. 118)
- Loan proceeds must be used exclusively for the benefit of the domestic operations... (p. 118)
- Businesses are eligible only if the business is at least 51% owned by U.S. citizens and/or those who have LPR status...” (p. 160)

Export Loan Programs

Export Express

Working capital and term loan up to \$500,000
90% guaranty ≤ \$350,000
75% guaranty ≥ \$350,000 - \$500,000

- 10-year amortization for equipment purchases & permanent working capital
- 25-year amortization for real estate

International Trade Loan (ITL)

90% guaranty for term loan and permanent working capital financing up to \$5,000,000

- Term loan only, very similar to a standard 7(a): utilizes same agreement/PLP authority
- Eligible for sales on the secondary market

Export Working Capital Program (EWCP)

90% guaranty up to \$5,000,000
Support for Purchase Order financing
Short-term revolving – maturities to 3 years

- Up to 90% advance rate on export sales & foreign A/R
- Up to 75% advance rate on export inventory
- Asset-based or Transaction specific

The permanent 90% guaranty of the Export Loan Programs allows banks to set aside only 28% of the capital required for a conventional loan.



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Export Express Program

Export Express – Special Features / Definitions

- Any “**export development activity**” to support export growth is eligible
- **Fully delegated authority** – utilizes your preexisting credit guidelines for underwriting, monitoring, and servicing
- Applicant must have been **in business for at least 12 months** though not necessarily exporting (or have proven experience)
- Export Express loan limits are **independent from SBA Express limits** and can be used in combination
- For lines of credit, unlike for SBA Express, **no mandatory term-out period is required**. The lender can decide if one is needed, and at which point payments should begin.
- Underwriting must determine that **at least 70% of any general working capital provided will be used for export purposes** (There is no post-closing monitoring requirement)
- Applicant need **only complete an export questionnaire**, rather than a full export plan
- To participate, lender must request authority and execute an Export Express agreement
- Lender has flexibility on when to require Trade Credit Insurance from a borrower (many lenders require the borrower to maintain at least EXIM insurance in order to help the business determine buyer limits and protect against non-payment risk)
- At all times, the lender maintains authority to service problems including the ability to term out the line of credit if necessary

Export Express Loan Terms and Conditions

Interest rates	<i>(same as SBA Express)</i>
Guaranty fee structure	<i>(same as SBA Express)</i>
<ul style="list-style-type: none">• Note: the fee is adjusted for the higher loan guaranty (90% or 75%)	
Credit standards	<i>(same as SBA Express)</i>
<ul style="list-style-type: none">• Processing methods• Collateral & underwriting standards• Delinquency monitoring satisfies reporting requirements	
Application forms – 1919/1920	<i>(same as SBA Express)</i>
Non-financial default provisions	<i>(same as SBA Express)</i>
Loan fee requirements	<i>(same as SBA Express)</i>
Authorization	<i>(same as SBA Express)</i>
Loan closings	<i>(same as SBA Express)</i>
Export questionnaire	<i>(unique to Export Express)</i>

Export Express – Identifying Opportunities

Export Express provides a wide range of loan solutions to lenders working with small business exporters:

- Term Loan
 - Permanent working capital
 - Equipment purchases
 - Real estate purchase / buildout
- Line of Credit
 - Revolving need for export purposes (70% export / 30% domestic)
 - 7-year line of credit with routine delinquency monitoring practices
 - Line of credit can be termed out as a unilateral servicing action if necessary. The maximum period for a term out as a servicing action is 10 years.
 - Short-term revolving need followed by a term loan
 - Ex. A revolving line for 24 months with the ending balance termed out over 60 months

Export express can also help support working capital needs for ITL borrowers.



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International Trade Loan Program

International Trade Loan (ITL) – Special Features / Definitions

- The applicant must establish that ITL proceeds “will expand existing export markets or develop new export markets” – SOP 50 10 6, p. 397
- Applicant details how the loan will increase exports in their export business plan
- Lender documents how the ITL loan will improve exports and competitive position in the credit memo
- ITL loans can support: New-to-Export → e-Commerce → Modest to significant growth in export sales

Document: ITL loan ↔ Increased exports

Full text (p. 385 – Eligibility for International Trade Loans)

Change of Ownership – New Feature

- New authorized use of ITL – stock or asset purchases
- Change of Ownership authority, but with some restrictions compared to Basic 7(a):
 - New-party, 100% business acquisitions only
 - No partial or intra-company transfers
 - Buyer must be otherwise ITL-eligible based on exporting
 - The acquisition **must** include the purchase facilities or equipment to be used in exporting
 - Acquisitions of businesses for their IP are permitted only if there is also an acquisition of fixed assets

