

EX-IM BANK WEBINAR

**Extend Credit and Get Paid for Your
Exports**

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MR. STEVE MAROON: Hello and welcome to the Export Import Bank's webinar Extend Credit and Get Paid for Your Exports. I want to thank you for joining us. We're a federal government agency, about 400 people here with a mission of maintaining and creating jobs here at home. On behalf of Ex-Im Bank, I want to thank you for registering. My name is Steve Maroon, Director of Marketing for the bank.

As we go around the country, we continually hear from exporters saying I'm worried about getting paid. It's long distance, how am I going to get paid? That is a chief concern, followed by their buyers wanting credit. Other countries are offering credit, and so they--so we can help level the playing field by helping you, the exporters, extend credit as well.

This webinar is part of a new initiative by the bank's global access for small business. This is a top priority for the bank and focuses primarily on small business. It's dedicated to dramatically increasing the number of small businesses that are exporting goods and services, to reach our mission of maintaining

and creating U.S. jobs. Global access is being supported by a wide variety of business, financial, and government partners, and is part of President Obama's national export initiative with his goal of doubling exports by 2015.

This is the second of a three part series of webinars that we are hosting this year. Last month, we hosted one on working capital, whereby exporters to get funds to, uh, support their exports. And our next webinar, you might want to note on your calendar, is February 19th at 2:00 eastern time, and is titled Competitive Financing for Your Foreign Buyers.

Today, we're fortunate to have Judy Rivera [phonetic], who's got a wealth of experience both inside Ex-Im Bank and outside, in the private sector. And she's going to be talking about getting paid and extending credit. You can see on the screen, she has outstanding credentials. She's been with the bank for over 19 years and she has outstanding educational, um, credits, as well as certificates. Judy is from New York City, and they beat my Patriots this past weekend. And she now resides in Maryland with her husband and two daughters.

Before I pass the presentation off to Judy, I just want to say that the presentation will be about 30 minutes long. We have a nice slide presentation to guide you. And we're allowing ample time to answer your questions after the 30 minutes. If you want to send us a question during the presentation, simply go to the lower right-hand corner of your screen to type and submit your question. Importantly, no phone questions are permitted because of technology limitations. We will stay beyond the 45 minute time allotment if there are too many questions that still need to be answered.

Finally, we will be posting the slides from this presentation on our website at www.exim.gov/sbgport. And then simply click the training link on the right side of the page. I now want to introduce you and welcome Judith Rivera to start our presentation.

MS. JUDITH RIVERA: Thank you, Steve. And welcome to all of the listeners who have signed up. We appreciate you taking the time to learn about the Export Import Bank and especially about the export credit insurance products. Today, in our limited amount of time, we are

going to try and go over a couple of things. Mainly, explain to you how the export credit insurance product works, how exporters have used it to the their benefit both in obtaining financing from their lenders and also in mitigating risk. We will be answering questions. We will hope to answer several questions to help you understand how the product best fits your financing needs.

But, um, just to quickly reiterate, as Steve mentioned, our mission is to create and sustain U.S. jobs by promoting U.S. export sales. We are the official export credit agency of the United States. We have been in inception since 1934. We have supported over 400 billion dollars in exports to U.S. companies. And, more importantly, we are a self-sustaining, independent, federal agency. Okay. That--okay. I will see if I went too far.

All right. How our financing can make a difference. Well, you will, uh--as you talk with other exports and other suppliers, you wonder how can, uh, Ex-Im Bank help me to minimize my risk. How can it help me to be more competitive? How can I obtain commercial

financing? Well, we're going to address all of these questions and you will see that this specific product addresses all three of these needs. And please bear in mind that small business is our core commitment.

We--you will notice that the Export Import Bank, as mentioned earlier, has been trying very hard to assist our small business community. And, on average, for the last few years, 85% of all of our transactions supports small business in one way or another. There is no such thing as a small--as a transaction that is too small. We will always consider any transaction, even if it's a small export sale.

Some of the, uh--we're going to talk about the fears that exporters have. Should I enter a new market? I'm very comfortable shipping to Mexico but they're getting orders from Columbia. Should I be--and these are questions that they ask themselves every day. How will I get paid? How can I compete with the other foreign companies that are aggressively also trying to attract the same customers? Well, you can do this. You can add--you can obtain risk mitigation. You can mitigate the risks engaged

when selling overseas by having an export credit insurance policy. Also, you can obtain special buyer credit limits or just individual buyer credit limits for those buyers with whom you have an excellent ledger experience.

