Program Guidelines and Procedures
Ulster County Revolving Loan Fund

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Contents

Part I – Program Framework and Guidelines

1. Statement of Purpose

The purpose of the Ulster County Revolving Loan Fund (RLF) is to support the growth and economic success of small businesses contributing to job creation and retention, growing the tax base, and building a diversified and sustainable economy that creates wealth and opportunity for the entire community.

2. Program Overview

The RLF is administered by the Ulster County Economic Development Alliance, Inc. (UCEDA) and has been designed to address identified gaps in small business and nonprofit financing:

- long-term financing for fixed asset needs
- low down-payment financing
- lower interest rates compared to commercial lending

The RLF offers three loan categories that alleviate diverse lending challenges for a variety of businesses and organizations:

- **Micro Loans** for small scale capital needs and applicants that lack commercial “bankability” due to insufficient collateral or underdeveloped credit profiles;
- **Gap Loans** intended to provide supplemental capital to close a remaining funding gap in partnership with a commercial lender;
- **Bridge Loans** tied to documented reimbursement-based grants awarded to nonprofit organizations, intended to bridge the time between starting the project and receiving the grant money.

The RLF offers loans that are to be repaid, and

- Have a fixed interest rate based on the loan term and tied to the federal prime rate.
- Include small application, commitment, and closing fees.

- Require collateral and must be fully secured. (Exemptions are available for micro loans and borrowers from disadvantaged communities.)
- May be issued to sole proprietors or legal business or nonprofit entities
- Are intended for borrowers who face barriers obtaining traditional commercial financing. (The program is meant to build commercial loan readiness in small businesses, not to replace financing that would be attainable through commercial lenders.)
- Are available on a rolling basis subject to overall availability of program funds.
- Revolve each payment back into the fund to be immediately available for new lending.

See Exhibit A – Loan Sizes, Terms, Fees for loan product details.

2.1. Alignment with Regional and Local Economic Development Priorities

Ulster County is one of seven counties in the Hudson Valley Regional Council (HVRC) Economic Development District, which spearheaded the development of the **2025–2030 Mid-Hudson Comprehensive Economic Development Strategy (CEDS)**[1]. This federally recognized framework leverages regional data and stakeholder input from across the area and outlines initiatives that make up the regional economic development strategy, promoting resilient growth across critical sectors like housing, climate, and infrastructure. Ulster County's economic development efforts align with key initiatives and target industries identified in the CEDS, this RLF being one of those initiatives.

Ulster County's 2020 working group report **Building a People-Centered Economy: Ulster 2040**[2] delineates a path towards a resilient, people-centered economy. While not an adopted economic development plan, the report serves as a high-level vision guide for Ulster County's Economic Development priorities.

The arts and culture sector is a major economic engine for the County. The first **Arts & Culture Plan IMAGINE Ulster (2025)**[3] identified the need for leveraging financing as one of the key priorities for strengthening and sustaining growth in the creative sector. Specifically, the plan addresses chronic

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[1] https://hudsonvalleyregionalcouncil.org/wp-content/uploads/2025/10/2025-2030HVRC-CEDS-Adopted20250917.pdf
[2] https://www.ulstercountyny.gov/Departments/Economic-Development/Ulster2040
[3] https://participate.ulstercountyny.gov/arts-culture-plan

funding shortages and delays in government grants as a source of financial instability for these organizations.

2.2. Supporting Key Sectors

This RLF intends to be one of several key economic development tools that support resilience within Ulster County's own businesses. Loan packages are structured to support the resilience of the borrowing businesses, instead of stretching their resources, and provide financing where it is needed to create opportunities for all residents in our community. **While the RLF is open to all sectors and industries**, special consideration in outreach and marketing efforts will be given to supporting businesses from industries and sectors referenced in regional and local economic development strategies and priorities, including:

- Agriculture, Food, and Beverage
- Education
- Healthcare, Wellness, and Care
- Tourism
- Manufacturing
- Arts and Culture
- Clean Energy and Environment

2.3. Supporting Thriving Businesses

This RLF supports established small businesses that are financially sound and positioned for growth. Its applicants contribute to a diverse local economy and demonstrate a strong commitment to their community. They enhance job opportunities for our residents, reinvest their earnings within Ulster County, and help build a diversified job base that is more likely to withstand external shocks.

