



EXPORT EXPRESS

lender training manual



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This manual can be downloaded at:

<https://www.sba.gov/offices/headquarters/oca/resources/5929>

A. Purpose

This manual is to be used for training SBA 7(a) lenders authorized to participate in the SBA's Export Express program. The manual contains a synopsis of the Export Express Loan Program Requirements. Export Express "Loan Program Requirements" include those imposed on lenders by statute, Agency regulations in 13 Code of Federal Regulations (CFR), Parts 103, 105, 120, and 121, any agreement the lender has executed with SBA, SBA's Standard Operating Procedures (SOPs), including, but not limited to, 50 10 5(I) (Lender and Development Company Loan Programs), 50 57 2 (7(a) Loan Servicing and Liquidation), official SBA notices and forms, and loan authorizations, as such requirements are issued and revised by SBA from time-to-time.

In the event of any conflict between this manual and the Export Express Loan Program Requirements, the Export Express Loan Program Requirements take precedence. Export Express lenders are advised that this manual is for training purposes only and does not discuss all of the Export Express Loan Program Requirements. SBA regulations (13 CFR 120.180) require all 7(a) lenders to comply in all respects with, and maintain familiarity with, applicable Loan Program Requirements as such requirements are revised from time-to-time. Lenders should refer to the applicable regulations and SOP provisions to ensure they fully understand the applicable Loan Program Requirements.

This manual discusses the unique features of Export Express, the loan application process, loan program eligibility requirements and the underwriting, approval, closing, and servicing requirements. Included is a discussion of the portfolio reporting process, including incorporating Export Express loans into a lender's aggregate SBA loan portfolio report. Finally, this manual provides a summary of the liquidation process following a loan default and the steps for requesting that SBA purchase its guaranteed portion.

When the policy set forth in SBA's SOP 50 10 5(I) does not adequately address the unique circumstances regarding a particular matter, an exception to policy may be approved by the Director, International Trade Finance (D/ITF) with the concurrence of the Director, Office of Credit Risk Management (D/OCRM). The D/ITF may not approve an exception to policy if such exception would be inconsistent with a statute or regulation. A request for an exception to policy must be submitted to the Loan Guaranty Processing Center (LGPC). The processing center will analyze the request and make a recommendation to the D/ITF, who will make the final decision with the concurrence of the D/OCRM. The decision must be documented in the appropriate Agency loan file. This procedure may only be used in situations where a minor deviation from standard policy is necessary for the specific situation. Exceptions to policy will be considered on a case-by-case basis and the decision will only apply to the specific request.

B. Nature of the Credit Opportunity

The Export Express program is designed to help SBA more easily meet the export financing needs of small businesses. It is generally subject to the same loan processing, making, closing, servicing, and liquidation requirements as well as the same maturity terms, interest rates, and applicable fees as the SBA Express Loan program. Differences between the Export

Express requirements and other SBA loan program requirements are set forth in the appropriate section of this manual. For example, certain uses of loan proceeds (e.g. standby letters of credit) are allowed under Export Express that are not allowed under SBA's other lending programs (except EWCP). The Export Express program is authorized by statute in section 7(a)(35) of the Small Business Act. SBA's SOPs 50 10 5(I) and 50 57 2, as amended, describe in detail the policies and procedures governing the Export Express program.

The program:

- provides a guaranty of up to 90%
- has a maximum loan amount of \$500,000
- allows lenders to use their own underwriting procedures
- streamlines the processing and reduces the cost of smaller export loans
- Can be used to back either revolving or term loans
- Can be used to support Standby Letters of Credit

C. Becoming an Export Express Lender

1. Obtaining Export Express Authority

Lenders must have a signed Export Express Supplemental Guaranty Agreement (SBA Form 2426 Agreement) to make Export Express loans. The procedures for receiving Export Express authority differ based on the lender's existing authority:

SBA Express Lenders: Lenders that currently have SBA Express authority that would like to make Export Express loans must submit a request to SBA. The request should be submitted to the lender's local SBA District Office or U.S. Export Assistance Center (USEAC). These offices should submit lenders' requests to the Office of Credit Risk Management (OCRM) at the following e-mail address: 7aDeleAuthNomination@sba.gov

OFA will send the lender the Export Express Supplemental Agreement and the lender will have 30 days to execute and return the Agreement to OFA.

Existing 7(a) Lenders that are not SBA Express Lenders: A 7(a) lender that would like to participate in the Export Express program must submit a nomination request to its local SBA District Office. The local SBA District Office will submit the request to the Office of Financial Assistance (OFA). OFA will contact the local SBA USEAC for comments and process the request in accordance with the procedures and process for the SBA Express program. Lenders can request SBA Express and Export Express authority simultaneously, but are not required to do so. If approved, OFA will send the lender the Export Express Supplemental Agreement and the lender will have 30 days to execute and return the Agreement to OFA.

2. Maintaining Export Express Lending Authority

SBA will generally grant lenders Export Express loan authority for a term of up to 2 years so that it coincides with the lender's SBA Express and/or Preferred Lender Program (PLP) term, unless the Director/OFA (D/OFA) or designee determines a shorter term is appropriate. For 7(a) lenders that do not participate in SBA Express or PLP, the maximum term will be 2 years.

To retain or renew Export Express authority, Export Express lenders must:

- a. Effectively process, make, close, service, and liquidate Export Express loans;
- b. Remain in substantial compliance with applicable SBA Loan Program Requirements;
- c. Have received no major substantive objections regarding renewal from the field office(s) covering the territory where the lender generates significant numbers of Export Express loans; and
- d. Have received acceptable review results on the Export Express portion of any SBA-administered lender reviews.

D. Borrower Eligibility

1. Standard 7(a) Eligibility

In order to be eligible for the Export Express program, the borrower must meet all of the 7(a) standard eligibility provisions. For the complete eligibility policy, go to SOP 50 10 5(I), Subpart B, Chapter 2.

2. Additional Eligibility Requirements for Export Express

In addition to meeting SBA standard 7(a) eligibility requirements, applicants must also meet the following additional eligibility conditions specific to the Export Express program:

- a. Eligible businesses must have been in operation, although not necessarily in exporting, for at least 12 full months. However, applicants that have been in operation for less than 12 months are eligible if both of the following conditions are met:
 - i. The applicant's key personnel have clearly demonstrated export expertise and substantial previous successful business experience, and
 - ii. The lender processes the Export Express loan using conventional commercial loan underwriting procedures and does not rely solely on credit scoring or credit matrices to approve the loan. Non-bank lenders that do not have a conventional loan portfolio must submit their underwriting procedures to the Office of Credit Risk Management for written approval prior to making an Export Express loan.

Evidence of compliance with both of these requirements must be retained by the lender in its file.

- b. Small Business Applicants with operations, facilities or offices overseas, other than those strictly associated with the marketing and/or distribution of products/services exported from the U.S., are not eligible for Export Express, although they may be eligible for other SBA 7(a) financial assistance.

Lender must maintain in its loan file information provided at the time of application by the borrower pertaining to the use of proceeds for export development activities and its projected impact on the borrower's export sales. This must include an estimate of the borrower's export sales for the 12 month period following the date of the loan application.

E. Loan Terms and Conditions

1. Maximum Loan Amounts

The maximum loan amount allowed under the Export Express program to any one business (including affiliates) is \$500,000, including any outstanding Export Express Loans. When determining the amount of outstanding Export Express Loans, lines of credit are valued as if fully drawn and term loans are valued at the current outstanding principal balance (not the original approved loan amount).

The maximum Export Express loan amount is NOT reduced by any outstanding SBA Express, Patriot Express or Community Express loans.

