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MR. STEVEN MAROON: Hello and welcome to the Ex-Im Bank's webinar "Access Capital to Fulfill Your Export Orders." On behalf of Ex-Im Bank, I want to thank you for registering for this webinar. I'm Steven Maroon [phonetic], Director of Marketing for the bank.

This webinar is part of a new initiative by the bank called Small Business Global Access. Small business global access is a top priority in that increasing the sales and profits of U.S. small businesses through greater availability of export finance and insurance and expanded customer focus across the agency to help U.S. exporters increase their sales.

Of note, this is the first of a three part series of webinars we'll be hosting in the upcoming year. Our second webinar, "Extend Credit and Get Paid Too," will explain how Ex-Im Bank's export credit insurance can increase your international sales. This session will be held on January 19<sup>th</sup>.

Today, Susan Lutzky (phonetic) is going to explain how Ex-Im Bank's working capital loan guarantee enables your company to get the vital

funds to fulfill your export orders.

Susan joined Ex-Im Bank in December of 1994 as a loan specialist, handling relationships and processing transactions in the working capital guarantee group. Susan has served as senior loan specialist and team leader in the working capital group and as a senior credit officer in credit underwriting. This past July, Susan joined the bank's small business group.

Prior to Ex-Im Bank, Susan worked in the private sector for both Maroon Midland, which is now HSBC Bank and Fleet Bank. Thus, you can see that she's well qualified to present today, as well as answer your questions at the end of the session.

Importantly, there's a few housekeeping tips we need to go over. We're going to try to keep this presentation about 30 to 35 minutes, so that we'll have ample time to answer your questions.

Importantly, if you want to send us a question, you just simply go to the lower right hand corner of your monitor and type and submit your question. Do not use a phone. You must type and submit your question.

We will stay beyond the 45 minute time period allotted for this session if there are a lot of questions still needing to be answered. Finally, we will be posting the slides from this presentation on our website, which is [www.exim.gov](http://www.exim.gov). I'm now turning over the presentation to Susan Lutzky.

MS. SUSAN LUTZKY: Good afternoon. We're here to discuss Ex-Im Bank's working capital guarantee program, which is one of our primary small business products, although the program's not limited to small businesses.

I'm going to go over the benefits of the program, and how it operates, and hopefully answer your questions, and let you know how to access the program.

Ex-Im Bank's mission is to create and sustain jobs by increasing U.S. export sales. We are the official export credit agency of the U.S. government established in 1934. Our name is maybe a little bit of a misnomer. We don't support imports, only exports. And we're really not a bank. You know, no deposit accounts or anything like that.

We are a self sustaining agency, meaning

that the fee revenue that we take in funds our programs. We don't require funds from the U.S. Treasury.

Ex-Im Bank's financing makes the difference for a lot of U.S. exporters. Some of our programs serve to minimize exporter risk. We also make it possible for the exporter to obtain the financing, such as with the working capital guarantee program. And we strengthen U.S. competitiveness by permitting U.S. companies to provide more competitive terms to their foreign buyers.

We serve to supplement commercial financing, not to replace it.

Ex-Im Bank has always been involved with small businesses. That's even more so these days with the national export initiative and increased and expanded focus on small business and small business programs.

Fiscal 2010 saw record \$5 billion in authorizations for small businesses, which represents a 12 percent increase over fiscal 2009.

Small business authorizations represented 22 percent in terms of the dollars of total

authorizations and 85 percent in terms of the numbers of transactions that were authorized.

And no transaction is too small. We've got deals that, you know, some people might put on a credit card that we finance.

We can support a variety of industries, not just manufacturing, not just widgets. We have services of all types, technology, energy. Energy is a particular focus these days. As you can see by the--your screen, wide range. And if it's not there, that doesn't mean we can't do it. We couldn't possibly list all the industries that we support.

Use of financing under the working capital program can support labor and materials and overhead used in obtaining your products that you're going to be exporting, manufacturing them, if it's products, overhead for products and services. We support letters of credit that can be used for bid and performance bonds, standby guarantees, standby letters of credit typically. And we support to a lesser extent warranties and retainages.

