

SBA Export Programs: Linking California businesses & lenders in a world of export opportunity

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Office of International Trade – www.sba.gov/oit



SBA's 3 Export Programs

Financing your exporter:

1. **International Trade Loan (ITL)**
 - **Positioning the firm to export**
2. **Export Working Capital Program (EWCP)**
 - **Fulfilling export orders**
3. **Export Express**
 - **Smaller loans for either need**



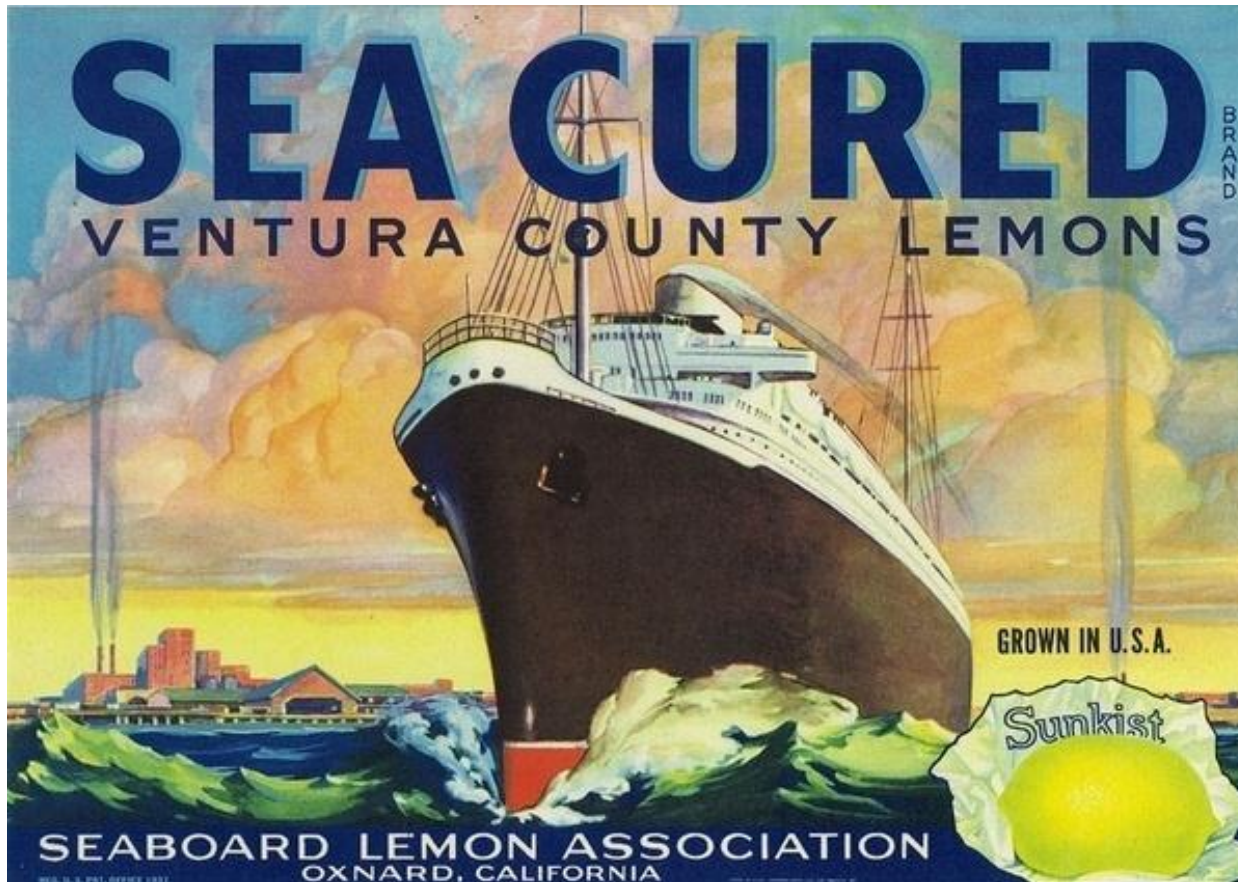
SBA Export Lending – the pinnacle of SBA lending