2. Guaranty Percentage

The maximum SBA guaranty for Export Express is 90% for loans of \$350,000 or less; 75% for loans over \$350,000 up to \$500,000. If two Export Express loans are approved within 90 days of each other, and the combined gross loan amount of all the Export Express loans approved in that time frame to any one borrower (including affiliates) exceeds \$350,000, then the maximum SBA guaranty percentage of each of these loans is 75% (subject to the \$3,750,000 SBA aggregate guaranty limit).

For example:

If a business receives a 90% guaranty on an Export Express loan of \$275,000 and submits a second application for an Export Express loan of \$100,000 within 90 days of the first loan's approval, the maximum percentage of guaranty on each of the loans is 75% (subject to the \$3,750,000 aggregate guaranty limit).

However, if more than 90 days pass after an original Export Express loan is approved and there is a need for a second Export Express loan, the second loan in this example would be eligible for a 90% guaranty.

3. Maximum Guaranty Amounts

The maximum dollar amount outstanding of SBA's guaranty (also known as the "SBA share" or "guaranteed portion") to any one business (including affiliates) at the time of an Export Express loan approval shall not exceed \$3.75 Million.

For example:

Example 1: If a business receives a 90% guaranty on an Export Express term loan for \$350,000 and after two years has paid down the loan to \$300,000, the business would then be eligible to receive a second Export Express loan of \$200,000 with a 90% guaranty (subject to the \$3,750,000 SBA aggregate guaranty limit).

Example 2: If a business has in place an International Trade Loan with a \$4.5 Million balance (\$4,050,000 SBA guaranteed portion) that business would not be eligible to receive an Export Express loan since the \$3,750,000 SBA aggregate guaranty limit has been exceeded. Similar scenarios can occur with 504 borrowers since the debenture is 100% guaranteed.

4. Use of Proceeds

- a. Export Express loans must be used for an export development activity, which includes the following:
 1. Purchasing real estate or equipment to be used in the production of goods or services for export;
 2. Acquiring, constructing, renovating, modernizing, improving or expanding a production facility or equipment to be used in the United States in the production of goods or services for export;
 3. Obtaining a general line of credit for export purposes (as a normal course of business, the borrower may use portions of the line of credit for domestic purposes, as long as no less than 70% of the line of credit will be used for export purposes);
 4. Performing a service contract for buyers located outside the United States;
 5. Obtaining transaction-specific financing associated with completing export orders;
 6. Participation in a trade show that takes place outside the United States;
 7. Translation of product brochures or catalogues for use in markets outside the United States;
 8. Obtaining a standby letter of credit when required as a bid bond, performance bond, or advance payment guaranty; and
 9. Providing term loans and other financing to enable a small business concern, including an export trading company and an export management company, to develop a market outside the United States.
- b. Indirect Exports are considered exports for purposes of determining the eligible use of proceeds. The term “indirect export” applies to situations where, although the borrower’s direct customer is located in the United States, that customer will be exporting the items/services it purchased from the borrower to a foreign buyer. In such cases, the borrower must provide certification to the lender from the borrower’s domestic customer (typically in the form of a letter, invoice, order or contract) that the goods or services are, in fact, being exported.
- c. Loan proceeds may not be used to:
 1. Finance overseas operations, except for the marketing and/or distribution of products/services exported from the US;
 2. Refinance existing SBA-guaranteed loans (including Export Express loans); or
 3. Business acquisition.
- d. When an Export Express loan finances specific export transactions (including indirect exports), the lender must determine if U.S. companies are authorized to conduct business with the country to which the goods or services will be shipped. Lenders must check the Country Limitation Schedule published and periodically updated by the Export-Import Bank of the United States (Ex-Im Bank) which can be found on the Ex-Im Bank website at www.exim.gov/tools-for-exporters/country-limitation-schedule or is available from SBA’s Office of International Trade. A loan may not be made to a business that exports to a foreign country which is listed as a prohibited country (Note # 7) on the Country Limitation Schedule. (As of April 6, 2017, the prohibited countries are Bolivia, Cuba, Iran, North Korea, Sudan, and Syria.)

5. Required Documentation

SBA requires the lender to obtain information at the time of application from the borrower pertaining to the use of proceeds and its projected impact on the borrower's export sales and retain that documentation in its loan file. The specific documentation includes the following:

- a. The applicant must complete SBA Form 1919, Borrower Information Form. This form includes a question asking if the applicant's products and/or services are, or plan to be, exported and requests an estimate of annual export sales; and
- b. The applicant must provide documentation regarding the following items (this may be in the form of a general business plan, an attachment to the loan application, or on a lender-developed questionnaire [a *sample* lender questionnaire is available in Appendix 1]):
 1. A brief description of the business' product or service which will be exported;
 2. An explanation of how the loan proceeds will enable the business to enter a new export market or expand in an existing export market;
 3. The countries to which the business will export; and
 4. An estimate of the borrower's export sales for the 12-month period following the date of the loan application.

6. Refinancing Under Export Express

Export Express loan proceeds may be used to refinance debt that is on unreasonable terms as defined by SBA. Export Express loan proceeds may not be used to refinance debt originally used to finance a loan purpose that would have been ineligible for SBA financing at the time it was originally made. SBA has very specific policies regarding debt refinancing which are detailed in SOP 50 10 5(I) Subpart B, Chapter 2, Paragraph IV.E. In addition to following the guidelines established for refinancing debt under SBA Express, a lender must have the applicant provide documentation that the new loan or line of credit will help to develop a market or support sales outside of the United States.

Existing SBA-guaranteed loans, including Export Express loans, may not be refinanced under Export Express.

7. Interest Rates

A loan may have a fixed or variable interest rate. The lender negotiates the interest rate with the Small Business Applicant, subject to SBA's maximum rates.

For variable rate loans, the lender may use the same base rate of interest it uses on its similarly-sized, non-SBA guaranteed commercial loans, as well as its established change intervals, payment accruals, etc. However, the interest rate throughout the term of the loan may not exceed:

- i. 6.5% over the prime rate for loans of \$50,000 or less; or
- ii. 4.5% over the prime rate on loans over \$50,000 and up to \$500,000.

A lender may charge a default interest rate if it does so for its similarly-sized, non-SBA guaranteed commercial loans, as long as the interest rate does not exceed the rates listed above. (The default interest rate is a change (increase) in the interest rate charged to the borrower as a result of a failure to meet certain conditions specified in the loan agreement.)

The amount of interest SBA will pay to a lender following default of an Export Express loan is capped at the maximum interest rates for the standard 7(a) loan program.

8. Secondary Market

Export Express term loans can be sold on the secondary market only if the base rate is one of the following:

- i. The Prime Rate;
- ii. One Month London Interbank Offered Rate (LIBOR) plus 3 percentage points (LIBOR Base Rate); or
- iii. The SBA Optional Peg Rate.

An Export Express revolving line of credit cannot be sold on the secondary market, unless it has been termed out.

9. Loan Maturity

A maturity date must be established in the Note. For example, a line of credit could state that it is payable upon demand under certain conditions, but in no case later than a certain date. The loan term must be the shortest appropriate term based on the use of proceeds and the borrower's ability to repay. When lenders establish a repayment schedule and loan maturity, they must consider the following:

- i. the borrower's ability to repay;
- ii. use of loan proceeds; and
- iii. useful life of the assets being financed.

