



# Export Loan Programs



Pellson Lau

Export Finance Manager

Office of International Trade

U.S. Small Business Administration

444 S. Flower St., 37<sup>th</sup> Fl – Los Angeles, CA 90071

Tel: 213.894.8267; [pellson.lau@sba.gov](mailto:pellson.lau@sba.gov)

## SBA Office of International Trade is committed to the support of U.S. exports and subsequent job creation

### 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.*



### Key Area of Works

- Direct and oversee the SBA export loan programs
- Provide local support/trainings to bank to make and service SBA export loans
- Underwriting and servicing SBA Export Working Capital Line of Credit (Export Working Capital Program)
- Provide counseling and training to support small business export opportunities
- Help small business exporters gain access to the capital they need

## SBA Export Loan Programs for Exporters

1. Export Working Capital—to \$5 million
2. SBA International Trade Loan—to \$5 million
3. SBA's Export Express—to \$500,000

## The “EXPORT BOOST”

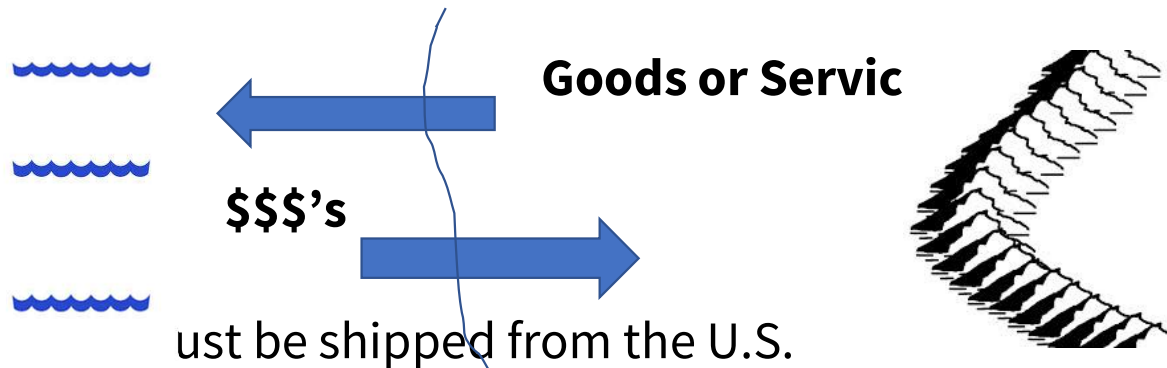
- Typical SBA loan guarantees range from **50% to 75%**
- SBA export loans receive:

**90%**

- Why? Because exports are critical to national economic success

## SBA's export eligibility

- What is an “export”?



ust be shipped from the U.S.

- CANNOT be “drop-shipped” (e.g., manufacturer in China to customer EU market, never entering the US)
- No US content requirement
- May be licensed defense exports

# Indirect Exports

- Applicants who produce products or services that enter into the export channel, but do not directly export their products, are eligible for EWCP financing
  - Manufacturers using an Export Trading Company
  - Suppliers to other domestic manufacturers
- Requires certification from domestic customer that goods are in fact being exported.

## Small Business Administration (SBA) – [sba.gov/oit](https://sba.gov/oit)

- 3 export-specific programs
  - **Export Working Capital Program (EWCP) up to \$5 million** – export working capital only – **a Revolving Credit Line only** (mostly up to 12 months) >>> to help fulfil export orders
  - **International Trade Loan (ITL) up to \$5 million** – fixed assets, refinancing, permanent WC – **Term loan only** >>> to help expand exporter capacity
  - **EXPORT EXPRESS** – combination of both; streamlined loans up to \$500,000 – **a Revolving Credit Line or Term Loan** >>> to help export development

## **Export Working Capital Loan—90% guaranty**

--SBA: loans to \$5 million, \$4.5 million guaranty

### Transaction-Based Financing (Purchase order financing)

- Pre-shipment financing
- Single Transaction or Multi Transaction
- Revolving or Non-revolving Line of Credit