1. The highest % guarantee – the “Export Boost”
2. Robust eligibility guidelines – more deals than you think
3. A suite of SBA programs – for nearly every need and niche



SBA Export Lending

1. The highest % guarantee – **the Export BOOST!**



The “EXPORT BOOST” – part 1

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

90%

- Why? Because exports are critical to national economic success



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The “EXPORT BOOST” – part 2

- “SBA Express”:

- 50% guarantees on streamlined business lending
- The maximum SBA Express loan is \$350,000

- “Export Express”:

- 90% guarantees for loans up to \$350,000

- 75% guarantees for loans up to **\$500,000**

- Export Express loans can be made *in addition to* regular SBA Express loans



SBA Export Lending

2. Robust eligibility guidelines

- There are more export deals than you might think



Loan guarantees on loans made to small businesses

What is a “small” business?

- SBA assistance is limited to “small businesses”
- What is a “small” business?
 - Tangible net worth of \leq \$15 million, and
 - 2-year average NET income after taxes (excluding carryover losses) of \leq \$5 million
- **So a small business can actually be pretty BIG...**



SBA's export focus

- **What is an eligible export?**
 - Must be shipped from the US
 - Exporting **goods** or **services**
 - No US-content requirement
 - Licensed defense exports allowed



SBA's export eligibility

INDIRECT exporters

qualify for all 3 SBA
export programs



- A firm that sells goods/services to a domestic customer who in turn incorporates them into their own export... is an exporter too!
 - Selling into an exporting supply chain
 - Selling to an export broker
- Document this with a letter from the borrower's customer



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SBA's export eligibility

- **International tourism** – the overlooked export

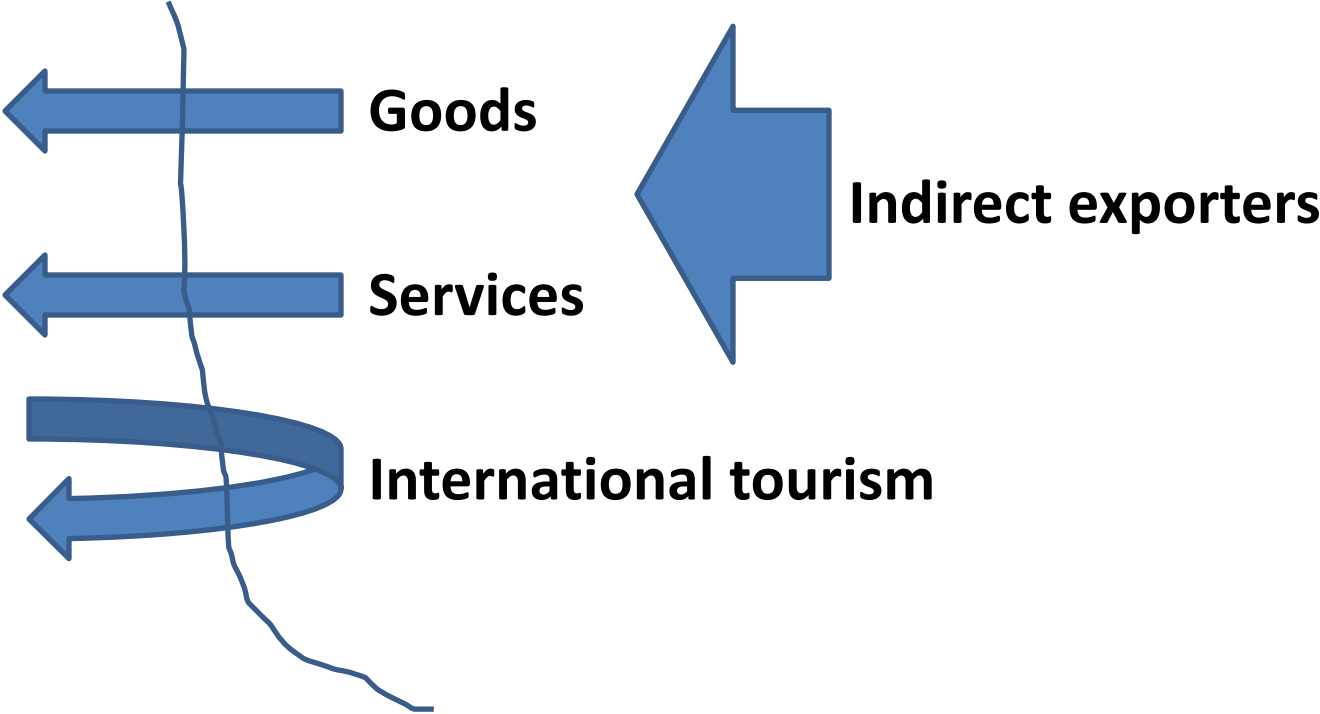
Tourism is an export of recreational services