Maximum Export Express loan maturities are as follows:

- i. General lines of credit, the maximum term is 7 years.
- ii. Transactional lines, generally structured as revolving lines of credit, have a maximum term of 7 years; no disbursement can be made for an export transaction where payment by the foreign buyer will occur after the maturity date of the loan.
- iii. Permanent working capital loans must not exceed 10 years.
- iv. Equipment loans must not exceed 10 years, except when the useful life of the equipment exceeds 10 years (when maturity exceeds 10 years, lender must document the loan file that the reasonable economic life of the equipment is greater than 10 years and final maturity must not exceed the useful economic life or 25 years, whichever is less).
- v. Real estate loans must not exceed 25 years unless a portion of the loan is used for construction or renovation. If the use of proceeds of a real estate loan includes construction or renovation, the construction or renovation period may be added to the 25 year maximum maturity.

Revolving loans with a multi-year term may be set up with an annual renewal review process conducted by the lender, provided they do not exceed the maximum 7 year term. Lender may not charge renewal fees. The term of a loan may not exceed the period of the SBA guaranty commitment.

10. Non-financial default provisions

Non-financial default provisions are loan conditions that, if violated, would cause the loan to be in default even though the borrower has made all payments as agreed. Non-financial default provisions are allowed under Export Express under the following conditions:

1. A lender may not request purchase of the guaranty solely based on a violation of a non-financial default provision.
2. Non-financial default provisions must be substantive and must be agreed to by the borrower in writing at loan closing.
3. The provisions must be consistent with those used by lender on its similarly-sized, non-SBA guaranteed commercial loans.

F. Export Express Credit Standards

1. Credit Decision

SBA has authorized Export Express lenders to make the credit decision without prior SBA review. Export Express loans are not screened by SBA for a credit score. The lender's credit analysis must demonstrate that there is a reasonable assurance of repayment. The lender is required to use appropriate, prudent and generally accepted industry credit analysis processes and procedures (which may include credit scoring if the applicant has been in business for at least 12 months), and these procedures must be consistent with those used for its similarly-sized, non-SBA guaranteed commercial loans.

Lenders that do not use credit scoring for their similarly-sized, non-SBA guaranteed commercial loans may not use credit scoring for Export Express. Export Express lenders may use a business credit scoring model (such a model cannot rely solely on consumer credit scores) to assess character, reputation, and credit history of the applicant and/or repayment ability if they do so for their similarly-sized, non-SBA guaranteed commercial loans. If used, the business credit scoring results must be documented in each loan file and available for SBA review.

Although Small Business Lending Companies (SBLCs) do not make non-SBA guaranteed loans, SBA has determined that they may use credit scoring. Lenders must validate (and document) with appropriate and accepted statistical methodologies that their business credit scoring model is predictive of loan performance and they must provide that documentation to SBA upon request.

Lenders must not make an Export Express loan which would be inconsistent with SBA's "credit not available elsewhere" standard (i.e., lenders must not make an SBA-guaranteed loan that would be available on reasonable terms from either the lender itself or another source without an SBA guaranty).

The lender's loan write-up should be consistent with its loan write-up for similarly-sized, non-SBA guaranteed loans.

The credit decision on Export Express loans, including how much to factor in a past bankruptcy or whether to require an equity injection, is left to the business judgment of the lender. Also, if the lender requires an equity injection and, as part of its standard processes for non-SBA guaranteed loans verifies the equity injection, it must do so for Export Express loans. An Export Express lender's analysis is subject to SBA's review and determination of adequacy, however, when the lender requests SBA to purchase its guaranty or when SBA is conducting lender oversight activities. Early loan defaults will be reviewed by SBA pursuant to SOP 50-57.

2. Collateral

With respect to collateral taken, lenders must use commercially reasonable and prudent practices to identify collateral items, which would include conformance with procedures at least as thorough as those used for their similarly-sized, non-SBA guaranteed commercial loans. The lender is not permitted to separately collateralize its unguaranteed portion of the loan.

For loans of \$25,000 or less, lenders are not required to take collateral.

For loans over \$25,000, the lender must follow the collateral policies and procedures that it has established and implemented for its similarly-sized, non-SBA guaranteed commercial loans.

Standby letters of credit can be issued under an Export Express Line of Credit. When the Line of Credit exceeds \$25,000, there must be collateral (cash, cash equivalent or project) that will provide coverage for at least 25% of any issued standby letter of credit amounts.

3. Insurance

SBA requires hazard insurance on all assets pledged as collateral. If for some reason the lender does not require hazard insurance (for example, if it would impose an undue burden on a borrower given the small size of a loan), the lender must document on a loan-by-loan basis the specific reason in each specific loan file.

If any real or personal property that is collateral on an Export Express loan is located in a special flood hazard area, the lender is required to comply with the flood insurance requirements as stated in SOP 50 10 5(I), Subpart B, Chapter 5, Paragraph II.C.

G. Fees

1. SBA Guaranty Fees

A. A lender must pay a fee to SBA for each Export Express loan; this fee is known as the “SBA Guaranty Fee.” The total loan amount determines the percentage that is used to calculate this fee. The guaranty fee is based on the guaranteed portion of the loan and not the total loan amount. All Export Express loans, as well as any other SBA 7(a) loan approved in any 90 day window, will be aggregated to determine the SBA Guaranty Fee that is due. The chart below describes the applicable fees.

Gross Loan Amount	Guaranty Percentage	Guaranty Fee	
		Maturity less than 12 months (Note 1)	Maturity more than 12 months
0 - \$150,000	90%	¼%	2% (Note 2)
\$150,001 - \$350,000	90%	¼%	3%
\$350,001 - \$500,000	75%	¼%	3%

For example, the SBA Guaranty Fee on a \$200,000 Export Express loan with a 10 year term and a 90% guaranty is \$5,400 ($=\$200,000 \times 90\% \times 3\%$).

- B. The Agency automatically calculates the guaranty fee for each individual loan upon submission into SBA's Electronic Transmission (E-Tran) system. Each calculation will include changes to the fee that are necessary due to other loans approved within the past 90 days. Short term loans are not included in this calculation.

Note 1: If the maturity of a one year loan is extended or a one year line of credit is renewed, lender must pay the balance of the guaranty fee that would apply for loans with a maturity in excess of 12 months.

Note 2: The up-front SBA Guaranty Fee is zero on loan amounts of \$150,000 or less approved in FY 2017. Under SBA Veterans Advantage (non-SBA Express Loans): The upfront guaranty fee for loans to veteran-owned small businesses for \$150,001 up to and including \$500,000 will be 50% less than the upfront guaranty fee for non-veteran owned small businesses as follows:

- a. For loans with a maturity in excess of 12 months, the fee will be 1.5% of the guaranteed portion; and
- b. For loans with a maturity of 12 months or less, the fee will be 0.125% of the guaranteed portion.

2. When the Guaranty Fee Must be Paid

- A. The lender must pay the guaranty fee to SBA (via www.pay.gov) as follows:
 - 1. On loans with maturities in excess of 12 months, the lender must pay the guaranty fee to SBA within 90 days of the date of loan approval.
 - 2. On short term loans (maturities of 12 months or less), the lender must pay the guaranty fee within 10 business days from the date an SBA loan number is assigned and before the lender signs the Authorization for SBA.
 - 3. The due date for guaranty fee payment may not be waived or extended, even if the disbursement period is extended. If the guaranty fee is not paid as required, SBA will cancel the guaranty.
- B. The lender may charge the guaranty fee to the borrower after the loan is approved for short term loans or after initial disbursement for loans with maturities in excess of 12 months. The borrower may use loan proceeds to pay the guaranty fee. However, the first disbursement may not be made primarily for the purpose of paying the guaranty fee. If the borrower plans to use the loan proceeds to pay the guaranty fee, the Authorization must include a Use of Proceeds category for either payment of the guaranty fee or general working capital.