### Or, Asset-Based Line-of-Credit

- Working Capital primarily for post-shipment
- Borrowing Base: inventory, WIP, (insured) A/R



# Export Working Capital Program (EWCP)

## Capital to Fulfil Export Orders

- **Financing up to a maximum loan limit of \$5,000,000 with up to 90% loan guaranty to lenders**
- **Support a single transaction, multiple contracts, or revolving sales over the year**
- **Your business can use EWCP financing for:**
  - Financing export orders:
    - Inventory, materials, labor, other production costs
    - Foreign accounts receivable and offering sales terms
    - Insurance and freight costs
    - Bank fees related to the transactions
  - Free up cash:
    - Issue Standby letters-of-credit for bid, performance, or advance payment bonds or guarantees

# Export Working Capital Program Eligibility

- Company meets SBA size standards:
  - Based on NAICS or Alternative Size Standard
  - NAICS -Manufacturing: typically, under 500 employees
    - can be as high as 1,500 employees
  - Alternative Size Standard: Net worth less than \$15 million and net profit less than \$5 million (last 2-year average)
- **In business 12 months or proven expertise**
- **Not doing business with legally prohibited countries (per the Ex-Im Bank Country Limitation Schedule**
- Other SBA eligibility provisions such as currently on parole or probations, prior losses to the government, etc

# International Trade Loan Program

## Capital for Expanding Exporter Capacity

- **Financing up to a maximum loan limit of \$5,000,000 with up to 90% loan guaranty to lenders**
- **Your business can use the International Trade Loan for:**
  - Purchase fixed assets: loans to purchase machinery or equipment to expand production in order to meet foreign demand:
  - Retooling: fund expenses necessary for metric production or to meet other foreign product standards or licensing
  - Permanent working capital
  - Acquire a bigger facility: loans for real estate needed as a result of expanding export sales

# International Trade Loan (ITL)

- Eligibility requirements:
    - SBA's standard 7(a) Loan Program
    - The loan proceeds will significantly expand an existing export market or develop new export markets; or
    - The applicant business has been adversely affected by import competition
- AND
- Loan Proceeds will improve the applicant's competitive position

# SBA Loans for Exporters

## **International Trade Loan (ITL)—up to \$5,000,000**

- Maximum loan amount=\$5 million
- The SBA guarantee portion can go as high as \$4.5 million for IT loan customers.
- Combination of fixed assets/term loan with W/C
  - maximum Working Capital: \$4,000,000
- Maximum term: 25 years; 10 years for working capital
- 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)

# Export Express

## Capital for Export Development

- **Financing up to loan limit of \$350,00 with 90% loan guaranty or up to \$500,000 with 75% loan guaranty to lenders**
- **Your business can use Export Express financing for:**
  - Export Development: participate in a foreign trade shows or translation services or secure patents and trademarks
  - Finance export orders: buy inventory, pay staff wages, and offer credit terms to foreign buyers
  - Free up cash: issue standby letters of credit that serve as bid, performance bonds, and advance payment guarantees, and
  - Purchase fixed assets: equipment or real estate to support international sales

# SBA Loan Programs for Exporters

## **SBA's Export Express**

- to \$350,000 with 90% guaranty
- \$500,000 with 75% guaranty
- Processed by lenders under the SBA *Express* program
- Working capital: 7 years; Fixed assets: up to 25 years

### Required:

- In business for at least 12 months
- Entering or expanding in foreign market

## SBA Export Loan Programs help grow your export business

- Export Express for Export Development
- Export Working Capital to Fulfill Export Orders
- International Trade Loan for Expanding Exporter Capacity



# Grants to Reach International Buyers



The **State Trade Expansion Program** or STEP provides grants to U.S. states/territories to help small businesses to go international.



