

# Trade Finance

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*Grow your business with financing*



INTERNATIONAL  
TRADE **SBA**  
U.S. Small Business Administration

# Preliminary Considerations

*But first...*

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- 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>



# 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*

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- 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*

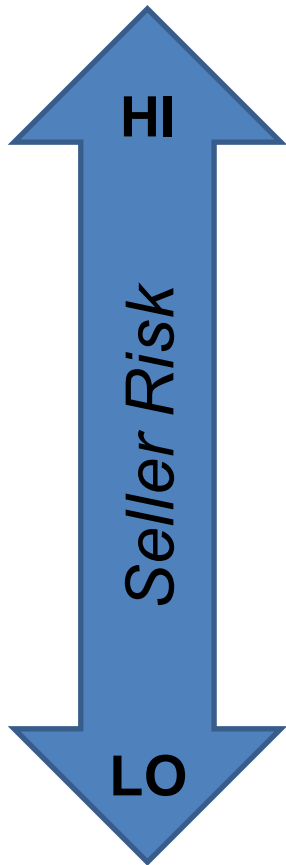
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- **Pre-Shipment Export Expenses**
  - Market research
  - International travel and trade show admissions
  - Product modifications for export markets
  - Product line or production capacity expansion
  - Inventory
- **Post-Shipment Export Expenses**
  - Accounts receivable insurance
  - Letter of credit fees

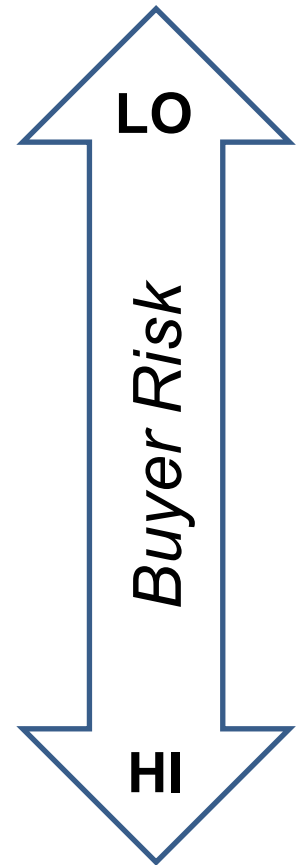


# Export Orders

*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.*

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## 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.*

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## 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*

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- 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!*

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# Thank You!