3. SBA On-Going Guaranty Fee

Lenders are required to pay SBA an "on-going guaranty fee." This fee is set at the time of loan approval (0.546% in FY2017), and is calculated based on the outstanding principal balance of the guaranteed portion of each loan. SBA specifies the amount of the fee each fiscal year for all loans approved during that year. This fee cannot be charged to the borrower. Lenders pay this fee on a monthly basis when reporting the status of the loans on SBA Form 1502. SBA may charge the lender a late fee if the on-going guaranty fee is not paid on time. The fee will be listed in the Authorization and it is the lender's responsibility to ensure that the Authorization includes the correct fee.

For example, the monthly SBA On-Going Guaranty Fee on an Export Express loan with a 90% guaranty that has a monthly principal balance of \$200,000 is \$81.90 ($\$200,000 \times 90\% \times 0.546\% \div 12$).

4. Other Fees

- A. The policy regarding packaging fees is the same as for standard 7(a) loans as set forth in SOP 50 10 5(I), Subpart B, Chapter 3, Paragraph VI. In addition, the lender may charge the same fees for Export Express loans as it charges for its similarly-sized, non-SBA guaranteed commercial loans as long as the fees are directly related to the service provided and are reasonable and customary for the services performed. Examples include application fees and reasonable transaction fees such as cash advance fees, late fees, returned check charges, standby letter of credit fees, currency conversion fees, over limit fees (assuming the borrower did not exceed SBA's approved loan amount), and organizational change fees. If packaging or application fees are charged, they must be disclosed on SBA Form 159(7a).
- B. As with standard 7(a) loans, lenders may not charge servicing fees unless the fees are to compensate for extraordinary servicing requirements connected with the loan; for example, monitoring the levels of accounts receivable for a line of credit.
- C. Renewal fees are not permitted on an Export Express line of credit.

SBA reserves the right to disallow fees that are not customary and/or which do not bear a relationship to the actual service provided. Also, if the lender requests that SBA honor its guaranty on an Export Express loan, with the exception of the SBA guaranty fee, the Agency will not purchase any portion of the loan balance that consists of fees charged to the borrower.

H. Application, Authorization, Loan Closings and Disbursements

1. Required Application Forms

All Export Express loan applications are submitted electronically to the SBA through E-Tran. The Lender keeps the application documentation in its files and only submits the data requested on the E-Tran submission screens.

Application packages must include the forms and information the lender requires in order to make an informed eligibility and credit decision on similarly-sized, non-SBA guaranteed commercial loans. Any application obtained by the lender from the applicant must be certified by the applicant as true and complete.

Additionally:

- Applicants must complete and sign **SBA Form 1919**, "Borrower Information Form."
- Lender must complete and sign **SBA Form 1920**, "Lender's Application for Guaranty for all 7(a) Loan Programs"
- If a packager or referral agent has been used or the lender has charged a fee or paid a referral fee associated with the application, SBA Form **159 (7a)** with original signatures must be completed and submitted to the Fiscal Transfer Agent (FTA) upon initial disbursement.
- If construction above \$10,000 is involved, the applicant and the contractor must complete the SBA Form 601.

- If all Subject Individuals respond “No” to the personal history questions on SBA Form 1919, then the Export Express loan can be processed with no SBA Form 912 required.
- If a Subject Individual responds “Yes” to the question on SBA Form 1919 asking if the Subject Individual is currently under indictment, etc., the Small Business Applicant is not eligible for an Export Express loan.
- If a Subject Individual’s response to the question on SBA Form 1919 asking if the Subject Individual has ever been convicted of an offense other than a minor motor vehicle offense reveals that he/she is currently on parole or probation (including probation before judgment), the Small Business Applicant is not eligible for an Export Express loan. In addition, a Subject Individual with a deferred prosecution is treated as if the Subject Individual is on probation or parole; such an applicant also is not eligible for an Export Express loan.
- If a Subject Individual responds “Yes” to the questions on SBA Form 1919 asking about arrests within the past 6 months or any convictions, **a character determination will be required following the revised procedures set forth in SBA Procedural Notice 5000-1401** (effective date December 14, 2016).

2. Authorization

For each Export Express loan there is a unique written authorization that includes the SBA loan number, borrower name, lender name and the terms and conditions under which SBA will guarantee the Export Express loan or line of credit. Export Express lenders may use the abbreviated version of the Authorization created for the SBA Express and Export Express programs (Appendix 2). Alternatively, the lender may use the Standard 7(a) Boilerplate authorization available on line: <https://www.sba.gov/for-lenders>. The lender drafts the authorization on behalf of SBA and the authorization must contain the paragraphs that are included in the boilerplate. The lender completes the SBA Express Authorization without SBA review and signs it on behalf of SBA. The lender maintains the authorization in its files.

3. Loan Closings

An Export Express lender must use the same closing and disbursement procedures and documentation as it uses for its similarly-sized, non-SBA guaranteed commercial loans. There must be a promissory Note that is legally enforceable and assignable, in the event that it would ever have to be assigned to SBA. The lender must obtain all required collateral and must meet all other required conditions of the lender’s loan write-up and SBA Authorization before loan disbursement, including obtaining valid and enforceable security interests in any loan collateral. These conditions include requirements identified in the loan write-up, such as standby agreements, life insurance, appraisals, business licenses, and cash/equity injections.

4. Disbursements

Export Express loan funds may be accessed through a variety of methods consistent with the way the lender normally conducts business for its similarly-sized, non-SBA guaranteed commercial loans. Use of a credit or debit card to access the loan funds is acceptable under Export Express. SBA has the right to deny a request to honor its guaranty for the misuse of credit cards involving fraud or misrepresentation or if the debtor exceeds his or her credit card limit for purchases on credit. In providing access through credit or debit cards, lenders must ensure that these loans are documented by legally enforceable and assignable promissory Notes and/or other equivalent debt instruments.

Before disbursing funds on an Export Express loan, the lender must comply with the following:

- A. The lender must follow its own practices for similarly-sized, non-SBA guaranteed commercial loans.
- B. **IRS Tax Verification.** If an Export Express lender uses business financial information to determine the creditworthiness of the Export Express loan, the lender must comply with SBA's standard 7(a) policy on the Internal Revenue Service (IRS) tax verification of income tax returns. (See SOP 50 10 5(I), Subpart B, Chapter 5, Para. III.)

If an Export Express lender does not use business financial information to determine creditworthiness, such as with some credit scoring models, verification of tax transcripts is not required.

When required, lenders must use IRS tax transcripts to verify financial information used to support the loan credit analysis. The lender must submit **IRS Form 4506-T**, Request for Transcript of Tax Return, to the IRS to obtain federal income tax information on borrower, or the Operating Company if the borrower is an Eligible Passive Company (EPC) (as defined in 13 CFR 120.10), for the last 3 years. If the business has been operating for less than 3 years, lender must obtain the information for all years in operation (unless borrower or Operating Company is a start-up business). Lender must compare the tax data received from the IRS with the financial data or tax returns submitted with the loan application. If the tax transcripts provided by the IRS do not reconcile with the financial information submitted by the borrower, the lender must delay disbursement until such time as the lender is able to comply with the procedures in SOP 50 10 5(I) Subpart B, Chapter 5, III.

