U.S. Small Business Administration

The U.S. Small Business Administration's international trade programs and resources can help small businesses effectively compete in the global marketplace and strengthen the overall U.S. economy.

Alabama International Trade Center

THE UNIVERSITY OF ALABAMA

AMERICA'S SBDC ALABAMA

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Working in partnership with the Alabama International Trade Center (part of the Alabama SBDC Network), the U.S. Commercial Service and the Export-Import Bank of the United States, SBA staff provide potential and existing exporters with financing programs that facilitate expansion and job growth.

International Trade Loan for Small Businesses

The International Trade Loan (ITL) helps small businesses enter and expand into international markets, or when adversely affected by imports, to make the investments necessary to better compete. The ITL offers a combination of fixed asset and working capital financing with the SBA's maximum guaranty—90 percent—on the total loan amount.

Maximum Loan Amount

- $5 million in total financing

Guarantee Coverage

The SBA can guaranty up to 90 percent of an ITL, with a maximum guaranty of $4.5 million, less the amount of the guaranteed portion of any other SBA loans outstanding to the borrower. The maximum guaranty for working capital under the ITL, including any other SBA working capital loans made to the borrower.

Loan Term

- Maturities on the working capital portion of an ITL are typically limited to 10 years.
- Maturities of up to 10 years are available on equipment, unless the useful life exceeds 10 years.
- Maturities of up to 25 years are available for real estate.
- Loans with a mixed use of fixed asset and working capital financing will have a blended-average maturity.

Interest Rates

Lenders may charge between 2.25 to 2.75 percent above the prime rate (as published in the Wall Street Journal) depending on the maturity of the loan. Interest rates on loans of $50,000 or less can be higher.

Exporter Eligibility

- Applicants must meet the eligibility requirements for the SBA's 7(a) Loan Program.
- Applicants must also affirm that the loan will allow the business to expand or develop an export market, or demonstrate that the business has been adversely affected by import competition, and the ITL will allow the business to improve its competitive position.

Foreign Buyer Eligibility

Foreign buyers must be located in a country where the Export-Import Bank of the U.S. is permitted to provide financial assistance.

Use of Proceeds

- For the facilities and equipment portion of the loan, proceeds may be used to acquire, construct, renovate, modernize, improve or expand facilities or equipment in the U.S. to produce goods or services involved in international trade.
- Working capital is an allowable use of proceeds under the ITL.
- Proceeds may be used for the refinancing of debt not structured with reasonable terms and conditions, including any debt that qualifies for refinancing under SBA's 7(a) Loan Program.

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 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 liens on other assets, may be required.

Application Process

- A small business exporter seeking an ITL must apply to a participating SBA 7(a) lender. The lender will submit a completed loan package to the SBA requesting its guaranty.
- A small business applicant wanting to qualify as a business adversely affected by import competition must submit supporting documentation that explains those effects and a plan with projections that explains how the loan will improve the business's competitive position.
- An application by a potential or existing exporter must include a business plan that reasonably demonstrates, with a marketing plan and sales projections, an expansion in export sales in specific international markets.

Application Assistance

- Before you begin your loan application, you should talk with an Export Finance Specialist at the Alabama International Trade Center, part of the Alabama SBDC Network.   You only have once chance to make a first impression with your loan package, and we'd like to make sure that you're starting off on the right foot.
- 800-747-2482
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