



Comptroller of the Currency
Administrator of National Banks

US Department of the Treasury

A Web and Telephone Seminar

How Community Banks Can Finance Small Business Exporters

Wednesday, October 13, 2010

2:00-3:30 p.m. EDT

PowerPoint Presentation

Appendixes: Comparison of Loan Guarantee Programs
Example Costs for a Loan under each Guarantee Program
Resource Guide

Interactive Seminars

Speaker Phones

Group Exercises

Internet Banking Security

Interested in learning about OCC educational programs?

Third-Party Relationships

Credit Risk

Privacy Regulation Compliance

Workshops

Web and Telephone Seminars

Strategic Approaches to Community Development Banking

Effective Anti-Money Laundering Program

Audit and Internal Controls

Condition of the Banking Industry

Audit Roundtable

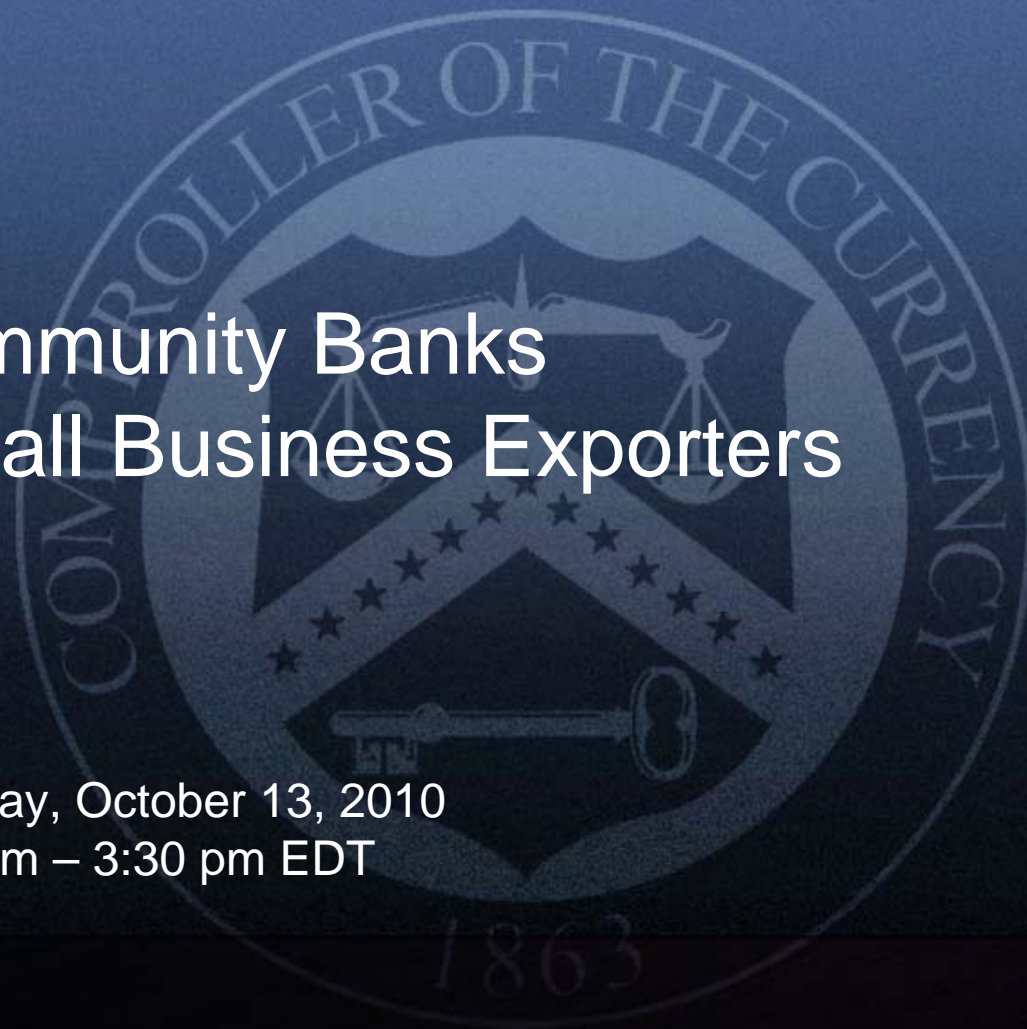
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Comptroller of the Currency
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How Community Banks Can Finance Small Business Exporters

Wednesday, October 13, 2010
2:00 pm – 3:30 pm EDT



How Community Banks Can Finance Small Business Exporters



Speakers:

- Barry Wides
Office of the Comptroller of the Currency
- Augustine (Gus) Grace
Export- Import Bank of U.S
- Richard Ginsburg
Small Business Administration
- Julie Cripe
OMNIBANK, N.A.





