2/27/2026

Essex County Industrial Development Agency
USDA – Rural Development
Community Revolving Loan Program

Policy and Operating Guidelines

Essex County Industrial Development Agency
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2/27/2026

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ARTICLE 1
GENERAL POLICY & OBJECTIVES

§1-1. Policy and Operating Guidelines. The purpose of this Policy and Operating Guidelines (the "Guidelines") is to serve as the primary administrative document for the US Department of Agriculture (USDA) funded the Essex County Revolving Business Loan Program (the "Program") administered by the Essex County Industrial Development Agency (the "IDA") through its Board of Directors (the "IDA Board"). Unless otherwise provided by the IDA, these Guidelines shall not apply to any other program administered by the IDA.

§1-2. Objectives. The primary objectives of the Program are to facilitate the assistance to businesses.

§1-3. Form of Assistance. The Program will provide assistance in the form of loans for the purchase of real estate, machinery and equipment (secured with fixed assets), furniture and fixtures and working capital secured with personal guarantee.

ARTICLE 2
ELIGIBILITY REQUIREMENTS

§2-1. Eligible Activities. In order to be eligible for Program assistance, an applicant must meet the following requirements:

(a) The business activity that will be funded by this Loan Program must be located within Essex County and have a DUNS number.

(b) The business activity to be undertaken with assistance from the Program must primarily involve one of the following:

(1) A manufacturing endeavor – defined as manufacturing, fabrication, assembly, processing, packaging, or other enterprise which directly involves the production of an end product;

(2) A Retail endeavor – defined as an activity meets a retail need for County residents and/or tourists;

(3) Other endeavor – transportation, utilities, communications, construction trades, wholesale distribution, accommodations, recreation, food and beverage, art/craft and professional services;

§2-2. Ineligible Activities. The Program will not provide financing for any business activity which does not meet Program eligibility requirements consistent with USDA Rural Development Business Development Grant. Including but not limited to produce

agriculture products through growing, cultivation, and harvesting with directly or through horizontally integrated livestock operations. Also paying off previous debt is not eligible.
§2-3. Eligible Borrowers. Eligible borrowers include sole proprietorships, limited liability partnerships, limited liability corporations and any other entity authorized to conduct business in the State of New York. Loans may also be provided to individuals acting as principals of an eligible entity and who will rent or lease assets to an otherwise eligible borrower. Businesses that are small and emerging private business enterprises defined as "any private business that will employ 50 or fewer new employees".

§2-4. Eligible Uses of Program Funds. Program funds may be used for justifiable business purpose including, but not limited to real estate, machinery and equipment, furniture, fixtures current assets including inventory and receivables, permanent working capital. The use of Program funds must also be eligible pursuant to the regulations governing the USDA Rural Development Program.

ARTICLE 3
PROGRAM STANDARDS

§3-1. Appropriate documentation for use of funds must be provided to the IDA for all draw down of funds (proposed source and use of funds).

§3-2. Program Financing Amount. Consistent with the State regulations governing the USDA Rural Business Development Program, Program assistance must be no greater than the minimum amount necessary to affect the business activity. Applicants must therefore identify all private and public sources of debt and equity, including any and all assistance.

§3-3. Minimum Amount of Program Assistance. The minimum amount of assistance is $10,000.

§3-4. Maximum Amount of Program Assistance. There is no maximum assistance, for Program funds, as available and the demand for such funds.

ARTICLE 4
LENDING POLICIES

§4-1. Term of Loans. The term of any loan under the Program will be determined by the IDA, in its discretion, based upon such factors as the structure of other related loans, the nature of the collateralized assets, and the borrower's projected ability to repay the loan, as well as the following:

(a) The term of a fixed asset loan will generally be consistent with the useful life of the assets being financed, such useful life periods being consistent with standard commercial lending policies but in no instance exceeding fifteen (15) years.

(b) The term of furniture, fixtures and equipment loan may not exceed eight (8) years

(c) The term of a working capital loan may not exceed seven (7) years

§4-2. Interest Rate. The interest rate charged for the use of Program funds is a fixed interest rate at 4%.

§4-3. Repayment Terms. The IDA, in its discretion, will determine the schedule of loan repayments on a case-by-case basis taking into consideration as the IDA deems appropriate factors such as the applicant's projected ability to repay the loan, the projected value of the collateral and other security, and the overall risk assumed by the Program. Repayment terms may involve standard forms of loan amortization schedules with balloon payments of principal, and/or such other terms as may be determined by the IDA to be appropriate.