With prior approval, an Ex-Im Bank working capital guarantee facility can be used to pay

off an existing working capital line. You know, a non Ex-Im line. Again, with prior approval, and it may be the whole line or part of a line.

The program is 90 percent guarantee on principal and interest to the commercial lender. The guarantee runs to the lender, not to the exporter. The lender is the one who makes the loan to the export and would likely not make the loan without our guarantee.

And it's typically supported by export related inventory and accounts receivable. We can also cover certain liquidation costs, although hopefully, we wouldn't get to that situation.

The loan must be fully collateralized and covers the lender with--against the exporter performance risk.

We do not protect the buyer against nonpayment under this product. We do, however, have insurance products that would cover that. And there are many companies that use the working capital guarantee and are credit insurance in conjunction with each other.

Advances under a working capital guaranteed

loan are supported by export related inventory and receivables. Inventory advance rate is typically up to 75 percent and receivables up to 90 percent.

And I would also add inventory, we cover advances on not only finished goods, but raw materials and work in progress, which many lenders will not advance against. We not only advance against them, but typically up to 75 percent.

Our facilities are generally for a term of one year, which may be renewed and could be up to three years.

Export related accounts receivable would be up to a 90 percent advance rate in most cases. Ineligible, if it's over 60 days late, or if it's insured, it's still eligible up to the 90 days.

Because sales can be on terms not to exceed 180 days. They need to be payable inside the U.S., within the U.S., otherwise it's a lower advanced rate of 70 percent.

We cover retainage accounts receivable. That is like a--maybe a portion of the receivables that the buyer is due to pay at a

later date. We will cover that retainage AR up to a 25 percent advanced rate. And, again, receivables must be in U.S. dollars. Or you can get a waiver--you may be able to get a waiver from Ex-ImA on that.

Okay, on your screen, you should see a table that compares a theoretical borrowing base of export related inventory and accounts receivable on a facility without an Ex-Im bank guarantee, what a lender might typically advance on such collateral. And with the Ex-Im bank guarantee, using Ex-ImA's standard advanced rates.

And you can see that the same collateral base, your borrowing base that you can actually borrow against is more than double from \$760,000 up to \$1,650,000. So Ex-ImA Gordon Capital guarantee gives you much more bang for the buck. It gives you much more leverage on your assets.

Our lines of credit can be transaction specific. That is financing one specified contract, or transaction specific revolving, which can also finance one specific contract or a few specific contracts.

The difference between these under transaction specific, you're generally going to



borrow pretty much up front, or maybe a few disbursements, and then pay at the end when you get paid for that one contract.

Transaction specific revolving will be limited to those preapproved transactions, but you will be borrowing and remaining payments may be getting progress payments, or you're getting paid on one contract if you've got a few that are - - .

A revolving line of credit is exactly that. You're financing or we're financing a number of contracts, your ongoing export business. You would borrow money as you need it to purchase inventory, to pay suppliers, to pay other, you know, export related costs, pay down on the line when you receive payment from your foreign buyers.

These are typically committed for one year or up to three years. If it's for three years, there are annual reviews. If it's for one year, it can likely be renewed. Even the three year facilities are sometimes renewed.

Okay, goods to be supported by an Ex-Im line of credit must have at least 50 percent U.S. content for us to guarantee the entire

transaction. U.S. content would refer to the portion of the cost of an item that is U.S. incurred, not the value of the export when you sell it, but the cost to you.

There is a lot of more detail on this available on our website, [www.exim.gov](http://www.exim.gov). And if you type in "US content," it'll bring up a nice little Powerpoint for you to look at.

Exports must be manufactured in the U.S. and shipped from the U.S. in order for those items to be eligible. If it's services that you are financing under your Ex-Im line of credit, they must be performed either in the U.S. or by U.S. nationals, who travel overseas to the buyer.

When looking at a U.S. exporter for eligibility, Ex-Im Bank is looking for a reasonable assurance of repayment. We require a minimum of one year operating history for the borrower. And that means one year of generating revenues.

Research and development, while important don't count towards that unless you're also generating revenues during that time.

