



# Export Financing for Small Business

**S**mall businesses are driving economic growth in the United States and are going global in record numbers. With 96 percent of the world's population and 67 percent of the world's purchasing power located outside the borders of the United States, the potential for American small business growth in international trade is huge.

The SBA offers three different loan products for small business exporters and lenders: SBA Export*Express*, the Export Working Capital Loan, and the International Trade Loan.

## SBA Export Express

SBA Export*Express* combines lending and technical assistance to help small businesses that have difficulty in obtaining adequate export financing. Allowing for a wide variety of uses for loan proceeds, SBA Export*Express* is the agency's most flexible export financing program yet!

### Use of Proceeds

SBA Export*Express* loans are available to assist small businesses in developing or expanding export markets. Eligible use of proceeds:

- Financing export-development activities such as participation in a foreign trade show or translation of product literature
- Transaction-specific financing for overseas orders
- Revolving lines of credit for export purposes
- Acquiring, constructing, renovating, improving or expanding facilities or equipment used in the United States to produce goods or services for export
- Financing standby letters of credit used as bid or performance bonds on foreign contracts

### Participating Lenders

Any lender approved to participate in the domestic SBA*Express* program is automatically authorized to participate in SBA Export*Express*. SBA Export*Express* lenders use streamlined and expedited loan review and approval procedures. They also use their own loan analyses, loan procedures and loan documentation. Completed loan applications are submitted to the SBA for an eligibility review; the SBA typically provides lenders with a response within 36 hours.

### Guaranty Coverage

The SBA provides its participating lenders with a repayment guaranty on SBA Export*Express* loans up to a maximum loan amount of \$250,000. The guaranty on SBA Export*Express* loans of up to \$150,000 is 85%. The guaranty for loans over \$150,000 (up to a maximum loan amount of \$250,000) is 75%.

### Eligibility

Small businesses that meet the normal requirements for an SBA loan guaranty and have been in operation (not necessarily in exporting) for at least one year are eligible.

### Technical Assistance

Technical assistance is provided by the SBA's U.S. Export Assistance Centers, in cooperation with the SBA's network of resource partners. On approval of an SBA Export*Express* loan, a U.S. Export Assistance Center representative will contact the borrower to offer appropriate assistance.

# The Export Working Capital Loan Program

Many small businesses invest the time and resources to develop export leads, only to find they can't secure the credit they need to close the sales. Despite their creditworthiness, small business exporters sometimes find lenders reluctant to make financing available. Companies may have already reached the borrowing limit set by their banks or not have the type or amount of collateral required. That is where an SBA Export Working Capital Loan comes into play.

Features of the loan:

- A 90 percent guarantee up to \$1 million
- Low fees
- Flexible terms
- Fast turnaround
- Support for single transactions or multiple sales on a revolving basis
- Streamlined application process
- Preliminary commitment

## Use of Proceeds

- Purchase finished goods for export or acquire inventory to be exported
- Finance pre-export costs of labor and materials used in the manufacture of goods for export
- Finance costs of U.S. labor and overhead for service-company exports
- Finance standby letters of credit used for bid or performance bonds
- Finance foreign accounts receivable

## Guaranty Coverage

- The SBA can guarantee up to 90 percent of the EWCL up to \$1 million.
- If an EWCL is combined with an SBA International Trade Loan, the SBA can guarantee up to \$1.25 million for working capital and fixed-asset financing combined.

## Eligibility

Eligibility requirements are the same as for SBA Export*Express*.

## Collateral Requirements

- First lien on all items financed by the EWCL, such as export inventory and foreign accounts receivable
- Assignment of proceeds from letters of credit, documentary collections and foreign accounts receivable
- Other assets as necessary
- Personal guaranties of owners (20 percent or greater ownership) and key principals, if appropriate

## Interest Rates and Fees

- The borrower and lender negotiate the interest rate, which may be fixed or variable.
- The SBA charges a guaranty fee of 0.25 percent on the guaranteed portion of the loan for maturities of 12 months or under.

