LOAN FUND POLICY

INTRODUCTION

Ulster County Capital Resource Corporation (hereinafter referred to as "UCCRC" or the "Corporation") is a New York not-for-profit Local Development Corporation serving Ulster County, New York (the "County"). UCCRC's mission is to promote community and economic development in the County in ways that complement the work of Ulster County. UCCRC accomplishes its mission by, among other things, developing and providing programs for not-for-profit institutions and other entities to access low interest financing for eligible projects.

UCCRC will administer a revolving loan fund designed to support eligible non-profit organizations by providing low-cost gap financing for capital projects and grant-supported initiatives that (i) promote community and economic development and the creation of jobs in the County, (ii) relieve and reduce unemployment, (iii) better and maintain job opportunities, (iv) attract new industry to the County, and/or (v) encourage the development of, or retention of new and existing industries in the County.

OBJECTIVES OF THE LOAN PROGRAM

- Promote non-profit development that provides fiscal benefit and economic stability within Ulster County, subject to the purposes outlined in the introduction above.
- Provide access to low interest financing for non-profit organizations that are unable to obtain sufficient financing from traditional lending sources.
- Attract and retain non-profit organizations that provide employment opportunities and essential community services (such services to include, but not be limited to, health, elder care, and other services).
- Encourage the expansion and sustainability of jobs, facilities, and mission-driven services benefiting County residents.

LOAN FUND STRUCTURE

- **Total Loan Fund Capital:** $275,000[1]
- **Loan Loss Reserve Allocation:** Minimum of $25,000 reserved and maintained in accordance with the Loan Loss Reserve Policy outlined below
- **Loan Amounts:** $10,000 – $50,000 per loan, at the discretion of the UCCRC
- **Application Cycle:** Loan applications shall be accepted on a rolling basis, or until available funds are fully committed, whichever occurs first.

UCCRC shall open a separate bank account entitled "Loan Fund Account," (the "Loan Fund Account") into which account the Corporation shall deposit the Loan Fund Capital. Amounts on deposit in the Loan Fund Account may be invested and accrue interest, and must be insured or otherwise collateralized consistent with the UCCRC's Investment and Deposit Policy.

LOAN COMMITTEE

The Corporation will establish a loan committee (the "Loan Committee") to consider loan requests for approval. The Loan Committee shall meet as necessary to conduct its business. In addition to loan review and approval, the Loan Committee shall review and present certain monthly Loan Portfolio Reports to the board of directors of the UCCRC (the "Board of Directors") at the regular meetings of the UCCRC.

The Loan Committee shall consist of not less than three (3) independent members of the Board of Directors, who shall constitute a majority on the Loan Committee. Members shall serve on the Loan Committee at the discretion of the Board of Directors. Members appointed to the Loan Committee shall have the background necessary to perform its duties.

The responsibilities of the Loan Committee shall be limited to reviewing applications to the Corporation for loans from the loan fund administered by the Corporation and issuing recommendations to the Board of Directors with regard to proposed actions on such applications. The Board of Directors may from time to time modify the authority of the Loan Committee to approve or disapprove loans, including the amount thereof, by resolution duly adopted by the Board of Directors; provided, however, that any such modification shall not be effective as to any loan approved or disapproved prior to the date of such Board action. A majority of the individuals then serving on the Loan Committee shall constitute a quorum for the transaction of business on any specified item of business by the Loan Committee. The vote of a majority of the individuals

[1] Subject to review and modification by the Board of Directors of the UCCRC.

serving on the Loan Committee shall be the act of the Loan Committee. The Loan Committee's meetings shall be open to the public in accordance with the Open Meetings Law of the State of New York, as set forth within Article 7 of the Public Officers Law.

Notwithstanding the authority of the Loan Committee, the Board of Directors sets overall lending policies and procedures and may, at any time, in the discretion of the Board of Directors, modify such policies and change, modify or reverse any decision determined to not be in the best interest of the Corporation.