Having this buyer credit limit in your, um-- allows you to ship to the buyers on your own terms, as long as they paid on, uh, on a timely basis. So this will improve your competitiveness and will help you to keep your, your customers because you will be able to offer them credit terms.

This export credit policy is also a financing tool. You could use it to obtain a line of credit to specifically finance your foreign receivables. Just as you have a line of credit to finance your deduct--your domestic receivables, you will most likely need a separate line of credit to finance your foreign receivables, especially as you grow. So, um, having a separate line of credit will be become an urgent matter to think about. And if you have an Ex-Im Bank insurance policy in effect, lenders will be more engaged and more likely to accept working with you and using the policy as

collateral. Of course, this also is a great way to improve your liquidity and to assure that your cash flow position is working properly.

Now, how does the policy work? Well, it's an insurance policy. Just like any other policy, it's a non-binding policy. And what it does is that the exporter is--receives a commitment from the Export Import Bank that we will insure all of the receivables that have been reported and meet our qualification standards. Okay? So all your buyers that received--that you submit invoices from can be insured under an insurance policy.

Let's say your exporter--let's say you're an exporter and you normally sell to Mexico. You normally offer 60-days terms to your credit worthy buyers. Well, you can have that specific shipment insured by Ex-Im Bank under your policy. Now, it could be, depending on whatever terms you use, the premium will determine the premium. However, let's say the buyer and you decide that you, um, would be agreeable to draft terms. That's, that's perfectly acceptable. Using draft terms, uh, the--you would be reporting that transaction to Ex-Im Bank under

your policy. And in the event of a non-payment, the exporter can then file a claim with Ex-Im Bank, which will reimburse you 90%, 95%, depending on what type of policy you have. And Ex-Im Bank will take over the collection of this outstanding receivable.

So that's basically how the export credit insurance policy works. We have several policies, but let me give you the standard, uh, coverages to be sure that everybody understands. When we talk about commercial coverage, we're talking about situations where your buyer all of a sudden is faced with a recent bankruptcy. They're forced to become insolvent, for one reason or another. Unusual events--a lot of, uh, buyers are family owned companies. And, um, the death of a--of an owner, a president, an owner, can cause great chaos in the company. And, until it restructures itself, you can find yourself as a creditor waiting patiently to get paid. So in one of these situations, whether it's a default, whether it's a bankruptcy, a strike on behalf of the, uh, employees, any situation like this can warrant, um--is sufficient grounds for submitting a claim and

you to file for a commercial claim.

Political loss is more transparent. This is where a situation where the buyers are really not at fault. It's a political situation, due to war, revolution, insurrection. There's a cancellation of, of his import license, which will not give--allow him to buy U.S. dollars to repay his obligations, or currency transfer risk. Usually, in a political, uh, law situation, um, the exporter will be required to provide evidence of the exact, exact incident that happened which impacted on the buyers ability to stay in business, let's say, or to reimburse, or to repay his obligations.

Now, let's talk a little bit about the coverages that are not covered. First of all, we don't--we do not cover or honor disputes. We expect that if there's a problem between the goods that are received by the foreign buyer and the exporter that this is something that would be resolved early on. So disputes are not covered, are not considered a covered, uh, item or situation. Now, if the reason--the dispute is resolved, um, and they're--the exporter still experiences a loss due to the whole event, we

may be able to, uh, consider a claim for a partial loss. But that's on a case-by-case basis. But, in general, just, just keep in mind disputes are not considered a covered situation.

Cancellation of a contract of sales, this is not a covered, uh, situation either. If your ex--if your buyer decides to cancel his contract, that's it. Um, this is something, hopefully, that you could resolve and hopefully, um, you could resolve with your ex-buyer. And but it's not a covered--a reason for--that's considered a commercial loss.

And, finally, currency devaluation. Now, this is will happen. Um, and that's why we encourage our exporters to always get their invoices, um, the repayment terms agreed upon on their invoices to specifically require U.S. dollar payments. That's why that--in this way, it will be--the onus will be on the buyer to be responsible for any currency devaluation. Okay.

Now, going along, let me first explain. Let me just go back about the, uh, the--our number one single buyer policy. This is a policy that is becoming more and more popular. It's a--it's a scenario for that fits the needs of a company

who is selling or exporting. Has--is very comfortable. Let's say they have ten buyers. They're very comfortable with their buyers or those sales can be excluded. They sell on letters of credit, let's say. And they don't want to change. That's fine.

