

DIRECT LENDING PROGRAMS

The general criteria for each of the Direct Lending Programs is similar. The primary differences are interest rates and loan amounts.

The following criteria is relative to all Lending Programs:

- Financial assistance is available for the financing of fixed assets to creditworthy manufacturing concerns, distribution centers, technology-based service companies destination tourism entities and/or tourism expansion efforts targeted by the West Virginia Development Office meeting WVEDA's job creation criteria. The applicant may be an existing or prospective West Virginia business.
- Job creation and retention are important factors under the WVEDA lending guidelines. The borrower must create or retain one job for every \$75,000 of WVEDA participation.
- WVEDA can participate up to 45% in eligible fixed assets related to real estate and buildings of qualifying projects and share a first lien on such assets with the participating lender, who also may participate up to 45%. The borrower must inject at least 10% equity into the project.
- WVEDA can participate up to 40% in eligible fixed assets related to affixed equipment utilized in qualifying projects and share a first lien on such assets with the participating lender, who also may participate up to 40%. The borrower must inject a minimum of 20% equity into the qualifying costs of the project.
- A limitation in the amount financed for special purpose equipment or customized equipment, to no more than 70% loan to value, with the WVEDA participating up to 35% in such equipment assets.
- Eligible fixed assets include the purchase of land, site preparation, building acquisition, construction or renovation, and affixed machinery and equipment. Rolling stock is not eligible, such as trucks and forklifts.
- WVEDA does not finance working capital or inventory under these programs and does not refinance existing debt.
- The loan term is generally 15 years for real estate intensive projects and 5-10 years for equipment projects.
- Applications are subject to review and approval based upon job creation, job retention and economic benefits to the State of West Virginia, as well as credit evaluation by WVEDA.
- WVEDA issues a "take out" commitment to provide funding upon the completion of the project, which includes completion of all construction and receipt and installation of all project equipment, as outlined in the commitment letter. The applicant must submit evidence that interim financing is available in the event of WVEDA loan approval.
- The WVEDA may consider requests to finance permanent working capital loans up to \$500,000. The WVEDA may only consider permanent working capital requests if federal grant funds are available to the WVEDA through federal programs. The WVEDA is prohibited from funding permanent working capital loans with traditional state funding sources. The WVEDA will apply the same underwriting criteria for this program as it does for all loan programs.
- The WVEDA does not charge a loan application fee. However, the borrower is responsible for the payment of attorney's fees associated with loan document preparation and collateral filing fees. The continually agreed upon attorney fee as of September 15, 2022, is either the minimum of \$2,500 or the maximum of 1% of the WVEDA loan amount (whichever may apply), unless extenuating circumstance result in higher-than-expected costs. Attorney's fees are calculated on a direct cost incurred basis and are due at closing.
- The WVEDA does not assess a prepayment penalty.

The following criteria is specific to the WVEDA**Direct Loan Program:**

- This loan program is for applicants seeking a minimum WVEDA participation of \$50,000 and a maximum of \$1,000,000.
- The interest rate for the WVEDA loan participation amount will be tied to the yield of a comparable US Treasury debt instrument (as such rate is stated in the Daily Treasury Yield Curve Rates section of the U.S. Treasury official website www.ustreas.gov) plus one percent. This rate scenario has a floor of 2% and no ceiling.
- A personal guarantee of any owner with 20% or more of the subject business is required. An Irrevocable Letter of Credit, with the WVEDA as beneficiary, for the full amount of the WVEDA loan participation may be substituted for a personal guarantee. If the business has no controlling stockholders, alternative surety structure is needed. This loan program cannot be used in conjunction with the other WVEDA programs.

The following criteria is specific to Major**Project Program:**

- This loan program is for projects seeking a minimum WVEDA participation of \$1,000,001 and a maximum of \$15,000,000. The interest rate for the WVEDA loan participation amount will be fixed for the duration of the loan at a rate equal to the U.S. Treasury Security of equivalent maturity (as such rate is stated in the Daily Treasury Yield Curve Rates section of the U.S. Treasury official website www.ustreas.gov) plus one percent. This rate scenario has a floor established at closing based upon the cost of funds determined on the first of each month.

- A personal guarantee of any owner with 20% or more of the subject business is required. An Irrevocable Letter of Credit, with WVEDA as beneficiary, for the full amount of the WVEDA loan participation may be substituted for a personal guarantee. If the business has no controlling stockholders, alternative surety structure is needed.

PRE-APPLICATION INFORMATION: The following information is requested to allow WVEDA to determine if the project is eligible and the extent to which we may participate:

1. Narrative description of your company history as well as a description of the proposed project and how it benefits your operation.
2. A breakdown of project costs such as:
 - a. acquisition of land, excluding existing improvements;
 - b. acquisition of building or other improvements;
 - c. site preparation, utilities, roads, etc.;
 - d. construction;
 - e. renovation; and
 - a. machinery and/or equipment, excluding rolling stock.
3. Financial information including company financial statements for the past five year-ends (if applicable) and the most recent month-end interim company financial statement.
4. Employment Information including:
 - a. the current number of full-time equivalent employees, their salary/wage range and benefit package;
 - b. the number of new full-time equivalent employees anticipated as a result of the proposed project, their salary/wage range and benefit package; and
 - c. in the case of a proposed project for job retention, please explain.

5, Other information considered relevant to the project.

Please submit Pre-Application information to:

WVEDA

Northgate Business Park

180 Association Drive

Charleston, West Virginia 25311-1217

FEDERAL FUNDING SOURCES UTILIZED BY WVEDA

WVEDA may upon review of an application qualify the project for consideration under certain federal programs administered by the WVEDA, such as the Federal Title IX Program (TIX). WVEDA was the recipient of Federal Title IX grant funds in 1978 and 1984, for the purpose of stimulating development in areas of the state affected by high unemployment. These funds serve as one of several pools of funds available to promote business development in the State. Factors such as project size, location, type of business, job creation, and availability of funds enable WVEDA to determine the appropriate program for your project. The WVEDA application is designed to incorporate the data needed for those programs as well as that of the WVEDA Direct Loan Program.

APPLICATION FOR FINANCIAL ASSISTANCE:

After favorable review of your company's pre-application information, the WVEDA will forward a formal Application for Financial Assistance.

WVEDA's Board of Directors meet on the third Thursday of each month. In order for an Application to be placed on the Agenda for that Board meeting, WVEDA must be in receipt of the completed Application no later than the last business day of the month for presentation at the following month's Board meeting.

Upon receipt of the completed Application, the WVEDA will confirm that the applicant is current with State Corporate Taxes, Workers' Compensation Taxes and Employment Security Taxes. WVEDA may also contact and review the project with the local development authority, which is required to sign the Application.

The borrower will be notified of the Board of Directors decision as soon as possible after the monthly meeting. If a favorable decision is granted, a commitment letter will be forward to the borrower for review and signature.

Upon reviewing and signing the commitment letter, the borrower must forward it back to WVEDA for final approval by the Board of Directors at its next regular monthly meeting.