Speaker Biographies

Welcome by John Walsh

Opening Remarks by Barry Wides

PowerPoint Presentations

Questions and Answers



John Walsh



John Walsh

*Acting Comptroller of the Currency
Office of the Comptroller of the Currency*

John Walsh became acting Comptroller of the Currency on August 15, 2010. The Comptroller of the Currency is the chief executive of the Office of the Comptroller of the Currency (OCC), which supervises more than 1,500 federally chartered commercial banks and about 50 federal branches and agencies of foreign banks in the United States. These institutions comprise nearly two-thirds of the assets of the commercial banking system. The Comptroller also is a director of the Federal Deposit Insurance Corporation and NeighborWorks® America.

Mr. Walsh joined the OCC in October 2005 and previously served as Chief of Staff and Public Affairs.

Prior to joining the OCC, Mr. Walsh was the Executive Director of the Group of Thirty, a consultative group that focuses on international economic and monetary affairs. He joined the Group in 1992, and became Executive Director in 1995. Mr. Walsh served on the Senate Banking Committee from 1986 to 1992 and as an International Economist for the U.S. Department of the Treasury from 1984 to 1986. Mr. Walsh also served with the Office of Management and Budget as an International Program Analyst, with the Mutual Broadcasting System, and in the U.S. Peace Corps in Ghana.

Mr. Walsh holds a masters in public policy from the Kennedy School of Government, Harvard University (1978), and graduated magna cum laude from the University of Notre Dame in 1973. He lives in Catonsville, Maryland. He is married with four children.



Barry Wides



Barry Wides

*Deputy Comptroller for Community Affairs
Office of the Comptroller of the Currency*

Barry Wides is the OCC's Deputy Comptroller for Community Affairs, in which capacity he leads a department of community development professionals located in Washington, DC, and the four OCC districts. The Community Affairs staff is responsible for outreach to banks and their community partners, the administration of the Public Welfare Investment authority, the development of policy, and the creation and distribution of educational materials on community development issues.

Prior to joining the OCC in 1999, Mr. Wides was Director of Affordable Housing Sales at Freddie Mac. He led a nationwide sales team responsible for developing products and strategies to achieve the company's congressionally mandated affordable housing goals. He previously served as Deputy Director of the Resolution Trust Corporation's Affordable Housing Program. Mr. Wides began his career in Washington as a presidential management intern and budget examiner at the Office of Management and Budget.

Mr. Wides is a Certified Public Accountant and holds a B.S. in accounting and an M.B.A. from Indiana University.



Augustine (Gus) Grace



Augustine (Gus) Grace

Senior Business Development Officer
Export-Import Bank

Augustine Grace is a Senior Business Development Officer at the Export Import Bank in Washington D.C. The bank, an independent agency of the U.S. Government, provides loans to foreign buyers of U.S. goods and services, and insurance and guarantee protection to U.S. exporters and banks engaged in export sales. The Business Development Group provides a number of out-reach services to banks and exporters to inform them of Ex-Im Banks programs and to encourage their use of these services.

Mr. Grace has primary responsibility for the training seminars at Ex-Im Bank, as a training coordinator and lecturer. He has developed marketing programs and outreach efforts to promote the bank's programs.

Augustine Grace has held a number of positions at the Export Import Bank in Washington D.C. He was formerly a Marketing Officer providing guidance to exporters, buyers and bankers on all Ex-Im Bank programs. For a period of one year he worked as a Loan Officer in the U.S. Division recommending Working Capital Guarantees for approval. For four years he arranged loans and guarantees, credit facilities, and limited recourse financing for eligible borrowers in Latin America. His forte is international lending, and he has spent most of his tenure as a loan officer lending to public and private sector entities in Latin America.



Richard Ginsburg



Richard Ginsburg

Senior International Trade Specialist
Small Business Administration

In July 1990, Richard Ginsburg joined the SBA as a business development specialist in the Office of Entrepreneurial Development. He is a former small business operator (women's retail clothing) and bank-marketing officer. In his current position, Mr. Ginsburg serves as the Senior International Trade Specialist and Coordinator for International Strategic Alliances, Office of International Trade. He facilitates international agreements between the SBA and counterpart small business agencies in foreign countries and has also led 4 successful small business trade missions abroad. He has been a keynote speaker on economic development at several domestic and international conferences on small business.

Mr. Ginsburg has also provided Agency briefings at the U.S. Foreign Service Institute, where new assignees in the Foreign Commercial Service (U.S. Dept. of Commerce) and the Foreign Service (US Dept. of State) receive their training before transferring to U.S. embassies around the world. He has also participated in Agency briefings to other Federal agencies in Washington, D.C., and has participated as a member of the U.S. Trade Representative's Trade Capacity Building group during Free Trade Agreement negotiations.