But they have this one buyer, let me say Brazil, now, to change the, uh, market a little bit. And they're a little bit concerned because they don't know this buyer as well as their other distributors. And so they would like to test the waters with Ex-Im Bank and obtain a single buyer policy to cover this specific contract. Again, it's only good for one buyer. It is, um--the policy is a short-term policy, which means it covers--it's eligible for sales that are repaid within one year. The coverage is 90%, whether due to a commercial or political loss. And there is no deductible on this, for this specific policy.

I should mention that, um, if you decide to sell, again, to the same buyer within the same policy, the 12 month policy period, you are allowed to do a repetitive sale, as long as the buyer has been paying on time and the premium

has been paid for the second or subsequent shipments. This policy can be renewed. So it's a good way to test the waters with Ex-Im Bank.

Now, let me talk a little bit about our multi-buyer for a small business. This is--this is what I call our tambient product. This is where the exporters can get the best dollar for their--for their investment. They get all their export credit receivables insured through--under this policy. The aggregate limit will be large enough to, uh, insure the outstanding receivables that could be outstanding at any given time. And, under this policy, we are able to endorse special buyer credit limits whenever necessary. And these limits can be as low as, oh, \$25,000, and could be as high a million, two million dollars. So it's quite a great product to look into, especially if you are looking to grow your customer base. Here, the coverage is a little higher. It's 95%, again, for commercial and political; same reasons, same losses apply. There is no deductible applicable to this, uh, small business policy.

The only read--the main requirement is that you, the U.S. exporter, must be a small

business. By this, we mean that you satisfy the SBA definition of small and that, for Ex-Im Bank's purposes, your export credit sales, on average for the last three years, have not exceeded 7.5 million dollars. So, if you meet both of these criteria's, you should be--you should qualify for this non-deductible policy.

The second policy I'm going to--or the third policy I'm going to talk about is the exact same multi-buyer but it's for--we call it for standard buyers. And actually it's the same policy except it's for, um, exporters that are not small, that do not meet the small criteria, whether it be due to sales, whether they are affiliated to a huge corporate company, anything of that nature that will not allow them to be, um, defined as small.

The main difference between these two policies is that there is a deductible applicable to this multi-buyer policy. It's a first time loss. So you pay it upfront. It's deducted at the first time the claim is submitted. So if you have three claims in one year and let's say you have a \$10,000 deductible, the \$10,000 deductible is supplied

to the first claim. Okay? And then the coverage applies. Here, the premium rate is based on a--is based on a composite rate. And that it will include the market spread, the tenure, the repayment terms, and the type of buyer. Okay.

Now, the one thing to keep in mind is having an insurance, uh, export credit policy in place, and if you are also looking at obtaining a working capital loan either through SBA or through Ex-Im Bank, you get the working capital loan approved, it will also be entitled to a 25% discount for your premium rate. So that's a great plus. And the reason why we do that is because we feel that the working capital guarantee goes hand-in-hand with the export credit insurance policy. It helps you from the time you are looking for to obtain the working capital financial needs you need to make your export, all the way to the end of the cycle, which is getting repaid from your customers.

Now, a couple of things to note, for those of you who are not that familiar with Ex-Im Bank, is that we do have a requirement that all U.S. products must be made in the U.S. and they

must have--be greater than 50% U.S. contact. This is in order to satisfy our mandate of creating U.S. jobs and sustaining U.S. jobs. So at least 50% of the product material, content, et cetera, must be made in the U.S.

The products must be shipped, airmailed, um, from the U.S. And U.S. services can be--are considered for exports, as exports, and do qualify for these policies as well. The main thing to remember with, uh--if you are a service company, such as an engineer or architecting firm, that any service provided by your firm must be performed by U.S. based personnel. That's the main difference.

When we talk about repayment terms, let me just mention, and, again, I'm only talking about, uh, short-term sales. The majority of repayment terms can be as low as 30 days and as high as, uh, 180 days. That's generally for most consumer products. We do have an exception, and that is to allow repayment terms up to 360 terms, but this is only for the sale of capital goods equipment or for the sale of bulk agricultural commodities. Bulk agricultural commodities, by the way, um, is--it

does--is entitled to a 98% coverage. This is the only product that's allowed a 98% coverage. Woops, let me go back a little bit. Sorry about that.