- The foreign buyer brings foreign exchange into the US
- The foreign buyer picks of the service in person



SBA's export eligibility

- Recap: What is an export?



SBA's export focus

- **Exporting threshold?**

- There is **no absolute \$ or % export “test”**.
- “New-to-export” is okay.
- The firm must simply have:
 - (1) an export **PLAN** – product and target market(s)
 - (2) an annual export revenue **PROJECTION**
- **Caveat:** Working capital must be used for export orders.
 - Export Express – $\geq 70\%$ export-dedicated use
 - EWCP – 100% export-dedicated use



Exporting is not exotic

- It's more common that we think
- A sale to **Canada** is an export



Can you find the Canadian?



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Sampling of SBA export clients

Emergency gear
wholesaler

Heavy trucking contractor

Data center services

Public relations &
management consulting

Wire fabric manufacturer

Used & refurbished
equipment vendor

Fruit packer

Craft brewery

Parachute harness maker

Food processor

Medical device maker

Computer software
maker

Video game designer

Boutique soap maker

Roller coaster contractor

Seafood processor

Aerospace parts maker

Herbs & spices
wholesaler

Winery

Specialty popcorn maker

Wooden toys



SBA Export Lending

3. A suite of SBA programs for your highest potential customers



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.



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



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 (¼%)!**
- Typically 1 year loans; re-issued annually
- No SBA prescription on interest rate or fees



SBA's export programs

		Exporter's Need			
		Position for Export Success	Fulfilling the Export Order		
Loan size	\$5 MM	ITL (International Trade Loan)	EWCP (Export Working Capital Program)	90%	75%
		\$500 K	EXPORT EXPRESS		75%
	\$350 K	90%			

Welcome to the SBA export “suite”

Export Working Capital Program

Powerful; specialized for export orders



Export Express

Ideal for small loans; the ultimate flexible tool for multiple uses



International Trade Loan

good place to start; most accessible; it’s just a 7(a) loan...

but with a 90% guarantee!



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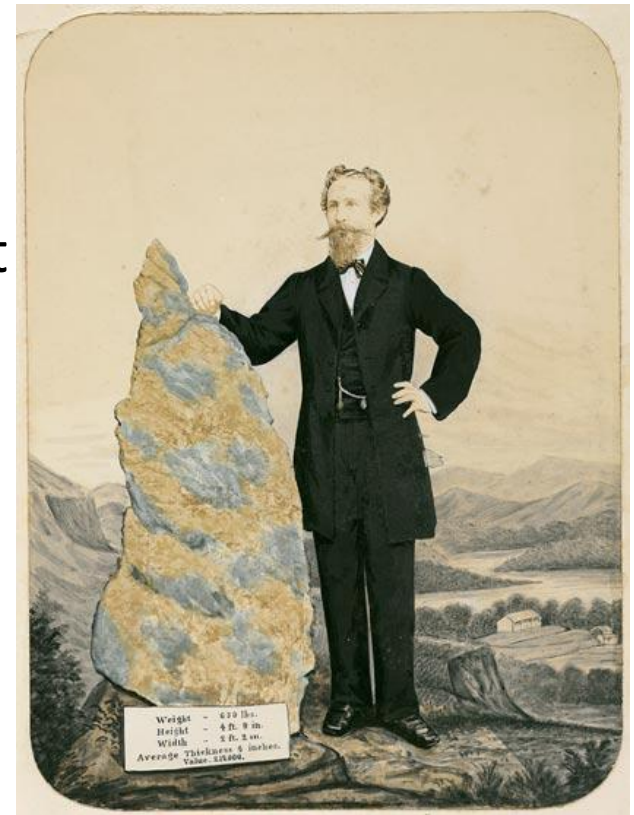
EWCP – the export summit