Full text (pp. 403-405 – Change Of Ownership International Trade Loan)

International Trade Loan Terms and Conditions

Interest rates	<i>same as 7(a)</i>
Guaranty percentage	90%
Guaranty fee structure	<i>same as 7(a)</i>
	• Note: the fee is adjusted for the higher loan guaranty
Processing Methods	<i>same as 7(a), GP or PLP</i>
Credit standards	<i>mostly the same as 7(a) *</i>
Collateral	<i>same as 7(a)</i>
Application forms	<i>same as 7(a), 1919/1920</i>
Authorization	<i>same as 7(a)</i>
Loan closings	<i>same as 7(a)</i>
Export Business Plan	<u><i>unique to ITL</i></u>

***Credit standards must address the export nature of the business**

International Trade Loan – Identifying Opportunities

The International Trade Loan supports a wide variety of provides a wide range of term loan solutions, all supported with a permanent 90% loan guaranty.

- Traditional Term Loan Applications
 - Equipment purchases
 - Real estate purchase / buildout
 - Business acquisition
- Working Capital
 - Permanent working capital
 - Can support projects where a traditional line of credit is not the optimal solution
 - Works well with inventory-heavy industries and with E-Commerce
- Debt Refinance
 - Consolidate higher interest rate debt into a lower cost solution
 - Often used to refinance unsecured debt as part of a business expansion



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Export Working Capital Program (EWCP)

Export Working Capital(EWCP) – Special Features / Definitions

- 90% guaranty on loans up to \$5 million
- **The EWCP program has a unique fee structure that allows it to better support 2-year and 3-year EWCP lines of credit** - revised as of 10/1/20 with release of SOP 50 10 6:
 - Maturities of 12 months or less, the upfront guaranty fee remains **0.25%** of the guaranteed portion;
 - Maturities between 13 months and 24 months, the upfront guaranty fee is **0.525%** of the guaranteed portion;
 - Maturities between 25 months and 36 months, the upfront guaranty fee is **0.80%** of the guaranteed portion.”
- Lines of credit must be monitored at least monthly
- Collateral is limited to export-related working assets
- Delegated authority is limited to PLP-EWCP lenders
- To participate, lender must have a standing 750EX lender agreement, or execute a new 750 agreement
- Applicant must have been in business for at least 12 months (or have proven experience)
- There is no US content requirement in the exported product, but products must be shipped from a U.S. Port
- EWCP allows any reasonable interest rate
- EWCP does not limit necessary Extraordinary Servicing Fees - Extraordinary Servicing Fees can be charged annually
- EWCP loans may be refinanced by issuing a new EWCP loan, this is **unique** to EWCPs and **not** available on the CAPLine program
- Financing export sales supported with trade credit insurance, or a letter of credit preferred. Open account export sales may also be financed based on strength of the foreign buyer/sales history with the exporter.
- A 1st lien on export A/R and US-based inventory/WIP - control account to receive financed collections required for transactional lines

We are available to consult on structuring, and can perform SBA specific underwriting for the bank

Export Working Capital Program (EWCP)

Maximizing Availability

	<i>Amount</i>	<i>Advance Rate %</i>	<i>Collateral Value</i>	<i>Advance Rate %</i>	<i>Collateral Value</i>
Export A/R:			<u>No SBA Guaranty</u>		<u>With SBA Guaranty</u>
Uninsured Open Account	300,000	0%	-	60%	180,000
Insured A/R	400,000	80%	320,000	90%	360,000
Sub-Total	\$ 700,000		\$ 320,000		\$ 540,000
Exportable Inventory					
Raw Materials	200,000	50%	100,000	50%	100,000
Work in Process	200,000	0%	-	50%	100,000
Finished Goods	400,000	50%	200,000	50%	200,000
Sub-Total	\$ 800,000		\$ 300,000		\$ 400,000
Total Borrowing Base	\$ 1,500,000		\$ 620,000		\$ 940,000
% of Borrowing Base			41%		63%
Net Increase in Working Capital:			21%		\$ 320,000

EWCP – Identifying Opportunities

EWCP provides a wide range of loan solutions to lenders* working with small business exporters:

- Attract New Business
 - Export project financing
 - ABL lines
 - Standby Letters of Credit
- Retain Current Clients
 - Support trade finance needs
 - Better solutions for lending against foreign receivables

*** In FY21, the EWCP program had an average loan size of \$2.1 million, the highest of any of the SBA guaranteed programs - EWCP can support a range of lending teams within an institution.**



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Gayle Roenbaugh, Export Finance Manager (IL & WI)

gayle.roenbaugh@sba.gov

(202) 941-8085

Chicago, IL 60661

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