Okay, assignments. I was telling you--I had mentioned earlier how the lenders love to hear, love to meet U.S. companies who are familiar and have qualified for Ex-Im Bank. Uh, if you come to meet with your lender, um, and your lender knows that you have a policy in place, you can assign the policy proceeds to the lender as part of your collateral base. And what that means, simply, is that, in the event of a claim, your lender would be entitled to the claim's proceeds.

Uh, there's a second form of assignment that we offer. And that's called the enhanced assignment. And that assignment is really to kind of let the lending community feel more comfortable about issuing assignments to some small business with whom they may not be as comfortable. So this enhanced assignment protects the, uh, lender, same as above, as a standard assignment. But also covers the lender in the event there is, uh, failure on the

exporter to perform properly under the policy. So that's the additional feature to the lender. There is no additional, uh, charge or fee for this assignment process.

Lender--the enhancement assignment, uh, process is reviewed much more carefully. There's more questions that we will ask about the small business. But here, again, if the lender, uh, can feel comfortable working with this small business, more so we will try to accommodate the lender and provide an enhanced assignment, if possible. In this case, in this scenario, under an enhanced assignment, the lender can file a claim directly. It does not have to go through the exporter.

Now, I mentioned earlier the multi-buyer policy. And here is to give you an example. And you can find this on our website as well. Is a sample of our fixed small business premium rate. It runs from, as you can see, letter of credit terms all the way to 360 days. Class one refers to sovereign buyers. Class two refers to non-sovereign buyers. And class three refers to private buyers.

So, for example, let's look at the 60-day

terms. If you want to offer your buyer in Brazil 60-day terms and he's a private company, you would go to class three, 60-day terms. The premium rate is \$.55 per \$100. That's how you would calculate the premium that is paid on that export sale.

And, now, here we're going to give you an example of a success story, Dematec [phonetic] Corporation. This is a company who has used both our Ex-Im Bank and working capital products. And by using both of our products, they have expanded their distribution into 80 countries around the world. So it's amazing how our products have helped them to grow and have helped them to compete in the global market place. Dematec is in Florida and they manufacture medical and surgical supplies.

Before I go into managing your policy, I would just like to interject and mention, I know I've been talking today about short-term, uh, multi-buyer policies. But I also want you to know that we do have other types of policies that we offer. We have policies for banks. We have policies for medium-term transactions. So here, again, the premise is the same, how to

extend your credit. But if you have--if you're selling medium-term equipment or, shall I say, capital equipment on medium-term, um, your bank can get that promissory note insured by Ex-Im Bank. The same coverage applies but a different policy.

Okay. Let's talk a little bit about how to manage your policy. Once you have your policy, or as you prepare to think about submitting your application, let me give you some advice. Please be sure to contact either one of our regional export finance managers around the country or consult with one of our Ex-Im Bank registered brokers. Their names, you will find them on our broker list that's on the website. Our regional managers, you can also find them on our website under contact us.

Be sure you have your documentation in order. Be sure you have all the information on your buyer, where he's located, the legal address. Be sure that you are clear in terms of what products you want to insure. And if you have specific model numbers, be sure to specify that information.

Exporters are required to have DUNS numbers.

So if you don't have a DUNS number, be sure to contact D&B, Dun & Bradstreet, and they will create a Dun and Brad, uh--a DUNS number for you. It's, it's just another ID. That's all it is. But it helps us to keep track of our exporters and their database--in our database.

Another thing to keep in mind when you're talking to potential customers overseas is look at your country limitation schedule. We have one that's on the web. It's updated as needed. And it is the responsibility of the exporters and the lenders to be sure they check with the country limitation schedule to be sure that the market that you're looking to penetrate is an open market and that we are open for cover in that market. So be sure you become familiar with your country limitation schedule. Our brokers and our export finance managers can help to explain how to read them in case you have a problem understanding some of the notes.

And be sure you understand the policy requirements for extending credit. This is a great financing tool and a great, uh, risk protection tool for you. But be sure you--the most important thing to remember is to get your

buyers qualified. Be sure to report all your shipments and pay the premium on all your shipments. This way, you will not have any problems in the event of a claim.

And should you have a claim situation, not a problem. That's what we're here for. Be sure to contact us. Let us know what the situation is. And be sure to keep communications with your borrower. Be sure to make an effort to try and collect this obligation because our claims people will be asking you have you tried to collect this obligation. Once you get to the point where it's--you know, it's getting close to eight months and you still haven't resolved this, they haven't paid you, that's it. Forget it. File your claim. Don't waste your time.

