

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 340 cont. 104

PROCEDURE

This Section specifies procedures for the loan board meetings in the following areas:

- agenda
- loan examiners(s)
presentation(s)
- review, analysis,
discussion
- decision
- documentation

AGENDA

- Chairman of the Board calls to order Loan Board meetings with a quorum of 3 to 5 members present.
- Loan administrator ensures the meeting is recorded and subsequently transcribed within (10) working days by ARLF personnel.
- Members and other persons present identify themselves by name and title, if any.
- Chairman addresses any old business from previous Board meetings, regarding any issues other than loan applications held over.

- Chairman addresses any new issues/business other than loan applications, including:
 - policy issues
 - procedural issues
 - general financial information, fund growth, problems or opportunities facing ARLF

- Chairman addresses loan applications for presentation, discussion, decision.

- Chairman notes decision of the Board regarding each loan application.

- Chairman establishes date, time, and location of next Loan Board meeting.

- Chairman adjourns meeting.

LOAN EXAMINER(S) PRESENTATION(S)

- Loan examiners present loan applications to the Board in the order established by ARLF policy.

- Loan examiners briefly summarize information on the Report to the Board form as follows:
 - the loan requested
 - type
 - amount
 - purpose
 - repayment plan
 - the applicant
 - objective review, skills and training
 - subjective review, potential for success
 - the project
 - use of funds
 - potential for success
 - the capacity for borrowing
 - objective review
 - credit and financial history
 - subjective review
 - the collateral
 - ability to secure the loan/coverage
 - recommendation
 - based on review/analysis, loan examiner/administrator recommends
 - approval as requested
 - approval with changes
 - table for more information or additional action
 - disapprove

- Loan examiners present separately to the Board
 - requests for funds under \$25,000 not requiring Board approval prior to release of funds
 - requests for funds over \$25,000 requiring Board review/approval

4. LOAN BOARD DECISION -

- Subsequent to discussion of the loan application, one Board member motions for actions to be taken, and a different Board member must second the motion.
- Board members vote on the motion by signifying AYE for yes, and NAY for no.
- The Board Chairman indicates whether motion carries/passes or not.
- The motion must be carried by a majority of the Board members, a minimum of three (3) at all times.
- If the motion does not carry, another motion shall be made, with or without subsequent discussion.
- This process is continued until one motion is made, seconded, and passed by a minimum of three (3) Board members.
- Motions for action will be acknowledged for the following only:
 - approve loan request without change
authorization for release of funds requested, with the purpose, terms, and collateral as outlined in the loan application package
 - approve loan request with change
approval of the basic loan request, and authorization to release funds contingent upon changes in some area of the loan application package or addition of conditions.

Examples Include:

- requirement for additional collateral
- purchase of term life policy with ARLF as beneficiary
- reduction in loan amount requested or authorization for only partial release
- reject loan application for more information or additional action on the part of the applicant or ARLF personnel.

Examples Include:

- additional marketing information or study
- disapproval
 - Board members must cite the reasons to support disapproval of loan request based on:
 - loan examiner/administrator review and recommendations
 - loan Board review of -
 - the loan requested
 - the applicant
 - the capacity for borrowing
 - the project
 - the collateral

DOCUMENTATION

- The loan administrator is responsible for documenting:
 - the Loan Board meeting by ensuring that the meeting is recorded, that minutes of the meeting are transcribed, and that minutes are properly distributed

- Loan administrator ensures that a copy of minutes is forwarded to the Director, ARLF and the Loan Administrator, and to file.
 - the decisions of the Loan Board in meetings regarding loan applications
 - loan administrator ensures that in each case the original of Loan Board Action Reports annotated with the Board decision
 - that the Chairman of the Loan Board signs and dates the original document
 - the loan clerk files the original document in the applicant loan file
 - a copy of the document is routed to the responsible loan examiner