Mr. Ginsburg earned a Bachelor of Science degree, University of Maryland, College Park; major course study emphasis on marketing, commerce and consumer studies. He is a member of the Board of Directors and Treasurer of the Lafayette Federal Credit Union and Chairman of the Credit Union's Loan and Membership Committees; a volunteer for the Montgomery County Chapter of the American Red Cross; a member of the National Business Incubation Association; and a Lifetime Member of the Disabled American Veterans (Vietnam.)



Julie Cripe



Julie Cripe

President & CEO
OMNIBANK, N.A.

Julie Cripe has been an officer of OMNIBANK, N.A., since 1979. As President, Chief Executive Officer and director of an independent, community bank, Julie is a tireless and outspoken advocate for small, minority-owned and women-owned Business. The Bank's loans total over \$350 million and are concentrated in loans to small to medium size businesses.

Julie Cripe frequently writes and gives interviews on banking, finance and topics of and to make banks less intimidating. In February she appeared on Fox Business News and in March, on CNN commenting on the reality of "Main Street" and the Community Banks that serve it. She was recently elected to the Board of the Federal Home Loan Bank of Dallas. As one of 12 banks in the system, the Dallas FHLB is a cooperatively owned wholesale bank that supports housing and economic development in the communities served by member institutions in Arkansas, Louisiana, Mississippi, New Mexico, and Texas.

She is currently Vice Chair of the Texas Banker's Education Government Relations Committee and immediate past Chair of the American Banker's Association Education Foundation. She is a Past International President of Financial Women International and Past President of the Greenspoint Rotary Club. She is Chairman of the American Festival for the Arts, and organization that provides a summer conservatory for over 350 middle and high school children in the Houston area.

Julie holds a B.S. and MBA from the University of Houston and is a graduate of the Graduate School of Banking at SMU.



Welcome



John Walsh
Acting Comptroller of the Currency
Office of the Comptroller of the Currency



Welcome



Barry Wides
Deputy Comptroller for Community Affairs
Office of the Comptroller of the Currency





Augustine (Gus) Grace
Senior Business Development Officer
Export-Import Bank of U.S

The Working Capital Guarantee Program
and
Export Credit Insurance
at
The Export-Import Bank of the U.S



Export-Import Bank – Who are we?



- Official Export Credit Agency of U.S.
- Established in 1934.
- Headquarters in Washington, D.C., with nine Regional Offices.
- Mission:
Ex-Im Bank enables U.S. companies—large and small—to turn export opportunities into real sales that help to maintain and create U.S. jobs and contribute to a stronger national economy.



Separating Myths from Facts



- Myth:
 - Small businesses don't export.
- Fact:
 - Very small companies (fewer than 20 employees) account for close to 70 percent of all exporting firms.
 - SMEs (small and medium-sized enterprises) account for nearly 30 percent of the value of U.S. merchandise exports.
 - In FY 2009, Ex-Im Bank authorized a record \$1.5 billion in working capital guarantees, \$1.2 billion (81 percent) of which supported small business.



How can Ex-Im Bank help Community Banks?



- Working Capital guarantees to support your customers who may want to Export
- Delegated Authority under Working Capital for community banks that use program frequently
- Export Credit insurance and enhanced assignments
- Guarantees to community banks – buyer financing



But first a few basic policies...



- Military Policy
- Country Limitation Schedule (CLS)
- U.S. Content Policy
- Indirect Exports



Country Limitation Policy

- We are open in all continents, with the exception of some countries.
- Country restrictions for political or economic conditions and Default Issues.
- Refer to the Country Limitation Schedule (CLS) under www.exim.gov.



U.S. Content Policy



- For short-term products, the products must have greater than 50-percent U.S. content to support the entire transaction.
- Products must be manufactured in and shipped from the U.S. (For pre-export, companies must be located in the U.S.)
- Indirect exports are allowed under the same rules.



Indirect Exports



- Community bank customer sells to Company “A” in the U.S.
- Company “A” incorporates this product in its export to a buyer in foreign country (CLS).
- This is an indirect export and is allowed under the Working Capital Guarantee Program (WCGP).



Working Capital Guarantee Program



- Small and medium-sized U.S. companies.
- A 90-percent guarantee to lenders for export-related working capital loans.
- Loans can be transaction specific or revolving.
- No minimum or maximum loan amount.
- Current fees for lender participation are identified in Appendix A.
- Ex-Im Bank authorized over \$1.5 billion in FY 2009.



Case Example: Bio-Tech Incorporated



- Bio-Tech Incorporated was formed 6 years ago. Its principal product is a medical analysis device.
- Bio-Tech's domestic growth has resulted in \$9.8 million in sales last fiscal year and a seven fold increase in staff over the last four years to 34 full time employees.
- Bio-Tech sells to 14 countries, but would like to expand its export operations. Current customers pay on letter of credit terms or cash in advance.
- The company has a domestic working capital line secured by inventory and accounts receivables. Bio-Tech will need an additional \$500,000 in working capital to support the expansion overseas.