- Business is currently doing business in Essex County, New York State
- Equipment financed with loan funds is still in use in the business

§4-4. Security. The IDA will determine the required security for each loan on a case-by-case basis taking into consideration as the IDA deems appropriate factors such as the risk of default, the nature and value of the security, and the position of the Program in relation to other lenders. In determining the appropriate security, the following will apply:

(a) The IDA will generally require a security interest in all assets financed with Program funds. Other assets of the borrower may be required as additional security at the IDA's option.

(b) For loans to corporations, partnerships or limited liability companies, the IDA will require the personal guarantee of all owners of at least 20% of the voting stock or partnership interest of the company. The personal guarantee of other shareholders, officers, principals, or partners may also be required at the discretion of the IDA.

(c) For loans to closely-held corporations, the IDA may require as additional security selected personal assets of one or more of the owners, and/or security interests in assets of other business entities of one or more of such owners.

(d) For loans to individuals, partnerships, or corporations, which have affiliated interests and/or identities of ownership with other business entities, the IDA may require additional guarantees, and/or security interests in assets of other business entities of one or more of such owners.

(e) For loans to businesses which have a dependence upon specific individuals for their continuing viability, the IDA may require an assignment of insurance on the lives those persons.

(f) In addition to any other security interest the IDA may require letters of

credit to be held by the IDA as security for Program loans.

§4-5. Subordination

(a) The IDA may allow a subordination of Program debt and collateral to private institutional lenders where necessary to facilitate the maximum financial participation by the private lenders.

(b) The standing of the IDA's financing relative to other public or quasi-public lenders will be negotiated on a case-by-case basis.

(c) The IDA will generally require a subordination to Program financing of notes payable to any officer, owner, or similarly affiliated party to the borrower where such subordination is appropriate and feasible.

(d) The IDA will generally require the execution of intercreditor agreements in instances where multiple lenders exist. The use and form of such agreements shall be the subject to the approval of the IDA's attorney or counsel.

§4-6. Federal Reporting Requirements. The IDA is required to collect data on race/ethnic and gender of all loan recipients. As part of every loan application the following disclosure shall be attached.

"The following information is requested by the Federal Government in order to monitor compliance with Federal Laws prohibiting discrimination against applicants seeking to participate in this program. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, we are required to note the race/national origin of individual applicants on the basis of visual observation or surname."

Ethnicity:
Hispanic or Latino_____
Not Hispanic or Latino

Race: (Mark one or more)
White_____ Black or African American_____
American Indian/Alaska Native_____ Asian_____
Native Hawaiian or Other Pacific Islander

Gender: Male _____ Female _____

ARTICLE 5
APPLICATION PROCESSING

§5-1. Loan Applications. Applications for Program financing must include all of the information required by the Program Application Form, and any additional information

as may be reasonably requested by the IDA. The Program application shall be in a form substantially similar to Appendix A hereto.

§5-2. Application Fee. No fee will be charged for the submission of an IDA loan application.

§5-3. Application Processing. The processing of loan applications will generally consist of the following:

(a) Review applications for completeness and procure appropriate additional information.

(b) Review for Program eligibility criteria and eligibility pursuant to USDA Rural Business Development Program regulations.

(c) Determine economic feasibility, perform credit analysis, and assess risk.

(d) Determine amount and terms of Program financing, including appropriate security.

(e) Perform appropriateness review in conformance with USDA Rural Business Development Program and ECIDA underwriting guidelines.

(f) Prepare written report to the Program Loan Review Committee summarizing the review process and providing recommendations as appropriate.

§5-4. Loan Review Committee. The IDA Board shall constitute the Loan Review Committee to review all loan applications, and to determine loan management issues as provided in Article 7; except that the IDA Board may by resolution establish a committee comprised of three (3) of its members to serve and act as the Loan Review Committee and make recommendations to the IDA Board regarding such applications and/or loan management issues as provided in Article 7.

§5-5. IDA Board Loan Approval. The IDA Board shall have sole authority to approve Program loans. Such authority shall include the commitment to lend Program funds, the interest rate(s) to be charged, the repayment terms, and the requisite security for the loan. The application of other appropriate conditions of lending and covenants of the borrower shall be determined by the IDA Board, subject to input from the IDA's attorney and/or the Loan Review Committee.

§5-6. Loan Disapproval.

(a) Loan applications may be disapproved by the Loan Review Committee

and/or the IDA Board based on a lack of application completeness or a failure to meet the eligibility criteria pursuant to §5-3 (a) and (b) of these Guidelines, respectively. In such instances, the applicant will be notified in writing of the reason(s) for disapproval.

(b) Loan applications may be disapproved by the IDA Board if the Board determines that Program financing is clearly inappropriate based on the reviews conducted in accordance with §5-3 (c) and (e) of these Guidelines. In such instances, the applicant will be notified in writing of the reason(s) for disapproval.