We look at the company's debt serviceability and that the company's adequately capitalized as

far as the requested loan amount. Certainly for a half a million dollar loan, we're not going to expect to see the same type of balance sheet we would for a \$5 million or a \$10 million loan.

Business operations must be in the U.S. We do finance or consider companies that are U.S. operations that are subsidiaries or divisions of foreign companies, as long as we are financing only the U.S. portion.

Indirect exporters are also eligible. For example, if you're a company in the U.S., and you are supplying another U.S. company, who is then exporting your product, or incorporating your product into a larger item, which they are then exporting, we would consider financing that as well.

One example is Boeing uses products from numerous U.S. small businesses. While those businesses are not directly exporting, their product is being exported in the planes that Boeing sells to foreign airlines.

Our typical borrower is not the one, the type of borrower that a bank is likely to want to finance, at least as exports without our

guarantee. They typically have tight liquidity, often in negative cash flow.

Negative cash flow would be offset by an available line of credit. Taking care of the difference, the lag time between when you need to pay your suppliers or pay your overhead, other bills, and when you're going to get paid by your foreign customer.

Our typical borrower, it's not unusual to see losses or erratic, unstable earnings. Net worth is typically lower than a standard corporate buyer, I mean, corporate borrower, excuse me. Leverage is also often higher.

Shorter operating history's not unusual. For transaction specific loans, we often see a larger contract in relation to the balance sheet.

Collateral shortfall under a typical lending scenario, where the lender does not advance on work in process or sometimes even raw materials where Ex-Im Bank support enables them to do that, and advance at higher rates, provides additional funding for your company.

We support letters of credit, commercial or standby, domestic and foreign. Where a bank

might typically require you to collateralize a letter of credit by 100 percent, we only require 10 percent. On an exception basis, typically 25 percent.

So if you have a \$1 million letter of credit that you need to provide, we only require a quarter a million dollars in collateral to support that. On an exception basis, it could be as low as \$100,000

The term of a letter of credit can be as long as the term of the loan. It cannot exceed of the loan term, although it can exceed the expiration date. For example, if you took out-- if you closed on a new working capital guarantee facility today for a one year term, six months down the road, you need to have a one year letter of credit issued. We can do that. We can't go beyond a one year term, but we can go beyond the maturity of the loan term. It's a little confusing at times.

Warranty letters of credit are available if the borrower needs to provide their foreign buyer with a warranty. We will consider this on a case by case basis if the lender extends other credit that is non Ex-Im guaranteed credit to

you. We do require those letters of credit to be 100 percent collateralized, of which 25 percent must be in cash.

Warranty letters of credit can be considered up to 20 percent of the loan amount for a maximum of \$1.5 million. So if you have a \$5 million loan facility, we can go consider up to a million dollars of coverage for warranty letters of credit.

If you have a \$20 million line of credit, it's still capped at the \$1.5 million. We could not go to 20 percent of the loan amount in that case. And again, the term of the letter of credit cannot exceed a loan term.

On a case by case basis, Ex-Im, Inc.'s working capital facilities can be used to pay off existing lines. This would come out of the initial disbursement on the Ex-Im line. And it's subject to the borrower's financial condition, projections for the next 12 months that support the requests. In other words, we need to have comfort that your exports over the next 12 months will warrant the disbursement that we're giving you to pay off the existing line.

You need to have sufficient export related collateral, meet additionality guidelines. Now additionality is Ex-Im speak. And basically, what it boils down to is why is Ex-Im, Inc. support needed? Why isn't the lender willing to make the loan without our guarantee?

So as long as that's met, we could still consider this. And again, Ex-Im, Inc.'s prior approval is needed for paying off existing lines.

There are certain restrictions on the use of funds under the working capital line. No disbursements can be made without export orders unless it's pre-approved. And typically, a sampling is required.

If you only get a few export orders, typically, you might send copies of the invoices to the lender. If you get numerous orders, you might send a sales journal and/or backup with a sampling of the invoices, but our borrowing base must be supported by actual export orders.

