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Companies that export:

*grow faster and fail less often

*experience 2 to 4 percent greater annual growth in employment than their non-exporting counterparts

*offer better opportunities for advancement, better paying jobs and expand total sales faster than domestic companies

International Trade…..

enables producers of goods and services to move beyond the U.S. market of 281 million people

and

sell to the world market of 6.2 billion people

The SBA offers programs which enable lenders to provide small business financing when that financing is not otherwise available on reasonable terms.

A small business should not lose a viable export sale due to the lack of working capital.

SBA's Export Finance Programs

Export Working Capital Program

SBA Export *Express*

Export Working Capital Program

- Designed to encourage lender participation in small business export finance
- Short-term program which allows lenders to advance against export orders

Benefits

- Your bank may already be providing export financing without oversight.
- The borrower's domestic assets are generally preserved for use for domestic needs.

- SBA provides lenders with 90 percent repayment guaranty up to $2,000,000
- Transaction specific or revolving
- Asset based financing

- Direct export: product made domestically and shipped out of the U.S.

- Indirect export:
  - product made domestically, sold to a domestic company who will then ship the product out of the U.S
  - broker
  - distributor

Eligibility

- Small business within SBA Size Standards Guideline

  manufacturing: 500 employees

  wholesale: 100 employees

  retail: $6.5 million

  business and person services: $6.5 million

Use of Proceeds:

Pre-shipment needs

Post-shipment needs

Combination of both

Pre-shipment needs:

- for manufacture or purchase of goods or services
- to support stand-by letters of credit

Post-shipment needs:

- to finance foreign accounts receivable

Combination:

- Pre-shipment and post-shipment

- 100% disbursement rate on pre-shipment
- 85% advance rate on post-shipment
- Supports stand-by letters of credit, bid and performance bonds

Term of loan

- Set according to terms of export order
- Typically 12 months or less
- Maximum term is 18 months for single contract loan -- with no more than 6 months for the post-shipment (receivable)

Fees

- Guaranty Fee - only 1/4%
- No cap on lender fees, interest rate or servicing fee

Collateral

- Assignment of proceeds -- letter of credit or open account
- Lender to apply proceeds to balance of single contract loan or line of credit
- Secured lending allows SBA to consider firms with minimal net worth

- Requires first lien on anything financed with loan -- export inventory & foreign accounts receivable
- Inventory must be located in USA
- Personal guaranty of owners w/20% ownership
- Other assets as may be necessary, such as junior lien on fixed assets

Benefits

- Flexible
- No U.S. content requirements
- Transaction-specific
- Fast turn-around (normally within 1 week)
- Low guaranty fee
- High advance rate
- Easy for lender and borrower

Process of getting an EWCP is easy

Application requirements

- SBA Forms 84-1, 1261, & 1624
- Guaranty fee
- Business & ownership information
- Bank letter of intent and credit memo

SBA Export *Express*

- SBA Lenders who participate in SBA *Express*
- Use streamlined and expedited loan review and approval procedures

Terms

- Working capital - 7 to 10 years
- Machinery and equipment - 10 to 15 years
- Real estate - up to 25 years

SBA Resources

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