



U.S. Small Business Administration

# Export Working Capital Program

## Atlanta U.S. Export Assistance Center

### Contact Information

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The U.S. Small Business Administration's resources and programs targeting small businesses provide an advantage necessary to help small businesses effectively compete in the marketplace and strengthen the overall U.S. economy.

Working in partnership with the U.S. Commercial Service and the Export-Import Bank of the United States, SBA staff provide potential and existing exporters with a unified, one stop approach to export expansion through 18 U.S. Export Assistance Centers nationwide.

*All SBA programs and services are provided on a nondiscriminatory basis*

In today's highly competitive and ever-changing, global business environment, a lender must be prepared to handle the varying needs of their clients.

The U.S. Small Business Administration's Export Working Capital Program equips you, the lender, with an outstanding tool to help meet the needs of your clients who are involved in filling orders from overseas buyers.

## Benefits of the EWCP

- Support Client Growth
  - Clients who export realize that exporting is essential to market expansion and continued viability.
  - Clients who export are usually more profitable than their non-exporting counterparts.
- Minimize Risk & Accommodate Customer Needs
  - The EWCP provides you with a 90% guarantee on the performance of your exporting client, thus bridging the financing gap between order receipt and final payment.
- Increased Fee Income
  - Fees from wire transfers, letters of credit and bank servicing add directly to your bottom line.
- Program Flexibility
  - Finance single, large, transaction-backed lines or multiple transactions with an asset-based line.
  - Take advantage of local SBA Trade Credit Officers for guidance and client-focused, custom-tailored deal structuring.
- Competitive Advantage
  - Adding a trade finance capability to your tool chest provides you with market differentiation in the small business banking environment.
- Quick turnaround
  - Decisions usually rendered in 5-10 working days.
  - Or, apply for Preferred Lender status which provides a 1-2 day turnaround.

## Program Features

- Guaranty Coverage
  - Maximum loan amount is \$5,000,000
  - 90% of principal and accrued interest up to 120 days
  - Low guaranty fee of ¼% of the guaranteed portion for loans with a maturity of 12 months or less
  - Loan maturities are generally for 12 months or less
  
- Use of Proceeds
  - To pay for the manufacturing costs of goods for export
  - To purchase goods or services for export
  - To support Standby Letters of Credit to act as bid or performance bonds
  - To finance foreign accounts receivable
  
- Advance Rates
  - Up to 90% on Purchase Orders
  - Up to 90% on Documentary Letters of Credit
  - Up to 90% on Foreign Accounts Receivable
  - Up to 75% on eligible foreign inventory located within the U.S.
  - In all cases, not to exceed the exporter's costs.
  
- Collateral Requirements
  - Collateral for the manufacturing sector typically consists of a first lien on all export-related inventory and export-related accounts receivable.
  - Collateral for the service sector typically consists of assignment of proceeds of export-related contracts or purchase orders and a first lien on export-related accounts receivable.

## Export Loan Programs

SBA has made it a priority to help small business exporters by providing a number of loan programs specifically designed to help develop or expand export activities.

### Export Express Loan Program

#### Which Lenders Qualify

Lenders that have an executed participation agreement with the SBA.

#### Use of Proceeds

These proceeds can be used to support any export development expenses, including:

- Developing an export market, such as attending foreign trade shows, translating product literature, etc
- Financing export transactions
- General lines of credit to support export activity, including standby letters of credit
- Equipment and real estate used in the production of goods and services for export

#### Eligibility

For all Export Loans, the SBA conducts an eligibility analysis. In order to qualify for an Export Express Loan, a business must:

- Use the loan proceeds to start or expand exporting
- Be in operation for one year prior to application

**i Pro Tip:** This one-year requirement can be waived if the applicant demonstrates exporting expertise, has successful business experience, and the lender does conventional underwriting.

#### Maximum Allowable Interest Rates

- Gross Loan amount of \$50,000 or less:
  - » Prime + 6.5%
- Gross Loan amount over \$50,000:
  - » Prime + 4.5%

#### Credit Analysis

The lender covers all aspects of prudent credit analysis with an emphasis on the applicant's ability to repay the loan from operation. PRO TIP: The SBA is not involved in this credit review.

#### Maximum Loan Amount

- \$350,000 with a 90% guaranty
- \$500,000 with a 75% guaranty

#### Maximum Terms

- Working Capital: 7 years
- Equipment: useful life, or 10 years
- Real Estate: 25 years

### Export Working Capital Loan Program (EWCP)

#### Who Qualifies

Same as basic 7(a) eligibility. Plus, must be in business one year and engaged or preparing to engage in exporting.

**i Pro Tip:** This one-year requirement can be waived if the applicant demonstrates exporting expertise and successful business experience.