Businesses with projects that support the county's climate goals by reducing emissions or energy usage will be encouraged to apply, as well as business owners who experience barriers in accessing commercial lending, such as minorities, women, and veterans, and businesses located in distressed areas.

Projects to be financed with a loan from the RLF should demonstrate their projected contribution to business expansion, growth, and stabilization. Many small businesses face hiring challenges, especially when trying to fill vacancies within a predetermined timeframe; this program allows for flexibility with regard to the number of jobs created and the timeline for hiring. However, applicants must demonstrate that projects will support job retention and avoid preventable workforce reductions. A financed project's growth and expansion projections must anticipate positive impacts through either additional jobs created or changes in operations that support staff retention. Borrowers should maintain workforce stability following receipt of RLF assistance.

2.4. Equitable Lending Guidelines

The RLF aims to provide capital in a way that is fair, transparent, and most importantly, responsible. Equitable lending ensures that the loan is a tool for success, not a financial trap.

The program's foundational principle is that loans should only be made when UCEDA determines the debt is reasonable and sustainable for the borrower. The RLF's rigorous underwriting and credit analysis process is designed to ensure that debt is sustainable, productive, and aligned with the borrower's long-term financial health. The goal of business credit analysis and personal financial analysis is to determine whether a potential borrower has a realistic ability to repay debt, including a reasonable buffer to sustain the borrower's cost of living or the business' cash flow needs. Lending when the numbers do not support this goal would not be aligned with equitable lending as envisioned by this Program.

If a loan isn't feasible for a business at its current stage, UCEDA and County staff will act as a partner, providing advice and referrals that will help the borrower become "loan ready" at a later date.

An important consideration in creating equitable lending conditions is the acknowledgement of the very real barriers in access to financing for members of disadvantaged communities and businesses in economically distressed areas. The RLF aims to address these inequities by offering limited relief **on collateral requirements** for certain micro loan recipients (see section 4.1), and by **tailoring outreach and marketing activities** to communities that are likely to be less experienced in navigating financial assistance programs for their business needs. Special terms in the form of **optional interest-only payments for the first six (6) months** may be available on request.

3. Eligible Borrowers and Loan Activities

3.1. Eligible Borrowers

- Applications shall be submitted by the sole proprietor or Chief Executive Officer of any business wishing to expand an existing operation in Ulster County.
- For profit businesses (corporations, partnerships, sole proprietorships, LLCs) are eligible to apply for micro loans and gap loans.
- Currently, bridge loans are available only to nonprofits; nonprofits are not eligible for other loan products under this RLF.
- The business must be **independently owned and operated**, located in Ulster County, and the intended expansion must directly benefit their Ulster County location, i.e. retain or create jobs in Ulster County for Ulster County residents.
- If an independently owned and operated business is currently located outside of Ulster County, the purpose of the loan must support a permanent expansion of the business and employment to Ulster County, such as opening a new (secondary) location in Ulster County with jobs made available to Ulster County residents.
- Priority will be given to businesses whose **primary headquarters and operations** are physically located within the County.
- Applicants (owners of the business and person submitting the application) must be 21 years of age or older.

Further eligibility guidelines:

- The program gives preference to small businesses with 50 or fewer employees and average annual receipts at or below $5 million. These thresholds serve as a primary **eligibility guideline** rather than a rigid exclusion; while **priority consideration** will be given to applicants within this range, the UCEDA Board of Directors may evaluate businesses exceeding this limit on a case-by-case basis based on their local economic and community impacts.
- The applicant must demonstrate that complete commercial financing is not suitably available on acceptable terms (via lender commitment or rejection letters).
- The applicant must have a complete business plan for the expansion project.

- The applicant and principals must be current in payment on all applicable local, state, and federal taxes.

