



SBA Policy Notice

TO: All SBA Employees

CONTROL NO.: 5000-1216

SUBJECT: Implementation of Permanent Export Express Program

EFFECTIVE: 8/18/2011

On September 27, 2010, President Obama signed the Small Business Jobs Act of 2010 (the “Small Business Jobs Act”) (Pub. L. 111-240). The Small Business Jobs Act made the Export Express program, which has been a pilot program, permanent. The purpose of this Notice is to announce the implementation of the permanent Export Express program and Agency policy for administering and delivering the Export Express program to the nation’s growing community of small business exporters.

Export Express as a Permanent Program

All references to the Export Express program in the Agency’s SOP 50 10 5(C) will be revised to reflect that Export Express is now a permanent program and no longer a pilot program. Unless otherwise noted in this announcement, SBA’s existing policy for the pilot Export Express program will remain the same in the permanent Export Express program. SBA will be revising its regulations to incorporate the program features of Export Express as a permanent program.

Eligible Export Express Lenders

In order to be eligible to make Export Express loans, lenders must be approved by SBA as detailed below. Previously, under the Export Express *Pilot* Program, SBA Express Lenders were authorized to make SBA Export Express loans. To allow for a smooth transition to the permanent Export Express program, existing SBA Express Lenders will continue to have Export Express authority through December 2, 2011.

The procedures for receiving permanent Export Express authority are different based on the Lender’s existing authority.

1. Active SBA Express Lenders

Lenders that currently have SBA Express authority that would like to make Export Express loans will need to submit a request to SBA. The request should be submitted to the lender’s local SBA District Office or U.S. Export Assistance Center (USEAC). These offices should submit lenders’ requests to the Office of Credit Risk Management, Lender Transaction Team (LTT) at lender.oversight@sba.gov. LTT will send lender the Export Express Supplemental Agreement (Agreement), the lender will have 30 days to execute and return the Agreement to the LTT. The LTT will match the Lender’s Export Express Authority to coincide with the expiration date of the lender’s SBA Express authority.

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2. Existing 7(a) Lender that Does Not Participate in the SBA Express Program

An existing 7(a) lender that would like to participate in the Export Express Program will need to submit a nomination request to its local SBA District Office. The local SBA District Office should submit the request to the LTT. The LTT will contact the local SBA USEAC for comments and process the request in accordance with the procedures and process for the SBA Express program as prescribed under SOP 50 10 5 (C). Lenders can request SBA Express and Export Express authority simultaneously, but are not required to do so. The LTT will send lender the Export Express Supplemental Agreement, the lender will have 30 days to execute and return the Agreement to the LTT.

Export Express Maximums

As set forth in SBA Information Notice 5000-1182 (effective October 25, 2010), the maximum gross loan amount of an Export Express loan is now \$500,000 (including any outstanding Export Express loan amounts). The maximum guaranty amounts (to any one borrower, including affiliates) and percentages are as follows:

Gross Loan Amount	Maximum Guaranty Amount	Maximum Guaranty Percentage
\$350,000 or less	\$315,000	90%
\$350,001 - \$500,000	\$375,000	75%

If two Export Express loans are approved within 90 days of each other, and the combined gross loan amount of all the Export Express loans approved in that time frame to any one borrower (including affiliates) exceeds \$350,000, then the maximum guaranty percentage of each of these loans is 75% (subject to the \$375,000 limit). The maximum guaranty amount allowed for any one borrower (including affiliates) for general 7(a) loans (including Export Express) is \$3.75 million.

Export Express Eligibility

To be eligible for an Export Express loan, a business must meet SBA’s standard eligibility requirements as set forth in 13 CFR Part 120 and SOP 50 10 5 (C), Subpart B, Chapter 2.