(c) Loan applications may be disapproved by the IDA Board for any reason or reasons which represent a reasonable determination that the approval of the Program application would not meet the objectives of the Program and/or would not represent an appropriate or prudent use of Program funds. In such instances, the applicant will be notified in writing of the reason(s) for disapproval.

ARTICLE 6
POST-APPROVAL PROCESS

§6-1. Commitment Letter. A commitment letter, similar to the sample contained in the Appendix B hereto, shall be sent to the applicant upon the approval of a Program loan which will include, at a minimum, the following information:

(a) The amount of the loan approved, the applicable interest rate, the term of the loan, the terms of repayment, and the expiration date of the commitment.

(b) The required use of the loan funds.

(c) The IDA's requirements for collateral and additional security – including guarantees, pledges of assets

(d) Summary information regarding employment.

(e) Any other conditions of lending.

(f) A listing and explanation of any fees to be charged and other closing costs which will be the responsibility of the borrower.

(g) A listing of those conditions and requirements of the borrower which must be fulfilled to a loan closing.

(h) Any other information which could reasonably be expected to influence the borrower's decision to accept the terms of the loan commitment.

§6-2. Commitment Fee. In consideration of the IDA's reservation of funds for approved loan applications, a commitment fee equal to one percent (1%) of the approved loan amount, will be charged to the loan applicant. Such fee shall be nonrefundable and shall

become due and payable in whole or in part, at the discretion of the IDA, at the time of acceptance of the commitment by the applicant and/or at the loan closing.

§6-3. Loan Closings. The IDA's attorney shall have the responsibility to prepare and/or require the preparation of all appropriate and necessary closing documents. The borrower shall be required to pay all closing costs incurred by the IDA, including the fees and expenses of the IDA's attorney up to $600. The IDA's attorney shall determine the appropriate closing documents to be executed based upon the terms and conditions of the loan approval, standard commercial lending policies, and USDA Rural Development requirements. Such documents shall generally include, but are not limited to, the following:

(a) A loan agreement which includes a description of the loan terms and security, appropriate representations and warranties, the conditions of lending, affirmative and negative covenants, including but no limited to compliance with applicable federal laws and regulations, default provisions, and any other provisions which may be appropriate.

(b) A note or notes to evidence the indebtedness and the terms of repayment.

(c) The appropriate documents to evidence and liens, guaranties, and such other security as may be required by the terms of the loan.

(d) Other appropriate documents as determined by the IDA's attorney.

§6-4. Security. The IDA's attorney will be responsible for perfecting all of the IDA's security interests including, where appropriate, the execution of security agreements, the filing of financing statements, the execution and filing of the execution of guaranties, and any other appropriate actions to adequately protect the IDA's security interests. All fees and expenses incurred in connection with the perfecting of the IDA's security interests shall be paid by the borrower. Intercreditor agreements will be executed where appropriate to further protect the IDA's interests and to facilitate the processing of defaults and foreclosures.

§6-5. Loan Disbursements. The following guidelines shall generally apply to the disbursement of IDA loan proceeds from Program funds:

(a) Subject to the borrower's compliance with the terms and conditions of the loan agreement, all documents evidencing and securing the loan, and other guidelines for disbursement as described in this §6-5, the IDA may disburse loan proceeds upon the borrower's presentation of vouchers and other such evidence satisfactory to the IDA which represent paid or accrued expenses of the borrower and which are eligible costs as determined by the IDA.

(b) Where other debt or equity financing is to be used in conjunction with the

Program financing, such debt of equity must, in the opinion of the IDA, be unconditionally committed for such use. Evidence of the commitment(s) and of the satisfaction or waiver of all contingencies thereof must be submitted by the borrower to the IDA prior to closing.

(c) Where other debt or equity financing is to be used in conjunction with the Program financing, the IDA will, at its discretion, determine an appropriate draw schedule for Program funding taking into consideration such factors as the magnitude of risk assumed by the IDA, the nature of the activities being financed, the draw schedule for the other financing, and applicable federal regulations for the use of the USDA Rural Development funds. The manner and terms of the disbursement of the Program financing will normally be included in the approval of the financing by the IDA Board.

