



U.S. Small Business
Administration

How am I going to pay for all this?

Financing solutions for IP

Regional Export Finance Manager
U.S. Small Business Administration

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,

It may or may not be cheap...

... but can you really afford not to?

Develop a budget to go with your IP protection strategy

- What to protect? - trademarks, patents, copyrights...
 - Which countries? – markets you're in, expect to be in, or have competitors in...
 - Legal counsel – U.S. counsel and sometimes foreign counsel
 - Translation costs
 - Filing costs
-
- Take advantage of international agreements to limit your costs.
 - But costs increase as you file in foreign markets.
 - Total cost could be in the \$100,000 range.

If you can't afford the cost of IP protection, you may be able to finance it

SBA works with lenders to unlock the financing that small businesses need.

How?

- “**7(a) loan guarantees**” for commercial lenders on business loans up to \$5MM.
- A lender-driven process.
- SBA guarantees incentive lenders.
- And the incentive for a lender to finance the needs of an exporter is the **largest** that SBA offers...

The “EXPORT BOOST”

- Typical SBA loan guarantees range from **50% to 75%**
- SBA export loans receive:

90%

- Why? Because exports are critical to national economic success

SBA assistance is limited to “small businesses”

- **What is a “small” business?**

- SBA’s traditional small business definition defines small businesses by industry type (NAICS code):

Industry Category	Small Business Size Standard *
Ag producers	\$750,000/year revenue
Wholesalers	100-250 employees
Retailers	\$7.5 - 38 MM/year revenue
Manufacturers	500-1,500 employees
Professional services	\$7.5 - \$38.5 MM/year revenue

* *There are lots of exceptions, so check with SBA*

SBA assistance is limited to “small businesses”

Or... you can qualify using SBA’s “Alternate Size Standard”:

- Tangible net worth of \leq \$15 million

and

- 2-year average NET income after taxes (excluding carryover losses) of \leq \$5 million

SBA's 3 Export Programs

Specialized 7(a) loan guarantees for financing an exporter:

1. Export Express

- **Smaller loans for any export development activity**
- **Ideally suited for a small loan for IP protection!**

2. International Trade Loan (ITL)

- **Positioning the firm to export**

3. Export Working Capital Program (EWCP)

- **Fulfilling export orders**



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Export Express

Export Express

“Fast-track program for smaller export-related loans”

- 90% guarantees on loans up to \$350,000
- 75% guarantees on loans up to \$500,000
- Any “**export development activity**” – fixed assets; refinancing; working capital
- Term loan or revolving line
- Lender’s uses their own underwriting/collateral standards
- Lender does all the processing and approval. No SBA review.

How could Export Express help?

- **Legal and registration costs needed to protect intellectual property, trademarks and brands in key foreign markets.**
- Overseas **market development costs**, such as translating marketing materials, attending foreign trade shows, paying the cost of US Commercial Service assistance in connecting with viable foreign buyers, and other costs associated with finding and vetting foreign buyers.
- For **e-commerce exporters**, internationalizing the business's online presence and setting up a more responsive international payment and fulfillment platform.
- **Product customization** costs, re-labeling to satisfy foreign compliance rules, and any product registration costs that foreign governments may require.
- Arranging for **export credit insurance** or other risk mitigation services to protect against non-payment by foreign buyers.

How could Export Express help?

- **Standby letters of credit** for bid bonds, advance payment guarantees, and performance bonds necessary for a US small business to establish its credibility with foreign buyers.
- Additional **working capital** to cover the costs associated with projected export sales volume – whether needed to produce, ship, and otherwise fulfill foreign orders, or to bridge cash flow gaps when open account payment terms are used.
- Staging **inventory overseas** to minimize fulfillment time in foreign markets. On loans of \$25,000 or less, no collateral is required by SBA, making a small ExportExpress loan an ideal financing solution for businesses that need this. And for the lender, SBA's 90% guarantee may alleviate the lender's inability to provide such financing given to the impracticality of taking a lien in a foreign jurisdiction.
- **Equipment or other capital improvements** to produce goods or services for export. (Such fixed assets need not be exclusively dedicated to export used; they may also be used for domestic sales.)

What makes Export Express so easy...

Similar to “SBA Express” – SBA’s most popular small loan program for domestic businesses.

