



U.S. Small Business Administration

# International Trade Loan

## Minnesota U.S. Export Assistance Center

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The U.S. Small Business Administration's resources and programs targeting small businesses provide an advantage necessary to help small businesses effectively compete in the marketplace and strengthen the overall U.S. economy.

Working in partnership with the U.S. Commercial Service and the Export-Import Bank of the United States, SBA staff provide potential and existing exporters with a unified, one stop approach to export expansion through 18 U.S. Export Assistance Centers nationwide.

All SBA programs and services are provided on a nondiscriminatory basis.

The U.S. Small Business Administration's newly revised International Trade Loan provides lenders with enhanced export financing options for their customers.

The ITL is designed to help small businesses enter and expand into international markets and, when adversely affected by import competition, make the investments necessary to better compete. The ITL offers a combination of fixed asset, working capital financing and debt refinancing with the SBA's maximum guaranty— 90 percent— on the total loan amount.

## Maximum Loan Amount

- \$5,000,000 in total financing.

## Guarantee Coverage

- The SBA can guaranty up to 90 percent of an ITL up to a maximum of \$4.5 million, less the amount of the guaranteed portion of other SBA loans outstanding to the borrower. The maximum guaranty for any working capital component of an ITL is \$4 million. Additionally, any other working capital SBA loans the borrower has are counted against the \$4 million guaranty limit.

## Loan Term

- Maturities on the working capital portion of the ITL are typically limited to ten years.
- Maturities of up to 10 years on equipment unless the useful life exceeds 10 years. Maturities of up to 25 years are available for real estate.
- Loans with a mixed use of fixed asset and working capital financing will have a blended-average maturity.

## Interest Rates

- Lenders may charge between 2.25 to 2.75 percent above the prime rate (as published in the *Wall Street Journal*) depending upon the maturity of the loan. Interest rates on loans of \$50,000 and less can be slightly higher.

## Lender Eligibility

- Any SBA 7(a) lender with an approved SBA Form 750, *Loan Guaranty Agreement (Deferred Participation)* is eligible.

## Exporter Eligibility

- Applicants must meet the same eligibility requirements as for the SBA's standard 7(a) Loan Program.

- Applicants must also establish that the loan will allow the business to expand or develop an export market **or**, demonstrate that the business has been adversely affected by import competition and that the ITL will allow the business to improve its competitive position.

### **Buyer Eligibility**

- Foreign buyers must be located in those countries wherein the Export-Import Bank of the U.S. is not prohibited from providing financial assistance.

### **Use of Proceeds**

- For the facilities and equipment portion of the loan, proceeds may be used to acquire, construct, renovate, modernize, improve or expand facilities or equipment in the U.S. to produce goods or services involved in international trade.
- Working capital is an allowable use of proceeds under the ITL.
- Proceeds may be used for the refinancing of debt structured with unreasonable terms and conditions, including any debt that qualifies for refinancing under the standard SBA 7(a) Loan Program.

### **Ineligible Proceeds**

- SBA 7(a) Loan Program requirements apply.

### **Collateral Requirements**

- Only collateral located in the U.S. (including its territories and possessions) is acceptable.
- First lien on property or equipment financed by the ITL or on other assets of the business is required. However, an ITL can be secured by a second lien position if the SBA determines there is adequate assurance of loan payment.
- Additional collateral, including personal guaranties and those assets not financed with ITL proceeds, may be required as appropriate.

### **Application Process**

- A small business exporter seeking an ITL must apply to an SBA-participating lender. The lender will submit a completed *Application for Business Loan* (SBA Form 4), including all exhibits, to the SBA.
- An applicant wanting to qualify as adversely impacted from import competition must submit supporting documentation that explains that impact, and a plan with projections that explains how the loan will improve the business' competitive position.
- Lenders should submit applications under the same procedures as standard SBA 7(a) loan applications. SBA-preferred lenders may submit an ITL under the standard preferred-lender process.
- SBA regional managers, located in your local U.S. Export Assistance Center (see reverse side) provide free ITL training and consultation to lenders.