ARTICLE 7
LOAN MANAGEMENT

A. §7-1. Delinquencies. The IDA will allow a (10) day grace period calculated from the payment due date before determining that a monthly loan payment is delinquent. A late fee of 5% of the delinquent payment amount will be charged to all delinquent monthly payments. Failure to make a delinquent monthly payment for more than thirty (30) days after the due date shall constitute a default and entitle the IDA to pursue any and all enforcement remedies. The IDA's acceptance of any payments, other than payment in full of the delinquent amount plus the late fee within thirty (30) days or less of the due date thereof, shall not constitute a waiver of any of the IDA's rights nor a cure of the default. Loan recipients who are 2 months in arrears will be required attend the next scheduled IDA Board meeting and that monthly late payments notices should also be sent to the guarantor (s) on the loan, at that time the loan client shall renegotiate loan payments and shall be required to sign an affidavit confessing judgment. When a loan is 2 months delinquent, the 2 month late notices will be mailed certified mail with read receipt to loan recipient (s) and all guarantors on loan.

AFFIDAVIT OF CONFESSING JUDGMENT

State of New York, County of Essex of _____SS:

_____ duly sworn, deposes and says; the deponent is the is the _____ of

_____, New York corporation, LLC, LLP or partnership hereinafter (the company) and is authorized to make this affidavit on its behalf.

Deponent hereby confesses judgment herein and authorizes the entry thereof against the company in the sum of $_____.

The company principal place of business is _____, in the County of _____, State of _____. Deponent authorizes entry of judgment in Essex County, New York, if said principal place of business is not in New York State.

The confession of judgment is for the debt justly due or to become due to the Essex County Industrial Development Agency (ECIDA) arising from the following facts: A certain loan agreement dated _____ between the ECIDA as creditor and the company as debtor, and the company's breach of said loan agreement.
Sworn to before me this _____, day of _____ 2020_____

AFFIDAVIT CONFESSING JUDGMENT

State of New York, County of _____
SS:_____ being duly sworn, deposes and says

The deponent hereby confesses judgment herin and authorizes the entry therefore against deponent in the sum of $_____.

Deponent resides at _____, in the County of _____, State of _____. Deponent authorizes entry of judgment in Essex County, New York, if said resident address is not in New York.

This confession of judgment is for the debt justly due or to become due to the Essex County Industrial Development Agency (ECIDA) arising from the following facts: A certain loan agreement dated _____ between the ECIDA as creditor and deponent as debtor, and the deponent's breach of terms of said loan agreement.

Sworn to before me this ____ day of _____ 2020

§7-2. Annual Financial Review. The IDA will conduct an annual financial review for all borrowers based primarily on the annual federal tax forms submitted by the borrower. Additional information may be procured as appropriate. The reviews will be presented to the Loan Review Committee for further action or recommendations as appropriate.

§7-3. Adjustment of Terms and Conditions. Requests by the borrower for adjustment of any of the terms and conditions of the loan will be reviewed to determine whether the adjustment is in the best interests of the IDA. Requests will be processed in accordance with the following:

(a) Requests to adjust the interest rate or term of a loan that will not lower the total interest and principal payments made by the borrower to the IDA must be presented to the Loan Review Committee for review and recommendations presented to the IDA Board for action.

(b) Requests to adjust the interest rate, term of the loan, or security for the loan that will decrease the total interest and principal payments made by the borrower to the IDA will be presented to the Loan Review Committee for review and recommendation to the IDA Board for action.

(c) Requests to accrue interest, defer principal payments, or otherwise temporarily modify the repayment schedule will be presented to the Loan Review Committee for review and recommendations to the IDA Board for action.

(d) Requests for changes respecting any covenants or conditions of a financial nature must be approved by the IDA Board as to content and the IDA's attorney as to form.

(e) Requests for any other changes to the covenants or conditions of the loan including, but not limited to such areas as reporting requirements, cost documentation, and maintenance of records may be approved by the IDA Board.

§7-4. Periodic Interest Rate Review. In instances where the IDA may establish a revised interest rate pursuant to its rights as a lender, the Loan Review Committee shall be responsible for reviewing appropriate information regarding the status of the credit and providing a recommendation to the IDA Board based upon such factors as the analysis of risk, the Borrower's history of compliance with the loan terms, conditions, and covenants, and prevailing commercial lending rates. The Board shall be responsible for establishing the revised rate.

ARTICLE 8
EXCEPTIONS

§8-1. Exceptions – Eligibility/Program Standards. In operating the program, the IDA may deviate from the Eligibility and Program Standards sections of this these Guidelines only where such deviation is determined by the IDA Board to result in an extraordinary

public benefit to Essex County. The nature of the deviation and the nature and extent of public benefit to result must be stated in a resolution duly adopted by the IDA Board. Resolution to be provided to the USDA Rural Development

§8-2 Exceptions – Other. Any deviation to the Guidelines other than as stated in §8-1 must be approved by a resolution duly adopted by the IDA Board stating the nature of the deviation and the reason(s) for its approval.

§8-3 Conflicts of Interest. No officer or employee of the agency should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interest.

Updated ~~August 25, 2020~~ February 27, 2026