Revolving line – up to 7 years line of credit (or may be structured as an up to 10-year, non-revolving, permanent working capital term loan)

Collateral – lender uses their own collateral policy; no first lien required by SBA; junior liens okay.

Underwriting – lender uses their own underwriting policy

Approval – fully delegated to the lender as with “SBA Express”



Other SBA export programs

International Trade Loan (ITL)

“Positioning the firm for export success”

- 90% guarantees on loans up to **\$5 million**
- Financing for projects that **improve the competitive position** of US exporter so as to **increase exporting**
- Equipment, real estate, refinancing, permanent working capital
- The loan may also support the borrower’s domestic operations provided it contributes to the expansion of exporting too.
- No specific export sales threshold is required; instead, the business must have a clear export plan and target.

Export Working Capital Loan Program (EWCP)

“Working capital to fulfill the export order”

- 90% guarantees on loans up to \$5 million
- Pure export working capital line, usu. **revolving** line
- Typically 1-year term; re-issued annually
- Advance rates of 75-90% on export sales
- Structure:
 1. Asset-Based,
 2. Transaction-Based
 3. Standby Letter of Credit

Bonus program: **STEP!**

State Trade Expansion Promotion (STEP) grants

- Grant program funded by SBA.
- States compete for grant funds to deliver in their state.
- For FY2017, 44 states received awards totaling \$18.5MM.
- State agencies award STEP funds as grants (or programs) – typically \$3,000-\$10,000 per business - to reimburse local small businesses for export promotion activities like attending/exhibiting at international trade shows and other export market development activities.
- Find out about your state's STEP at <https://www.sba.gov/step>

