

What's new in this version?

This section highlights the major differences between the Boilerplate and Wizard version 1.4 (released on May 5, 2003) and version 2011 of the Boilerplate and Wizard. Changes made to the Boilerplate and Wizard were based on statutory requirements, Agency regulations, SOP requirements and many recommendations from the field. This listing can also be found during operation of the Wizard in the "What's New" section of the EWCP Wizard Help topics, which is available from the EWCP Wizard menu.

Below is a summary of substantive EWCP-specific changes. Changes which simply mirror changes in other (already released) Authorizations or changes reflecting standard SOP requirements are not re-stated below.

The following changes are listed in the order in which they first appear in the Boilerplate:

1. **D. REQUIRED FORMS:**

- The required forms list has been updated to remove SBA Form Cap 1050. In section D5, however, the requirement that the lender submit a transcript of account semi-annually remains in the authorization; the lender may use its own form. SBA Form 1050, Settlement Sheet, is required at first disbursement.

2. **E. CONTINGENCIES:**

- The paragraph referring to the EWCP Operating Guidelines has been eliminated because those guidelines are obsolete and guidance on the EWCP has been incorporated into SOP 50 10.

3. **F. NOTE TERMS:**

- Paragraph F3, Repayment Terms, Option 2 - in variable rate loans, the choices to which the interest rate may be tied have been expanded. The choices now include: the Wall Street Journal, the Lender's prime rate, LIBOR, the Fed Funds rate, and a "Write your own" option.
- An additional option for variable rate loans with a floor or minimum interest rate has been added to allow input of the floor or minimum rate, as follows:

Note: The above interest rate charged by Lender is subject to a floor or minimum interest rate of [%] %.

- Paragraph F4a, F4b, F5, and F6 - modified to allow the Lender to apply each payment either to interest accrued to the date of payment, and then the balance to principal, or to apply the entire payment to principal. Because interest is collected monthly, Lenders typically choose to apply transaction payments entirely to principal.

- Paragraph F6(a) – A paragraph has been added indicating the required action to be taken should the borrower be over advanced according to the Borrowing Base formula. The following wording has been added as an Optional paragraph:

Should the Borrowing Base Certificate show this Loan to be over advanced according to the Borrowing Base formula, Borrower will be required to make a principal payment in an amount sufficient to bring the loan balance within the allowable Borrowing Base formula.

- Optional Paragraph F6(b) (Asset Based Loans) – If this Optional paragraph is chosen, a control account paragraph will automatically be inserted into the Use of Proceeds section. If not chosen, a control account will not be required.
- Paragraph F, Additional Repayment Term Provisions (grey box) – The Lender may impose a late payment charge on the borrower. The following paragraph regarding late charges has been added:

Late Charge: If a payment on this Note is more than [**number of days (10 days minimum)–default is 10**] days late, Lender may charge Borrower a late fee of up to [**percent–default is 5**] % of the unpaid portion of the regularly scheduled payment.

- The paragraph under the grey box titled “The following paragraph must appear if proceeds are authorized to support Standby Letter of Credit” has been modified to read as follows:

If Lender is required to make a disbursement because a Standby Letter of Credit is drawn upon, Borrower must immediately make a payment equal to the draw unless this payment is rescheduled by written agreement of Lender and SBA or unless, in an Asset Based loan, the draw is covered by the Borrowing Base. Lender will apply 100% of the proceeds of the payment to principal.

- For variable rate loans, the choices to which the interest rate may be tied have been expanded. See the first bullet under paragraph 3 above.

4. **G. USE OF PROCEEDS AND CONDITIONS FOR DISBURSEMENT**

- Paragraph G1 has been modified to add Standby Letter of Credit language:

The total outstanding principal balance of [**SELECT - EITHER — this Loan [default, or] any amount authorized in support of Standby Letter(s) of Credit [or] this Loan plus any amount authorized in support of Standby Letter(s) of Credit**] may never exceed \$[**Amount**].

- The old paragraph G2 (5/5/03 Boilerplate) requiring evidence that Borrower is current on all taxes has been eliminated because the borrower is required to sign a certification in reference to this later in the Boilerplate. Any paragraph with similar wording throughout G either has been eliminated or has required the borrower to sign a certification in lieu of requiring lender to “verify.”

