



J.R. Bruno
& ASSOCIATES



Consultants to the Business Lending Community
SBA and MBL Specialist

OUTSOURCE COLLABORATOR

Business Lending News

SBA LENDERS: INTERNATIONAL LOANS - WHY THEY'RE A GREAT DEAL !!

International SBA Loans are a great way you can help small business borrowers expand their export sales, grow your SBA loan portfolio - and increase your bottom line. In short, if you're not doing them, you're missing a great opportunity!

SBA's Export Loan Program is getting more popular but is still underused. Time to get with the program! The options: 1) Export Express Loans up to \$500,000 is the simplest export loan. You may use your own forms and procedures for these loans; 2) Export Working Capital loans advance up to \$5 million for export transactions; 3) International Trade Loans (ITL) - the most popular and most lucrative program and the focus of this eBulletin - provide loans up to \$5 million for working capital, equipment and facilities. Companies may also use a portion of the proceeds to refinance high-interest debt to free up cash flow to grow their export business.

Who can qualify? Businesses producing product(s) for export and looking to expand their export business and businesses planning to export can qualify. Also, companies with "indirect exporting business" those that are part of the supply chain for a large exporter may be eligible. Businesses that have been adversely affected by overseas competition in the domestic marketplace also may be eligible for International Trade Loans.

Why are ITLs a good deal? You have good reason to work with borrowers on their export plans. How about a 90% guaranty? Among several provisions to stimulate SBA lending, the Small Business Jobs Act of 2010 allows for a **full 90% guaranty** on International Trade Loans up to \$5 million. As the lender, your institution reaps up to \$750,000 in extra guaranty coverage for the maximum \$5 million loan. Then there's, say a 10% premium if you sell the loan on the secondary market. For the lender, there's the advantage of receiving \$4.5 million guaranty on a \$5 million loan vs. \$3.75 million for a standard 7(a) loan. Win-win for everybody.

How to qualify? Determining eligibility is relatively simple. First off, all regular eligibility requirements for SBA 7 (a) loans apply to International Trade Loans. Additionally, there must be a solid export business plan demonstrating that the loan is directly tied to expanding or developing export markets and improving the borrower's competitive position. Businesses engaged in "indirect exports," will need to provide documentation such as a letter, invoice or purchase order from the larger company showing that the goods and/or services are supplied for export. SBA will work with you and your borrower to determine eligibility.

Why aren't ITLs used more often? In working with our clients, we've found an easy answer: Lenders just don't think about it! It's your basic "needs selling." Ask 7(a) applicants two key questions: 1) Do you export your products? and; 2) Are you planning on it?

Detailed information about SBA's International Loan Program is on the [SBA website](#). Check it out! JRB Senior Associate Brad Crosley encouraged SBA lenders to consider International Trade Loans during recent presentations in San Antonio and Austin, Texas so you might also contact [Brad](#). And for all your SBA and business lending needs, [Contact JRB](#).

Joanna

Joanna Bruno
President

J.R. Bruno & Associates

870 Market Street, Suite 462

San Francisco, CA 94102

855.572.4722

joanna@jrbrunoassoc.com

Visit us at www.jrbrunoassoc.com

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