

DELEGATED LENDER AUTHORITY

Within the Working Capital
Loan Guarantee Program

WHAT IS DELEGATED LENDER AUTHORITY?

A lender that has been deemed eligible by EXIM (per the general eligibility requirements set forth in Section II.A.1. of the [Working Capital Guarantee Manual](#)) can apply for delegated authority. Under this program, a lender and EXIM enter into a Delegated Authority Letter Agreement.

This agreement allows the lender to approve loans and receive an EXIM Guarantee without prior consent of EXIM. This lender status also confers expedited processing benefits.

Eligibility

Any bank, provider of commercial credit, or other public or private lender may apply under the Working Capital Guarantee Program. Under certain circumstances, EXIM's guarantee may be extended to cover loan facilities established by a lender's affiliate.

In determining the eligibility of a lender, EXIM considers many factors, including:

- ✔ the lender's financial condition
- ✔ its knowledge of trade finance
- ✔ its ability to manage asset-based loans



LEVELS OF DELEGATED AUTHORITY

The loan amounts that a lender can approve are dependent upon their delegated authority level. There are 6 total levels; lenders can advance through them sequentially as they meet certain qualifications.

Level 1

Level 1 is the first level of the Delegated Lender Authority program; there is no prerequisite for loan approvals within the Working Capital Guarantee Program (WCGP) prior to receiving this level. To qualify, the lender only has to make commercial loans as part of its regular business and must have experience in monitoring asset-based loans.

Individual Loan Limit	Aggregate Loan Limit	Authorized Staff
\$1,000,000	\$10,000,000	1 lender officer

Requirements

After receiving Level 1 authority, the lender must submit internal credit memorandums for their first 3 loans within the WCGP program. All export-related accounts receivable must be 100% supported by credit insurance, irrevocable letters of credit, or some combination of the two. Loan terms are limited to a maximum of twelve months.

How are Staff Member(s) Authorized?

Staff are required to attend the seminar or webinar on Delegated Authority Lender Training, while SVPs and above are encouraged to attend but not required.

Level 2

After a lender has been a level 1 delegated authority for 12 months, they are eligible to become level 2 if they have made at least 3 WCGP loans in that time and had satisfactory results on the last Delegated Lender examination conducted by EXIM staff.

Individual Loan Limit	Aggregate Loan Limit	Authorized Staff
\$2,000,000	\$25,000,000	2 lender officers

Level 3

For a lender to become a level 3 delegated authority, they must have made at least 4 WCGP loans and have had satisfactory results on the last Delegated Lender examination conducted by EXIM staff.

Individual Loan Limit	Aggregate Loan Limit	Authorized Staff
\$3,500,000	\$50,000,000	2 lender officers

Level 4

For a lender to become a level 4 delegated authority, they must have made at least 10 WCGP loans totaling \$15,000,000. In addition, the lender must have had satisfactory results on the last Delegated Lender examination conducted by EXIM staff.

Individual Loan Limit	Aggregate Loan Limit	Authorized Staff
\$5,000,000	\$75,000,000	2 lender officers



TIP: A lender approaching the \$75,000,000 aggregate total limit who does not qualify for level 5 yet may increase their limit to \$100,000,000 if they had satisfactory results on the last Delegated Lender examination conducted by EXIM staff.


Level 5

For a lender to become a level 5 delegated authority, they must have at least two years of experience at level four and made at least 15 WCGP loans totaling \$20,000,000. In addition, the lender must have had satisfactory results on the last Delegated Lender examination conducted by EXIM staff.

Individual Loan Limit	Aggregate Loan Limit	Authorized Staff
\$7,500,000	\$100,000,000	2 lender officers

Level 6

EXIM's Board of Directors approves all level 6 lenders. To qualify, lenders must be either:

-  a national asset-based lending entity whose portfolio totals \$1 billion or more in aggregate commitments, or
-  a commercial lender with an asset-based lending unit, whose asset-based lending portfolio totals \$1 billion or more in aggregate commitments

In addition, the lender must have made at least 10 WCGP loans totaling \$25,000,000 and have had satisfactory results on the last Delegated Lender examination conducted by EXIM staff.

Individual Loan Limit	Aggregate Loan Limit	Authorized Staff
\$10,000,000	\$300,000,000	2 lender officers



NOTE: Level 5 & 6 lenders have unique requirements for all individual loans over \$5,000,000. A Loan Authorization Notice must be signed by two of the lender's officers; one of these officers must be an SVP (or equivalent) or higher and be an authorized signer. These loans also must be monitored and serviced by the asset-based lending division.

APPLYING FOR DELEGATED AUTHORITY

To become a level 1 delegated lender, provide all of the following information to EXIM:

01

Cover Letter Requesting Delegated Authority

[Emailed](#) or addressed to Steven Freshour, Vice President, Business Credit Division, 811 Vermont Avenue, NW Washington, DC 20571.

02

Financial Records

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

03

Address All Evaluation Points

(Listed on the following pages); these answers can be included in the cover letter or enclosed in your package to EXIM.

How Does a Lender Increase Their Delegated Authority Level?

To move up to higher levels, a lender must meet the prerequisites for the desired level. Once this is the case, the lender should contact their relationship manager; the manager will review the lender activity, verify that those prerequisites have been met, and approve moving the lender up.


EVALUATION POINTS

When creating a response, lenders may create a blended response incorporating multiple discussion points if desired.

EXIM suggests combining your response to part i with those for items ii, iv, v, and combining your response to item iii with that of item vi. We encourage you to provide any other information that you feel would be helpful.

Part	Requirement
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	Markets and Communities Served This can be a geographical area or state.
iii	Commercial Lending Operations Explain the lending portfolio’s size and customer base (i.e. commercial real estate, commercial and industrial).
iv	Credit Underwriting and Approval System Explain the credit approval system and credit limits. What management levels of the lender set lending policies? Do these occur at a local, regional, or national level?

EVALUATION POINTS (cont'd)

Part	Requirement
v	<p>Asset Size</p> <p>Lender's asset size will be one of the factors considered in determining delegated authority level.</p>
vi	<p>Discussion of Asset-Based Loan Monitoring</p> <p>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.</p> <p> TIP: The following excerpt from our documents may help you address this question:</p> <p><i>Loan Servicing</i> <i>The Lender is expected to monitor the Loan Facility in accordance with its standard institutional procedures for monitoring other asset-based non-EXIM 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.</i></p>
vii	<p>Key Personnel</p> <p>Please identify individuals who have attended the training noted in the Delegated Authority Requirements section and how these individuals will be overseeing the Delegated Authority Loans.</p>

This is a descriptive summary to be used only as a general introductory reference tool. The complete terms and conditions of the policy are set forth in the policy text, applications, and endorsements.

WHAT'S NEXT?

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.](#)

For Additional Questions:

Steven Freshour



Vice President, Business Credit Division



Steven.Freshour@exim.gov



202.893.4707



[Working Capital Training](#)

EXIM welcomes your inquiries and looks forward to working with you.



This is a descriptive summary to be used only as a general introductory reference tool. The complete terms and conditions of the policy are set forth in the policy text, applications, and endorsements.