Also, if the buyer goes into a bankruptcy or an insolvency situation, you do not have to wait three months to file a claim. In that type of a situation, you should immediately file a claim. The same thing applies on a political situation. If a political event happens, notify us immediately and we will let you know if you--when you should file your claim.

Ex-Im Bank, on another note, let me just

mention that Ex-Im Bank went online back in 2006, which means that we are now a web based application system, which allows us to manage all of our applications online. Right now, we, uh, are accepting applications for all the insurance products and the guarantee product. Working capital is not, um, Ex-Im online at this time.

We recommend, again, here, that you become familiar with a broker and export finance manager in your region, so they can--so that they can help you with any questions you may have regarding either Ex-Im online or the application itself. If you have any more questions about Ex-Im Bank and would love to learn more, please go to our website, which the links are listed on this slide. As you can see, we also have a separate list for our Ex-Im online to get information. And there's even a starter guide on Ex-Im online. And, um, if you can't find it, again, let us know and we will help you navigate and help you find that starter guide.

Okay. So, just to summarize, Ex-Im online will help you manage your policies, helps you to

pay your premium on a timely basis by providing, allowing wire transfer functions and accepting credit card payments as well. The application process has been streamlined and we continue to streamline it. And you will have your own landing page. So when your company-- your company goes online and you register, you will go to your, uh, landing page and you can keep track of all your applications, know where it stands. And, if you have any questions, you know who to contact as well. So you get real time status updates on Ex-Im online. It's a great tool and we are working every day, uh, to improve it and make it as consumer friendly as possible.

If you are a small business and want to learn more about Ex-Im Bank, please go to our website. Uh, and we have a small business link. And also you can talk to one of our export finance managers. Just follow the 1-800 instructions and it will prompt you to the nearest regional office closest to you. Uh, these slides and audio will be posted on the website. And we hope that this information is helpful to everybody. Now, now we will try to

answer any questions that have come in. So, uh, we'll get started. Do you want to go ahead, Steve?

MR. STEVE MAROON: Thank you, Judy, for that nice presentation. Uh, we've got 11 questions that have just come in.

MS. JUDITH RIVERA: Okay.

MR. STEVE MAROON: And, um, the first one--I just wanted to reiterate that, um--where our slides are. They weren't quite sure where we were going to locate the slides. And, as Judy said, um, it's www.exim.gov. Then it's /sbgport. That's S as in Steve, B as is in business, G as in garbage, port. Then, on the right side, click on training. Okay. The second question was we're in India and we sell to the United States on 90 day terms. Does the bank's insurance policy cover us?

MS. JUDITH RIVERA: The answer to that one, I'm sorry, is no. We are here to support sales to India. So if you're in India and you're in need of U.S. products, uh, that's where we can help you. Sorry, we don't promote imports.

MR. STEVE MAROON: Okay. The second one is we're selling to a foreign country. Do we sign

and then contact you?

MS. JUDITH RIVERA: Good question. Do we sign? Well, it all depends on where you are in your negotiations. But it doesn't hurt to contact our regional offices ahead of time or the Department of Commerce, the export assistance centers. They're there to help you, to help you as you're planning your trips overseas. And they also coordinate a lot of trade missions.

So if you're planning to go on a trade mission with the Department of Commerce, let's say, when you come back, I would then suggest you meet with our finance managers to talk about the potential clients and the potential sales you think, uh--you're ready to seriously consider. That way, we can guide you accordingly.

MR. STEVE MAROON: Okay. On a related question, they were asking do they finalize a deal and then come to Ex-Im Bank or should they get us in the--get Ex-Im Bank involved prior to closing a deal?

MS. JUDITH RIVERA: You want to get your multi-buyer policy beforehand. If your--if

your--if this is a single buyer situation, you may also want to come in and just get an indication from us that we would be interested and able to cover this specific buyer. Only because, you know, we may have some negative information on a company. So you may want to check with us first.

MR. STEVE MAROON: Thank you. Now we have two questions here from export brokers. The first one is am I qualified as an independent export broker in the classification of small business category?

MS. JUDITH RIVERA: On our website, when we refer to Ex-Im Bank registered brokers, these are brokers that have been approved by Ex-Im Bank, um, individually. So, um, this does not apply to independent brokers who may work with a customer. Um, we work with brokers who approach Ex-Im Bank. There is a broker application on our website. If you are interested in becoming an Ex-Im Bank broker and would like to assist us in promoting export sales, you can contact us, uh, separately on that.