If the loan application is approved by the Loan Board:

loan administrator ensures that applicant(s) are notified in writing by clerk within (3) working days of the Board meeting using the appropriate form letter

- loan clerk prepares form letter
- loan clerk routes original to loan administrator
- loan administrator signs and returns to loan clerk

- loan clerk copies original, files copy in applicant(s) loan file noting date original letter is mailed
- loan clerk mails original letter

If the loan application is approved by the Loan Board contingent upon some change(s):

loan administrator ensures that applicant(s) is notified in writing within (5 working days) days of the Board meeting using the appropriate letter

- loan administrator identifies requirements for loan to the loan clerk who prepares the letter
- loan clerk routes letter to loan administrator for review/signature
- loan clerk copies original, files copy in applicant(s) loan file noting date original letter is mailed
- loan clerk mails original letter

If the loan application is rejected by the Loan Board:

loan administrator ensures that applicant is notified in writing within (5) working days of the Board meeting using the appropriate letter.

- loan administrator identifies the actions required by the Loan Board of the applicant or of ARLF personnel
- loan clerk prepares letter to applicant(s) identifying specifically the additional information, steps, or processes required before the loan application will be reconsidered

- loan clerk routes form letter to loan administrator for review/signature
- loan clerk copies original, files copy in applicant(s) loan file noting date original letter is mailed
- loan clerk mails original letter

If loan application is disapproved by the Loan Board:

loan administrator ensures that applicant is notified in writing within (5) working days of the Board meeting using the appropriate form letter

- loan clerk prepares form letter to applicant(s) and routes to loan administrator for review/signature
- loan clerk copies original, files copy in applicant(s) loan file noting date original letter is mailed
- loan clerk mails original letter

SECTION VII

RECORDS RETENTION SCHEDULE

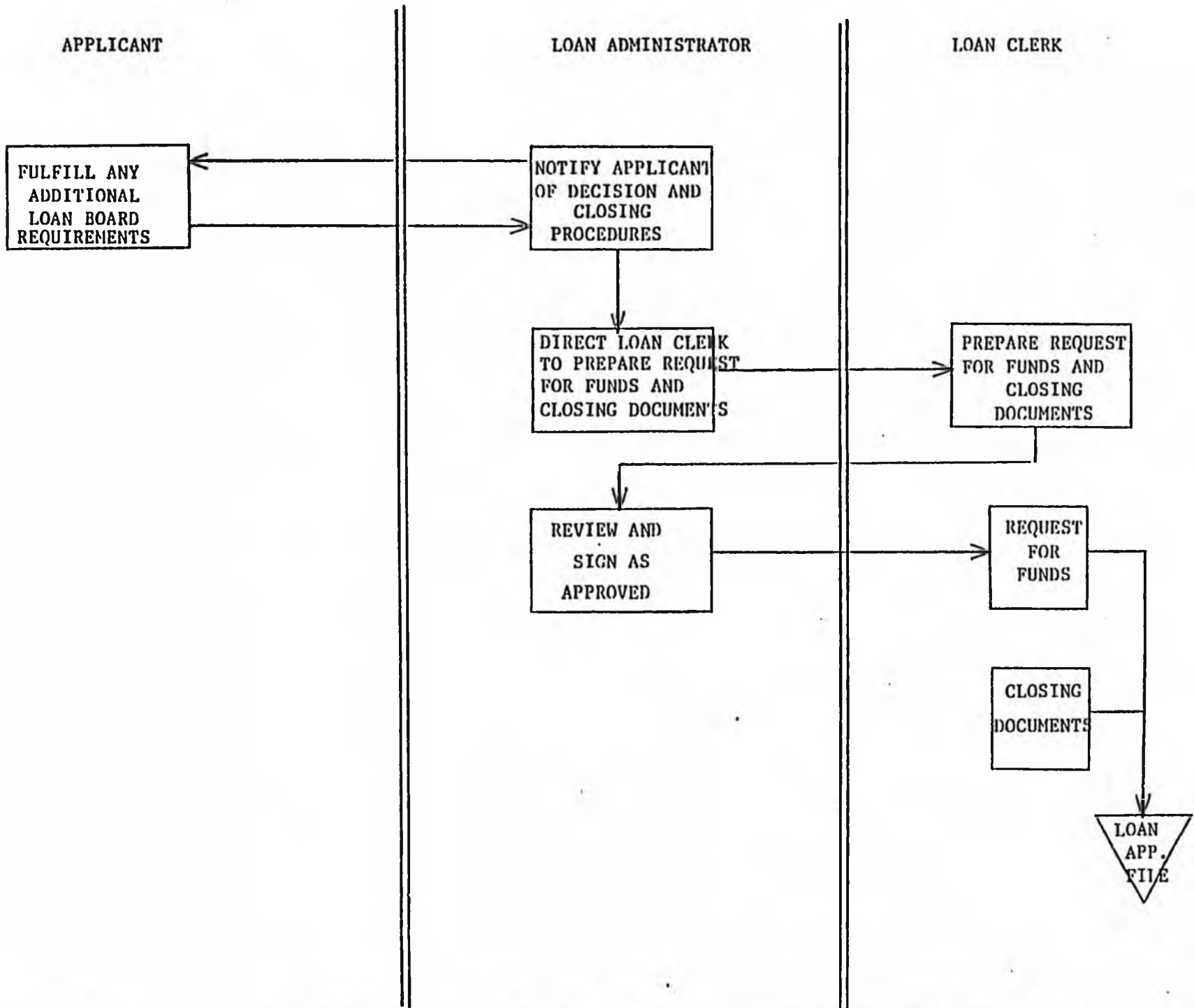
<u>Document</u>	<u>Period Held</u>
Minutes of Loan Board Meetings	
Application Notifications	
Loan Board Report Form	

