



U.S. Small Business  
Administration

# Export Finance Training

MALC: Corpus Christi, Texas  
April 8, 2019

Office of International Trade  
SBA's International Trade Finance Programs

# It's a Big World Out There!

• World Population:	7.4 billion = 100%
• U.S. Population:	325 million = 4%
• World Population Outside U.S.	7.1 billion = 96%



• World GDP:	\$75.7 Trillion = 100%
• U.S. GDP:	\$18.6 Trillion = 25%
• GDP Outside the U.S.	\$57.1 Trillion = 75%

Small businesses that can tap into this global market have the potential for vast expansion and growth.

# Three Challenges for Small Business Exporters

---

1. Lack of necessary information for exporting
2. Lack of necessary capital for exporting
3. Lack of necessary market access for exporting



Information

A photograph showing a black pen resting on a spiral-bound notebook, which is placed on top of a laptop keyboard. The image is dimly lit and has a blue tint.

Capital

A close-up photograph of several US one-dollar bills fanned out. The bills are slightly crumpled and overlapping, showing various serial numbers and the portrait of George Washington.

Market Access

A photograph of a large cargo ship, the 'EVER ULYSSES', docked at a port. Several large gantry cranes are visible in the background, lifting shipping containers. The ship's name is clearly visible on its side.

# SBA's Office of International Trade

## State Trade Expansion Program

Matching funding program to States for U.S. small business exporting assistance.

**Goals** → Increase the number of U.S. small businesses that are exporting; increase the value of U.S. exports for those small businesses that are currently exporting

**Outcome:** Help more businesses export to more markets

## International Trade Finance

Loans for U.S. small business exporters and interagency trade finance collaboration

**Goals** → Increase the number of U.S. companies that can access SBA export loan programs; increase the number of lenders (banks) that are making export loans

**Outcome:** Expand access to export finance

## International Trade Affairs

Global market access, trade negotiation and enforcement for U.S. small business exporters

**Goals** → Increase the number of U.S. small-business exporters; eliminate foreign tariff and non-tariff measures (regulations); support bilateral and multilateral diplomacy efforts

**Outcome:** Expand and level the playing field for U.S. companies

# What Is a U.S. Export for SBA Financing Purposes?

	Yes	No
Goods shipped from the U.S. states and its territories?		
Goods sold to the U.S. military at a base overseas?		
Services provided drilling for hydrothermal resources in E. Africa?		
Consultancy services for a conference in, or to provide management advice to, a customer in U.K.?		
Marketing and expansion of U.S.-based hospitality assets to attract and serve foreign visitors from Germany?		
Selling logistics services to a Chinese company exporting to the U.S., i.e. freight and/or insurance and in-country (USA) transportation services?		
U.S. designed and ordered goods, manufactured in China and shipped directly to buyer in Japan?		

# International Trade Finance

## SBA Export Finance – Comparison Matrix

Program Name	Max Loan Amount	Guaranty %	Use of Proceeds	Maturity	Max Interest Rates	Who Qualifies	Benefits to Borrowers
Int'l Trade Loan	\$5 million	<b>90% guaranty</b> up to \$4.5 million max guaranty  up to \$4.0 million max guaranty for working capital	Term loan for permanent working capital, equipment, facilities, land and buildings and debt refinance related to international trade	<b>Up to 25 years</b>	<u>Less than 7 years:</u> \$0 - \$25,000 Prime + 4.25% \$25,001 - \$50,000 P + 3.25% Over \$50,000 Prime + 2.25%  <u>Loans 7 years or longer:</u> 0 - \$25,000 Prime + 4.75% \$25,001 - \$50,000 P + 3.75% Over \$50,000 Prime + 2.75%	Must be a for-profit business & meet SBA size standards; show good character, credit, management, and ability to repay. Must be an eligible type of business.  Plus, engaged or preparing to engage in international trade or adversely affected by competition from imports.	Provides long-term financing to support companies that are expanding because of growing export sales or have been adversely impacted by imports and need to modernize to meet foreign competition.
Export Working Capital	\$5 million	<b>90% guaranty</b> up to \$4.5 million max guaranty	Short-term, working-capital loans for exporters. May be transaction based or asset-based. Can also support standby letters of credit	<b>1 year or less generally</b>  May go up to 3 years	No SBA maximum interest rate cap (but SBA monitors for reasonableness)	Must be a for-profit business & meet SBA size standards; show good character, credit, management, and ability to repay. Must be an eligible type of business.  Plus, need short-term working capital for exporting.	Provides financing to support export orders or the export transaction cycle, from purchase order to final payment.
Export Express	\$500k	<b>75% guaranty</b> for loans > \$350,000  <b>90% guaranty</b> for loans ≤ \$350k	May be used for revolving lines of credit (up to 7 year maturity) or for a term loan [same as 7(a)]. Plus standby letters of credit	<b>Up to 7 years</b> for Revolving Lines of Credit including term out period.  Otherwise, same as 7(a).	Loans \$50,000 or less; prime+ 6.5%  Loans over \$50,000; prime + 4.5%	Business must have been in operation for at least 12 months (though not necessarily in exporting). (can be waived if not only credit scored and lender does conventional underwriting)  Borrower must demonstrate that loan will enable them to enter a new, or expand in an existing, export market.	Provides working capital and/or fixed asset financing for companies that will begin or expand exporting.

