

AVAILABILITY OF EXPORT WORKING CAPITAL TO MISSOURI COMPANIES

The Small Business Administration (SBA) and the Export-Import Bank of the United States (Ex-Im Bank) jointly administer the Export Working Capital Program (EWCP). The program provides export working capital guarantees to exporters through the bank or major financial institution of the exporter. The EWCP supports export financing to small businesses when that financing is not otherwise available on acceptable terms. The program encourages lenders to offer export working capital loans by guaranteeing repayment of up to 90 percent of a loan amount. A loan can support a single transaction or multiple sales on a revolving basis.

The EWCP covers pre-shipment working capital, post-shipment exposure or a combination of the two.

- Pre-shipment loans can be used to: 1) finance the manufacture of goods for export, or 2) purchase finished goods or services for export. The term of these is usually no more than 12 months.
- Post-shipment loans can be used to finance receivables resulting from export sales. The term for these loans is generally six months or less.
- Combination loans can be used to finance both the acquisition and production of export goods and services and the resulting accounts receivables. The maximum term for these loans is 18 months, with the post-shipment portion not to exceed six months.

EWCP loans can be used to support stand-by letters of credit used as bid bonds, performance bonds or payment guarantees to foreign buyers. EWCP loans may not be used to establish operations overseas acquire fixed assets or pay existing debt.

Interest rates are negotiable between the applicant and the lender. SBA charges the lender a guarantee fee of one-quarter of one percent (0.25 percent) for loans of 12 months or less. The guarantee fee for loans with terms of greater than 12 months are negotiable depending upon the dollar amount.

EWCP loans are transaction based. The primary repayment source is the collateral associated with an individual deal or a series of transactions. Collateral may include export inventory, foreign receivables and assignments of contract and letter of credit proceeds. Personal guarantees of owners of 20% or more of the business are required to support the credit. Under the EWCP, the SBA will provide a guarantee of up to 90% to the extent of \$1 million. Ex-Im Bank would support sums above \$1 million.

How to apply: The Export Finance Officer can help you package your loan request. Alternatively, you can access the EWCP in one of two ways. If you are already working with a bank, you can request that your lender apply for SBA's guarantee. If you need help finding a lender to make a SBA-guaranteed EWCP loan, you can apply to the SBA for a preliminary

commitment (PC). The 60-day PC will state that the SBA will provide the guarantee under the specified terms and conditions and with a PC the exporter may be able to find an interested bank.

SBA Export Express program helps small business with lending and technical assistance that have export potential but have traditionally had difficulty in obtaining adequate export financing. Funds may be made available to buy or produce goods and services for export. Export development activities such as participation in foreign trade show and any export expansion can be financed under this program.

The maximum loan amount under Export Express is \$250,000.

The SBA will guarantee 85% for loans up to \$150,000. For loans in excess of \$150,000 the SBA guaranty is 75%. Loan maturity is 5-10 years for working capital, 10-15 years for machinery and equipment and 25 years for real estate.

Lenders must qualify with the SBA to participate in the Export Express program. Lenders authorized to participate in the program use their own loan procedures and loan documentation. Completed loan applications are submitted for approval to the SBA's processing center in Sacramento, California. The SBA will provide the lender with a response usually within 36 hours.

The Export Express is a pilot program, which is available throughout the country up to September 2005.

For more information on these programs visit www.sba.gov and/or www.exim.gov.

You may contact John Blum at (314) 425-3304, ext. 228 or john.blum@sba.gov.

You also may contact Alice Bernard-Jones, International Finance Manager, (City/State Partner for the Ex-Im Bank for the State of Missouri) at: 573/526-4967, Fax: 573/526-1567 or alice.bernard-jones.mdfb@ded.mo.gov.