- C. Obtain evidence of no un-remedied adverse change since the date of the application (or since any of the preceding disbursements in the case of multiple disbursements), in the financial or any other condition of the borrower that would warrant withholding any disbursement.
- D. In managing and monitoring revolving line of credit disbursements, lenders should essentially follow the same practices as they do for their non-SBA guaranteed commercial revolving lines of credit.
- E. If Export Express loan proceeds will be used for the construction of a new building or an addition to a building, lender must obtain the borrower's agreement that the construction will conform with the "National Earthquake Hazards Reduction Program Recommended Provisions for the Development of Seismic Regulations for New Buildings" and all other requirements identified in "Construction Loan Provisions" SOP 50 10 5(I), Subpart B, Chapter 5, Paragraph VI. For any loan involving construction of more than \$10,000, the borrower and contractor must execute SBA Form 601, Applicant's Agreement of Compliance.
- F. Obtain the borrower's agreement that it will, to the extent feasible, purchase only American-made equipment and products with the proceeds of the loan. This certification is included on the SBA Form 1919.

- G. Obtain borrower's certification that any 50% or more owner of the Small Business Applicant on SBA Form 1919 is not more than 60 days delinquent on any obligation to pay child support. This certification is included on the SBA Form 1919.
- H. Export Express lenders may not request a loan number for a loan that will be secured by collateral that will not meet SBA's environmental requirements or that will require use of a non-standard indemnification agreement. Lenders must follow the environmental requirements in SOP 50 10 5(I), Subpart B, Chapter 4, Paragraph III.
- I. The lender should not send any closing documentation to SBA after closing an Export Express Loan but should retain all documents in the loan file.

I. Post Approval Modifications/Loan Servicing

1. General Servicing Principles

Export Express loans are serviced in the same fashion as SBA Express loans. SOP 50 57 2, **7(a) Loan Servicing and Liquidation** details SBA's policy on all 7(a) loans, including Export Express.

Generally speaking, lenders must service Export Express loans in their portfolio no less diligently than their non-SBA portfolio, and in a commercially reasonable manner, consistent with prudent lending standards.

Unilateral Authority. 13 CFR 120.536 and SOP 50 57 2, Chapter 3 specifically identify those servicing actions that require prior written SBA consent. SBA delegates to the lender *unilateral authority* to make certain servicing actions without prior SBA approval. Lenders may use their unilateral authority in order to expeditiously address the needs of small business concerns in their Export Express portfolio. This unilateral authority includes, among other things, deferments and loan restructuring where needed to keep a small business open and operational.

The [Servicing and Liquidation Actions 7\(a\) Lender Matrix](http://www.sba.gov/content/servicing-and-liquidation-actions-7a-lender-matrix) (please check it periodically) provides a summary of different actions and is a tool to assist lenders in complying with SBA policy and procedure and how to implement a requested servicing action and determine whether SBA notification and/or approval is required. It is available online at: <http://www.sba.gov/content/servicing-and-liquidation-actions-7a-lender-matrix>.

E-Tran Servicing - SBA's E-Tran system allows Export Express lenders to use their unilateral authority to make many changes to their SBA loan record using a direct connection via the internet. E-Tran enables lenders to process the following actions without any sort of paper submission to the SBA:

- Cancel undisbursed loan;
- Terminate guaranty on disbursed loan;
- Decrease loan amount or guaranty percentage on an undisbursed loan;
- Change the use of proceeds, which does not involve an increase to loan;
- Changes to maturity date or months on loans which have not matured;
- Change loans from revolver to term;
- Change legal/trade name or address;
- Change project from rural to urban or vice versa;
- Change principal(s) gender, race, veteran status, citizenship;
- Add borrower(s) /guarantor(s)

Once the change has been input in the E-Tran system, there is no need to send additional information to the Loan Guaranty Processing Center (LGPC) or the appropriate SBA Commercial Loan Servicing Center (CLSC). Lenders utilizing unilateral authority must document the business reason and justification for their decisions and retain these and supporting documents in the loan file for future SBA review to determine if the actions taken were prudent, commercially reasonable (consistent with generally accepted commercial lending practices) and complied with Export Express Loan Program Requirements. In addition, the lender should notate the loan file with a statement such as, "This action was taken under unilateral authority."

Servicing Actions Requiring Prior Written SBA Approval. Export Express Loan Program Requirements prohibit the lender from taking any action that confers a Preference on the lender without SBA's prior written approval. Preference is defined in 13 CFR 120.10 as any arrangement giving an Export Express lender a preferred position compared to SBA relating to the making, servicing, or liquidation of a business loan with respect to such things as repayment, collateral, guarantees, control, maintenance of a compensating balance, purchase of a certificate of deposit or acceptance of a separate or companion loan. For example, a lender would receive a Preference if it subordinated the lien securing an existing Export Express loan to a lien securing a new non-SBA loan or a new SBA loan with a lower guaranty percentage than the lender made to the same borrower. A lender would also receive a Preference if it renewed or increased the amount owed on a non-SBA loan or an SBA loan with a lower guaranty percentage if the lien securing an existing SBA loan was previously subordinated to the loan the lender renewed or increased.

If prior written SBA approval is required for a post-approval modification or a servicing action, the request should be sent to:

- the LGPC if the loan is not "fully disbursed;" and to
- The CLSC if the loan is "fully disbursed."

SBA considers a revolving line of credit "fully disbursed" when the loan has been closed and the first disbursement has been made.

SBA considers a term loan "fully disbursed" when the loan has been closed and the final disbursement has been made.

The following is a summary listing of servicing actions on Export Express loans which require

SBA's **prior written consent** (see SOP 50 17 2, Ch. 3 for a complete listing):

- Increase in the loan amount or SBA's guaranty percentage;
- Reinstatement of SBA Guaranty;
- Any action that confers a Preference on the lender or engages in an activity that creates a conflict of interest;
- Release of any Borrower, Guarantor or Obligor;
- Compromises on the principal balance of a loan;
- Sale or lease of collateral or acquired collateral to the lender, an Associate of Lender, employee of Lender or Close Relative of an employee of the lender;
- Sale or lease of collateral or acquired collateral to an Obligor, or Close Relative or Associate of on Obligor;
- Assumption of loan with release of Borrower/Guarantor/Obligor;
- Taking title to any property in the name of SBA;
- Taking title to environmentally contaminated property, or taking over operating and control of a business that handles hazardous substances;
- Emergency purchase from secondary market;
- Determination of involuntary prepayment/subsidy recoupment fee;
-
- Transfer, sell or pledge more than 90% of a loan;
- Litigation plan and budget (if legal fees exceed \$10,000 or non-routine litigation or if routine litigation becomes non-routine).
- Amendment to litigation plan for material changes that were not addressed in the original plan
- Any amendments to an approved litigation plan if fees increase by more than 15%.

How to Request a Servicing Action When SBA Approval is Required. A clear and concise cover letter drawn from information in the lender's internal credit memorandum generally suffices as the servicing request. If the cover letter addresses the request and describes the supporting analysis, you do not need to submit additional information.

For actions that involve complex credit or collateral issues, it would be beneficial to include the lender's internal credit memorandum with the servicing request. If the credit memo includes an analysis of the borrower's financial statements, **do not submit a copy of the financial statements**. Similarly, if the credit memo describes the collateral analysis and basis for collateral valuation, **do not submit copies of appraisals or other documents related to collateral**.