3.2. Borrower Credit Profiles

UCRLF loan tiers offer solutions for market gaps observed in the commercial lending markets. Depending on the borrower's situation and their financing needs, these loan tiers offer specifically tailored credit solutions:

Loan Tier	Borrower profile
Micro	For established businesses, including owner-operated microenterprises, that demonstrate a viable business and repayment capacity (net operating cash flow), but lack commercial "bankability" due to insufficient collateral or underdeveloped credit profiles. Microloans are intended to support business expansion and progression toward commercial loan-readiness.
Gap	For established businesses that have obtained approval for primary financing with a commercial lender but require supplemental capital to close a remaining funding gap. Borrowers must demonstrate an established credit history, verified repayment capacity, and documented commitment of primary financing, in addition to sufficient collateral for the UCRLF portion of the loan.
Bridge	For nonprofit organizations or businesses that have been awarded a reimbursement-based grant from federal, state, local, or private sources and require interim funding to start or complete an approved project. Borrowers must provide documentation of the grant award and demonstrate capacity to repay upon receiving the grant reimbursement. Additional conditions apply, such as reporting on progress or changes in the grant activities. This loan category may be expanded to provide bridge loans to businesses and nonprofits for disaster-related emergencies if there is a federal or state disaster rebuild grant or associated insurance payouts.

3.3. Eligible Activities (Uses)

Eligible activities must demonstrate that they are supportive of business growth and expansion, as well as job retention or job creation.

- Acquisition and assembly of land for commercial, industrial or related uses.
- Acquisition of abandoned properties for redevelopment for commercial, industrial or related uses.
- Development of real estate including redevelopment and rehabilitation of historical buildings for

industrial or commercial use.

- Purchase of machinery or equipment.
- Working capital (operating expenses including staffing, expansion, inventory purchases, and routine costs like rent, utilities, wages, and salaries).
- Other projects and activities deemed to be within the general intent and purpose of this program by UCEDA.

3.4. Allowable costs

- Land costs, including real estate, legal, engineering, grading, site testing, mapping, and related costs associated with the acquisition and preparation of land.
- Building costs, including real estate, design, engineering, architectural, legal and related costs associated with acquisition, construction and rehabilitation of buildings, including furniture, fixtures and equipment.
- Machinery and equipment costs including delivery, installation, engineering, and other costs directly related to the acquisition and installation of machinery and equipment.
- Working capital.
- Infrastructure costs.
- Cost of legal services to be incurred in the closing of a UCRLF loan.
- Other costs contributing directly to the value of the project, if deemed appropriate by UCEDA.

3.5. Ineligible Applicants

- Pre-revenue startup businesses, restaurants, speculative investment companies, short term rentals, massage parlors, private recreational facilities (country clubs, golf clubs), suntan facilities, racetracks, gambling facilities, cannabis retail dispensaries and indoor growing facilities, and retail-only liquor stores (those without manufacturing or taproom/restaurant services on site).
- Startup businesses are defined as businesses that have fewer than two years of revenue from core operations and can’t provide at least two years of historic financials. Exceptions may be made on a case-by-case basis for new owners of recently acquired existing

businesses that are otherwise eligible; new owners must have prior management experience in a similar business.

- No member of the governing body (UCEDA Board of Directors, Sole Member of UCEDA), Revolving Loan Fund Committee, or any other official, employee or agent of Ulster County, who exercises decision-making functions or responsibilities in connection with this program, or who would be in violation of the Ulster County Ethics Law, is eligible for financial assistance under the program.

3.6. Ineligible Activities (Uses)

- Reimbursement for expenditures prior to loan approval.
- Professional services such as feasibility and marketing studies, accounting, management services, and other similar services.
- Speculative building or renovations and speculative real estate, passive real estate, residential and professional buildings.
- Payoff or refinancing of existing loans to financial institutions.
- Loans to fund deficits or operating losses.
- Lobbying, religious or political activities.
- Purchase of passenger motor vehicles (cars, trucks, vans).
- Owner’s draw (direct payments to owner outside of payroll system).
- Payment of taxes of any kind (property, income, payroll, sales, occupancy, etc.).
- Projects located in areas where funds from other local revolving loan funds are available, or where feasible financing can be arranged.
- Relocation to a location outside of Ulster County
- Other activities or expenditures determined by UCEDA to be inconsistent with the purposes, objectives, or underwriting standards of the Revolving Loan Fund program.

4. Credit Guidelines and Underwriting Standards

4.1. Required Collateral and Guarantees

Loans must be secured and are expected to be backed by sufficient collateral coverage (see conditions for relief from certain collateral requirements below). Collateral may include:

- Real Estate
- Equipment
- Vehicles
- Personal Guarantees
- UCC-1 filings

Relief on Collateral Requirements

Micro Loans may be eligible for collateral requirements to be reduced to 2/3 of the RLF loan amount, if the following three conditions are met:

1. The applicant / owner is a member of a disadvantaged community or minority as per their application statement, or is operating in a distressed community, and
2. The applicant / owner does not have the required collateral coverage with personal and business assets combined, and
3. The applicant / owner has excellent repayment ability (as per the **Underwriting Criteria for UCEDA Loan Funds**).