**Guaranty Fees** → No SBA fees on loans of \$150,000 or less approved in FY15. Fee charged on guaranteed portion of loan only. \$150,001-\$700,000 = 3.0%; \$700,000- \$1,000,000 = 3.5%, plus 3.75% on guaranty portion over \$1 million; less than 12 months term, 0.25% only. Ongoing fee of 0.519% on loans over \$150,000.

# Exporters Questions

---

- 1) **How do I get paid?** 75% SMEs are very or somewhat concerned about getting paid.
- 2) How can I reduce my payment risk?
- 3) **Are funds available to help me explore international markets?**
- 4) **How can I finance my export transactions?**
- 5) **How can I finance my business expansion?**
- 6) Is financing available for my foreign buyer?

# What Might an SME Exporter Need?

---

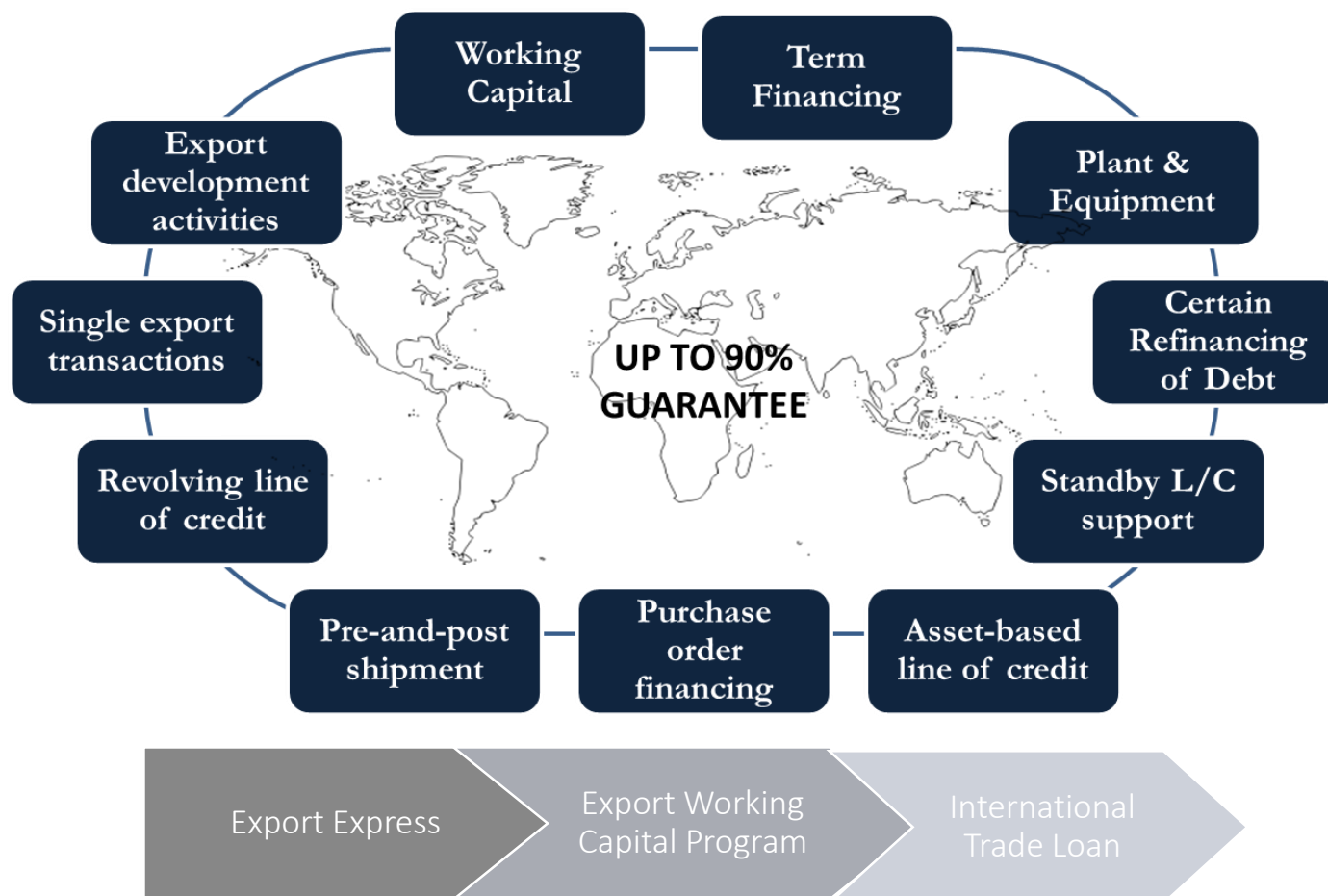
## Life-Cycle of an SME Exporter's Financing Needs