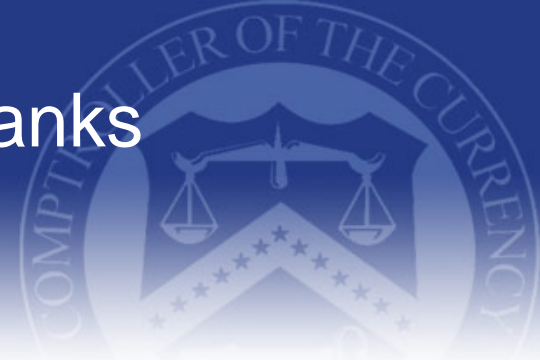
Bio-Tech Inc. Solution



- Working Capital Guarantee from his current bank for the exports in amount of \$500,000
- Export Credit Insurance policy to insure those buyers that are new or have weak financial statements



Delegated Authority for Community Banks



- Community banks may receive \$1 million in Delegated Authority.
- Complete Delegated Authority training.
- Submit letter request to:

Pamela Bowers, VP
Export-Import Bank
811 Vermont Ave., NW
Washington, DC 20751
- Work with Ex-Im loan officer.
- Submit memorandum for three Working Capital transactions.



Benefits for Community Banks



- Service existing customers who have indirect exports.
- Generate fee income, fee sharing under Delegated Authority.
- U.S. Government guaranteed loans.
- Lower reserve requirements with U.S. guarantee.
- Opportunity to grow portfolio.
- Mitigating risk with government guarantee.
- Sell loans to provide for liquidity.
- Lower capital adequacy requirements.



Export Credit Insurance



- Coverage parameters
 - Up to 180 days, exceptionally one year
- Commercial and political risks
- Exporter policies
 - Multi-buyer or single-buyer



Export Credit Insurance example



- Bio-Tech's customer Medical Supply Inc., Mexico no longer wants to pay cash in advance and wants 60-day terms from Bio-Tech.
- Bio-Tech approaches an Ex-Im Bank registered broker or Ex-Im Regional Office and requests a Multibuyer-Export Insurance Policy to insure the 60-day receivable. In the event of non payment, Bio-Tech makes a claim on his insurance policy and Ex-Im Bank pays Bio-Tech and then attempts to collect from Medical Supply Inc. in Mexico.



Policies for Community Banks



- Enhanced assignment for community banks.
- Banks that wish to purchase or lend against receivables insured by Ex-Im Bank should ask for the enhanced assignment.
- Provides more protection than the regular assignment.
 - Bank not responsible for actions of exporter
 - Bank may make claim on Ex-Im Bank



Common Mistakes



- Because the Working Capital Guarantee Program is fully secured, the losses on this program have been small and claims experience very good.
- 37 claims filed out of 1,715 authorizations since FY07.
- Only one of these claims was denied and this was because the originating bank had failed to comply with the clearly stated requirements of the Master Guarantee Agreement.



Common Mistakes



The following are common mistakes:

- Disbursements exceed collateral
- No UCC security filings
- Material changes in loan without notification
- Missed the claim-filing deadlines (120 days)
- No notification of events of default or other loan changes



For Further Information...



Call the Ex-Im Bank Regional Office near you:

New York:	212-809-2650
Chicago:	312-353-8081
Miami:	305-526-7436
Houston:	281-721-0465
Dallas:	214-551-4959
Newport Beach:	949-660-1341
San Francisco:	415-705-2285
San Diego:	858-467-7035



For More Information ... www.exim.gov



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EXPORT-IMPORT BANK
of the UNITED STATES





Financing Your Small Business Exporters

Richard Ginsburg
Senior International Trade Specialist
Office of International Trade
Small Business Administration



SBA Loan Programs for Exporters



- **Export Working Capital Program**
 - Loans are targeted to small businesses that are able to generate export sales and need additional working capital to support these sales.
- **Export Express**
 - SBA Export Express helps small businesses develop or expand their export markets.



Export Working Capital Program



- 90-percent guarantee
- \$3.75 million is maximum SBA guaranteed portion
 - The Small Business Jobs Act of 2010 temporarily increases the maximum guaranteed portion to \$4.5 million (until December 31, 2010).
- SBA and Ex-Im Bank Co-guarantee (must meet Ex-Im's content and foreign military requirements)
- Transaction financing
- Single project or revolver
- Quick turnaround time
- Current fees for lender participation are identified in Appendix A
- Preliminary commitment availability



Export Working Capital Program Eligibility



- Company meets SBA size standards, based on North American Industry Classification System (NAICS).
 - Manufacturing: under 500 employees
 - Can be as high as 1,500 employees
 - Ex-Im has no restrictions for size.
- Product is titled and shipped from U.S.
 - No U.S. content requirement; Military OK
- In business 12 months or proven expertise.