- Eligible Uses of Funds include:
  - Training workshops
  - In-person and Virtual trade missions
  - Services to support foreign market entry
  - International Partner Search
  - Website optimization for global sales
  - Translate websites to attract foreign buyers
  - Designing marketing media and more



Visit **[sba.gov/STEP](https://sba.gov/STEP)** to learn more

# Get Help From SBA

## **Search** for local help

- For CA State Trade Expansion Program (STEP) grants visit <https://californiaexport.org/>
- To find out if your state/territory is participating in STEP <https://www.sba.gov/funding-programs/grants/state-trade-expansion-program-step/directory-step-awardees>
- For export finance, and help navigating SBA resources, find your nearest Export Finance Manager at [www.sba.gov/international](http://www.sba.gov/international)
- To find an SBA district office, SBDC, SCORE, VBOC or WBC, please visit [www.sba.gov/local-assistance](http://www.sba.gov/local-assistance)

**Call** SBA toll free (855) 722-4877 or **Email** [international@sba.gov](mailto:international@sba.gov) with your trade questions

**Stay Informed** with SBA's OIT's Newsletter and Webinars: [sba.gov/newsroom](http://sba.gov/newsroom)

## The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act

This \$325 billion title would provide additional assistance to the hardest-hit small businesses, nonprofits, and venues that are struggling to recover from the impact of the COVID-19 pandemic. The title would provide funding for a second round of forgivable loans through the Paycheck Protection Program for small businesses and nonprofits experiencing significant revenue losses, make programmatic improvements to PPP, fund grants to shuttered venues, and enact emergency enhancements to other SBA lending programs. This critical assistance will provide small business owners with the capital they need to survive the pandemic and includes critical resources for the smallest businesses.

## Increased Appropriations: \$325 billion

- ❑ \$284.45 billion for Paycheck Protection Program Second Draw Loans.
- ❑ \$25 million for Minority Business Development Centers under the Minority Business Development Agency (MBDA) to assist minority business enterprises with technical assistance, such as applying for PPP.
- ❑ \$50 million to SBA for PPP auditing and fraud mitigation purposes.
- ❑ \$15 billion for grants for shuttered live venues, theaters, museums, and zoos.
- ❑ \$20 billion for the EIDL Advance program, of which \$20 million is for the SBA Inspector General.
- ❑ \$3.5 billion for continuing the Section 7(a) Debt Relief program.
- ❑ \$2 billion to carry out SBA lending enhancements.

- ❑ Temporarily enhances the terms of the 7(a)-loan program by increasing the loan guarantee to 90 percent and offering reduced or no fees for the borrower and the lender.
- ❑ Increases the SBA 7(a) loan-guarantee to 90% until October 1, 2021.
- ❑ Increases SBA Express Loan amount to \$1 million until October 1, 2021.
- ❑ Borrowers with qualifying SBA loans (prior to 03/27/2020) will receive an additional 3 months of principal and interest payments starting in February 2021. After 3 months, underserved borrowers will receive an additional 5 months of payments (not to exceed \$9,000 per month).
- ❑ SBA loans approved 2/1-9/30/2021 – 6 months of debt relief – not to exceed \$9,000/month – starting once fully disbursed and after any deferment (must be in regular servicing status).

## Local Support from SBA Orange County/Inland Empire District Office

### **Paul I Smith**

Economic Development Specialist  
District International Trade Officer  
Orange County/Inland Empire District Office  
U.S. Small Business Administration  
Tel: 714-560-7448  
Email: [paul.smith@sba.gov](mailto:paul.smith@sba.gov)

### **Ron Galati**

Lender Relations Specialist  
Orange County/Inland Empire District Office  
U.S. Small Business Administration  
Tel: 714-560-7450  
Email: [ronald.galati@sba.gov](mailto:ronald.galati@sba.gov)



## Export Loan Programs



Pellson Lau

Export Finance Manager

Office of International Trade

U.S. Small Business Administration

444 S. Flower St., 37<sup>th</sup> Fl – Los Angeles, CA 90071

Tel: 213.894.8267; Email: [pellson.lau@sba.gov](mailto:pellson.lau@sba.gov)