The UCEDA Board retains discretion regarding relief on collateral requirements.

Nonprofit organizations applying for bridge loans may be exempt from collateral requirements (subject to final approval by UCEDA Board of Directors).

Personal Guarantees

All loans (except nonprofits) require a personal guarantee from the business owner(s) and any director or officer holding more than 20% of ownership interest in the company.

4.2. Financial Analysis Standards

As set forth below, all loan applications will be evaluated by a set of rigorous financial analysis steps that determines whether a proposed project can be successfully executed from a financial and a business development standpoint.

After the applicant submits the online application readiness check and provides additional information (see Exhibit B – Application Documents), the RLF Administrator will perform the following analytic steps:

1) Quality Indicator Checklist on historic financials (balance sheets, profit & loss statements)

2) Operating Cycle and Permanent Working Capital Analysis

3) Historical Cash Flow Analysis

4) Adjusted Cash Flow Analysis

5) Projections

If, upon completion of the analysis, the RLF Administrator determines that the proposed project may not be successful and submitting a full application is not advisable at this time, the RLF Administrator shall suggest ways to improve the structure (if applicable) by undertaking further analysis on options such as:

- Reduce project cost (e.g. buy used equipment instead of new or retool existing; lease instead of buy; expand existing space rather than move);
- Rollout of business expansion in separate phases to stagger needed investments;
- Interest-only payments for the first six (6) months;
- Increase equity.

Target ratios (current ratio, quick ratio, debt to equity ratio, debt coverage ratio etc.) are detailed in the **Underwriting Criteria for UCEDA Loan Funds.**

Refer to Section 6.2 (Underwriting) of this Program Manual for further information.

4.3. Cooperation with local banks and other lenders

Referrals

UCEDA will maintain a list of local banks that are available for co-lending. Loan officers at those banks will be briefed on the framework of the program and will receive material to distribute to prospective borrowers that match the RLF program criteria, as well as contact details to the RLF Administrator.

Co-Lending

Gap loans within this RLF Program require a co-lending structure with a local bank, or another bank that has committed to partially finance the proposed project. UCEDA shall take secondary or subordinated position, and the RLF portion of the loan shall be set at a maximum of 30% of total project costs. This may be adjusted by the UCEDA Board of Directors. A formal intercreditor agreement will be set up for each individual loan that is structured as co-lending.

5. Economic Impact Targets

5.1. Job - Cost Ratio

All businesses applying for a loan from the Revolving Loan Fund need to demonstrate their contribution to business expansion and growth. The Program acknowledges the challenges many small businesses face when trying to fill vacancies within a predetermined timeframe. Therefore, **hiring plan requirements allow for flexibility regarding the number of jobs created per "loan dollar" and the timeline for hiring. Job retention, however, is a firm requirement**. Layoffs after receiving financial assistance from the RLF are to be avoided.

Borrowers must provide an annual report regarding job retention at the time of the annual site visit.

Additionally, growth and expansion projections need to be backed up either by additional jobs created or changes in operations that support staff retention. Otherwise, it is to assume that projected growth cannot be sustained, and the expansion project likely to fail.

The RLF Administrator will work with the applicant to address the following questions prior to submission of the application:

- Number of jobs anticipated to be retained and/or created with the proposed activity
- How will the activity contribute to business expansion?

- How will the expected growth be sustained after the initial investment? Are staffing/operations/ cash flow appropriate to accommodate for the intended growth targets?
- What are the scenarios for possible staggering (expansion rollout in separate phases) if full financing is not attainable at this point?
- Does this investment make sense from a business development perspective?

5.2. Private Sector Leverage

The goal for the RLF is to leverage additional private investment. Additional investments must be part of the same business development project, and may include:

- Capital invested by the borrower or others: 10% preferred (required for Micro Loans or other direct lending loans).
- Financing from private entities and commercial lenders.
- Loans from other state and local lending programs.