- Funds for training to get started and then to explore and develop foreign markets.
- Funds to finance the export transaction cycle.
- Funds to post a Standby Letter of Credit for bid, advance payment, performance and warranty bond.
- Funds to expand plant and equipment due to export success.



# Capital (Export Finance)

SBA offers short- and long-term guaranteed export financing to help increase small business's ability to compete in international markets



# The Importance of Exports

---

- Typical federal (including SBA) loan guarantees range from 50% to 75%
- SBA export loan programs receive:

90%

- Why? Because exports are critical to national economic success

# SBA Export Loan Programs Exporter Benefits

---

- Increased Working Capital
- Ability to enter new markets
- Ability to offer competitive terms
- Close more export sales
- Spread of risk

# SBA's export financing programs - #1 of 3

---

## International Trade Loan (ITL)

### **“Positioning the firm for export”**

- 90% guarantees on loans up to \$5 million
- Equipment, real estate, refinancing, permanent working capital (No transfers of ownership)
- Financing for projects that **improve the competitive position** of US exporter so as to increase exporting
- Term loan: RE - 25 yrs; M&E or WC - 10 yrs
- **It's just a 7(a) loan with a 90% guarantee**
- Use your **PLP** authority for ITL approvals.

# ITL Example

---

- SME - located in South Texas. (Manufacturer)

## **Considered high risk by lender due to:**

- Industry concentration (Oil & Gas)
- High growth - Revenues Yr. 1, 2, and 3 were \$3MM, \$10MM, and \$22MM (30% of total sales were to international buyers)
- Highly leveraged

## **SME need**

- Improve monthly cash flow position and purchase new equipment for efficiency purposes

## **Lender Solution**

- ITL loan for RE purchase/rent replacement for \$3.5MM and \$1MM equipment loan.

## SBA's export financing programs - #2 of 3

---

### SBA Export Express

#### **“Fast-track approvals for smaller export-related loans”**

- 90% guarantees on loans up to \$350,000
- 75% guarantees on loans up to \$500,000
- Use lender's own underwriting/collateral standards
- Any “**export development activity**” – fixed assets; market development; refinancing; WC if at least 70% export-related
- Term loan or revolving line
- Simplest, most flexible export program

# Engineering Firm – Austin, Texas

Sample SBA Export Express Market Entry



Engineering firm that utilized the STEP grant to attend the Hannover Messe trade show in Germany. The owner returned to the States and obtained an Export Express line for \$500M to expand into China. Net impact to the operations will result in 30% YOY growth in revenue.

# SBA's export financing programs - #3 of 3

---

## Export Working Capital Program (EWCP)

**“Working capital to fulfill the export order”**

- 90% guarantees on loans up to \$5 million
- Only export working capital (or standby letters of credit)
- Asset-Based or Transaction-Based lines; revolving
- Advance 75-90% on export sales
- **SBA's lowest guaranty fee (1/4%)!**
- Typically 1 year loans; re-issued annually
- No SBA prescription on interest rate or fees



# Distributor of HVAC & Oil Equip. – Houston, Texas

Example of EWCP for growth into existing markets



Engineering firm that provides value added services to equipment for the Oil & Gas industry. The borrower was previously selling to a large multi-national company out of the Middle East and had an opportunity to sell more. The borrower could not do so due to cost and cash flow constraints. We provided an EWCP Transaction Specific revolver for \$2MM . Results was \$4MM revenue company on pace to do over \$10MM