The amount of the line that's supported by inventory cannot exceed 60 percent of the outstanding loan or revolving line. We don't want an inventory only loan, except this is

limited--this restriction is limited to the revolving lines, because owner transaction specific loan, typically, you're going to need to build up the inventory and then export it. So this restriction applies to revolving lines.

An Ex-Im working capital facility cannot be used to purchase fixed assets for your company. It can be used to produce items that will become a fixed asset of your buyer, but not for you to purchase fixed assets for your company.

Ex-Im loans cannot support military exports. And this relates to whether the buyer is a military entity, and also, if the item is military in nature. Even if the item is not, let's say you're selling shoes, we can't support sales of those shoes to a military buyer.

There are certain countries where we can't do business or that we don't do business for political and/or economic reasons. We call those off cover countries. And you can find out on any given day what countries are off cover or where were open, and what all our country limitation schedule. That's also available right on our website. Country limitation schedules abbreviated CLS lists country by



country, where they were open in the private sector, public sector, short term, medium term, long term.

Of course, working capital's short term facility. So you'd want to look at that.

One other restriction is that we cannot support the financing of equity for your company if you're like repurchasing equity, or acquiring another company. Ex-Im Bank guaranteed funds cannot be used for that purpose.

Terms of sale that are eligible for your export related accounts receivable, and include cash payment prior to shipping, irrevocable LC, which may or may not be confirmed. Some countries that's easier to do than others.

You can include receivables that are in short with export credit insurance. That can be an Ex-Im Bank policy or a private sector policy. Typically, it would be for political and commercial risk.

Uninsured open accounts can often be eligible, depending on the country of the buyer. Again, that information would be available in the country limitation schedule and documentary collections.

Fees for the program include an application processing fee, which is \$100 for a final commitment payable when you submit your application; an upfront facility fee, which is equal to 1.5 percent of the total loan amount, based on a one year loan.

For loans up to six months, the facility fee is three-quarters of a percent of the total loan amount.

For a multiyear loan, example of loan with a term of three years, it would be payable 1.5 percent annually.

An exporter may qualify for a lower fee of 1 percent facility fee if you meet certain criteria. This is typically based on having all of your export related accounts receivable either insured, or backed by an irrevocable letter of credit.

In addition to Ex-Im fees, you are--the exporters responsible for paying interest rate and other application or monitoring fees as charged by the commercial lender.

Under Ex-ImA's working capital program, over 90 percent of the transactions are done under what we call delegated authority. We have a

network of lenders that have been trained in this program, that use the program regularly, and have been granted authority at varying levels to commit Ex-Im Bank's guarantee without submitting the application first.

You would just submit the application to the lender. They approve it in-house, and then notify Ex-Im Bank that they have admitted Ex-Im Bank's guarantee to the transaction. Over 90 percent of our transactions in this program are done by a delegated priority of lenders.

For an application to be considered and processed in-house, that is by Ex-Im Bank staff, the loan request must be over \$1.67 million, or be under a special initiative such as renewable energy, for example.

One example of a working capital success story is Avro Industries in Indiana. The company provides top quality automotive, industrial and consumer products to customers in countries across the globe. All of the company sales are for exports.

The company has been with Ex-Im Bank since 2002. They started with a single buyer credit insurance policy. In other words, insuring

their receivable due from one buyer. They moved to a small business multi buyer policy, covering their receivables from their whole book of business from their export buyers. And then, graduated to a standard multi buyer policy when they were no longer a small business. And subsequently, added a working capital loan guarantee.

The company grew 123 percent over six years to a \$145 million company in calendar 2009. They now sell to over 175 countries and use the multi buyer insurance policy. They've doubled-- more than doubled their sales to sub Saharan Africa, which now represents 30 percent of their total sales.

Ex-Im Bank helps support their total--their 30 employees and some 1500 jobs and suppliers nationwide. The working capital facility gives them funds to fulfill orders. And their insurance provides risk coverage on their payment from their foreign buyers.

The company holds about \$7 million in inventory at any given time for immediate shipment and has an excess of 50 million in foreign receivables. Thus cash flow is

critical. Working capital allows Avro go borrow against this inventory and receivables.

And also with Ex-Im Bank insurance and working capital together, Avro gets a 25 percent discount on its insurance premiums and the ability--the opportunity to negotiate lower premium fees and program fees for their lender.