Part II – Program Administration and Procedures

6. Loan Selection and Approval Process

6.1. Pre-Application

Applications may be submitted at any time during the calendar year. Applicants first complete the **online Application Readiness Quiz**. The RLF Administrator may then schedule an in-person meeting and request additional materials (see Exhibit B – Application Documents).

After the initial meeting, the applicant shall be invited to submit a full application if the RLF Administrator deems them to be application-ready.

6.2. Processing

All applications need to be submitted online via the official Ulster County Revolving Loan Fund application portal. Applicants are required to create an account with the application portal, fill out the application form, and upload all requested material. When submitting the application, the applicant will be prompted to pay the application fee.

Submissions will be timestamped.

The application will be checked for completeness and pre-approved for Underwriting by the RLF Administrator.

6.3. Underwriting

A full Business Credit Analysis shall be conducted to determine whether a business will be able to repay its debt or not. The RLF Administrator may request additional meetings with the applicant to clarify issues and problems, conduct field visits, or request additional information.

Further analysis shall be conducted regarding personal financial statements of the owner(s).

Details are provided in the **Underwriting Criteria for UCEDA Loan Funds**.

After Underwriting by the Underwriting Team, the loan recommendation shall be reviewed by the Revolving Loan Fund Committee and subsequently approved or denied by the UCEDA Board of Directors. Loan decisions will be communicated to the applicant as soon as practicable following action by UCEDA Board of Directors.

6.4. Closing

The Closing will generally be conducted in person at the Office of the County Attorney (Lender's Attorney), at 244 Fair St., Kingston, NY 12401. While the borrower is not required to have their own attorney present, it is strongly recommended. The borrower's attorney fees for the closing of the RLF loan are eligible costs under this program and need to be submitted as part of the project costs with the application.

The RLF loan closing must take place within 90 days of the loan **approval** date, or the business owner must reapply for funding. The UCEDA Board of Directors has the authority to amend this requirement, on a case-by-case basis.

6.5. Disbursements

Disbursements shall be made by check at closing or as soon thereafter as practicable.

6.6. Records

Written records of all program activities, including program meetings, loan applications and related documents, shall be maintained in the appropriate files. All files shall be kept in a secure place with limited access by authorized personnel. As necessary, the County Attorney' Office shall be consulted regarding compliance with state and municipal open records laws.

6.7. Monitoring loans

The RLF Administrator will monitor all loans on an ongoing basis to ensure compliance with loan agreements and to protect the financial integrity of the fund.

Monitoring activities may include:

- Regular review of borrower financial statements
- Tracking of job creation or retention commitments
- Verification of insurance and collateral coverage
- Monitoring payment performance and covenant compliance
- Periodic borrower communication and annual site visits

6.8. Loan Payments

The RLF Administrator will track payments and monitor the borrower's ability to repay on an ongoing basis.

- All payments are to be documented on the digital loan servicing platform.
- Payments are generally expected to be made as automatic withdrawal or direct deposit from a UCEDA-approved financial institution selected by the borrower.

6.9. Types of allowable servicing actions

As part of a loan workout program, the following actions may be allowed. Requests require approval by the UCEDA Board of Directors, after recommendation by the RLF Administrator. A revaluation of pledged assets shall be performed for any of these actions:

- Payment deferral.

- Payment restructuring.
- Extending maturity.
- Interest-only payments.

A full financial analysis and collateral valuation is to be conducted for any of these servicing actions.

6.10. Delinquency Management and Default

To ensure long-term stability of the fund overall, and prevent loans from entering multiple cycles of delinquency, the following approach is applied to non-performing assets.
A loan is considered delinquent when a scheduled payment is more than 30 days past due. Before a loan becomes delinquent, the RLF Administrator shall monitor and identify “red flag” behaviors (e.g. frequent late payments). Communication with the borrower shall be focused on technical assistance and identifying likely root cause(s) of the cash flow issue.

Upon delinquency, the RLF Administrator shall initiate appropriate corrective workout actions which may include:

- Contacting the borrower to determine the cause of delinquency
- Developing a repayment plan or corrective action plan with UCEDA Board authorization, or by its legal counsel.
- Increased monitoring of borrower performance
- Report to Revolving Loan Fund Committee about persistent delinquencies and actions taken by UCEDA Board of Directors and RLF Administrator.