EWCP - Indirect Exports



- Applicants who produce products or services that enter into the export channel but do not directly export their products are eligible for EWCP financing.
 - Manufacturers using an Export Trading Company
 - Suppliers to other domestic manufacturers
- Requires certification from domestic customer that goods are in fact being exported.



EWCP Use of Proceeds



- Working Capital to acquire/produce goods or services for export
- Support Stand-by Letters of Credit
- Pre-shipment Guarantee
 - Labor and Material costs
- Post-shipment Guarantee
 - Foreign Accounts Receivable financing
- Combination Guarantee

Portions of the EWCP Line of Credit may be used to fund Stand-by Letters of Credit when required as:

- Bid Bond
- Performance Bond



EWCP – “It’s the Transaction”



Transaction evidenced by Purchase Order, L/C or signed contract
Acceptable payment by foreign buyer

- Cash in Advance
- Letter of Credit
- Open Account (insured)
- Open Account (no insurance)



EWCP - Collateral



- Self-liquidating loan
- First lien on all assets being financed
- Personal guarantees from all parties with 20% or more ownership of the business *
- Other collateral on a case-by-case basis

*exceptions may be considered if a party is foreign with no U.S. assets



Case Study: Pre-shipment Working Capital



Order: \$160k

- XYZ Flooring from the National Performing Arts Center, Seoul, South Korea

Transaction:

- \$15k advance payment
- \$145k L/C payable at sight
- L/C without confirmation
- Ex-Im Bank insured LC payment
- expiry, four months; 4 month loan

Working Capital Need:

- \$115k to produce order

Company:

- Second export order
- Order=27% of last year sales



Export Express



Loans and Lines of Credit up to \$500,000:

- Banks that are currently authorized under the SBA Express program are automatically approved for Export Express.
- Approved banks make their own credit decision, use their own forms and receive up to an 85-percent guarantee from the SBA (85 percent up to \$350,000; 75 percent up to \$500,000).
 - The Small Business Jobs Act of 2010 temporarily increases the guarantee share to 90 percent (through December 31, 2010)



Export Express



- The maximum loan amount under SBA Export Express is \$500,000.
- Processed using the existing SBAExpress processing procedures.
- Eligibility:
 - Applicant in business for at least 12 months.
 - Proceeds are to be used to develop or expand their export markets.



Export Express



Proceeds may be used for any of the following purposes:

- Transaction-specific financing of export deals, including standby letters of credit.
- General lines of credit for export purposes.
- Export development activities such as brochure translation or participation in a trade mission.
- Term loans for permanent working capital, machinery and equipment, or real estate.



Common Mistakes



- Lender does not adhere to Loan Authorization as written
 - This is critical for lender's guarantee
- Errors and/or omissions in the Authorization (PLP Lenders)
- Lender does not comply with SBA's SOP 50-10-5(b)
- Lenders must ensure that credit memoranda must comply with Loan Authorization



EWCP - How to Become a Lender



- Three classes of SBA Lenders:
 1. New (Regular Lender)
 2. Certified Lender
 3. Preferred Lender
- New Lender must execute SBA Form 750 for partnership.
- Certified Lender executes a SBA Form 750 (b) (short term lending) and a 750 EX.
- PLP domestic status prior to PLP-EWCP-PLP status.





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U.S. Small Business Administration





Julie Cripe
President & CEO
OMNIBANK, N.A.

OMNIBANK's Experience in Trade Finance



About OMNIBANK



- Local Houston Bank
- Began in 1954
- \$390 million in assets
- Nine branches
- Delegated authority with Ex-Im Bank
- Preferred Lender with SBA



Typical Ex-IM and SBA Export Loan Myths



- Too much trouble
- Too expensive
- Too complicated
- Takes too long
- Customers won't fit the program



They Are Too Much Trouble



These loans take no more time than any loan. They require:

- Analysis of the business capabilities
- Monitoring
- Knowledge of the program

OMNIBANK utilizes lockbox accounts with these programs which helps with monitoring and repayment.



They Are Too Expensive



- Export Import loans do require EX-IM insurance, but the fees are reasonable.
 - Most banks are unwilling to make loans against foreign receivables and the insurance mitigates this risk.



They Are Too Complicated



- Both programs provide great training.
- Both programs have staff to help the bank through the process.
- Once you do one or two, it will be as easy as any other loan.
- Good back-up on the web.

It bears repeating that the operational risks from these types of loans can be mitigated by common sense strategies: inspecting the work and materials, monitoring payments and following the authorization document.