In general, servicing requests must address a common set of elements. These elements allow the lender and SBA to quickly understand the request, the status of the SBA loan(s), the condition of the borrower’s business and other factors important to the decision:

- A statement of the proposed action and a brief description of what makes the request necessary;
- Status of the SBA loan (date and amount funded, loan number, current balance and status);
- Identification of guarantors/co-makers and a statement as to whether their consent has been or will be obtained for the action;
- A summary and analysis of the business, including analysis of financial statements.
- Before and after collateral analysis, for actions that affect the collateral;
- A [Servicing Action Supporting Schedule](https://www.sba.gov/content/7a-sbaexpress-servicing-action-supporting-schedule) may be submitted in order to facilitate review. (It is available online at: <https://www.sba.gov/content/7a-sbaexpress-servicing-action-supporting-schedule>);
- Summary of prior servicing experience with the borrower, e.g., loan modifications and/or problems pertinent to the request;
- A summary of the impact/benefit of the action on the business;
- Will the proposed action address the needs or solve the problems of the business?
- Will the action protect the interest of the lender and SBA?

Submit request for loans that are not fully disbursed to the LGPC at: 7aloanmod@sba.gov.

For loans that are fully disbursed, submit servicing requests to the appropriate CLSC via e-mail or fax as follows:

	East	West
Address	Little Rock CLSC “East” 2120 Riverfront Drive, Suite 100 Little Rock, AR 72202-1794 http://www.sba.gov/LittleRockCLSC (501) 324-5871 or (800) 644-8564	Fresno CLSC “West” 801 R Street, Suite 101 Fresno, Ca 93721 http://www.sba.gov/FresnoCLSC (559) 262-4960 or (800) 347-0922
Geographic Coverage	SBA Regions 1, 2, 3, 4, and 6 (except New Mexico and Louisiana).	SBA Regions 5, 6 (except Arkansas, Oklahoma and Texas) 7, 8, 9, and 10.
Fax Numbers Servicing Liquidation	(202) 292-3878 (202) 481-6481	(202) 481-0483; (202) 481-1756
E-Mail Servicing: Liquidation: Customer Service: Express Purchase:	lrservice@sba.gov lrs504liquidation@sba.gov lrscustomerservice@sba.gov LRSC.ExpressPurchase@sba.gov	fsc.servicing@sba.gov fsc.postservicing@sba.gov fsc.postservicing@sba.gov fsc.expresspurchases@sba.gov

2. Monthly 1502 Reporting. All Export Express loans in regular servicing status and all pre-guaranty purchase loans in liquidation status must be included on the lender's SBA Form 1502 report, which must be submitted to the SBA on a monthly basis through the Fiscal Transfer Agent (FTA). (For more detail, see SOP 50 10 5(I), Subpart B, Ch. 8.) When a loan is reported as "paid in full," it is automatically deleted from SBA's Computer Tracking System and the guaranty is cancelled. An Export Express loan that is a revolving loan should not be reported as "paid in full" because the balance is zero if the borrower intends to keep the loan in place for future disbursements. Lenders who erroneously report a loan as "paid in full," may submit a written request for guaranty reinstatement (specific procedure is detailed in SOP 50 57 2, Ch. 4, Para. F).

3. Loan Increases

Lenders must follow their established and proven internal credit review and analysis procedures used for their non-SBA guaranteed commercial loans to determine whether an Export Express loan increase is appropriate prior to submitting the request for an increase to SBA and must retain all supporting documentation in lender's loan file.

For an Export Express loan or line of credit, the lender must obtain approval for an increase in the loan amount directly in E-Tran. Approval of the requested increase or decrease in E-Tran will constitute SBA's prior written consent. SBA may review the documentation supporting the increase when conducting lender oversight activities and at time of guaranty purchase.

Increases to Export Express loans, regardless of the disbursement status, are subject to statutory, administrative, and program maximums and must be approved by SBA (through E-Tran) and the additional guaranty fee paid. Upfront and ongoing fees for increases in subsequent years are at the rates in effect at the time the loan was originally approved.

- A. Export Express **term loans**: If the request for an increase is more than 20% of the original loan amount or is more than 18 months after the original approval date of the loan, the lender must maintain in its loan file an analysis showing that the purpose of the increase is the same as the original purpose of the loan and that the borrower's cash flow can support the increased payment amount.
- B. Export Express **revolving lines of credit** increases:
 - 1. May be requested at any time during the life of the loan, but must be within 7 years of the date of loan approval. The maturity date of the revolving line must not exceed 7 years from the date of Note/first disbursement.
 - 2. May not exceed the \$500,000 limit for the Export Express maximum loan amount, including any other outstanding loans under Export Express; and
 - 3. If the increase is above 33% of the original loan amount, an analysis of appropriate credit and risk factors consistent with the procedures the lender uses for its similarly-sized, non-SBA guaranteed commercial loans must be maintained in the lender's loan files.

4. Export Express Liquidation

Export Express lenders should make a good faith effort to help delinquent borrowers bring their loans current. However, when a payment default cannot be cured, the Note should be

accelerated, demand made on the Obligors, the loan classified in liquidation; the SBA guaranteed portion re-purchased from the secondary market; and a Liquidation Plan prepared and implemented without further delay. The lender should email notification to place the Export Express loan in liquidation to the appropriate CLSC. The e-mail should refer to the SBA loan number and state that it is a liquidation request in the subject line. Reporting a loan as “In Liq” on the monthly 1502 report does not relieve the Export Express lender from the requirement to notify the appropriate CLSC.

SBA requires that all lenders liquidate and conduct debt collection litigation for Export Express loans in their portfolio no less diligently than for their non-SBA portfolio, and in a prompt, cost-effective, and commercially reasonable manner, consistent with prudent lending standards.

Site visits are a critical requirement in order to maximize recovery on an Export Express loan placed into liquidation. Unless the loan is unsecured, or the aggregate Recoverable Value (as defined in SOP 50 57 2, Ch. 2, Para. 48) of the personal property collateral is less than \$5,000 and the Recoverable Value of each parcel of real property collateral is less than \$10,000, a site visit must be conducted:

1. Payment Default—within 60 calendar days of an uncured payment default or sooner if the collateral could be removed, lost or dissipated.
2. Non-payment Default—within 15 calendar days of the occurrence of an adverse event that caused the loan to be classified in liquidation status or sooner if the collateral could be removed, lost or dissipated.

Lenders should refer to SOP 50 57 2, **7(a) Loan Servicing and Liquidation** for complete procedures.

5. Export Express Purchase Procedures

SBA has an [Express 10 Tab Purchase Demand Kit](https://www.sba.gov/managing-business/forms/lending-forms/10-tab-express-purchase-demand-kit) (available online at <https://www.sba.gov/managing-business/forms/lending-forms/10-tab-express-purchase-demand-kit>) to facilitate the repurchase of the SBA portion of the loan back from the lender. Generally, unless SBA agrees in writing, the borrower must be in default of a payment due on the Note for more than 60 calendar days. Additionally, unless the borrower has filed for bankruptcy, the lender must liquidate all business personal property securing the loan prior to requesting SBA to purchase the guaranteed portion of the loan.

Export Express purchases are processed by the CLSCs. E-mail (or use “send this file”) the Purchase Demand kit to the appropriate CLSC once the liquidation has been completed. For complete guidelines, lenders should refer to SOP 50 57 2, 7(a) Loan Servicing and Liquidation, Chapter 23.

6. Final Charge Off and Disposition

As detailed in SOP 50 57 2, Chapter 26, as amended, Export Express lenders are required to provide a wrap up report following the completion of all liquidation activities and recoveries applied to Export Express loans. This report filing is the final step in the disposition of an SBA loan, and will be the basis for determining the extent of any SBA loan account charge offs. This charge off data is used by SBA to compute lender portfolio performance statistics and for SBA risk management purposes.