Late fees will be assessed on each delinquent payment (see Exhibit A – Loan Sizes, Terms, Fees).

Collateral Revaluation

These Guidelines and Procedures establish a formal revaluation of assets when specific risk triggers are met (see Sections 6.8, 6.9, 6.10).

- Restructuring/Workout plans: Any request for a loan workout or term extension must be accompanied by updated valuation data to ensure the fund remains adequately secured under new terms.

- A "desk review" of collateral value is triggered when a loan reaches 60 days past due, or in the case of repeated delinquencies.
- If a revaluation reveals that the Loan-to-Value ratio has increased and reached 100% due to devaluation of the asset, the loan is flagged for impairment.
- In cases of significant devaluation, the UCEDA Board can authorize a negotiation for additional collateral or personal guarantees.

6.11. Collections, Foreclosures, and Write-offs

If the corrective actions fail to resolve the delinquency, or the borrower is non-communicative, the following recovery procedures may be enacted:

- If no payment is received by the date set by the RLF Administrator or another default event occurs, the UCEDA Board may formally declare the loan in default to initiate legal action, and shall make a good faith attempt to notify the borrower of this default action.
- The RLF Administrator maintains strict documentation of all collection efforts in compliance with this RLF Procedure.
- The RLF Administrator shall hold the RLF accountable to follow these processes and to diligently correct instances of non-compliance and pursue all avenues to recover funds.
- A desk review of collateral value shall commence upon a loan default event.

a. Collections and Acceleration

If a loan remains in default after all reasonable cure attempts, the RLF Administrator may, with UCEDA Board approval:

- Accelerate the loan: declare the entire balance, including late fees for late payments, immediately due and payable.
- Refer the account to legal counsel, or another appropriate third party, for collection.

b. Foreclosure and Liquidation

UCEDA may initiate foreclosure proceedings on real property or the repossession and sale of equipment/collateral held as security. All liquidation efforts will be conducted in a commercially reasonable manner to maximize the recovery of public funds.

c. Write-off

A loan may be written off only after UCEDA determines that all legal and collateral recovery options have been exhausted or that the cost of further collection outweighs the potential recovery.

All write-offs shall require formal authorization by the Board of Directors.

A 1099-C shall be issued to report the amount of loan principal written off as income to the borrower, which will render the amount taxable for the borrower.

A write-off does **not** release the borrower from their legal obligation to repay the debt.

7. Governance and Decision-Making Structure

7.1. Revolving Loan Fund Administration

The Program is administered by UCEDA and staffed by members of the Ulster County Department of Economic Development. The President/CEO of UCEDA or their designee(s) ("the RLF Administrator") manage the RLF.

7.2. Revolving Loan Fund Committee

The Revolving Loan Fund Committee, enabled by Resolution No. 140 of 1996, amended by Resolution No. 402 of 1998, amended by Resolution No. 317 of 2017, reviews the Underwriting report and credit analysis and makes a recommendation to the UCEDA Board of Directors.

The membership of the Revolving Loan Fund Committee shall include seven (7) members as follows:

- Chair of the Legislature's designated Economic Development Committee, who shall serve as Chair of the Revolving Loan Fund Committee
- The Chair of the Ulster County Legislature's Ways and Means Committee
- The Majority Leader or designee
- The Minority Leader or designee
- One member of the Ulster County Economic Development Alliance (UCEDA) Board of Directors
- Two persons representing private business, preferably having banking or economic development experience

Revolving Loan Fund Committee members not serving by virtue of position shall be appointed by the Chairman of the Ulster County Legislature.

The Revolving Loan Fund Committee Chair shall convene the Committee upon request by the RLF Administrator. Committee sessions shall take place in the first half of the month before the UCEDA Board meetings to ensure a timely processing of applications.

The RLF Administrator shall make all materials needed for review available to Committee members prior to the session, accessible via a secure platform, and shall attend the meetings and provide context and explanations for individual credit recommendations.

The Committee members shall review and evaluate the application based on the materials presented to them. Conflict of interest policies apply, and the Committee members shall not contact an applicant with questions regarding their application. To ensure equitable and fair treatment of all applicants, all questions must be directed to the RLF Administrator.

7.3. UCEDA Board of Directors

The UCEDA Board of Directors oversees the fund administration and has final approval for each loan made within the RLF.