SECTION VIII PRE-LOAN CLOSINGOVERVIEW

The purpose of this section is to specify the procedures to be used by the loan administrator to ensure that all necessary documents and information are prepared by both ARLF personnel and the applicant(s) prior to loan closing.

Outputs of this Section include notification of applicants of required closing documents, preparation of a request for funds, and initial preparation of loan closing documents.

PRE-LOAN CLOSING



PROCEDURE

This section addresses two major areas of the Pre-Loan Closing process:

preparation by the applicant(s)

preparation by ARLF personnel

APPLICANT

- Loan administrator ensures successful applicant(s) have been notified of the decision(s) of the Loan Board and any additional requirements specified by the Loan Board to be completed at or prior to closing.
 - if additional requirements have been specified to be completed prior to closing by the applicant(s), loan administrator ensures that the requirements are fulfilled prior to continuing this section
- Loan administrator ensures that prior to Loan Closing, all applicants are notified in writing of the closing process and the items required of them at closing.
 - for successful applicants with no additional Loan Board requirements, the Closing process and requirements are specified at the same time the applicant is notified of the Board decision
 - for applicants who have been required to provide some additional data, information, documents, etc., notification of the Loan Closing process occurs after the loan administrator verifies that all requirements are met

- notification of the closing process also includes indication that a closing time and date will need to be established, and provides a range of possibilities
- if title insurance is required, applicant(s) is notified that payment will be required at the time of closing
- loan administrator identifies other items documents required of applicant(s) at closing and prepares a list to be included in notification of closing
- loan administrator determines method of disbursement of loan funds to be used and notifies borrower(s) of requirements for closing

Total release of funds

borrower(s) is notified of procedure used to release funds to vendor(s) after closing (Section IX)

Staged release of funds

borrower(s) is notified of procedure relating to the use of controlled accounts by ARLF (Section IX)

borrower(s) are directed to open a checking account at the bank of their choice, requiring two signatures, including one borrower and one ARLF representative

borrower(s) provide signature cards at closing for the account

borrower(s) loan administrator, and loan examiner provide signature specimens on signature card at closing