J. Roles and Relationships of Other SBA Offices

Office of International Trade

SBA's Office of International Trade operates out of Washington D.C. and is responsible for policy and program management and provides supervision to the USEAC network. Established by statute with an Associate Administrator for International Trade who is responsible to the SBA Administrator, the Office serves as the hub for international small business trade issues and for information concerning access to capital for small business exporters.

U.S. Export Assistance Centers

Staff at U.S. Export Assistance Centers (USEACs) include SBA Export Finance Managers, who are charged with training and counseling lenders and borrowers on SBA's specialty loan programs designed for American exporters, including Export Express. For an up-to-date list of SBA's Export Finance Managers and the territories they cover, please visit: <https://www.sba.gov/international>.

Office of Financial Assistance

SBA's Office of Financial Assistance develops loan policy for all 7(a) loans. The Office of International Trade coordinates with the Office of Financial Assistance (OFA) in developing Export Express loan policy. Exceptions to policy must be approved by the Director of International Trade Finance (D/ITF) in accordance with SOP 50 10 5(I). Loans with exception to policy requests must be submitted through the Loan Guaranty Processing Center.

Loan Guaranty Processing Center

The SBA Loan Guaranty Processing Center (LGPC) processes Export Express post-approval modification and servicing requests that require SBA's prior written consent on loans that are not "fully disbursed."

SBA Fiscal and Transfer Agent

The SBA Fiscal and Transfer Agent (FTA) provides financial support services under contract for all SBA 7(a) loans. Currently, for purposes of the Export Express loans, the FTA is the point of contact for lender loan portfolio reporting related to the payment status of all outstanding Export Express loans (1502 reporting). The FTA also coordinates reporting and funds transfer with the secondary market investor for Export Express loans sold on the secondary market. (Note: only SBA Export Express term loans can be sold on the secondary market.)

Office of Credit Risk Management

The Office of Credit Risk Management (OCRM) performs SBA portfolio performance monitoring and lender oversight for the 7(a) loan program. OCRM is an SBA operating unit headquartered in Washington D.C. and employs a risk-based approach to lender oversight and corrective actions. Its primary function is to evaluate the level of financial risk to SBA arising from the issuance of loan guarantees by lender participants to small business concerns throughout the nation. OCRM concurrence is also required for any exception to policy on an Export Express loan approved by the D/ITF. OCRM also handles renewals of delegated authority, including Export Express.

K. Frequently Asked Questions

Q1. *Is there a certain percentage of a borrower's sales that need to be exported in order to qualify for Export Express?*

A. No, there is no threshold for percentage of sales exported as a requirement for Export Express. A company that has no export sales and will use Export Express loan proceeds to begin exporting could qualify and meet the requirements of the Export Express program.

Q2. *Can one borrower have multiple Export Express loans?*

A. Yes, provided that the gross loan amount of all Export Express loans does not exceed \$500,000 and the SBA guaranteed portion of all outstanding SBA loans does not exceed \$3.75 million.

Q3. *I have an existing borrower who already has an SBA Express loan for \$350,000. What is the maximum Export Express loan amount available for this borrower?*

A. \$500,000, provided that the SBA guaranteed portion of all outstanding SBA loans does not exceed \$3.75 million and provided that there are no outstanding Export Express loans.

Q4. *Can a borrower use up to 30% of an Export Express line of credit for domestic purposes in the normal course of business?*

A. Yes, if the Export Express is structured as a general line of credit. No, if the Export Express is structured as a transaction-specific line of credit.

Q5. *I have approved an Export Express loan as a general line of credit for export purposes. Do I need to document each and every disbursement in order to meet the requirement that no less than 70% of the line of credit will be used for export purposes?*

A. No, that requirement was dropped with the issuance of SOP 50 10 5(H) effective May 1, 2015 and the streamlined approach is retained in in SOP 50 10 5(I). Export Express program policy requires that the lender receive documentation at the time of loan approval on how the general line of credit will support the company's export activity and an estimate of annual export sales. For a general line of credit, a lender must document that at least 70% of the line of credit will be used for export purposes. In addition, the lender may rely on a certification provided by the Small Business Applicant, unless the lender has credible evidence to the contrary. The determination that 70% of the working capital will support exports is made at the loan underwriting and approval stage based on the borrower's credible export plan and sales projection.

Q6. *Are there any specific requirements for how a borrower can access funds on an Export Express general line of credit?*

A. Export Express loan funds may be accessed through a variety of methods consistent with the way the lender normally administers its similarly-sized, non-SBA guaranteed commercial loans. Use of a credit or debit card to access the loan funds is acceptable under Export Express. (SBA has the right to deny a request to honor its guaranty for the misuse of credit cards involving fraud or misrepresentation or if the debtor exceeds his or her credit card limit for purchases on credit). In providing access through credit or debit cards, lenders must ensure that these loans are documented by legally enforceable and assignable promissory Notes and/or other equivalent debt instruments.

Q7. *I have an existing borrower who already has an Export Express revolving line of credit for \$100,000 and needs additional working capital. Can I refinance the existing Export Express loan with a new larger \$200,000 Export Express loan?*

A. No, existing SBA loans cannot be refinanced with an Export Express loan. There are three alternative options:

1. Increase the existing Export Express line of credit to \$200,000.
2. Term out the existing line of credit and issue a new Export Express loan for \$100,000.
3. Open a second Export Express line of credit for \$100,000.

Q8. *A lender is considering making a \$350,000 SBA loan that could be approved using either Export Express, SBA Express, or the 7(a) Small Loan process. What are the advantages of Export Express?*

A. Export Express offers several advantages over the alternatives:

- Export Express provides a 90% guarantee. 7(a) Small Loans provides a 75% guarantee. SBA Express provides a 50% guarantee.
- Export Express (and SBA Express) can support a revolving line. 7(a) Small Loans cannot.
- Export Express (and SBA Express) loans do not go through SBA's liquid credit score screening process. 7(a) Small Loans require this.
- Export Express, like SBA Express, permits the lender to use their own internal credit analysis and forms.
- Export Express (and SBA Express) allows the lender to use its own collateral policy. 7(a) Small Loans require a first lien on all assets financed with loan proceeds and a lien on all fixed business assets.
- If the lender is not a PLP lender, there is an additional advantage to Export Express. Export Express (and SBA Express) gives the lender delegated authority on the loan similar to PLP authority. The Express programs allow the lender to eliminate the step of submitting the application to the Loan Guaranty Processing Center for SBA approval. SBA has authorized Express lenders to make the credit decision without prior SBA review; the Express lender completes the Loan Authorization without SBA review and signs it on behalf of SBA.

Q9. *If an Export Express-eligible business needs both term loan financing for a fixed asset purchase and a revolving line for working capital, can these two purposes be combined into a single Export Express loan?*

A. No, term loans and revolving lines cannot be combined. The lender will need to make two loans – an Export Express term loan for the fixed assets and a second Export Express line of credit for the working capital.

Q10. *Is a lien on all of the business’s fixed assets required as collateral for an Export Express loan?*

A. No. For Export Express loans the lender takes a lien on those assets that it would require when making a similarly-sized, non-SBA guaranteed commercial loan. If the lender’s collateral policy is satisfied with a lien on less than all of the business’s fixed assets, Export Express assistance is permitted.

Q11. *What forms of risk mitigation is a business required to use on its export sales when it is being financed with Export Express? Are export credit insurance or letter of credit terms required?*

A. SBA does not mandate any particular export risk mitigation strategy for businesses financed with Export Express. The beauty of Export Express is that the lender can rely on its own internal credit policy on this and other underwriting standards. So if a lender requires export credit insurance for all borrowers receiving similarly-sized, non-SBA guaranteed loans, then it must require this for its Export Express borrowers as well; whereas if other approaches are allowed, this flexibility carries over to Export Express borrowers as well.