BORROWER ELIGIBILITY

Eligible borrowers must meet all of the following criteria:

- Be a New York State–registered non-profit organization in operation for a minimum of three (3) years at the time of application;
- Be based in Ulster County, or, if located in a surrounding county, demonstrate that the proposed project primarily serves Ulster County residents;
- Be in good standing with all applicable federal, state, and local requirements;
- Demonstrate financial and operational capacity to repay the loan; and
- Not discriminate on the basis of age, race, creed, color, national origin, sexual orientation, gender identity or expression, military status, disability, predisposing genetic characteristic, familial status, status as a victim of domestic violence, or marital status.

Borrower Analysis. The Loan Committee shall review and analyze borrower eligibility based on the application and other required documentation to be submitted by the borrower as further discussed in Loan Origination and Underwriting below. Applications shall be reviewed on a first-come first-served basis and borrower eligibility shall be analyzed by the Loan Committee based on a wholistic review of the borrower and the materials submitted in connection with a loan request. The Loan Committee and/or the UCCRC board may, in their sole discretion, request a borrower to attend one or more meetings of the Loan Committee and/or the UCCRC to present their application and request for financing.

UCCRC BRIDGE/GAP FINANCING LOANS

UCCRC Bridge Loans are intended to provide short-term, low-cost gap financing to eligible non-profit organizations with approved reimbursable grant awards.

Bridge Loan Summary

- **Amount:** $10,000-50,000 per loan;
- **Description:** Gap financing for eligible non-profits based on reimbursable grants or contracts;
- **Interest Rate:** The lower of a fixed interest rate of four percent (4%) or UCCRC's cost of capital, as determined at the time of application;
- **Term:** Loan terms shall generally range from six (6) months to eighteen (18) months or as outlined in the grant award documents;
- **Prepayment Penalty:** None.

ELIGIBLE USES OF FUNDS

Loan proceeds may be used solely for capital-related purposes, provided that the project includes a job creation or job retention metric, where applicable. Examples of eligible uses include, but are not limited to:

- New construction;
- Building renovations or facility improvements;
- Site improvements;
- Fixed assets, furniture, fixtures, and equipment;
- Working capital, including employee wages, directly related to an awarded reimbursable grant; or
- Materials and supplies related to the approved project.

INELIGIBLE USES OF FUNDS

Loan proceeds may not be used for:

- Media, marketing, or advertising expenses;
- Refinancing existing debt or paying other debt, including factoring or fronting of existing or anticipated debt;
- Investments or speculative activities; or
- Any illegal or prohibited activity.

INTEREST RATES, FEES, AND COSTS

Interest: The lower of a fixed interest rate of four percent (4%) or UCCRC's cost of capital, as determined at the time of application.

Application Fee (Non-Refundable): $100

AMORTIZATION AND REPAYMENT

- Loan terms shall generally range from six (6) months to eighteen (18) months or as outlined in the grant award documents.
- Payments shall be due monthly or as outlined in loan award information.
- Longer or shorter terms may be approved on a case-by-case basis, subject to Loan Committee and/or Board of Directors approval.

LOAN ORIGINATION AND UNDERWRITING

Required documentation includes, but is not limited to:

- A completed, signed and approved loan application;
- Articles of Incorporation and current list of board members with affiliations;
- Grant award letter and grant application;
- Documentation demonstrating other committed sources of project funding;
- Two (2) years of IRS Form 990;
- Two (2) years of borrower budgets approved by the Board of Directors;
- Two (2) years of audited financial statements;
- Three (3) months of bank statements;
- Interim financial statements (if applicable);
- Organizational documents (Articles of Incorporation, By-Laws, Authorizing Resolution of the Borrower, etc.);
- Personal and/or organization guarantees, as may be required by the Loan Committee; and
- Description of collateral (as determined by the Loan Committee and as further discussed in Collateral below).

CREDIT REPORTS

Credit reports shall be reviewed for all borrowers, guarantors and co-signers.

UCCRC does not impose a minimum credit score requirement; however, overall creditworthiness is considered as part of the underwriting process.

COLLATERAL

All loans shall be secured by an executed and awarded grant, contract, or other approved funding agreement. The Corporation's security interest in the collateral shall be perfected in accordance with all applicable federal, state, and local laws and regulations.

