

**PROGRAM:** SBA International Trade Loans

**AGENCY:** Small Business Administration (SBA)

**DESCRIPTION:** Assistance to eligible small businesses in an industry (1) engaged or preparing to engage in international trade or (2) adversely affected by import competition.

**ELIGIBLE USES:** The proceeds of a SBA International Trade loan may be used to acquire, construct, renovate, modernize, improve or expand facilities and equipment to be used in the United States to produce goods or services involved in international trade; or the refinancing of existing indebtedness that is not structured with reasonable terms and conditions. There can be no working capital as part of an IT loan or as part of any refinancing penetrate foreign markets.

**PROGRAM/LOAN STRUCTURE:**

- **Maximum Program Benefits:** The maximum gross amount (\$2 million) and SBA-guaranteed amount (\$1.5 million) for an IT loan is the same as a regular 7(a) loan. However, there is an exception to the maximum SBA 7(a) guarantee amount to one borrower (including affiliates). The maximum guaranteed amount can go up to \$1,750,000 under the following circumstances: (1) The small business has been approved for an IT loan, and (2) the business has applied for a separate working capital loan (or loans) under EWCP and/or other 7(a) loan programs. When there is an IT loan and a separate working capital loan, the maximum SBA guarantee on the combined loans can be up to \$1,750,000 as long as the SBA guarantee on the working capital loan does not exceed \$1,250,000. In all cases, to receive the maximum SBA guarantee amount of \$1,750,000, the financing package for the small business must include an IT loan that was approved after December 7, 2004.
- **Maturities:** Dependent upon the useful life of the asset; up to 25 years for real estate.
- **Rates and Fees:**
  - Interest rates are negotiated between the borrower and the lender but are subject to SBA maximums, which are pegged to the Prime Rate.
  - Interest rates may be fixed or variable. Fixed rate loans of \$50,000 or more must not exceed Prime Plus 2.25 percent if the maturity is less than 7 years, and Prime Plus 2.75 percent if the maturity is 7 years or more.
  - For loans between \$25,000 and \$50,000, maximum rates must not exceed Prime Plus 3.25 percent if the maturity is less than 7 years, and Prime Plus 3.75 percent if the maturity is 7 years or more.
  - For loans of \$25,000 or less, the maximum interest rate must not exceed Prime Plus 4.25 percent if the maturity is less than 7 years, and Prime Plus 4.75 percent, if the maturity is 7 years or more.
  - See the SBA Loan Guarantee Program for details on fees.

**QUALIFICATION CRITERIA/COMMENTS:**

- The SBA defines a small business as follows:
  - Manufacturing - Maximum number of employees may range from 500 to 1,500;
  - Wholesale - Maximum number of employees may not exceed 100;
  - Retail/Service - Average annual receipts may not exceed \$6 million to \$29 million; and
  - Construction - Average annual receipts may not exceed \$12 million to \$28.5 million.
- In addition to meeting the eligibility criteria established for the SBA Loan Guarantee Program, an applicant must establish that it:
  - Is in a position to significantly expand existing export markets or to develop new markets; or
  - Has been adversely affected by import competition.
  - For more on international trade, visit <http://www.sba.gov/financing/loanprog/tradeloans.html> or visit the SBA homepage at [http://www.sba.gov/starting\\_business/index.html](http://www.sba.gov/starting_business/index.html) .