MR. STEVE MAROON: Okay. This person is a trade broker, otherwise known as, like, a middle

person. Does he or she qualify for export loans?

MS. JUDITH RIVERA: Okay. Trade broker?

Why do I feel like I'm on Jeopardy? I feel like I'm on Jeopardy but there's no money behind all of this. A trade broker, no, I don't think so. Um, I see a trade broker as a middle man. Most of the trade brokers that we bump into, they normally work with banks. They work with associations and organizations. But they don't work one-on-one with individual companies. So to answer your question, the way it was explained to me, the answer is no.

MR. STEVE MAROON: Okay. If they had--if this broker had a client that was an exporter, could he or she represent the client in working with the Export Import Bank to get insurance?

MS. JUDITH RIVERA: The broker can represent, can become the broker of record on a policy only if that broker has been preapproved by us. So the broker has to be preapproved by us. They have to attend our mandatory training. And so, you know, if you just--you may be very proficient in your, um--in your line of work. But we do have certain requirements, um, that

must be met. And each broker is reviewed on an individual basis.

MR. STEVE MAROON: Okay. Judy, I've just got a follow-up to that. Um, what about a trade broker? Nothing to do with insurance, can he or she apply first for insurance for their client?

MS. JUDITH RIVERA: They have to be, uh, familiar with export credit insurance, number one. They have to have a background in trade finance. That's very important in order to properly guide the exporters.

MR. STEVE MAROON: Okay. Moving on to the next question we have. What would be an example of an event that would be covered under currency transfer insurance?

MS. JUDITH RIVERA: Uh, I'm thinking of, um, was it the--when Argentina had their crisis, they had a dollar crisis, the peso crisis. Or was it Mexico? Where if the buyer--usually the way it works out is that the government, the central bank, closes its window. Thank you. And it does not allow the, uh, local companies to obtain licenses or permission to purchase U.S. dollars. That's what we're talking about.

MR. STEVE MAROON: Okay. I'm a newly

certified export broker by the Department of Commerce. I guess we're getting a lot of brokers calling in. I believe that person means they are a trade broker and not an insurance broker. I get orders but do not have the money to purchase and ship the orders. Any advice?

MS. JUDITH RIVERA: Uh, I think you need to talk to maybe the Small Business Administration, the small business--or one of their Small Business Development Centers. Uh, there are a few centers around the country that dedicate, uh, to international sales. So I would try to find the nearest SPDC office near you. Talk to them about your plans to become a broker, to become and exporter.

This is really a change in your operations, so you have to be an active, uh, company here in the U.S. We are looking for companies who have been in operations, have been successful in selling their products here, domestically. And our best clients, I must say, are those that have, um, have saturated the U.S. market and they are looking to sell overseas. That's the best type of clients that we've been able to support.

Um, there's many scenarios that we could look at and the scenarios are endless. So all I can say is, uh, do a little research, talk to the department of Commerce, the export assistance center, Small Business Development counselors. They all can offer free advice and help you with your export goals.

MR. STEVE MAROON: I'm exporting to Kuwait but I need to know the advantages and disadvantages of Ex-Im Bank's small business export insurance policy versus the working capital guarantee.

MS. JUDITH RIVERA: Okay. Two different products all together. Remember when I was talking about the multi-buyer policy? We're talking about shipments that have occurred or that are occurring, and an obligation is already, uh, made. There's a commitment to reimburse the exporter for goods delivered.

The working capital guarantee is a totally different product. This is when the exporter comes to Ex-Im or to Small Business Administration, and they say guess what? This is the most typical scenario. I just went on a trade mission. I've got this great contract to

build these widgets for Kuwait, but I don't have enough working capital to manufacture the goods, to produce the goods. So I need a working capital loan to make the goods. Okay? Totally different scenarios. So that's where the working capital loan comes in.

The lender goes--the exporter comes to the lender, explains the contract that he has. They go over the criteria, the parameters of the contract. And they also go over the exporter's ability to repay this, uh, loan. Once that has been determined, if he qualifies for a working capital loan, he will then be able to obtain the pre-working capital money he needs to build the project. So it's totally different from the policy itself.