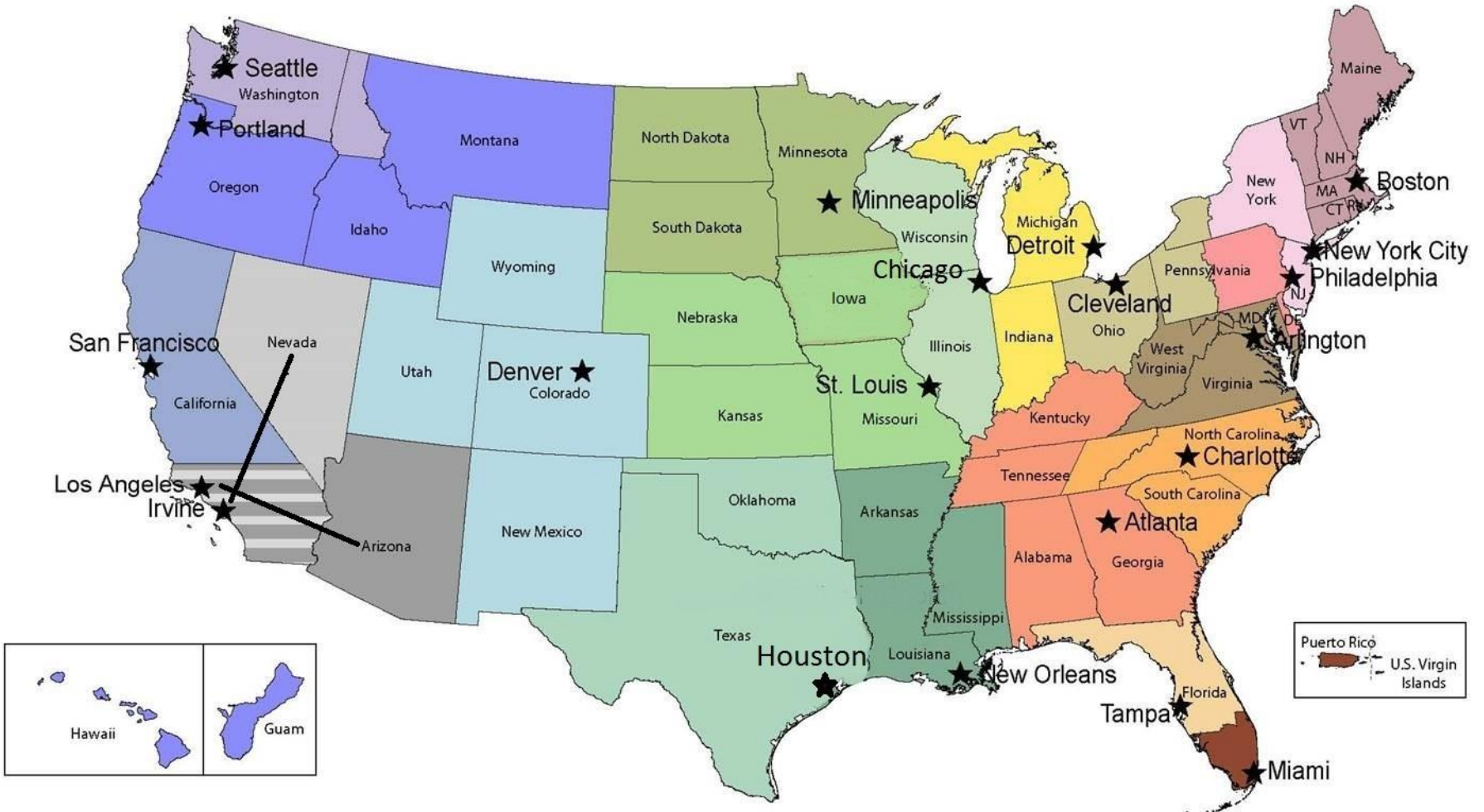
# EWCP Loans - How to Apply

---

- EWCP loans are submitted to the local Lender who submits them to the USEAC (Alale Allal).
- The application is the 84-1, a joint application used by SBA and Ex-Im Bank
- The USEAC prepares the authorization and Credit memo for approval by National Guaranty Processing Center (NGPC).
- Sacramento 7(a) LPC forwards signed documents to the lender.



