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

Jeff Deiss
Regional Export Finance Manager
SBA Office of International Trade
San Francisco, CA
SBA’s 3 Export Programs

Financing your exporter:

1. **International Trade Loan (ITL)**
   - Positioning the firm to export

2. **Export Working Capital Program (EWCP)**
   - Fulfiling 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!

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

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

Office of International Trade – [www.sba.gov/oit](http://www.sba.gov/oit)
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 ≤ $15 million, and
  – 2-year average NET income after taxes (excluding carryover losses) of ≤ $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

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

**SBA**

Office of International Trade – [www.sba.gov/oit](http://www.sba.gov/oit)
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 up the service in person
SBA’s export eligibility

• Recap: What is an export?

Goods

Services

International tourism

Indirect exporters
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 – ≥ 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?
## Sampling of SBA export clients

<table>
<thead>
<tr>
<th>Emergency gear wholesaler</th>
<th>Craft brewery</th>
<th>Roller coaster contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy trucking contractor</td>
<td>Parachute harness maker</td>
<td>Seafood processor</td>
</tr>
<tr>
<td>Data center services</td>
<td>Food processor</td>
<td>Aerospace parts maker</td>
</tr>
<tr>
<td>Public relations &amp; management consulting</td>
<td>Medical device maker</td>
<td>Herbs &amp; spices wholesaler</td>
</tr>
<tr>
<td>Wire fabric manufacturer</td>
<td>Computer software maker</td>
<td>Winery</td>
</tr>
<tr>
<td>Used &amp; refurbished equipment vendor</td>
<td>Video game designer</td>
<td>Specialty popcorn maker</td>
</tr>
<tr>
<td>Fruit packer</td>
<td>Boutique soap maker</td>
<td>Wooden toys</td>
</tr>
</tbody>
</table>
SBA Export Lending

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

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

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

<table>
<thead>
<tr>
<th>Loan size</th>
<th>Exporter's Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5 MM</td>
<td>ITL (International Trade Loan)</td>
</tr>
<tr>
<td>$500 K</td>
<td>EWCP (Export Working Capital Program)</td>
</tr>
<tr>
<td>$350 K</td>
<td>EXPORT EXPRESS</td>
</tr>
</tbody>
</table>

### Exporter's Need

- **Position for Export Success**: ITL ($5 MM)
- **Fulfilling the Export Order**: EWCP ($500 K)

### Loan Size

- **ITL**: 90%
- **EWCP**: 90%
- **EXPORT EXPRESS**: 75%
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!

Office of International Trade – [www.sba.gov/oit](http://www.sba.gov/oit)
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

SBA
Office of International Trade – www.sba.gov/oit
Take-away lesson

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

Do you export?

Office of International Trade – www.sba.gov/oit
INDIRECT EXPORTERS TOO!

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

Do you sell to anyone who exports?

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

[Image: California Land of Promise]
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

Jeff Deiss
jeff.deiss@sba.gov
415-744-7730
SBA Regional Export Finance Manager
San Francisco, CA
www.sba.gov/international