As Small Businesses grow into Middle Market borrowers, SBA assistance tends to drop away just as exporting activities develop.

Consider retaining or reengaging with SBA to support the Middle Market customers' "higher risk" export working capital line.

Remember SBA EWCP offers:

- Robust definition of “small business” and “exporter” status
- 90% guarantee
- Lowest SBA guaranty fee (0.25%)
- No SBA prescription on interest rate and servicing fees



Take-away lesson

Consider making it your practice to **ask each customer...**

Do you export?



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INDIRECT EXPORTERS TOO!

Consider making it your practice to **ask each customer...**

**Do you sell to anyone
who exports?**



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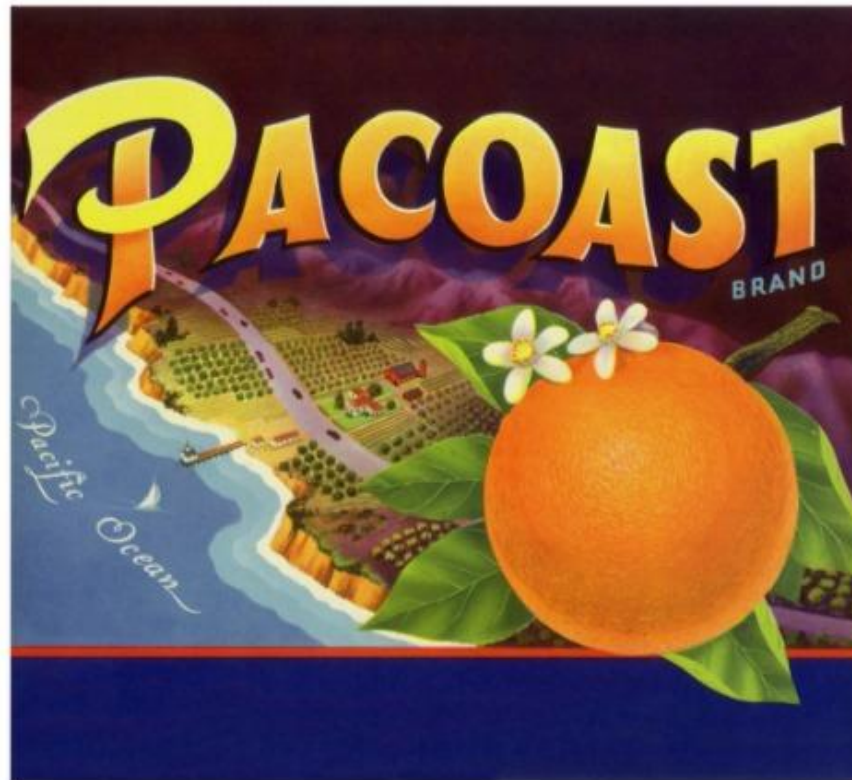
Stake your export claim! **You must ask for it.**

- Document the export eligibility of your borrower, then....
- **International Trade Loan:** Be sure to request the guarantee under ITL, asking for the 90% guarantee.
- **Export Express:** Be sure your bank has executed the Supplemental Export Express Lender Agreement.
- **EWCP:** Apply directly to your local SBA export program manager.



See you on the summit....

- Don't leave SBA export benefits laying on the table! Use SBA export programs to support your small business borrowers **and** enhance your own commercial portfolio.



Export Finance Assistance

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