Loan Process Takes Too Long



OMNIBANK has found:

- Agencies very responsive/deadlines required of small businesses and lenders
- Agencies good to work with whenever we had a claim (provided all conditions were met)



Our Customers Won't Fit The Program



- This will be your biggest surprise
- Many customers are eligible
 - Manufacturers – even if they are manufacturing just a component of a larger project
 - Service providers – inspectors, technical writers, contract employee providers
 - Shippers



Discussion Of Risks



- CREDIT – the project must be completed; the company must be able to do the work required
 - mitigate with Ex-Im insurance
- OPERATIONAL – adhering to authorization; monitoring
 - Inspections
 - Lockbox
- COMPLIANCE – BSA/AML
 - Risk mitigated by monitoring payments



Deciding Ex-Im Bank or SBA?



Factors to consider include:

- Loan size
- SBA status of bank
- Borrower's current SBA loans (including 504 loans)
- Type of loan needed



Headworks, Inc.



- This company provides wastewater treatment screens for municipalities around the world. We utilize the EX-IM Working Capital line of credit, since many of Headwork's receivables are foreign. We use this in conjunction with an SBA-Capline for domestic receivables.



Testimonial



Call us at 281.999.9212
for answers to your
questions today.

OmniBank became our #1 fan.

Thanks to OmniBank's support our claim to fame is that we are the leading supplier of large application wastewater screens in the United States and a major international market force. OmniBank together with the SBA, lent our business the funds to buy the patents from an Austrian company which became our core business in North and South America. As the company continued to grow, OmniBank, again with the SBA, backed us through working capital lines. Without OmniBank and the support of the SBA, Headworks' star simply would not shine.

OMNIBANK N.A.

Count on us.

www.omnibank.com



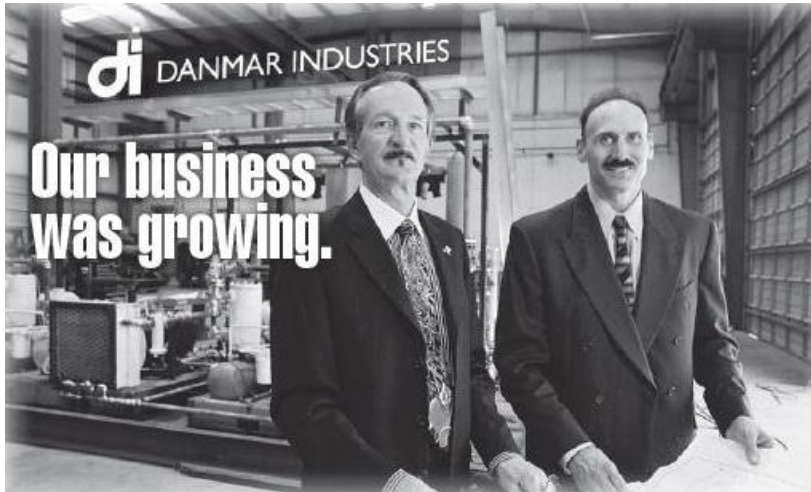
Danmar Industries, Inc.



- Danmar adds specific engineering to large air compressors for sale to both domestic and foreign entities. We have used the EX-IM working capital line successfully for years. We used the program in this case, because their SBA eligibility was capped. This allowed the company to grow and increase profitability. Today, all their lines are paid to zero.



Testimonial



*Call us at 281.999.9212
for answers to your
questions today.*

OmniBank engineered a plan to help us sustain it.

As president of Danmar Industries, I knew all about compression. I needed someone who knew all about expansion. That's why we chose OmniBank. Our compressor distribution and fabrication business was growing, and so was our need for advice and financing. OmniBank understands our business and has been there for us with the right knowledge and tools, confidently guiding us through every step in the process. Today, our relationship with OmniBank remains an important component in our continued success.

OMNIBANK N.A.

Count on us.

www.omnibank.com



Gotco, Inc. and Rigs & Derricks



- Both companies have used the export working capital lines of credit for years. They have common ownership – Gotco manufactures down-hole fishing tools and Rigs and Derricks manufactures Rigs and parts for them. Because the cash outlay for materials is high, and there are only a few projects at a time – they need this program to provide the cash to complete the projects.



Use Of Proceeds



Snubbing Unit

- 340,000 # Maximum Pull
- 188,000# Maximum Snub
- Lightweight Compact Design
- Faster Rig Up and Rig Down



© Template Warehouse



What If It Doesn't Work?



- We find the agencies are very easy to work with if a problem arises.
 - Waivers
 - Restructures
 - Extend repayment periods
 - Liquidations

Gus and Richard's previous slides on "Common Mistakes" will be your best checklist to insure payment of the guarantee – again these are the things bankers do every day on every loan – so feel confident that you can do an export loan as well as any other!



