Working Capital Guarantee Program

A Lender, which has been deemed eligible by EXIM Bank pursuant to the general eligibility requirements set forth in Section II.A.1. of the Working Capital Guarantee Manual can apply for Delegated Authority. Under the Delegated Authority Program, a Lender and EXIM Bank enter into a Delegated Authority Letter Agreement, which allows the Lender to approve Loans and receive an EXIM Bank Guarantee without having to submit individual applications to EXIM Bank for approval. With the exception of Level 1 Delegated Authority, Lender must at all times employ at least two (2) authorized officers who have completed the EXIM Bank Delegated Authority Training Course or any EXIM Bank approved alternate training course.

Lender Eligibility Criteria

Any bank, provider of commercial credit, or other public or private Lender may apply under the Working Capital Guarantee Program. In determining the eligibility of a Lender, EXIM Bank considers many factors, including the Lender's financial condition, its knowledge of trade finance, and its ability to manage asset-based loans. Lenders that are new to EXIM Bank must submit three years of audited statements or their three-year annual report. In addition, Lenders that meet eligibility requirements, as set forth in the Working Capital Guarantee Program Manual, may be approved by EXIM Bank as Delegated Authority Lenders. Such Lender status confers expedited processing benefits.

Affiliates of Lenders - Under certain circumstances, EXIM Bank’s Guarantee may be extended to cover Loan Facilities established by a Lender’s affiliate.

Application Process

When requesting Delegated Authority Status, please provide the following to EXIM Bank:

1. Cover letter requesting Delegated Authority. Cover letter is to be addressed to Steven Freshour, Vice President, Business Credit Division, 811 Vermont Avenue, NW Washington, DC 20571.

2. Provide three years of audited statements or three years of annual reports (with notes).

3. Address the evaluation points, which are listed below. These answers can be included in the cover letter or enclosed in your package to EXIM Bank.

Suggestion: Parts i., ii., iv. and v. might be most-easily addressed in a blended response. Additionally, most banks have a story to tell, thus, an historical perspective is also helpful. Parts iii. and vi. might also be most-easily addressed in a blended response.

Evaluation points to be addressed:

i. **Organizational and Ownership Structure**: we need to "know the customer" and understand the Lender and related ownership structure (i.e. Holding company). If privately-owned and substantially-owned by a few individuals, we will need detailed owner information. Most Lenders provide bios of key individuals in the management chain (background on Lender).

ii. **What markets and communities are served by the Lender:** this can be a geographical area or state.

iii. **Commercial Lending Operations:** explanation of lending portfolio's size and customer base (i.e. commercial real estate, commercial & industrial).

iii. **Credit Underwriting and Approval System:** explanation of credit approval system and credit limits. What management levels of the Lender set lending policies? At a local level, regional or if applicable, national;

iv. **Asset Size of the Lender:** For a Level 1 Delegated Authority Lender, the Lender may not have total assets greater than $500 million**;** if assets are greater than $500 million, please skip.

v. **Discussion of Asset-Based loan monitoring:** Please provide information related to experience in monitoring asset-based loans at the most basic levels required by the Program. Please include in your discussion the experience and capabilities (department/personnel, ABL portfolio size and breakdown) of your monitoring groups. Most Lenders provide bios for at least the person(s) who will be managing the Delegated Authority Program. The following excerpt from our documents may help you address this question:

Loan Servicing - The Lender is expected to monitor the Loan Facility in accordance with its standard institutional procedures for monitoring other asset-based non-EXIM Bank guaranteed loans in its portfolio. This obligation includes but is not limited to receiving and properly applying all payments of principal and interest; reviewing financial statements, Export-Related Borrowing Base Certificates, and other reporting; taking appropriate collateral protection and recovery measures; and performing all other necessary loan making, servicing, and collecting responsibilities. The Lender may use its own form of borrowing base certificate if it includes all components required in the Export-Related Borrowing Base Certificate.

vii. **Key Personnel to manage the Delegated Authority Program:** As indicated in this letter and in the Working Capital Manual, the Lender must have at least one of its staff at the Vice President (or equivalent) level or higher attend either EXIM Bank's two-day overview seminar and the third day Delegated Authority Lender Program training seminar or an abbreviated EXIM Bank training session, which will include a half-day overview of EXIM Bank programs, a half-day on Insurance programs, and the half-day WCGP Delegated Authority Lender Training. Alternatively, and due the COVID-19 pandemic, Lender's officers may attend a webinar. Please identify these individuals who have attended the training and how these individuals will be overseeing the Delegated Authority Loans.

Level 1 Delegated Authority

i. There is no prerequisite for any Lender to have made any WCGP Loan Facilities operative prior to receiving Delegated Authority at Level 1. However, please note that the Lender is required to submit its internal credit memorandum for the first three Loan Facilities it makes operative under Delegated Authority.

ii. Terms of Loan Facilities approved under Level 1 Delegated Authority are limited to a maximum of twelve months.

iii. All Accounts Receivable of a Loan Facility financed under Level 1 Delegated Authority must be:
   a. supported by irrevocable Letters of Credit,
   b. insured by acceptable credit insurance, or
   c. some combination of (a) and (b) covering one hundred percent (100%) of the Accounts Receivable.

   Note: Satisfaction of this requirement will qualify the Borrower for the Reduced Facility Fee.

iv. After a minimum of three Loan Facilities made operative under Delegated Authority, at least one year as a Level 1 Delegated Authority Lender, and a satisfactory field examination (conducted by EXIM Bank staff), the Lender may request an increase to Level 2 Delegated Authority.

For more information regarding levels of Delegated Authority Status and Working Capital Guarantee Program guidelines, please refer to Section III of the Working Capital Guarantee Manual located on our website: https://img.exim.gov/s3fs-public/forms/ebd-w-15.pdf