SBA Export Loan Programs

Pellson Lau, Regional Manager
Export Solutions Group, Office of International Trade
U.S. Small Business Administration
444 S. Flower St., 37th Fl – Los Angeles, CA 90071
Tel: 213.894.8267; pellson.lau@sba.gov
SBA Office of International Trade is committed to the support of U.S. exports and subsequent job creation.

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.

**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.
• Provide support and training to banks
• Support banks in making & servicing export loans
• Provide counseling, training and financing to support small business export opportunities
Exports as a Percent of GDP

- Germany: 42%
- China: 40%
- Canada: 36%
- India: 22%
- Japan: 16%
- USA: 13%
Exporters Perform Better

- Exporters grow 22% faster than non-exporting companies
- Firms engaged in exporting are 20% more productive, 9% less likely to go bankrupt, and experience 20% job growth
- Wages paid by exporting companies are 15% higher, and benefits paid are 11% higher than non-exporting firms.
- Nearly 96 percent of consumers and over two-thirds of the world’s purchasing power reside outside the U.S.
SBA Export Loan Products

• Export Working Capital Program (EWCP)
  – Up to $5 Million; 90% guaranty for short term loans and lines of credit for export purposes.

• International Trade Loan (ITL)
  – Up to $5 Million: now with a 90% guaranty. Term loans for facilities, equipment, and working capital that will enhance export ability. Refinancing of existing debt is also available.

• Export Express (EE)
  – Up to $500,000. Term loans and/or lines of credit for export purposes – streamlined processing procedures.
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
EWCP Use of Proceeds

• Pre-shipment financing
  – To pay for the manufacturing costs of goods (labor, materials, production overhead, etc) for export
  – To purchase goods or services for export

• Post-shipment financing
  – To finance the accounts receivable generated from export sales
  – To finance the export inventory located within the U.S.
Export Working Capital Program Eligibility

- Company meets SBA small business size standards.
- Product shipped from U.S.
- Not selling to prohibited countries such as North Korea, Cuba as outlined in the Country Limitation Schedule
- In business for at least 12 months or proven expertise
- Other SBA eligibility provisions
  - No Criminal History, Previous loss to govt. etc.
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
International Trade Loan (ITL)

• Maximum loan amount=$5 million
• The SBA guarantee portion can go as high as $4.5 million for IT loan customers.
• Interest Rate: Up to a maximum interest rate between 2.25% and 2.75% above WSJ Prime Rate
• SBA Guaranty Fee: Same as standard 7(a)
International Trade Loans

- Examples of Use of Proceeds:
  - Facilities
  - Equipment
  - Working Capital (limited to maximum $4 million)

- Business plan/application must document eligibility requirements (i.e. export projections or evidence of adverse impact)
Export Express

• Loans and Lines of Credit up to $500,000
• SBA Export Express Lender
• Approved banks make their own credit decision, use their own forms and receive up to a 90% guarantee from the SBA (90% up to $350,000; 75% on loans greater than $350,000.)
Export Express

• Eligibility:
  – applicant in business for at least 12 months
  – proceeds are to be used to develop or expand their export markets with the following example of purposes:
## Export Express
### Maturities & Loan Structure

<table>
<thead>
<tr>
<th>Use of Proceeds</th>
<th>Maximum Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line of Credit</td>
<td>7 Years</td>
</tr>
<tr>
<td>Permanent Working Capital</td>
<td>10 years</td>
</tr>
<tr>
<td>Equipment</td>
<td>10 years (or useful life of the asset)</td>
</tr>
<tr>
<td>Real Estate</td>
<td>25 years</td>
</tr>
</tbody>
</table>
Thank You!

Pellson Lau, Regional Manager/Export Solutions Group
Office of International Trade
U.S. Small Business Administration
444 S. Flower Street, 37th Floor
Los Angeles, CA 90071
Tel: 213-894-8267 ; E-mail: pellson.lau@sba.gov