



The Loan Insurance Program (LINS) is a loan guarantee program where the WVEDA guarantees up to 80% of a bank loan. The WVEDA guaranteed portion cannot exceed \$500,000 and is for a maximum term of four years. The WVEDA requires that one full time equivalent job be created or retained for every \$15,000 guaranteed.

Under this program, the applicant applies directly to the bank which negotiates collateral, interest rate and loan covenants in keeping with its own lending guidelines. Upon favorable review, the bank conditionally approves the loan and makes application to WVEDA for loan insurance. A non-refundable application fee of \$500 payable to WVEDA must be submitted with the insurance application. WVEDA will assess a 1% closing fee on the insured portion of the loan, due when the Bank loan closes. The application fee will be credited toward the closing fee. In addition, the legal fee in the amount of \$300 will be due and payable to the legal firm performing this service. Both fees are due upon execution of the Loan Insurance Agreement.

Loan proceeds may be used for fixed assets or other needs, such as inventory and working capital. However, construction loans and lines of credit do not qualify. Unsecured loans are not eligible under this program. While WVEDA's guarantee period is up to four years, the bank's loan term can be longer. In addition, a renewal may be requested by the bank prior to insurance expiration.

WVEDA requires a brief summary of the project, company history or business plan, company and personal financial statements, the bank's conditional loan commitment and a one-page loan insurance application.

Upon receipt of the information WVEDA prepares the application for its next available Board of Directors meeting. WVEDA's Board meets on the third Thursday of each month. Applications for Loan Insurance must be received by the first Thursday of the month for consideration at that meeting.

Upon approval of WVEDA's Board of Directors, a loan insurance agreement is forwarded to the bank. The bank is required to report the outstanding principal balance upon request by the WVEDA. If your lender is interested in pursuing the program, they can obtain a lender's package from a WVEDA Loan Officer.