Summary



- Great opportunity for community banks:
 - Good income
 - Mitigates risk
 - Can provide CRA credit in some cases
- Good for communities:
 - Provides more employment by allowing small businesses to take larger jobs with an export component.
 - Can bring new business opportunities to smaller communities by drawing new or existing businesses to the area.



Contact Information



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Regulatory and Risk Considerations for SBA and Export-Import Bank Export Working Capital Programs

Barry Wides
Deputy Comptroller for Community Affairs
Office of the Comptroller of the Currency



Topics to be Covered



- Regulatory Benefits of Loan Guarantees
- Risk Considerations - SBA Export Working Capital Loan Program
- Risk Considerations - Export-Import Bank Working Capital Guarantee Program
- CRA Considerations



Regulatory Benefits



Loans guaranteed by U.S. government or its agencies:

- Portion of the loan that is guaranteed would be excluded from legal lending limit calculation (12 CFR 32).
- Portion of the loan that is guaranteed would receive a preferential capital risk weight (see 12 CFR Part 3 Appendix A Section 3(a)(1)(iv)).



Risk Issues - Export Lending



As with any new product or service, consideration should be given to ALL risks associated with offering export financing products and government working capital guarantee programs to customers. These may include:

- Credit risk
- Operational risk
- Compliance risk



Risk Issues: SBA and Ex-Im Bank



- SBA serves borrowers who may not qualify for conventional loans, so credit risk may be higher (SBA “credit elsewhere” test).
- Ex-Im Bank loans require financed products to have more than 50 percent domestic content and to exclude defense articles and defense services.



CRA Consideration



- Loan to small business:
 - Original amount of \$1 million or less
 - Reported in Part I of the Call Report as either “Loans secured by nonfarm or nonresidential real estate” or “Commercial and industrial loans”

OR

- Community development loan:
 - Has as its primary purpose “community development”
 - Is not reported as a home mortgage, small business or consumer loan
 - Benefits the bank’s assessment areas or a broader statewide or regional area that includes the assessment area



CRA Consideration (continued)



- Community development defined to include, among other things:
 - Activities that “promote economic development” by financing businesses that meet the size eligibility standards of the SBA’s SBDC or SBIC programs or have gross revenues \$1 million or less
- To be considered to “promote economic development,” activities must support permanent job creation, retention, and/or improvement for:
 - Persons who are currently low- or moderate-income
 - OR
 - Businesses located in low- or moderate-income areas or areas targeted for redevelopment by federal, state, local or tribal governments



CRA Consideration (continued)



- **Other loan data:**

- Commitments
- Letters of credit

- **References:**

- Interagency CRA Interpretive Letter #762
- Interagency CRA Questions and Answers



Summary



- Additional Resources
- Speak with Supervisory Office



Questions



Questions and Answers



Push *1 on your telephone key pad to comment or ask your question

OR

Send your comment/questions by clicking on the “question icon” in the lower right corner of your screen. Type your question/comment in the window that appears, and click “send.”

Submitted questions will be answered as time allows.



Thank you for joining us!



Interactive Seminars
Speaker Phones
Group Exercises
Internet Banking Security

**Interested in learning
about OCC
educational programs?**

Third-Party Relationships
Credit Risk
Privacy Regulation Compliance
Workshops
Web and Telephone Seminars
Strategic Approaches to Community Development Banking
Effective Anti-Money Laundering Program
Audit and Internal Controls
Condition of the Banking Industry
Audit Roundtable