- A new Paragraph G2 has been added which reads as follows:

The loan must be made for a sound business purpose and must benefit the small business, and a 7(a) loan may not be split into two 7(a) loans merely to benefit the Lender. 13 CFR 120.120 and 120.130(e).

Note: The paragraphs below refer to the numbering on the new EWCP Authorization 2011. Due to paragraphs being added or split the numbering compared to EWCP Authorization 1.4 has been changed slightly.

- Paragraphs G4b(1), G5b(1) and G6b – modified to include an option which allows the Borrower to sell in U.S. dollars or a foreign currency (if hedging is entered into to mitigate the risk). Note the Lender is required to use an established exchange rate and document the loan file to verify the exchange rate used.
- Paragraph G4b(3)(c), G5b(3)(c), and G6b – modified to define ineligible receivables as those that are more than a specified number of days past the **due** date of the invoice (default is 60 days). Previously, the applicable date used to determine eligibility of receivables was the date of the invoice.
- Paragraphs G4, G5, G6, and G7 – previously required assignments of any Letter of Credit, Export Credit Insurance, and contract proceeds along with written acknowledgement of all assignments. This requirement has remained the same for any Letter of Credit and Export Credit Insurance. However, for contracts the condition has changed in that a written acknowledgement is no longer required. Note: previously this was one paragraph and in the 2011 Authorization it has been split into two paragraphs.
- Paragraph G6d(2) - modified to add options regarding the Borrowing Base and concentration of receivables:

Option for restriction on % of Inventory in Borrowing Base

- (a) In addition, Lender must verify that the portion of the principal balance of the Loan that is supported by Export Inventory does not exceed 60% of the outstanding loan balance plus the sum of any Letter(s) of Credit supported by the Loan

Option concerning Concentration of Receivables

- (b) In addition, Lender must verify that the concentration of receivables to any single foreign buyer does not exceed _____% of the total eligible foreign receivables being advanced against.

- Paragraphs Gd(9) and G7d(11), which require a control account for incoming foreign accounts receivable, have been made optional. This option is chosen in the Note Terms section (if Option 3b is selected then the Control Account is included).
- A new paragraph G7a was added regarding Standby Letters of Credit:
Proceeds to be used to pay Standby Letter(s) of Credit associated with export transactions when payment is demanded by the issuing institution.
- Paragraph G7b and G7c , “advance payment guarantee” - has been added to the list of items which require the issuance of a Standby Letter of Credit.

- Paragraph G7d(3) is a new paragraph regarding Standby Letters of Credit:

Obtain cash collateral from Borrower equal to at least 25% of the Standby Letter(s) of credit supported, with all cash collateral being placed in an account controlled by lender for the benefit of borrower, **or** determine the Borrowing Base in an Asset Based Loan will support at least 25% of the total of all Standby Letter(s) of Credit supported by the loan.

- Paragraph G7(e) – regarding Standby Letters of Credit has been modified:

If Lender is required to make a disbursement because a Standby Letter of Credit is drawn upon, Borrower must immediately make a payment equal to the draw unless this payment is rescheduled by written agreement of Lender and SBA or unless, in an Asset Based loan, the draw is covered by the Borrowing Base. Lender will apply 100% of the proceeds of the payment to principal.

Previously, draws were payable within 30 days and there was no exception for Asset Based loans.

5. H. COLLATERAL CONDITIONS

Appendices A & B, which list the standard collateral provisions are identical to those of the 7(a) Authorization.

6. I. ADDITIONAL CONDITIONS

- Paragraph I1d – modified to include airborne freight.
- Paragraph I8 – this is a new paragraph requiring Lender to verify that any applicable owner, Director, or Officer has Lawful Permanent Resident status or legal alien status using Form G-845 prior to disbursement.
- Paragraph I9, Certifications and Agreements (formerly paragraph I8) - I9a has added the language “Prior to the first disbursement” to the certifications required.

Note: the paragraphs below were part of paragraph 8 in the former EWCP Authorization 1.4.

- Paragraph 9a(1) – the reference to SBA Form 793 has been removed because it is no longer required.
- Paragraph 9b - modified to require the certification prior to first disbursement.
- Paragraph 9b(2)(i) – this paragraph was eliminated because SBA Form Cap 1050 is not longer used. The lender may submit a transcript of account semi-annually to meet the requirement.