Now Avro is definitely one of our success stories. There are numerous other story companies like that.

And for any additional information, we recommend you consult with one of our export finance managers in our regional officers. You can call our toll-free number, which is 1-800-565-3946 and press 2 at the prompt. You'll be connected with a regional office export finance manager in the region that services your area.

Additional information is also available on our website, [www.exim.gov](http://www.exim.gov). You can click on the small business link, which will take you to the various small business programs, including working capital.

And I would now like to take questions. Thanks for participating in the webinar. We do hope to hear from you. And there have been some

questions submitted. We will take them in the order they're received.

MR. MAROON: Hi, this is Steve Maroon again. I started the session. And I appreciate everyone sending in questions. We're still taking a few more. I have about 10 here to present to Susan.

The first question how do I apply?

MS. LUTZKY: The most expeditious manner to apply would be to go directly to a delegating authority lender. There is a list of current delegated authority lenders on our website.

If you don't want to go that route, you can consult an export finance manager in the regional offices. They can either help you directly, or put you in touch with the delegated authority lender in your region.

You have another option, which is if--well, you have a few other options, one of which if you have a bank that you work with already, but they're not a delegated authority lender, they are eligible to participate in the program. It will just take a little bit longer.

You can also contact Small Business Administration. SBA has offices throughout the

country, or a USEAC, which is United States Export Assistance Center, also located throughout the country. Any of those offices can help you or direct you in the manner to get a--

MALE VOICE: - - .

MS. LUTZKY: Okay. I'm just being reminded, yes, if you are an exporter who has foreign content that does not qualify for an Ex-Im line, and/or if you sell military items or to military buyers, if your loan amount is within their scope, SBA might be able to help you, because they don't have those prescriptions as far as the U.S. content in the military.

You can also apply directly through Ex-Im Bank's or capital finance division. However, you will need a lender at some point. And applying directly to Ex-Im Bank without a lender will be the slowest in applying.

MR. MAROON: Thank you, Susan. Here's a question we get quite often. Is Puerto Rico considered operating in the United States?

MS. LUTZKY: Yes. Puerto Rico, Guam are both considered U.S. They are not considered exports for financing under the working--well,

under any Ex-Im Bank program. If the company is located in Puerto Rico or Guam, they are considered a U.S. operation.

MR. MAROON: Are working capital loans limited by the country and governed by the country limitation schedule?

MS. LUTZKY: They are governed by the country limitation schedule to the extent that if payment is coming from a country where we are closed for political or economic reasons, that receivable is not eligible.

If the export is going to a country that we're legally prohibited, then we definitely can't support it at all. Now these are different reasons for being off cover. And the explanations are a little more detailed in our country limitation schedule. If we are limited or off cover for political and economic reasons, but we are not prohibited from doing business, if there is someone in a country where we're open that will support that, you know, that export, you know, guarantee it, provide a letter of credit, then it may be considered. But no export can be considered as eligible if it's going to a legally prohibited country.



MR. MAROON: Right. What documents are needed for a loan? And what time is needed for consideration of that loan?

MS. LUTZKY: Documentation is your more typical documentation that would be required for any commercial line of credit. In addition, there would be a field exam to verify your export related, you know, accounts receivable and inventory, UCC liens, and such, lien searches.

Typically, there's a guarantee of any owner of over 20 percent. So there'd be a personal financial statements on--and tax returns from the guarantors, as well as three years financial statements and tax returns on the exporter.

If the exporter's been in business less than three years, then however many years you're in business.

And we do have documentation. There's a borrower agreement that's entered into between the borrower and the lender that's an Ex-Im document. All of this is outlined more under the program document section on our website in the small business section for working capital.

MR. MAROON: Here's a question about

warranty letter of credit. Is 25 percent or \$1.5 million the maximum amount per project or total per exporter?

MS. LUTZKY: Total per exporter. The idea is when you have an export, and you are paid for that export, Ex-Im Bank support traditionally had stopped at that point.