**Sign-up for email notifications at
www.occ.treas.gov/listserv3.htm**



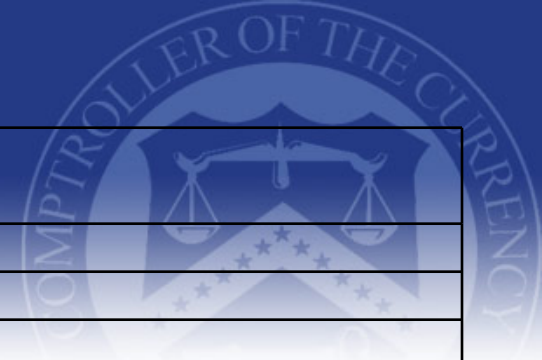
Evaluation Form



- Please complete the evaluation form online,
- OR**
- Return it via fax



Appendix A – Comparison of Loan Guarantee Programs



	Ex-Im Bank (Delegated Authority)	SBA (Normal processing & PLP)
Type	Single order or revolving line of credit	Same, but allows for advances against purchase orders.
Maturity	Up to 3 years	1 to 3 years
Guarantee	90%	90%
Eligible Borrowers	Sole proprietorships, partnerships and corporations. One-year in business.	Same (1-year in business can be waived based on management's experience) Must be a small business.
Financial Requirements	Must have positive net worth. Must meet industry lower quartile for 4 out of 7 key ratios.	Ex-Im Bank minimums do not apply.
Eligible Products	Minimum 51% U.S. product content. No Defense products or Defense customers.	No minimum U.S. content requirement. Defense customers and Defense products are allowed with proper licensing.
Use of Proceeds	To acquire inventory and pay for production costs; To purchase goods for resale; Delivery of services; To support Stand-by Letters of Credit with reduced (25%) collateral.	Same
Collateral	First priority security interest in export inventory and accounts receivable; Personal and corporate guarantees; Assignment of Letters of Credit or Foreign Credit Insurance (if applicable).	Same
Loan Amount	Five Levels of Authority for Lenders ranging from \$1MM to \$10MM per exporter & from \$10MM to \$150MM aggregate per lender.	Borrower limits: \$5.0 million maximum loan amount \$3.75 million maximum guarantee (The Small Business Jobs Act of 2010 increases this to \$4.5 million through 12/31/2010) No limit per lender.
Application Fee	\$100.00	None
Other Fees	For loans less than \$2MM: 6 months: 0.75% (lender retains 0.50%) 12 months: 1.50% (lender retains 1.25%)	0.25% guarantee fee (of the guaranteed amount) for a 12 month loan. Fee waived for 13 month to 3 year loan through 12/31/2010 (ARRA and Small Business Jobs Act of 2010). 0.55 basis points ongoing fee per annum charged to lender as with all SBA 7(a) loans (based on monthly balance). Lender may charge additional fees as deemed appropriate.
Field Examinations	Semi-annual at Borrower's cost	None required
Interest Rates	Negotiable with Lender	Negotiable with Lender



Appendix B – Example Costs for a Loan under each Guarantee Program

ABC, Inc seeks a \$1 million working capital loan from First National Bank to support a large contract for its growing export business. The loan will be for one year, and will be paid off with the customer payment upon receipt of goods. The full loan amount will be drawn down at closing (and will be outstanding for the full year).

	Ex-Im Bank (Delegated Authority)	SBA (Normal processing & PLP)
Total Loan Amount	\$1,000,000	\$1,000,000
Guaranteed amount	\$900,000	\$900,000
Interest Rates	Negotiable with Lender	Negotiable with Lender
Bank fees to borrower	Negotiable with Lender	Negotiable with Lender
Application Fee to Agency	\$100.00	None
Other Fees	\$13,500 from borrower to agency as an upfront fee, lender retains \$11,250. This fee can be reduced for very low risk borrowers	\$2,250 guarantee fee paid to SBA by borrower. \$4,950 paid by lender (\$412.50 per month, assuming the full balance is drawn and held for the entire year)
Field Examinations	Semi-annual at Borrower's cost	None required



Resource Guide



- Export – Import Bank of the U.S. :
<http://www.exim.gov/portals/lender/index.cfm>
 - Working Capital Guarantee Program:
http://www.exim.gov/products/work_cap.cfm
 - Export-Import Bank Country Limitation Schedule:
List of countries in which the Export-Import Bank has placed limitations on the extent to which it will support transactions.
http://www.exim.gov/tools/country/country_limits.cfm
- Small Business Administration (SBA):
<http://www.sba.gov>
 - Export Working Capital Program:
http://www.sba.gov/financialassistance/borrowers/guaranteed/7a1p/EXP_WORK_CAPITAL_7A-LOAN-PROG.html



Resource Guide (continued)



- National Export Initiative
 - Obama Administration plan to double U.S. exports over the next five years. Details may be found at: <http://www.export.gov/nei/index.asp>
- US Export Assistance Centers
 - US Export Assistance Centers (USEACs) can help exporters set up export operations. They are staffed by representatives from SBA, Ex-Im Bank and other government institutions involved with supporting US exporters. Lenders can use USEACs as a resource for their customers working to initiate or expand their export operations.
 - <http://www.sba.gov/aboutsba/sbaprograms/internationaltrade/useac/index.html>



Resource Guide (continued)



- OCC's BSA Web Resources: <http://www.occ.gov/BSA/BSAmain.htm>
 - BSA High Risk Designations, OCC Alerts, FinCEN Advisories, and OFAC Lists: Includes BSA guidance and lists of countries and individuals identified by government agencies as associated with terrorism, illegal drug trafficking, money laundering or other issues. <http://www.occ.gov/BSA/BSAHighRisk.htm>
- FFIEC BSA Anti-Money Laundering Handbook: This handbook is a useful source of information on developing an appropriate BSA/AML program, conducting effective risk assessments, and managing risk. It provides clear explanations of terms commonly used when speaking about BSA and anti-money laundering activities. http://www.ffiec.gov/bsa_aml_infobase/default.htm

