



EXPORT WORKING CAPITAL GUARANTEE PROGRAM

http://www.sba.gov/financialassistance/borrowers/guaranteed/7alp/EXP_WORK_CAPITAL_7A-LOAN-PROG.html

PRODUCT DESCRIPTION

This program enables U.S. exporters to obtain loans that facilitate the export of goods or services. These working capital loans, made by commercial lenders and backed by an SBA guarantee, provide liquidity to accept new business that expands international sales and lets exporters compete more effectively in the international marketplace. The SBA Export Working Capital Program offers flexible terms, low fees and a quick processing time.

ELIGIBLE LENDER

Any SBA Lender with at least three years operating history may apply for eligibility under the Program.

ELIGIBLE EXPORTERS

- Any sole proprietorship, partnership or corporation, which operates as a going concern and meets SBA's definition of an eligible small business.
- Must have an operating history of at least one year [not necessarily in exporting] and a positive net worth.
- Must be a commercial entity, domiciled in the United States or its possessions.
- Principal[s] must be either a U.S. Citizens, Legal Permanent Residents, or have long-term management personnel with U.S. citizenship or Legal Permanent Residency status.

ELIGIBLE BUYERS

The foreign buyer must be a creditworthy entity located in an acceptable country; no intra-company transactions.

MAXIMUM LOAN AMOUNT

- The loan amount can be up to \$2 million, under an SBA co-guaranty agreement with Eximbank,
- Borrowers may also have other current SBA guarantees as long as SBA's total guarantee exposure does not exceed \$1,500,000.

GUARANTEE COVERAGE

Up to 90% of the principal and interest; A/R up to 180 days.

TERM OF LOAN

- Guarantee maturities are generally for a term of 12 months. At the end of the 12-months maturity a borrower may reapply for a new guarantee.

- GUARANTEE FEE AND INTEREST RATES***
- The SBA Guarantee fee for EWCP loans is one quarter of one percent (0.25%) on the guaranteed portion of the loan for guarantees of one year or less.
 - Borrower negotiates interest rates and all other fees with Lender; SBA limits do not apply.

- USE OF PROCEEDS***
- To acquire inventory for export or to be used to manufacture goods for export.
 - To pay the manufacturing costs of goods for export.
 - To purchase goods or services for export.
 - To support Standby Letters of Credit related to export transactions [bid & performance bonds].
 - For pre-shipment working capital directly related to export orders.
 - For post-shipment foreign accounts receivable financing.

- INELIGIBLE PROCEEDS***
- To support the applicant's domestic sales.
 - To acquire fixed assets or capital goods for the applicant's business.
 - To support a sale where the exporter is not taking title to the goods.
 - To acquire, equip, or rent commercial space overseas.
 - To serve as a Warranty Letter of Credit.

- COLLATERAL REQUIREMENTS***
- EWCP loans must be fully collateralized at all times.
 - 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.
 - Other collateral may be required.

- APPLICATION PROCESS***
- A small business exporter seeking an SBA EWCP loan applies directly to a Lender; application can be downloaded at: www.sba.gov/international.
 - The Lender submits a complete application package for the EWCP that has been approved by the bank, plus a check for the guaranty fee to the SBA Senior International Credit Officer located in the U.S. Export Assistance Center in the Borrower's geographical area.

ADDITIONAL INFORMATION

For more information on the SBA Export Working Capital Guarantee Program, contact

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