#### Use of Proceeds

These proceeds can be used to support export transactions only. They can cover most costs - for inventory, production,

and supporting accounts receivable - from purchase order through collections. They can also support Standby Letters of Credit.

#### Maturity

Can be up to a maximum of 36 months, but generally 12 months or less.

#### Structure

These loans can be structured to fund one or more transactions, or as an asset-based line of credit. Interest is paid monthly, and the principal is paid as payments from items shipped overseas are collected. These loans

can be renewed annually, and lenders may charge an extraordinary servicing fee. The percentage of guaranty is up to 90%.

#### Maximum Loan Amount

An EWCP loan can be for as much as \$5 million, with a 90% guaranty to the lender for a \$4.5 million maximum guaranty.

#### Benefit to Borrower

These loans provide American exporters with a line of credit to support export sales that can be separated from a domestic operations line of credit.

### International Trade Loan Program

#### Who Qualifies

Same as basic 7(a) eligibility. Plus, businesses must be:

- engaged or preparing to engage in exporting, OR
- adversely affected by competition from imports and planning to use this financing to become more competitive

#### Use of Proceeds

These proceeds may be used to acquire, renovate, modernize facilities or equipment used in making products or services to be exported. Plus, they may be used for permanent working capital and to refinance business debts currently on unreasonable terms.

#### Maturity

Based on the use of proceeds and the borrower's ability to repay. Not based on collateral. Maximum maturity:

- Working Capital: 10 years
- Fixed Assets: 10 years
- Real Estate: 25

#### Structure

Term loans with one monthly payment of principal and interest (P&I). Borrower contribution is required. Interest rates are the same as with 7(a) term loans.

#### Maximum Loan Amount

- Maximum loan amount: \$5 million
- Maximum guaranty: 90% or \$4.5 million

**i Pro Tip:** If the borrower has both an international trade loan and a working capital loan guaranteed by the SBA, the maximum guaranty on all working capital loans to any one business is limited to \$4 million.

#### Benefit to Borrower

Same as basic 7(a). Plus, long-term financing for export related fixed assets and working capital.



U.S. Small Business Administration

# SBA Export Express

## U.S. Export Assistance Center

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For more information and to locate a U.S. Export Assistance Center near you, please visit [www.sba.gov/international](http://www.sba.gov/international)

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If you are a lender that focuses on helping small businesses, you know that your customers are increasingly exporting to the global marketplace. You are not alone to notice this trend. In fact, 70% of all the companies that export have 20 employees or less. How can you profit from this movement, reduce risk and provide a financing solution that doesn't swamp you and your customer with additional paperwork and lengthy delays? The SBA's Export Express is the answer.

Designed for loans and lines of credit up to \$500,000, the SBA Export Express program delegates the credit decision to the lender. Participating lenders can use their own forms and procedures and negotiate either a fixed or variable interest rate. The SBA provides a 36 hour turnaround on all Export Express submissions.

### Is your bank eligible?

Banks that participate in the SBA Express program are automatically qualified as Export Express Lenders.

### How your bank benefits:

- SBA Export Express loans carry either a 90% guaranty (on amounts up to \$350,000) or 75% guaranty (on amounts over \$350,000 up to \$500,000).
- Use your own forms and procedures to leverage your existing operations and keep SBA documents to a minimum.
- Meets requirements of the Community Reinvestment Act.
- Local USEAC SBA staff can train your staff on loan requirements and processes.
- Loan processing through E-Tran, a platform allowing lenders to electronically transmit loan information to SBA.
- Provides access to the growing market of small business exporters.

### How the small business exporter benefits:

- Speedy approvals.
- Increased access to capital.
- Flexible line of credit financing, consistent with conventional bank products of a similar size.
- Finance standby letters of credit used for either bid or performance bonds.
- Finance export development activities such as participation in a foreign trade show or the translation of product literature for use in foreign markets.

- Obtain transaction-specific financing for overseas orders.
- Obtain revolving lines of credit for export purposes for up to a seven year term.
- Obtain term loans and other financing to enable small business concerns to develop foreign markets.
- Acquire, construct, renovate, modernize, improve or expand productive facilities or equipment to be used in the United States for the production of goods or services for export.
- The U.S. Export Assistance Center staff can provide technical assistance to small business exporters that receive Export Express financing.

### **What Companies are eligible to receive Export Express financing?**

To be eligible, the borrower must meet SBA standard eligibility provisions as well as:

- be in business for one year (not necessarily in exporting)
- demonstrate that the loan proceeds will support the company's export development activity.

It is inevitable that small business exports will continue to increase. The Export Express program allows your bank to support its forward-thinking exporting customers in a prudent and sensible fashion.