





Comparison of ExIm's and SBA's Primary Export Working Capital Programs



Both the Export Import Bank of the United States (ExIm) and US Small Business Administration (SBA) offer loan guarantees to commercial lenders that are financing the working capital needs of US exporters. The programs are similar to one another but different enough that experienced lenders can opt for one program or the other depending on which best fits the needs of their exporter-borrower.

Feature	Comparison	 ExIm – Working Capital Guarantee (WCP)	 SBA – Export Working Capital Program (EWCP)
CORE MISSION			
	=	Supporting US exports.	Supporting US small businesses.
GENERAL LOAN FEATURES			
Asset-based loans? (ABL's are advanced using borrowing base of eligible export A/R and inventory)	=	Yes.	Yes.
Transaction-based loans? (TBL's are advanced to finance pre-export costs on purchase orders before export A/R exists.)	=	Yes.	Yes.
% guarantee	=	90%	90%
Maximum loan size	Advantage ExIm	No maximum.	\$5,000,000
Use of funds	=	Exclusively for working capital associated with export sales: <ul style="list-style-type: none"> Labor, material, & overhead costs to fulfill foreign purchase orders Standby Letters of credit Refinance existing export lines 	Exclusively for working capital associated with export sales: <ul style="list-style-type: none"> Labor, material, & overhead costs to fulfill foreign purchase orders Standby Letters of credit Refinance existing export lines
Structure	=	Revolving or non-revolving .	Revolving or non-revolving.
Term	=	Typically ≤ 1 year. Up to 3 years.	≤ 1 year (for lowest fee). Up to 3 years.
Renewals?	Advantage ExIm	Lender requests renewal of their existing loan annually.	New application is filed with SBA for a new loan to replace the old one.
Interest rate	=	Negotiated between lender and exporter.	Negotiated between lender and exporter.
"Additionality"	=	Lender's need for the guarantee must be documented.	Lender's need for the guarantee must be documented.
BUSINESS ELIGIBILITY			
Business size requirement	Advantage ExIm	No restrictions.	Must meet SBA small business definition.
Experience requirement	Advantage SBA	1 year in business with 2 profitable quarters. No start-ups or development stage firms.	1 year in business or equivalent experience in management team. Early-stage business may qualify with strong management.
Financial requirements	Advantage SBA	Positive net worth; Must be above bottom quartile in 4 of 7 RMA ratios.	No SBA-prescribed RMA ratios.
Foreign ownership	=	Allowed.	Allowed.

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EXPORTING ACTIVITY SUPPORTED			
General export requirements	=	Single or multiple export transactions. Export of goods or services. Must finance exports shipped from the US. No sales to prohibited nations on ExIm's Country Limitation Schedule.	Single or multiple export transactions. Export of goods or services. Must finance exports shipped from the US. No sales to prohibited nations on ExIm's Country Limitation Schedule.
US content requirement	Advantage SBA	Export must have majority US content.	No US content requirement.
Defense exports	Advantage SBA	Military exports are mostly prohibited.	Licensed military exports permitted.
Indirect exporting?	=	Eligible for financing.	Eligible for financing.
Acceptable export A/R sales terms	Advantage SBA	Terms must comply with ExIm's Country Limitation Schedule (CLS) standards	SBA approves terms on a case-by-case basis. (ExIm's CLS only binds SBA with regard to "legally prohibited" countries.)
UNDERWRITING STANDARDS			
Collateral required	Slight advantage SBA	1 st lien on export A/R and export-related inventory. Inventory collateral reliance not to exceed 60% on ABL's.	1 st lien on export A/R and export-related inventory. No cap on inventory collateral reliance.
Foreign-based collateral?	Slight advantage ExIm	May be included in borrowing base if lien is perfected.	Not recognized.
Separate collateralization of unguaranteed portion permitted?	Advantage ExIm	Delegated Authority lenders may secure their 10% (but not with cash or marketable securities).	No.
Personal guaranties	Advantage ExIm	All owners with 20% ownership. VC and passive investors may be exempt.	All owners with 20% ownership. At least one guarantor is expected.
LINE MECHANICS			
Advance rate on Asset Based Loans	=	80-90% on A/R. 75% on inventory.	80-90% on A/R. 75% on inventory.
Advance rate on Transaction Based Loans	Advantage SBA	TBL: 75% of inventory.	TBL: 90% of Purchase Order or actual cost, whichever is less.
STANDBY LETTERS OF CREDIT			
Standby letters of credit?	=	Eligible.	Eligible.
Collateral required for standby letters of credit	Slight advantage SBA	Cash or other collateral pledged valued at 25% of standby commitment; 75% for warranty standby L/C's.	Cash or other collateral pledged valued at 25% of standby commitment (including for warranty standby L/C's).

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LOAN FEES			
Application fee	Slight advantage SBA	\$100	None.
Initial fee	Advantage SBA	0.875% facility fee for ≤6 mo-term loans. 1.75% facility fee for >6 mo-term loans. 50% or more of the fee is shared with lender. Reduced facility fee is available for strong applicants/export transactions. New facility fee required at each renewal.	0.225% SBA guaranty fee (i.e., 0.25% of 90% guaranteed portion) when loan term is ≤ 1 year. The fee increases significantly for loans with a >1 to 3-year term.
Ongoing fee	Advantage ExIm	None.	0.4671% per annum (i.e., 0.519% of 90% guaranteed portion), paid monthly based on principal outstanding – paid by lender
SERVICING REQUIREMENTS			
Required servicing	Advantage SBA	Monthly borrowing base calculation. Quarterly inspection of export orders & financials. Semiannual field examination of collateral for loans >\$1,000,000.	Monthly borrowing base calculation (if ABL). Otherwise, lender employs its own servicing standards.
Annual financials	Advantage SBA	<\$1 MM – company-prepared & tax returns; \$1-2 MM – compiled statements; \$2-5 MM – reviewed statements; ≥\$5MM – audited statements.	No requirement specified; lender employs its own servicing standards.
LOSS CLAIM PROCESS			
Liquidation and loss claim	Advantage ExIm	Lender submits loss claim upon default, assigning the collateral and turning collection/liquidation over to ExIm.	Lender is responsible for completing the liquidation whereupon it submits resulting loss claim to SBA.
ELIGIBLE LENDERS			
Lender participation	=	Lender must be approved by ExIm.	Lender must request EWCP authority and sign SBA Form 750EX.
Delegated approval authority	Slight advantage SBA	6 levels of delegated authority: <ul style="list-style-type: none"> Community \$1,000,000 Basic \$2,000,000 Medium \$3,500,000 High \$5,000,000 High Plus \$7,500,000 Super \$10,000,000 	\$5,000,000 authority (the SBA maximum loan) under Preferred Lender Program (PLP) for lenders who have made 3 EWCP loans in the last 24 months. Full delegated authority to all PLP lenders without tiering.
APPLICATION PROCESS			
Application process for non-delegated lenders	Advantage SBA	Submit application to ExIm, Washington DC for approval.	Submit to SBA export loan officer; approval typically in 1-2 weeks.
Application process for delegated lenders	=	Delegated lender completes all processing internally and notifies ExIm of approval.	PLP-EWCP lender completes all processing internally and notifies SBA of approval.

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