A number of years ago, we were finding that foreign buyers are requiring warranty letters of credit. The exporters needed some type of support, but it's felt that Ex-Im Bank's mission was really accomplished when the export itself was accomplished. So we can provide limited support for warranties. That has expanded over the years. And I can't say that it won't expand beyond this, but at this point, that is--those limits are per exporter.

MR. MAROON: Okay. Is used equipment covered by this program?

MS. LUTZKY: Used equipment can be covered, has been covered. Typically, we've seen used equipment sales to--in markets that--where the buyers can't afford new equipment. There can be concerns about the condition of the equipment, the ability of the buyer to maintain the

equipment.

I've seen used equipment financing from both the working capital side, and from the buyer financing side. So I won't say that it's all rosy. There can be issues, but it's something that definitely can be and has been covered in the past, and financed in the past.

MR. MAROON: Do we have to pay interest to the lender in addition to the 1.5 percent fee?

MS. LUTZKY: Yes. The interest is at the rate that the lender sets. Ex-Im Bank has no say in what that rate is. It's typically, you know, it's whatever the market will bear, basically. We set the fee, but we don't set the interest rate. But you do have the interest to pay the lender on a monthly basis.

MR. MAROON: Okay. Does Ex-Im Bank assist with marketing cost in foreign markets?

MS. LUTZKY: Actually, there's been some changes in the U.S. content rules over the summer. And I believe that now if you are a small business exporter, that those costs can be covered. But I would want to defer and suggest to you, look at the U.S. content on the website. There's a lot of breakdown of what is eligible

and is not eligible, whether you're a small business, if you're not a small business.

It's, again, a recent change. And I have not been that directly involved with it.

MR. MAROON: Okay, this exporter says that they need to purchase equipment to manufactured goods for export purposes. Will Ex-Im Bank support such equipment purchases? In other words, the equipment itself would not be exported, but 100 percent of the goods produced by that equipment would be sold to one of Ex-Im Bank's markets.

MS. LUTZKY: That's something that we hear now and then. And unfortunately, we cannot support that purchase. However, I would recommend if you are a small business, I would recommend that you contact the SBA. I'm not 100 percent certain, but I have a feeling that they might be able to help you with that. I'm pretty sure that they can support that.

So you might be able to get an SBA loan to help with that purchase and possibly SBA or Ex-Im financing or the export working capital line.

MR. MAROON: Great. We're still taking some questions. So please type them in if you have

any. Next question coming up here is do we need a DNB report to qualify for credit?

MS. LUTZKY: We do get DNB reports.

Typically Ex-Im Bank's operations area pulls a report when an application comes in. So if you're not listed in DNB's database, it would be strongly advisable to get the information to them.

You don't have to provide the report yourself. We pull it on--as a matter of routine practice.

MR. MAROON: Someone here would like to ask Susan to clarify about applying for government non military projects for export.

MS. LUTZKY: Government projects, non military, there are items. I'm not sure what the question is getting at. There are some items that might be considered dual years or some areas where a military entity might have control or jurisdiction over something that's for a non military use.

One thing that comes to mind is let's say air traffic control might be handled by the military in one country, but has civilian and military applications, something like that would

be possibly considered on a case by case basis with sufficient information and documentation.

Other than that, I'm not sure if it's government, but not military. It should be not a problem. It's just the military that is an issue.

MR. MAROON: Okay. Could you please clarify and elaborate about indirect exporters?

MS. LUTZKY: Okay, indirect exporter is typically a manufacturer, but doesn't necessarily have to be. It's just an easier example for me to use. Let's say ABC Company is manufacturing motors that are going to be used in a larger equipment. And the equipment manufacturer is a U.S. company. But that equipment company manufacturer exports their products.

So ABC Company is not directly exporting, but their product is being exported by the equipment manufacturer. Therefore, we could consider supporting ABC Company's sales to their U.S. buyer, which is the equipment manufacturer, based on that company's exports.

MR. MAROON: Okay. How does Ex-Im Bank view the export of software?