The RLF Administrator shall make all materials needed for review available to the Board prior to its meeting, accessible via a secure platform, and shall attend the meetings and provide context and explanations for individual credit recommendations.

The UCEDA Board shall review and evaluate a loan application based on the materials presented to them. Conflict of interest policies apply, and UCEDA Board members shall not contact an applicant with questions regarding their application. To ensure equitable and fair treatment of all applicants, all questions must be directed to the RLF Administrator.

Further, the UCEDA Board shall take an active role in the strategic development of this RLF and shall actively participate in outreach and marketing efforts to ensure that the program reaches its intended audiences. It shall monitor the loan portfolio on an ongoing basis, with support from the RLF Administrator, and be involved in strategic decisions pertaining to the loan portfolio and the loan products.

7.4. Conflict of Interest Standards

Any member of the governing body (UCEDA Board of Directors, Sole Member of UCEDA), Revolving Loan Fund Committee, or any other official, agent, or employee of Ulster County or UCEDA, who exercises decision-making functions or responsibilities in connection with this program must act in the best interest of the program.

Any individual who has a real, perceived, or potential conflict of interest regarding a specific application or decision must disclose that interest immediately and recuse themselves from all related discussions, evaluations, and voting processes. A conflict of interest exists when a decision-maker, their close family member, or a significant business associate stands to gain financial benefit, professional advantage, or preferential treatment as a result of the loan decision.

- Immediate Household: Spouses, domestic partners, and dependents.
- Lineal Relatives: Parents, children, and grandchildren.
- Siblings: Brothers, sisters, and their respective spouses.
- In-laws: Mother/father-in-law, son/daughter-in-law, and brother/sister-in-law.
- Significant business interest cover interests involving business partners or companies where the decision-maker holds more than a 5% equity stake

7.5. Approval thresholds

Every complete and eligible full loan application and ensuing loan recommendation, including those where Underwriting reveals factors that lead to a negative recommendation, shall be reviewed by the Revolving Loan Fund Committee and approved or denied by the UCEDA Board of Directors.

8. Reporting, Evaluation, and Continuous Improvement

8.1. Performance and Impact Reporting

The RLF Administrator shall prepare biannual reports to the UCEDA Board of Directors including, but not limited to:

- Portfolio targets
- Loan portfolio balances
- Repayments and revenue from interest paid
- Impact estimates

- Outreach and marketing efforts
- Feedback from borrowers

8.2. Regular program review

This Procedure shall be reviewed periodically as economic conditions evolve or as the need for amendments arises. At a minimum, a comprehensive update is required every five years, with an initial review occurring one year after the fund's relaunch. The RLF Administrator is responsible for soliciting feedback from the Board of Directors, the Revolving Loan Fund Committee, program participants, and analyzing local economic data to propose necessary revisions. All amendments must be formally adopted by the Board of Directors to take effect.

Next regular review date: July 2027

Exhibit A – Loan Sizes, Terms, Fees

Loan Types – size limits

Loan type	Micro	Gap	Bridge
Purpose	Financing existing micro-entrepreneurs / small business owners who need small loan amounts not offered at attainable pricing by commercial banks.	Supplemental financing provided alongside a primary (commercial) lender to close a funding gap of up to 30%. *Borrowers must have an established credit history and partial project financing approved.*	Short-term financing for borrowers who have been awarded a grant for capital or programmatic expenses that is reimbursed in arrears.
Lending type	Direct lending only	Co-lending only	Direct or Co-lending
Amounts	\$7,500 - \$15,000	up to \$75,000	up to \$150,000
Equity (owner investment in the project)	10% required	Ideally 10%, can be waived if gap loan used to fill down payment requirement	Requirement fulfilled with matching funds from grant program

Loan sizes may be modified at the discretion of the UCEDA Board of Directors.

Equity percentage subject to adjustment by the UCEDA Board of Directors based on project strength, collateral, and borrower capacity.