## ★ U.S. Export Assistance Centers (USEACs)





U.S. Small Business  
Administration

# Network of Export Finance Specialists at U.S. Export Assistance Centers

## **ATLANTA**

serving Georgia, Alabama, Kentucky,  
West/Central Tennessee

[David.Leonard@sba.gov](mailto:David.Leonard@sba.gov) 404-730-2706

## **ARLINGTON, VA**

serving Virginia, Maryland, District of  
Columbia, West Virginia

[William.Houck@sba.gov](mailto:William.Houck@sba.gov) 202-557.4063

## **BOSTON**

serving Maine, Vermont, New Hampshire,  
Massachusetts, Connecticut, Rhode Island

[John.Joyce@sba.gov](mailto:John.Joyce@sba.gov) 617-565-4305

## **CALIFORNIA**

### **IRVINE**

serving Southern California, Nevada  
[Martin.Selander@sba.gov](mailto:Martin.Selander@sba.gov) 949-660-8935

### **LOS ANGELES**

serving Southern California, Arizona  
[Pellson.Lau@sba.gov](mailto:Pellson.Lau@sba.gov) 213-894-8267

### **SAN FRANCISCO**

serving Northern California – Bakersfield  
to the Oregon border  
[Jeff.Deiss@sba.gov](mailto:Jeff.Deiss@sba.gov) 415-902-6027

## **CHARLOTTE**

serving North Carolina, South Carolina,  
Eastern Tennessee

[Dan.Holt@sba.gov](mailto:Dan.Holt@sba.gov) 704-333-4886 x226

## **CHICAGO**

serving Illinois, Wisconsin  
temporarily vacant; Wisconsin - contact  
Minneapolis; Illinois – contact Cleveland

## **CLEVELAND**

serving Ohio, Western New York, Western  
Pennsylvania,

[Patrick.Hayes@sba.gov](mailto:Patrick.Hayes@sba.gov) 216-522-4731

## **DENVER**

serving Colorado, New Mexico, Utah, Wyoming  
[Bryson.Patterson@sba.gov](mailto:Bryson.Patterson@sba.gov) 303-844-6622

## **DETROIT**

serving Michigan, Indiana  
[Romualdo.Ancog@sba.gov](mailto:Romualdo.Ancog@sba.gov) 313-226-3038

## **FLORIDA**

### **MIAMI**

serving S. Florida , Puerto Rico, Virgin Islands  
[Mary.Hernandez@sba.gov](mailto:Mary.Hernandez@sba.gov) 305-526-7425 x21

### **TAMPA**

serving Central & North Florida  
[Sandro.Murtas@sba.gov](mailto:Sandro.Murtas@sba.gov) 727-464-7177

## **HOUSTON**

serving Texas, Oklahoma  
[Alale.Allal@sba.gov](mailto:Alale.Allal@sba.gov) 202-412-4657

## **MINNEAPOLIS**

serving Minnesota, North Dakota, South  
Dakota

[Carlos.Sosa@sba.gov](mailto:Carlos.Sosa@sba.gov) 612-348-1642

## **NEW ORLEANS**

serving Louisiana, Arkansas, Mississippi  
[Reginald.Harley@sba.gov](mailto:Reginald.Harley@sba.gov) 504-589-6730

## **NEW YORK CITY**

serving New York City & 5 Boroughs, Eastern  
Upstate New York, New Jersey  
[Eduard.Ekel@sba.gov](mailto:Eduard.Ekel@sba.gov) 212-809-2645

## **PHILADELPHIA**

serving Eastern Pennsylvania, Delaware  
temporarily vacant; contact Arlington or  
Cleveland

## **PORTLAND**

serving Oregon, S. Idaho, Montana; Hawaii &  
Guam  
[James.Newton@sba.gov](mailto:James.Newton@sba.gov) 503.326.5498

## **SEATTLE**

serving Washington, Alaska, N. Idaho,  
[Leland.Gibbs@sba.gov](mailto:Leland.Gibbs@sba.gov) 206-553-0051 ex.228

## **ST. LOUIS**

serving Missouri, Iowa, Kansas, Nebraska  
[Larry.Cresswell@sba.gov](mailto:Larry.Cresswell@sba.gov) 314-540-7587





U.S. Small Business  
Administration

Thank you!  
Questions?

Alale Allal  
Regional Export Finance Manager – Texas &  
Oklahoma  
Office of International Trade/SBA  
[alale.allal@sba.gov](mailto:alale.allal@sba.gov)  
202.412.4657