As a condition of financing, the Corporation shall obtain and maintain a first-priority security interest in all grant proceeds, contract revenues, or other funding sources pledged as collateral, to the extent permitted under the terms and conditions of the grant or contract award.

In the event that the Corporation is unable to obtain a first-priority security interest, the proposed loan transaction, together with all related loan agreements, and supporting documentation, shall be reviewed by the Loan Committee. Any exception to the first-priority security requirement must be approved by the Board of Directors by written resolution.

SERVICING, COLLECTIONS, WORKOUTS, AND DEFAULT

Due Dates, Grace Periods and Late Fees

The first loan payment shall be due within sixty (60) days of the loan closing date or at a later date as agreed upon via a loan award letter or communication from the UCCRC. Subsequent payments shall be due monthly on the first (1st) or fifteenth (15th) of each month, or as otherwise set forth in the applicable loan award letter. In the discretion of the Loan Committee, the repayment provisions included in a loan award letter may require interest-only payments for such time as may be determined by the Loan Committee. A five (5)-day grace period is provided. Payments received after the due date may be assessed a late charge of five percent (5%) or twenty-five dollar ($25), whichever is greater. Late charges may be waived at the discretion of the Loan Committee.

Billing Statements

Borrowers with outstanding loans will receive monthly billing statements via email or U.S. mail.

Collections

- Six (6) days past due: a phone call is made or an email is sent to the borrower notifying them that their loan payment is past due and requesting payment.

- Fifteen (15) days past due: the same is done, and immediate payment is requested.
- Thirty (30) days past due: a default letter may be sent via certified mail, return receipt requested, and a meeting with the borrower may be requested.
- Sixty (60) days past due: a demand letter will be sent via certified mail, return receipt requested, with thirty (30) days to cure the default, and notice of intent to foreclose.

Lending staff will report to the Loan Committee and/or Board of Directors regarding all Collections and may make recommendations regarding refinancing, deferments, foreclosure, write-offs or other alternatives. Decisions regarding collections will be made on a case-by-case basis depending on a borrower's payment history, communication with UCCRC, amount of principal outstanding, and the collateral securing the loan; provided, however, that any three (3) consecutive defaults in payment may result in the automatic acceleration of a given loan.

Workouts

Every effort will be made by UCCRC to work with a borrower to mitigate loan losses and additional costs, such as attorney's fees. Options include, but shall not be limited to:

- Interest-only period;
- Regular monthly payment plus an additional amount toward back payments; and/or
- Loan restructuring: extending term adding payments to end of loan, re-amortizing.

LOAN LOSS RESERVE POLICY

- UCCRC shall maintain a Loan Loss Reserve equal to ten percent (10%) of the outstanding loan portfolio, including a minimum $25,000 reserve allocation.
- Adjustments to reserves may be recommended by staff or the Loan Committee based on, among other factors, the financial performance, payment history, and other facts related to current borrowers; only the Board of Directors may authorize changes.

CONFLICTS OF INTEREST & NON-DISCRIMINATION

Gifts

UCCRC prohibits UCCRC Staff, Committee Members and Board Members from soliciting or accepting any gratuities, gifts or favors other than promotional gifts of nominal value consistent with Section 805-a of the General Municipal Law.

Less than Arm's Length Transactions

All Loan Policies and Procedures shall adhere to the UCCRC Conflict of Interest Policy, Section 801 of the General Municipal Law, and any applicable provision of state or federal law.

Statement of Non-Discrimination

No person in the United States shall, on the basis of age, race, creed, color, national origin, sexual orientation, gender identity or expression, military status, disability, predisposing genetic characteristic, familial status, status as a victim of domestic violence, or marital status be excluded from participation in, be denied the benefit of, or be subjected to discrimination under any project assisted with UCCRC funds.

LENDING AUTHORITY

All new loan applications, modifications of existing loans, and loan commitments must receive the recommendation of the Loan Committee and be approved by the Board of Directors by written resolution.

Adopted: September 16, 2026