Under the pilot Export Express program, eligible businesses were required to be in operation for at least 12 full months. Under the permanent Export Express program, applicants that have been in operation for less than 12 months are eligible if both of the following conditions are met:

1. the applicant’s key personnel have clearly demonstrated export expertise and substantial previous successful business experience, and
2. the lender processes the Export Express Loan using conventional commercial loan underwriting procedures and does not rely solely on credit scoring or credit matrices to approve the Loan. Non-bank lenders that do not have a conventional loan portfolio must submit their underwriting procedures to the Office of Credit Risk Management for written approval prior to making an Export Express loan.

Evidence of compliance of both of these requirements must be retained by lender in its files.

Use of Proceeds - Export Development Activities

As provided in the Small Business Jobs Act, the eligible uses of proceeds for the permanent Export Express program differ somewhat from the eligible uses of proceeds for the pilot Export Express program. Export Express loan proceeds must be used by a small business for an export development activity, which includes the following:

1. obtaining a standby letter of credit when required as a bid bond, performance bond, or advance payment guarantee;
2. participation in a trade show that takes place outside the United States;
3. translation of product brochures or catalogues for use in markets outside the United States;
4. obtaining a general line of credit for export purposes;
5. performing a service contract from buyers located outside the United States;
6. obtaining transaction-specific financing associated with completing export orders;
7. purchasing real estate or equipment to be used in the production of goods or services for export;
8. acquiring, constructing, renovating, modernizing, improving, or expanding a production facility or equipment to be used in the United States in the production of goods or services for export; and
9. providing term loans or other financing to enable a small business concern, including an export trading company and an export management company, to develop a market outside the United States.

The lender must maintain in its loan file the information provided by the borrower as it pertains to the use of proceeds and its projected impact on the borrower's export sales along with an *estimate* of the borrower's export sales for the 12 month period following the date of loan application.

As under the pilot Export Express program, permanent Export Express program loan proceeds may not be used by the borrower to finance overseas operations, except for the marketing and/or distribution of products/services exported from the U.S.

Lines of Credit

The maximum maturity for lines of credit under the permanent Export Express program is dependent on whether the line of credit is transactional or general.

- In the case of a transactional line of credit (transaction-specific financing associated with completing export orders), the maximum term is 7 years and no disbursement will be made for an export transaction where payment by the foreign buyer will occur after the maturity date of the Export Express Loan.
- In the case of a general line of credit, the maximum maturity is 7 years and there must be a "term-out" period to allow for the orderly amortization of the entire loan balance (e.g. the lender may put in place a line of credit that will revolve for 4 years and the borrower

would have an additional 3 years to make fully amortizing payments to repay the outstanding balance). If at the end of the revolving period the borrower still has the need for a revolving line of credit, the lender can issue a separate Export Express loan to meet this need.

Revised Application Forms

SBA will be revising the Export Express application forms (SBA Forms 1919 and 1920SX) to conform to the requirements of the permanent Export Express program.

Collateral Requirements

The permanent Export Express collateral requirements are the same as the pilot Export Express collateral requirements, with one exception. If an Export Express line of credit over \$25,000 is used to support the issuance of a standby letter of credit, the line of credit must have collateral (cash, cash equivalent or project) that will provide coverage for at least 25% of the issued standby letter of credit amount.

SBA Follow-up

All recipients of Export Express financing will be contacted by SBA personnel (U.S. Export Assistance Center Senior International Trade Specialists or District International Trade Officers) to affirm the Company's export intention, assess the Company's status in the export development process and provide follow up information on the export resources available from the SBA and the other federal Agency members of the Trade Promotion Coordinating Committee (TPCC) as appropriate. There is no requirement for the participating lender to provide a technical assistance component.

Additional Considerations

SBA will annually publish a list of all lenders that participated in the Export Express program on SBA's website <http://www.sba.gov/content/lenders-participating-sba-export-loan-programs>.

For questions concerning this Notice, please contact Richard Schulze at (817) 310-3749 or by email at richard.schulze@sba.gov or Patrick Hayes at (216) 522-4731 or by e-mail at patrick.hayes@sba.gov

Karen G. Mills
Administrator