Trade Finance

Grow your business with financing
Preliminary Considerations

*But first...*

- Export business plans
  [www.sba.gov/exportbusinessplanner](http://www.sba.gov/exportbusinessplanner)
- US Commercial Service
  [www.export.gov/illinois](http://www.export.gov/illinois)
- Business USA
  [http://business.usa.gov](http://business.usa.gov)
Small Business
Who are you calling small?

• Defined at 13 C.F.R. 121 (Explained at SBA.gov)

  • Industry Code (NAICS) Size Standards (examples)
    • Retail or Services
      <$7m in Annual Receipts
    • Manufacturing
      <500 Employees
    • Wholesale
      <100 Employees

  • Alternative Size Standards
    • The Applicant’s Maximum Tangible Net Worth is Not More Than $15m
    AND
    • Average Net Income after Federal Income Taxes is Not More Than $5m

• Affiliation Issues
Indirect Exports

Supply chain exporters

- Longer global supply chains
- Verification that your product will be integrated into exports
- Leaves the US
- No US content requirements
Export Expenses

How do I fulfill export orders

• Pre-Shipment Export Expenses
  – Market research
  – International travel and trade show admissions
  – Product modifications for export markets
  – Product line or production capacity expansion
  – Inventory

• Post-Shipment Export Expenses
  – Accounts receivable insurance
  – Letter of credit fees
Export Orders
How do I get paid?

- **Open Account** – Seller ships the products and buyer pays when the shipment clears customs in the foreign country.

- **Documentary Collection** – Shipping documents are sent to a bank. Buyer pays and documents are released.

- **Letter of Credit** – Foreign bank agrees to pay if the seller meets agreed conditions.

- **Confirmed Letter of Credit** – A U.S. bank agrees to pay the seller if it meets agreed conditions even if the foreign bank issuing the L/C fails to pay.

- **Cash-in-Advance** – Buyer remits payment before seller ships the products.
SBA Export Financing

I have many and various but small financing needs.

SBA Export Express Loans

• Features and Terms
  – Faster processing when SBA allows lenders to use their own forms
  – Loan amounts up to $500,000
  – Revolving lines of credit of up to seven years

• Eligibility
  – In business for at least one year
  – Borrowers must document how the loan proceeds will enable the borrower to:
    • Enter a new export market OR
    • Expand an existing export market
SBA Export Financing

I need to retool or expand for my export sales.

SBA International Trade Loans

• Features and Terms
  – Fixed-asset financing for terms up to 25 years
  – A portion of the loan may be used for working capital up to 10 years
  – Refinancing existing loans is also an eligible use of proceeds

• Eligibility
  – In business for at least one year
  – Collateral must reside in the U.S.
  – Borrowers must document how the loan proceeds will enable the borrower to:
    • Initiate or expand export activity OR
    • Respond to import competition
SBA Export Financing
I need to finance my export orders

SBA Export Working Capital Loans

• Features and Terms
  – Financing costs associated with EXISTING export orders is the ONLY eligible use of proceeds
  – Can be structured as a revolving line of credit

• Eligibility
  – In business and operating continuously for at least one year
  – Collateral may consist of:
    • Assignment of proceeds from letters of credit, documentary collections and foreign receivables
    • First lien on financed inventory
    • Owner(s) personal guarantees
SBA Loan Process

How do I fulfill export orders

• Apply with a private sector lender
• Export Express loans processed in-house
• Export Working Capital processed by USEAC
• International Trade Loans processed by SBA Processing Center
SBA International Trade Contact

Let’s talk!

Dennis Foldenauer
Regional Manager – Illinois and Wisconsin
U.S. Small Business Administration – Office of International Trade
200 W Adams St, Suite 2450
Chicago, IL 60606

312.953.8054
dennis.foldenauer@sba.gov

Thank You!