Loan Types – Terms and Uses

Use case	Micro Loan	Gap Loan	Bridge Loan
Land and Building Acquisition	not eligible	15 years	Designed to be repaid upon reimbursement by grant
New Construction and Building Renovation[1]	not eligible	15 years	
Site Improvements[1]	not eligible	10 years	
Machinery, Equipment and Fixtures[2]	6 years	7 years	
Working Capital and Inventory[3]	6 years	7 years	
Interest Rates	Fed prime[4] – 1% (min. 3.5%)	7 years: Fed prime[4] – 2% (min. 3.5%) 10 – 15 years: Fed prime – 1% (min. 4.5%)	Up to 7 years: Fed prime[4] – 2% (min. 3.5%) 10 – 15 years: Fed prime – 1% (min. 4.5%)

1 Owners and contractors are required to submit an environmental assessment certification as part of their application.

2 The remaining effective life of the equipment, machinery or fixtures must be equal to or exceed the life of the loan.

3 Working capital loans are limited to 2 months of operating expenses. Inventory loans are limited to $15,000 for small loans, and $25,000 for gap loans (with co-lending)
4 As quoted in the Wall Street Journal on the day of submitting the application: https://www.wsj.com/market-data/bonds/moneyrates

Special financing terms may allow interest only payments for up to the first six (6) months. Payments will be based on an amortization schedule, at maturity of the note.

Loan maturities may be adjusted by UCEDA based on asset life, project cash flow, underwriting considerations, and program objectives.

Fees

All applicants must pay fees associated with the application, and, if approved for a loan, fees associated with the loan's processing and servicing.

Fees to be assumed by the applicant:

Application fee	$200 for for-profit businesses $100 for nonprofit organizations (payable at submission of full application)
Commitment fee	1%, payable at Closing
Closing fee	1%, payable at Closing

All fees are non-refundable and subject to change at the discretion of UCEDA. Application fees of successful applicants will be applied to the loan balance.

Late Fees

Late fees of up to 5% may be assessed on delinquent payments at the discretion of UCEDA.

Interest and fee revenue may be allocated between administrative costs and additional lending activities as determined by UCEDA.

The loan terms, fees, rates, collateral requirements, and underwriting criteria described in this Exhibit represent standard program guidelines. UCEDA reserves the right to modify terms and conditions if necessary to advance key development projects, consistent with prudent lending practices, established underwriting standards, available funding, and the economic development objectives of the program.

Exhibit B – Application Documents

After filling out the Application Readiness Quiz online, the following documents will be requested via email (as applicable):

a. Most recent 3 years Business Federal Income Tax Returns
b. Three years of financial statements (for current year: interim year-to-date balance sheet and profit & loss statement);
c. Business Debt Schedule (include ALL business debt, payment amount, balance, term and maturity date);
d. Accounts Receivable Aging;
e. Inventory Report;

In addition, for any principal owning/controlling 20% or more of the business:

f. Personal Financial Statement (signed and dated within 90 days);
g. Most recent three years of Personal Federal Income Tax Returns;
h. Listing of affiliations (financial or managerial involvement with other ventures or businesses)

The full application that is submitted via the Application Portal and after the in-person meeting shall include:

a. Cover letter
b. Full and completed business plan
c. Financial Worksheets (Collateral, Uses & Sources)
d. One year month-by-month financial projections with detailed assumptions and notes
e. Three years of Historic Financials (Balance sheets, Profit and Loss Statements)
f. Project sources and uses
g. Proof of funds and equity
h. Project cost documentation
i. Valid photo ID/Driver's License and one other proof of residence
j. List of all previous government financing (note date, original amount, name of loan/grant program, balance and status)

k. Business operating / Entity registration documents

l. Evidence that credit financing is not otherwise available

m. Bank commitment letter if applying for a gap loan,

n. Grant award letter and conditions/stipulations (payment schedule), if applying for a bridge loan

o. Other documents deemed necessary by the RLF Administrator

Exhibit C – Closing Documents

The borrower is required to submit the following documents at closing:

a. Certificate of Incorporation
b. Certificate of Status (from NYSDOS)
c. Corporate By Laws
d. Corporate Resolution to Authorize Loan
e. Secretary's Certificate
f. Federal Employer Identification Number
g. Letter Acknowledging Terms and Conditions of Closing Documents
h. Copy of borrower's driver's license
i. Proof of insurance
j. Check in the amount of 2% of the loan for the closing fee

Further, the borrower will sign the following documents at closing:

a. Promissory Note
b. Business Loan Agreement
c. Personal Guarantee (all owners holding 20% or more)
d. Security Agreement
e. UCC1 Financing Statement