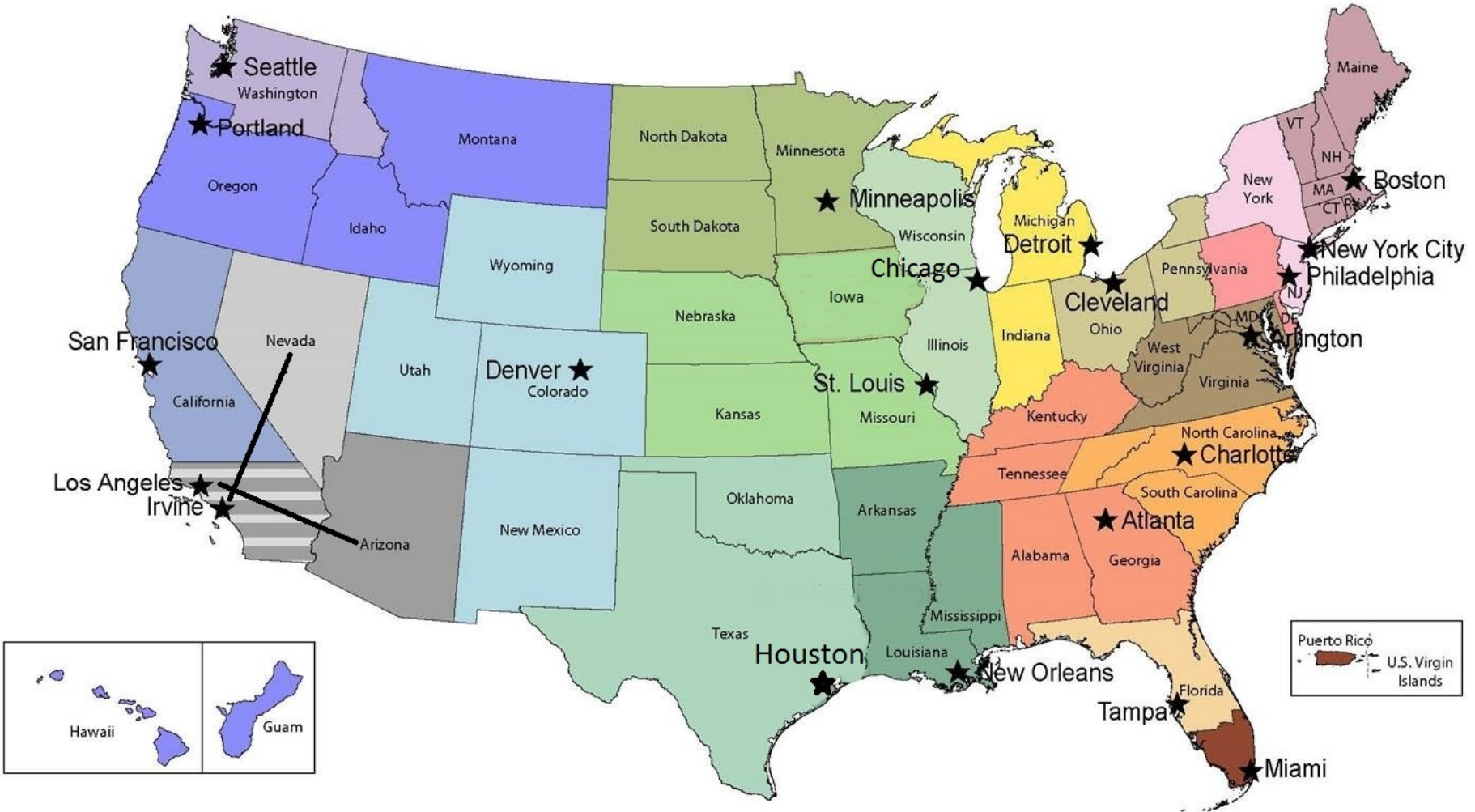


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Where you can find help on SBA export programs



★ U.S. Export Assistance Centers (USEACs)





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Network of Export Finance Specialists at U.S. Export Assistance Centers

ATLANTA

serving Georgia, Alabama, Kentucky,
West/Central Tennessee

David.Leonard@sba.gov 404-730-2706

ARLINGTON, VA

serving Virginia, Maryland, District of
Columbia, West Virginia

William.Houck@sba.gov 202-557.4063

BOSTON

serving Maine, Vermont, New Hampshire,
Massachusetts, Connecticut, Rhode Island

John.Joyce@sba.gov 617-565-4305

CALIFORNIA

IRVINE

serving Southern California, Nevada

Martin.Selander@sba.gov 949-660-8935

LOS ANGELES

serving Southern California, Arizona

Pellson.Lau@sba.gov 213-894-8267

SAN FRANCISCO

serving Northern California – Bakersfield
to the Oregon border

Jeff.Deiss@sba.gov 415-902-6027

CHARLOTTE

serving North Carolina, South Carolina,
Eastern Tennessee

Dan.Holt@sba.gov 704-333-4886 x226

CHICAGO

serving Illinois, Wisconsin
temporarily vacant; Wisconsin - contact
Minneapolis; Illinois – contact Cleveland

CLEVELAND

serving Ohio, Western New York, Western
Pennsylvania,

Patrick.Hayes@sba.gov 216-522-4731

DENVER

serving Colorado, New Mexico, Utah, Wyoming

Bryson.Patterson@sba.gov 303-844-6622

DETROIT

serving Michigan, Indiana
temporarily vacant; contact Cleveland

FLORIDA

MIAMI

serving S. Florida, Puerto Rico, Virgin Islands

Mary.Hernandez@sba.gov 305-526-7425 x21

TAMPA

serving Central & North Florida

Sandro.Murtas@sba.gov 727-464-7177

HOUSTON

serving Texas, Oklahoma

Alale.Allal@sba.gov 202-412-4657

MINNEAPOLIS

serving Minnesota, North Dakota, South
Dakota

Carlos.Sosa@sba.gov 612-348-1642

NEW ORLEANS

serving Louisiana, Arkansas, Mississippi

Reginald.Harley@sba.gov 504-589-6730

NEW YORK CITY

serving New York City & 5 Boroughs, Eastern
Upstate New York, New Jersey

Eduard.Ekel@sba.gov 212-809-2645

PHILADELPHIA

serving Eastern Pennsylvania, Delaware
temporarily vacant; contact Arlington or
Cleveland

PORTLAND

serving Oregon, S. Idaho, Montana; Hawaii &
Guam

James.Newton@sba.gov 503.326.5498

SEATTLE

serving Washington, Alaska, N. Idaho,
Leland.Gibbs@sba.gov 206-553-0051 ex.228

ST. LOUIS

serving Missouri, Iowa, Kansas, Nebraska
Larry.Cresswell@sba.gov 314-540-7587





Thank You!

www.sba.gov/international