

**APPENDIX B**

**SAMPLE BORROWING BASE CALCULATIONS**

**Showing Compliance and Non-compliance with Maximum 60% Inventory Reliance**

	<u>SAMPLE 1</u>		<u>SAMPLE 2</u>	
Gross Export-Related A/R		1,200,000		500,000
Less Ineligibles		<u>200,000</u>		<u>110,000</u>
Eligible Export-Related A/R (NON-Retainage)		1,000,000		390,000
at Advance Rate of: 0.90		<b>900,000 B</b>		<b>351,000 B</b>
Other Primary Collateral (IF ANY)		500,000		0
at Advance Rate of: 0.20				
Loanable Other Primary Collateral		<b>100,000 C</b>		<b>0 C</b>
Gross Export-Related Inventory		3,150,000		3,150,000
Less Ineligibles		<u>150,000</u>		<u>150,000</u>
Eligible Export-Related Inventory		3,000,000		3,000,000
at Advance Rate of: 0.75				
Loanable Export Inventory		2,250,000		2,250,000
Total Borrowing Base		<u>3,250,000</u>		<u>2,601,000</u>
Less Reserve for Letters of Credit - INCLUDES ANY NEW L/Cs REQUESTED				
Total (non-Warranty) L/Cs 800,000 @ 0.25		200,000	(same for both)	200,000
Warranty L/Cs 0 @ 0.75		<u>0</u>	(same for both)	<u>0</u>
(Warranty L/Cs must be reserved at least @ 75% from the Borrowing Base, or @ [100% less Cash Collateral]. In addition, Cash Collateral is required, equal to at least 25% of the face value of Warranty L/Cs. In these samples, there are no Warranty L/Cs, but it is assumed that if there were, then Cash Collateral equal to 25% of the face amount of the Warranty L/Cs would be available and reserved for this purpose.)				
Borrowing Base available to support Disbursements		3,050,000		2,401,000
Beginning Loan Balance (principal balance of Disbursements)		1,750,000		1,750,000
New Disbursement (Advance) Request		<u>150,000</u>		<u>150,000</u>
Ending Loan Balance (principal balance of Disbursements)		<b>1,900,000 A</b>		<b>1,900,000 A</b>
Plus Face Value of ALL Letters of Credit - INCLUDES ANY NEW L/Cs				
Standby L/Cs - Warranty 0				
Standby L/Cs - Non-Warranty 200,000				
Commercial L/Cs <u>600,000 D</u>				
TOTAL SET-ASIDE FOR L/Cs		<u>800,000</u>		<u>800,000</u>
Total Disbursements + Set-aside for L/Cs		2,700,000		2,700,000
NOTE: Cannot exceed Loan Facility Amount		<b>3,000,000</b>		

**Calculation of Inventory**

X = A - (B + represents the portion of the principal balance supported by Inventory  
Y = A + D represents the sum of the principal balance of Disbursements plus the  
X / Y cannot exceed sixty percent (60%, or 0.60)

	<u>SAMPLE 1</u>	<u>SAMPLE 2</u>
X =	1,900,000 - (900,000 + 100,000)	1,900,000 - (351,000 + 0)
X =	900,000	1,549,000
Y =	1,900,000 + 600,000	1,900,000 + 600,000
Y =	2,500,000	2,500,000
X / Y =	900,000 / 2,500,000	1,504,000 / 2,500,000
	0.36	0.62

Less than 0.60, therefore IN compliance.

Greater than 0.60, does NOT

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