## Term of Loan

- The maturity of the guaranty is generally for a term of 12 months. At the end of this time period, the borrower may apply for a re-issuance.

## Application

- A participating lender can submit an application for an SBA guaranty on behalf of the exporter, or an exporter can apply directly to the SBA for a Preliminary Commitment. PCs are valid for 60 days. Lenders must apply to the SBA for a final commitment.
- The SBA's EWCL application is available at [www.sba.gov/oit/finance/downform.html](http://www.sba.gov/oit/finance/downform.html)
- The SBA's turnaround time is fast, generally within 10 days.
- Preferred lenders may apply for full authority to approve loans rather than submitting applications to the SBA.

# The International Trade Loan

The SBA's international trade loans help small businesses engaged in exporting, preparing to engage in exporting, or adversely affected by competition from imports. Under the International Trade Loan Program, the SBA can guarantee as much as \$1.25 million in combined working-capital and facilities and equipment loans.

## Use of Proceeds

**Fixed Assets** — Proceeds may be used for purchasing land and buildings; building new facilities; renovating or expanding existing facilities; purchasing or reconditioning machinery, equipment and fixtures; and making other improvements that will be used within the United States for producing goods or services.

**Working Capital** — Proceeds may be used for a permanent working-capital loan or as transaction-specific financing under the provisions of the Export Working Capital Loan.

*Note: International Trade Loan proceeds may not be used for debt refinancing.*

## Guaranty Coverage

For the fixed-asset and permanent working capital portion of the International Trade Loan, the SBA can guarantee up to 85 percent of loans up to a maximum loan amount of \$150,000, and up to 75 percent for loans above \$150,000. Under the International Trade Loan, the working-capital portion of SBA's guaranty is limited to \$1 million, the guaranty for fixed assets is limited to \$1 million, and the combined guaranties can not exceed \$1.25 million.

## Eligibility

The applicant must establish that the loan proceeds will expand an existing export market or develop new export markets, or that the business is adversely affected by import competition.

## Maturity

A loan for facilities or equipment may have a maximum maturity of up to 25 years. The working-capital portion of the loan can be made according to the provisions of the Export Working Capital Loan. The maturity is typically 12 months or less if the financing is for a revolving line. The maturity for a permanent working-capital loan can be up to 10 years.

## Collateral Requirements

Only collateral located in the United States, its territories and possessions is acceptable for a loan made under this program. The lender must take a first lien, or first mortgage, position on the fixed assets financed under this program.

## Terms, Interest Rates and Fees

Terms and interest rates are negotiated between the applicant and the lender. The SBA charges a guaranty fee of 0.25 percent for a loan with a maturity of 12 months or less. For terms longer than 12 months, the SBA guaranty fee is the same as for any standard 7(a) guaranteed loan.



# Business Education and Training

In addition to finance programs, the SBA provides training and educational programs, advisory services and publications. These services are provided through a network of U.S. Export Assistance Centers that combine in one location the programs and services of the SBA, the U.S. Department of Commerce, the Export-Import Bank of the United States, and state and local economic-development groups.

## For More Information

SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under "U.S. Government" in your telephone directory, or contact:

- Phone: 1-800 U ASK SBA
- Fax: 202-481-6190
- E-mail: [answerdesk@sba.gov](mailto:answerdesk@sba.gov)
- TDD: 704-344-6640
- Your rights to regulatory fairness: 1-888-REG-FAIR
- Internet *Home page:* <http://www.sba.gov>  
*Gopher:* <http://www.sba.gov/gopher>  
*USEACs:* <http://www.sba.gov/oit/export/useac.html>;  
*U.S. Business Advisor:* <http://www.business.gov>

### SBA Partners

Inquire at your local SBA office for the location nearest you.

- U.S. Export Assistance Centers (USEACS)
- Business Information Centers (BICS)
- Tribal Business Information Centers (TBICS)
- One Stop Capital Shops (OSCSS)
- Service Corps of Retired Executives (SCORE)
- Small Business Development Centers (SBDCS)
- Women's Business Centers (WBCS)

*All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.*