MS. LUTZKY: Export of software is a little trickier due to licensing issues, and encryption and who the buyers are, and what the uses are. I would suggest talking with someone in working capital finance division. We do have specialists in our engineering division that know a lot more about software than I do. I believe that there are software exports that are eligible, but I would recommend consulting with either someone in working capital finance. Or some of our lenders are very familiar with software and technology as well. So you might want to look into one--a lender that hasn't had that type of expertise.

MR. MAROON: Does the--does Ex-Im Bank support services?

MS. LUTZKY: Yes. And the nearing accounting environmental, lots of different services. If you can sell the service, you have a foreign buyer that's paying for this service, your architectural chances are if you have--can come up with a foreign buyer for a service, as long as it's not military, or changes are we can finance it.

MR. MAROON: Okay, here's a technical

question. If you--if I have a irrevocable letter of credit, do you still look at the size of my balance sheet and net worth?

MS. LUTZKY: We would, but maybe not as closely. And basically, we want to see that you can handle the sales if you're having sales that look like can you pull off the sale in this amount of time? What have your sales been on an annual basis? What are your export sales been on an annual basis? And compared to this sale or the sales that you're looking to finance now.

We're looking at the likelihood that you can perform under the contract. So your balance sheet matters less in--one of our working capital lines of credit than it would in a traditional commercial or corporate financing.

The LC itself is not considered the collateral until you ship though, because until you ship, the LC doesn't need to be paid. So we want to know that you can perform this--under this contract.

MR. MAROON: Okay, here's a question about construction. Can Ex-Im Bank finance capital for construction projects? That is, building a new department store, energy production plant?



MS. LUTZKY: If it's building it in the U.S., no. If it's building it overseas, and you need working capital to do that, that should be okay. You might also look into one of our medium term or long term programs for the buyer financing as well. The programs can work hand in hand. Just a thought.

MR. MAROON: Were the fees that were charged be tax deductible? And are there any other tax benefits?

MS. LUTZKY: I'm not a tax expert at all. I really have to defer on those questions. I would suggest asking your tax accountant.

MR. MAROON: Where can we find the delegated authority banks?

MS. LUTZKY: On the website, again, [www.exim.gov](http://www.exim.gov). You're going to look through for the working capital program. And there's a list. I don't have the screen in front of me, because I have the same screen that you're seeing.

You're going to look under partners. And you should see the delegated authority lenders listed under there as one of the options.

Oh, I do want to backtrack a minute. One of

the previous questions dealt with how do you apply. And I mentioned our regional offices, the delegated authority lenders, SBA USEAC. Something I neglected to mention, we have city-state partners located in some cities and states throughout the country. And they have been trained in our programs as well. And they are also listed on our website under partners.

MR. MAROON: Okay, we're winding down now, but here's a really good question. What if we have a \$1 million plus purchase order from a buyer, but our balance sheet and historical sales do not equal such a large purchase order? Can we still qualify for Ex-Im Bank working capital guarantee?

MS. LUTZKY: It's a possibility. I would think--I would think it would be more likely for transaction specific line. And also, what would be taken into consideration is the amount of time that you have to produce the goods, or perform the services.

For example, maybe you don't usually do a million dollars in a year in exports, but maybe you do in your total sales. Or maybe this is an 18 month contract. And that's reasonable for

what you've done in the past. Your ability to perform is what we're going to look at. What have you done in the past? What does it look like you have the capability to do now? And again, a transaction specific loan would be probably be more applicable in this situation.

MR. MAROON: Okay, that's basically it. I want to thank you, Susan, for presenting and answering quite a list of questions. I want to remind everyone that our next session is January 19<sup>th</sup>. It's "Extend Credit and Get Paid, Too." It's about the benefits of our Ex-Im Bank export credit insurance. And once again, thank you very much. And we'll be sending out an email notice to you about this upcoming webinar.

Thank you for your participation. And once again, website is [www.exim.gov](http://www.exim.gov). Our 800 line is (800) 565-3946. And you just press 2 at the prompt to be connected to a local export finance office. Thank you.

[END TAPE 20101216WEBINAR.MP3]

C E R T I F I C A T E

The prior proceedings were transcribed from audio files and have been transcribed to the best of my ability.

Signature 

Date\_\_\_\_\_December 23, 2010\_\_\_\_\_