MR. STEVE MAROON: Great answer, Judith. I may add that many of our clients or customers have both policies. They have the working capital to get the funds and then they have the export credit insurance to cover their shipment. And, please realize, if you have one it doesn't cover the other, and vice versa. Now, also on that, if you have the working capital guarantee, you do get a 25% discount on your premium for

export credit insurance. The next question is what defines a small business, especially in terms of sales dollars.

MS. JUDITH RIVERA: Okay. Usually, a small business--SBA has various definitions. And you can go to SBA's website, um, if you're interested to learn your specific guidelines, depending on the industry that you're in. But, um, the normal guidelines that we tell exporters is if your company is under 500 employees or--is it 500 or 100?

MR. STEVE MAROON: 500.

MS. JUDITH RIVERA: 500 employees, you usually should be viewed as small. There are exceptions in a couple of industries. So you can check with SBA. And then remember not only are we looking to see that you meet the SBA definition of small, but that your export sales activity is less than 7.5 million dollars, which, in the majority of the cases, it is. It is the case. The average policy we look at can range from half a million dollars to 1.5, so just to give you an idea. But we do have policies that can go as high as ten million dollars.

MR. STEVE MAROON: Great. What buyer information does the exporter need to get to establish a credit limit?

MS. JUDITH RIVERA: Very good question. I was hoping that would be one of the first ones. Okay. We have short-term credit standards that are--we didn't post them here as a slide because they're just too long. But, um, if you go to the short-term credit standards on the website, you will see a table that shows you, for example, if you're selling to an export--to a buyer, and it's \$50,000, what do I need to verify their credit worthiness. Well, we might say all you need is a trade reference from another supplier or a favorable credit report. The guidelines are there on our short-term credit standards.

MR. STEVE MAROON: Could you please provide some examples of capital goods equipment?

MS. JUDITH RIVERA: Capital goods? Okay. When I--when we talk about capital goods, we're talking about agricultural machinery, heavy equipment, transportation type equipment, bulldozers, construction work, um, printing presses come to mind. Um, you know, things of

that nature. Things that require more than a year to repay.

MR. STEVE MAROON: Judith, once a company has Ex-Im Bank insurance to export, how could the exporter use that to pay for their raw materials?

MS. JUDITH RIVERA: Well, depending on the company, remember, uh--you will remember that I mentioned that having an export, uh, insurance policy will enable you, hopefully, to get a separate line of credit from your banker to finance your receivables. So that will help you to, uh, allow you to improve your cash flow in terms of, you know, shortening the cycle time of getting repaid from these. That's one way of doing it. It all depends on the type of business you're in, the type of repayment terms you're in. And if you get a big order from a company that cannot be met by your regular, um, finance--working capital cycle, then you may want to consider a working capital loan to meet the needs of that specific project or product.

MR. STEVE MAROON: Moving on to the multi-buyer policy. Do you have to insure all of our receivables?

MS. JUDITH RIVERA: The majority--the policy will require you to insure all of the, uh, receivables that qualify. The policies that can be--the receivables, rather, that can be excluded, um, are such as sales to Canada. Some exporters are very comfortable by selling to their distributors in Canada and they don't need to, um--they don't want to insure them. That's okay with us. You can exclude that. You can exclude your letters of credit. You can exclude your, uh, cash against documents. Those are the type of sales you can exclude.

So when you fill out your application, there will be, uh, some lines that ask you questions about your--the payment terms that you're looking to offer to your customers and what payment terms you've offered them in the past. And there is a section that addresses, uh, exclusions.

MR. STEVE MAROON: Great. I do want to mention, everyone, that it's about 2:55 eastern time. And our session was supposed to end, um, ten minutes ago. But since there's so many good questions coming, Judith is willing to stay longer. And I've got three or four questions.

And this is going to be a last call for any other questions. Judith, um, someone here has a business contact in Brazil and is wondering could they work with Ex-Im Bank and a U.S. company in the United States to help exports to Brazil and be considered or compensated as a loan broker?

MS. JUDITH RIVERA: No.

[Laughter]

MS. JUDITH RIVERA: No. Yes, insurance brokers that work with us, yes. They get, uh-- they earn commissions on the export sales that they bring to us in the form of insurance policies. But, uh, any other type of broker that helps to mitigate or bring together a buyer and a seller, no, we don't get involved in those transactions.

MR. STEVE MAROON: My company is a United States manufacturing rep in Africa. We sell wholesale to resellers. How does your program help us?

MS. JUDITH RIVERA: Okay. Could you repeat the question?

