



## SBA's International Trade Loan: Helping Businesses Bring Jobs Home

### U.S. Export Assistance Center (USEAC)

Through 20 USEACs nationwide, SBA staff provides one-stop service to U.S. small business exporters (both potential and those already in the export business). They work in full partnership with the Export-Import Bank of the United States and the U.S. Commercial Service. Locate a USEAC near you by visiting this website:

<http://www.sba.gov/international>

### Businesses Are Bringing Production Home

The “Made in America” brand remains strong. A growing number of businesses are bringing production facilities and jobs back to the U.S. from overseas.

Recent studies show that “on-shoring” is likely to increase over the next several years due to a number of factors, such as a need for skilled labor, productivity of the U.S. workforce, stronger quality controls, rising transportation costs, and stronger entrepreneurship and innovation.

### Do You Plan to Bring Production Home? We Can Help!

The SBA's International Trade Loan (ITL) program provides small businesses with capital to finance their fixed assets, including real estate, and working capital needs. This program offers private lenders SBA's highest loan guarantee of 90% guarantee on loans up to \$5 million to incentivize lending to small businesses poised for growth.

A small business may use the ITL program to “on-shore” if the business:

1) Seeks to export

Small businesses which currently manufacture products abroad, but want to relocate production to the U.S. for the purposes of exporting may utilize the ITL program. These businesses may want to relocate to the U.S. to take advantage of increased labor productivity, proximity to raw materials, quality control, re-linking their supply chain or other factors. Small businesses would qualify even if they intend to sell only one product abroad.

2) Suffers from import competition

American small businesses that sell only to the U.S. market also can use the loan program. These firms must demonstrate adverse impact to their business due to import competition, supported *either* by a narrative explanation and the company's financial statements *or* by a finding of economic injury issued by the International Trade Commission or the U.S. Department of Commerce.

### How to Apply for the ITL Program

A small business exporter seeking an ITL must apply to an SBA-participating lender, who submits a completed *Application for Business Loan* (SBA Form 4), including all exhibits, to the SBA. Small businesses may contact their local U.S. Export Assistance Center for further information, including a list of eligible SBA lenders in their area, by visiting [www.sba.gov/international](http://www.sba.gov/international).

*SBA Administrator Karen G. Mills visits a manufacturing plant in Syracuse, N.Y.*



## Key Loan Terms

- Financing: Maximum loan amount for the ITL program is \$5 million dollars.
- Guaranty: SBA can guaranty up to 90% of an ITL up to a maximum of \$4.5 million, minus the guaranteed portion of other SBA loans outstanding to the borrower. The maximum guaranty for a working capital component is \$4 million.
- Interest Rate: Lenders may charge a maximum interest rate between 2.25% and 2.75% points above the prime rate (as published by *The Wall Street Journal*), depending upon the maturity of the loan.
- Loan Term Maturity: Up to 10 years on loans for equipment unless the useful life exceeds 10 years and up to 25 years for real estate. The program uses a blended-average maturity for loans with a mixed use of fixed asset and working capital financing. Maturities are typically limited to 10 years on the working capital portion of the ITL.

## Use of Proceeds

- Proceeds of the loan's portion for facilities and equipment may be used to repatriate production facilities as well as to construct new capacity within the territorial U.S. ITL financing is authorized to acquire, construct, renovate, modernize, improve or expand both facilities and equipment in the U.S.
- The small business must produce goods or services involved in international trade and must not sell only to the U.S. market, unless its eligibility is based on being adversely impacted by imports.
- Proceeds may refinance debt that is not structured under reasonable terms and conditions, including any debt that qualifies for refinancing under the standard SBA 7(a) Loan Program.

## Eligibility

- Applicants must meet eligibility requirements for SBA's standard 7(a) Loan Program.
- Applicants must establish that the loan will enable the business to expand or develop an export market, or establish that the business had been adversely impacted by imports, and that the ITL will allow the business to regain its competitive position.
- Alternatively, the business could submit a finding of economic injury, which must be substantiated by the International Trade Commission or the U.S. Department of Commerce.

## Collateral Requirements

- Only collateral located in the U.S., including its territories and possessions, is acceptable.
- First lien on property or equipment financed by the ITL or on other assets of the business is required. However, an ITL can be secured by a second lien position if the SBA determines there is adequate assurance of loan payment.
- Additional collateral, including personal guaranties and those assets not financed with ITL proceeds, may be required as appropriate.



The U.S. Small Business Administration offers small businesses assistance in the following areas:

- Starting a **Error! Reference source not found.**
- Financing a Business
- Growing a Business
- Opportunities in Contracting
- Recovering from a Disaster

Visit the SBA online at [www.sba.gov](http://www.sba.gov) for 24/7 access to small business news, information and training for entrepreneurs.

All SBA programs and services are provided on a nondiscriminatory basis.

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