It should be noted that SBA considers export credit insurance offered by the Federal Government’s Export-Import Bank of the United States (Ex-Im Bank) to be a valuable and prudent export risk mitigation tool. Furthermore, thanks to the partnership between Ex-Im Bank and SBA, businesses that receive Export Express working capital financing qualify for a 25% discount on their Ex-Im Bank credit insurance. More information about ExIm export credit insurance is available at <http://www.exim.gov/what-we-do/export-credit-insurance>.

Q12. *Does SBA require a “rest” period on an Export Express line of credit, where the line must be paid down to zero for some period?*

A. No. SBA does not specify any particular line management requirements other than that the lender uses the same practices that it uses when making a similarly-sized, non-SBA guaranteed commercial loan. A lender can use any line management style that fits within its normal practice.

Q13. *My 7-year term Export Express line of credit is approaching maturity and the borrower will not be able to pay the line in full. The business is viable but needs ongoing access to a line of credit for its operations. What are my options?*

A. The existing loan must stop revolving. A maturing Export Express line cannot revolve once it reaches the maximum maturity date in Year 7; no further advances are permitted. Additionally, if the Export Express line is an export transaction-based line rather than a general line of credit, the lender and borrower need to be aware that no advances are allowed for new transactions where the payment by the foreign buyer is scheduled to occur after the maturity date of the loan.

B. No refinancing. A maturing Export Express line cannot be refinanced with another Export Express (or SBA Express) line because such refinancing is prohibited by SBA policy.

C. Servicing the unpaid balance. If the borrower will be unable to pay off the line at maturity, the lender must evaluate whether to continue with the borrower or proceed with liquidation. If the lender determines that continuing with the borrower is appropriate, the lender may exercise their unilateral servicing authority to term out the line for up to a maximum of 10 years beyond the loans original maturity if the extension will aid in the orderly repayment of the loan.

D. A new line of credit. Terminating the existing line addresses the problem of the maturing line, but if the business still needs a line of credit, a new line must be set up. This could be done under SBA Express, Export Express, CAPLines or EWCP as appropriate under SBA loan program requirements.

Q14. *My bank has a client with an existing \$500,000 Export Express line of credit that has been on the books for 3 years. The line of credit had an original term of 5 years. The client is doing well and has outgrown the existing Export Express LOC. The current balance is \$400,000 and is collateralized with foreign accounts receivable and inventory. The bank wants to give the company an EWCP loan in the amount of \$1,000,000; can they use EWCP proceeds to pay off the Export Express line of credit?*

A. No. An EWCP cannot directly refinance an Export Express line of credit. Instead, the lender would either need to make a separate EWCP loan and maintain both lines, with separate export collateral pools, or arrange for the borrower to pay off the Export Express loan through the collection of underlying collateral proceeds and/or other sources. After the Export Express credit facility is closed out, the lender could approve a larger EWCP line secured with applicable export-related collateral.

Export Express Information

Provide a brief description of the U.S. product/service which will be exported:

Provide an explanation of how the loan proceeds will enable your business to enter a new export market or expand in an existing export market (or indirect export)

To which countries will your business export?

What were your export sales the previous 12 months?

Provide an estimate of your export sales for the next 12 month period.

I am requesting Export Express to support my "indirect exports" and have attached documentation from my U.S. customer that the goods/service my business is providing them will be exported.

True_____False_____

My business does not have operations, facilities or offices overseas, other than those strictly associated with marketing and/or distribution of products/services exported from the United States. True_____False_____

If false, the business is not eligible for Export Express (but may be eligible for other SBA financing).

I certify the above information (and attachments, if any) is true and complete. I understand this information is being submitted to a lender so they can decide to make an Export Express loan and that the lender is relying on this information. I understand FALSE statements may result in forfeiture of benefits and possible prosecution by the U.S. Attorney General (Reference 18 U.S.C. 1001).

Signature: _____ Date _____

Name and Title: _____

Business Name: _____

Appendix 2

U.S. Small Business Administration

AUTHORIZATION (SBA Express / Export Express Loan)

SBA Loan# **[Number]**

U.S. Small Business Administration

[SBA Field Office's Name]

[Address]

[City, State, Zip]

Lender:

[Lender's Name]

[Address]

[City, State, Zip]

Lender is issuing this SBA Express or Export Express Loan Authorization for SBA to guarantee **[Percent Guaranteed]** of a loan in the amount of \$**[Loan Amount]** to be made by Lender to assist:

Borrower: **[Name, dba, Address, City, State, Zip for each borrower]**

Lender must have a valid SBA Loan Guarantee Agreement (SBA Form 750 and 750B for short term loans, if applicable), and a valid SBA Express Supplemental Loan Guaranty Agreement (SBA Form 2424) or Export Express Supplemental Loan Guaranty Agreement (SBA Form 2426) (depending on the type of loan).

Lender's issuance is in accordance with the SBA Express Supplemental Loan Guaranty Agreement between Lender and SBA for an SBA Express Loan, or the Export Express Supplemental Loan Guaranty Agreement between Lender and SBA for an Export Express Loan.

Lender must comply with all SBA Loan Program Requirements, as defined in 13 CFR 120.10, all of which may be amended from time to time.

This Authorization is subject to the application (including SBA Form 1919) submitted by Borrower to the Lender, the Lender's representations to SBA, and the following terms and conditions:

1. Lender must make first disbursement of the loan no later than **[number of months]** months, and complete disbursement no later than **[number of months]** months, from the date of this Authorization. For a revolving line of credit loan, Lender must make no disbursement of this loan beyond the maturity date.

2. The GUARANTEE FEE IS: **[\$Amount]**

Lender must pay the guarantee fee within 90 days of the approval date of this Authorization. Failure to timely pay the guarantee fee will result in cancellation of the SBA guarantee. The 90-day deadline may not be extended. Lenders are required to make their payments electronically. Payment can be made at www.pay.gov or by ACH if they have previously enrolled with the SBA. No part of the guarantee fee is refundable if Lender has made any disbursement. Lender may collect this fee from Borrower after initial disbursement of Loan; however, when an escrow closing is used, Lender may not collect the fee until all Loan funds have been disbursed to the borrower from the escrow account. Borrower may use Loan proceeds to reimburse Lender for the guarantee fee.

For loans with a maturity of 12 months or less, Lender must pay the guarantee fee within 10 business days from the date the SBA loan number is assigned and before signing this Authorization. No guarantee exists if Lender has not timely paid the guarantee fee in full. SBA will not refund the guarantee fee after the date of this Authorization except as provided in SOP 50 10. Payment of the guarantee fee is not contingent upon disbursement. Lender may collect this fee from Borrower upon receipt of the SBA loan number. Borrower may use loan proceeds to reimburse Lender for the guarantee fee.

For loans of \$150,000 or less with a maturity of more than 12 months, Lender may retain 25% of any required guarantee fee but must remit the remainder to SBA.

3. Lender must have Borrower execute a Note containing the following repayment terms:

[Repayment Terms]

4. Lender must develop and maintain evidence of a system or process to reasonably ensure that proceeds of loan were used for the following eligible business purposes:

[Show specific uses for which loan is authorized, broken down by category. Total of all categories must equal total loan.]

5. Lender must satisfy the following collateral conditions:

[List all collateral that will secure loan, if any, and all Personal Guaranties. Specify lien position and title evidence required.]

LENDER

By: _____
(Authorized Signature) (Date)

(Print Name/Title)