MR. STEVE MAROON: Okay. This company is a--let's see. This person's company is basically

a manufacturing rep in Africa.

MS. JUDITH RIVERA: Okay.

MR. STEVE MAROON: And he or she sells wholesale to resellers in Africa. How could that--how could Ex-Im Bank help them?

MS. JUDITH RIVERA: Okay. So they, they manufacture and produce products in Africa and they want to know how we could help them, right? Is that the question?

MR. STEVE MAROON: The person says, um, they are a U.S. manufacturing rep stationed in Africa.

MS. JUDITH RIVERA: Ah, okay. Well, as a U.S. stationed rep, uh, we assume, then, that you are representing a U.S. company. One of the things that, um, where you could help is, uh--the way Ex-Im Bank could help you, rather, is if your, um, African customers are in need of any U.S. products, you can put those U.S. companies, suppliers, in contact with, um, one of our regional offices. And let them know that, you know, if they--if they are having--if they are looking to approach companies in Africa who want to buy their products. So, basically, in this scenario, the U.S. rep would, uh, let his

competitors and let his, uh, colleagues know that Ex-Im Bank is available to assist them with financing of any U.S. needed goods for sale to Africa.

MR. STEVE MAROON: Great.

MS. JUDITH RIVERA: Okay?

MR. STEVE MAROON: Yes. And here maybe you can--you probably don't have the figure right off the top of your head. But someone was asking about what is the premium rate for a single buyer policy.

MS. JUDITH RIVERA: I don't have it off the top of my head, but I can tell you where you can find it. Uh, you can go to our website and you can calculate the premium by going to--where do you go, Steve? To the?

MR. STEVE MAROON: Exim.gov/smallbusiness.

MS. JUDITH RIVERA: Um, go to our medium-term, uh, link. There's a link, our single policy buyer link. There is a link that will take you to, um, a calculator. That's what it is.

MR. STEVE MAROON: Yes.

MS. JUDITH RIVERA: It's called the exposure calculator, I think, or premium calculator.

Where under--with this calculator, you enter the country, the type of buyer, and the payment terms. And it will calculate for you and tell you right then and there what the premium will be.

MR. STEVE MAROON: Great. And, also, um, I just recalled, under exim.gov, you can find insurance under the products tab. And that will lead you to the link also.

MS. JUDITH RIVERA: And if you feel more comfortable looking, um, downloading applications because it's--you know, you'd like to take it home or discuss it with some colleagues in your office, you can go to our applications link. Print on applications and forms. And all of our, uh, applications that are online are also in hard copy pdf. So you can download them. You can print them. You can review them and get a better idea of what questions we're going to ask you so that you feel more prepared to talk to use once you get a chance to review the application and all the questions.

MR. STEVE MAROON: Great. Here's the last question, Judy. I'll give you a break. I'm

working with a new start-up company in Austria. They don't have any credit history whatsoever. Can Ex-Im Bank help us?

MS. JUDITH RIVERA: A start-up company in Austria? That's going to be a tough one. You know, uh, companies--some of the start-up companies that we see are companies that are formed by owners who used to work for another corporation, and so they're bringing their expertise to this new company. If we can be convinced that this new company has the expertise, the opportunity to make sound, uh, credit decisions, and there's a real need for this product, we may be able to consider it. But we're going to need a lot of information on the buyer.

MR. STEVE MAROON: Great.

MS. JUDITH RIVERA: And references. Okay, so that's it. Thank you very much for all of you for listening. And, uh, we hope to hear from you in the future. And I'll pass it on to Steve.

MR. STEVE MAROON: Thank you Judith. We appreciate your time and, uh, knowledge. And hopefully everyone knows how to get started with

Ex-Im Bank's credit insurance.

As a next step, if you're still interested in this product, we recommend you call our 800 number, which can direct you to our local office nearest you. The number is (800) 565-3946. It says it on the screen. And just press two at the prompt and it will connect to that office.

Secondly, I want to welcome you to our third seminar--webinar, which is going to be held on February 19th at 2:00 p.m. eastern time. The first seminar was on working capital and the second one was you heard today. And this third one is going to be competitive financial for your buyers, primarily medium-term financing for your buyers, where they'll have competitive terms, um, covering from one to five years, typically. We are going to, once again, email you this webinar. And you can also access it on our website. Thank you very much. We appreciate your attendance. And we hope you continue to grow your international sales.

[END 20110216.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: Brandi Dean

Date: February 21, 2011