- for chattel loans, applicant(s) produces a vendor proposal or commitment on livestock, equipment or machinery to be purchased identifying exact specifications

applicant(s) makes down-payment, if appropriate, prior to closing

applicant(s) provides model numbers, make, type of chattel, identification numbers, etc., at time of closing.

applicant(s) provides vendor invoice at closing showing balance due on item(s) being purchased

- for short-term operating and other loans, applicant(s) produces title to collateral, if appropriate
- applicant(s) produces proof of any insurance required by loan administrator or Loan Board at time of closing, including term life policy or property insurance, fire/collision comprehensive or all-risk floater policy on equipment/machinery, or other

ARLF

- Loan administrator ensures that procedures are followed to:
 - request funds
 - prepare closing documents
 - funds are requested as soon as the loan administrator has determined that all required documents and information have been supplied by applicant(s), in order to avoid delay in closing.

REQUEST FOR FUNDS

- Loan administrator directs loan clerk to prepare documents necessary to request loan funds.
 - loan clerk obtains Loan Number from Loan Register, using the next number in sequence for the proper loan category
 - loan clerk notes name of Borrower and amount vouchered in Loan Register opposite loan number used
 - loan clerk prepares Request for Issuance of Warrant (Form 10-006) and inserts loan number
 - loan clerk prepares Disbursement Voucher (Form 02-050)
 - loan clerk routes Forms 10-006 and 02-050 to loan administrator for review and signature approval, as delegated by the Director in writing
 - loan clerk copies approved Form 02-050 and files in disbursement voucher file

- loan clerk mails original and three (3) copies of the top only of Form 10-006 and all of Form 02-050 to:
 - Accounts Payable
 - Department of Natural Resources
 - Pouch M
 - Juneau, Alaska 99811

- title insurance documents received from title company are filed by loan clerk in applicant(s) loan file and date of receipt noted

- documents received from the fiscal officer, Department of Natural Resources, are processed by the loan clerk:
 - goldenrod copy of Form 02-050 is date stamped and filed in disbursement voucher file the temporary copy is replaced and destroyed
 - the warrant is date stamped on the back
 - the applicant(s) loan file is annotated with the date of receipt of the warrant
 - warrants are held in the loan office safe until date of closing for Wasilla area loans
 - warrants are forwarded to Delta office as appropriate

- loan clerk orders title insurance, if applicable, in the name of the borrower, and in-care of (c/o) ARLF

PREPARE CLOSING DOCUMENTS

- Loan clerk prepares notes, assignments, and agreements based upon the type(s) of loan(s) and type of collateral pledged.
 - Real Estate

prepare DEED OF TRUST and DEED OF TRUST NOTE in full, leaving dates blank for completion at time of closing.
 - Assignment of Real Estate Contract

prepare an ASSIGNMENT OF REAL ESTATE CONTRACT and NOTE SECURED BY REAL ESTATE in full, leaving dates blank for completion at time of closing.
 - Assignment of Agricultural Product(s)

Prepare ASSIGNMENT (Form 10-359) in full, leaving dates blank for completion at time of closing.
 - Collateral Other Than Real Estate

prepare FINANCING STATEMENT (Form 02-534) SECURITY AGREEMENT, DISCLOSURE STATEMENT OF LOAN (Form 10-367) in full, leaving dates blank for completion at time of closing

Chattel Loan - prepare PROMISSORY NOTE (Form 10-361) (pink)

Short-Term Loan - prepare PROMISSORY NOTE (Form 10-360) (green)
- Loan clerk prepares loan amortization schedule (schedule of repayment) from information provided by loan administrator on terms of repayment.
- Loan clerk files all documents prepared for closing in applicant(s) loan file.

SECTION VIIIRECORDS RETENTION SCHEDULE

<u>Document</u>	<u>Period Held</u>	<u>Disposition</u>
Request for Issuance of Warrant		
Disbursement Voucher		
Loan Register		

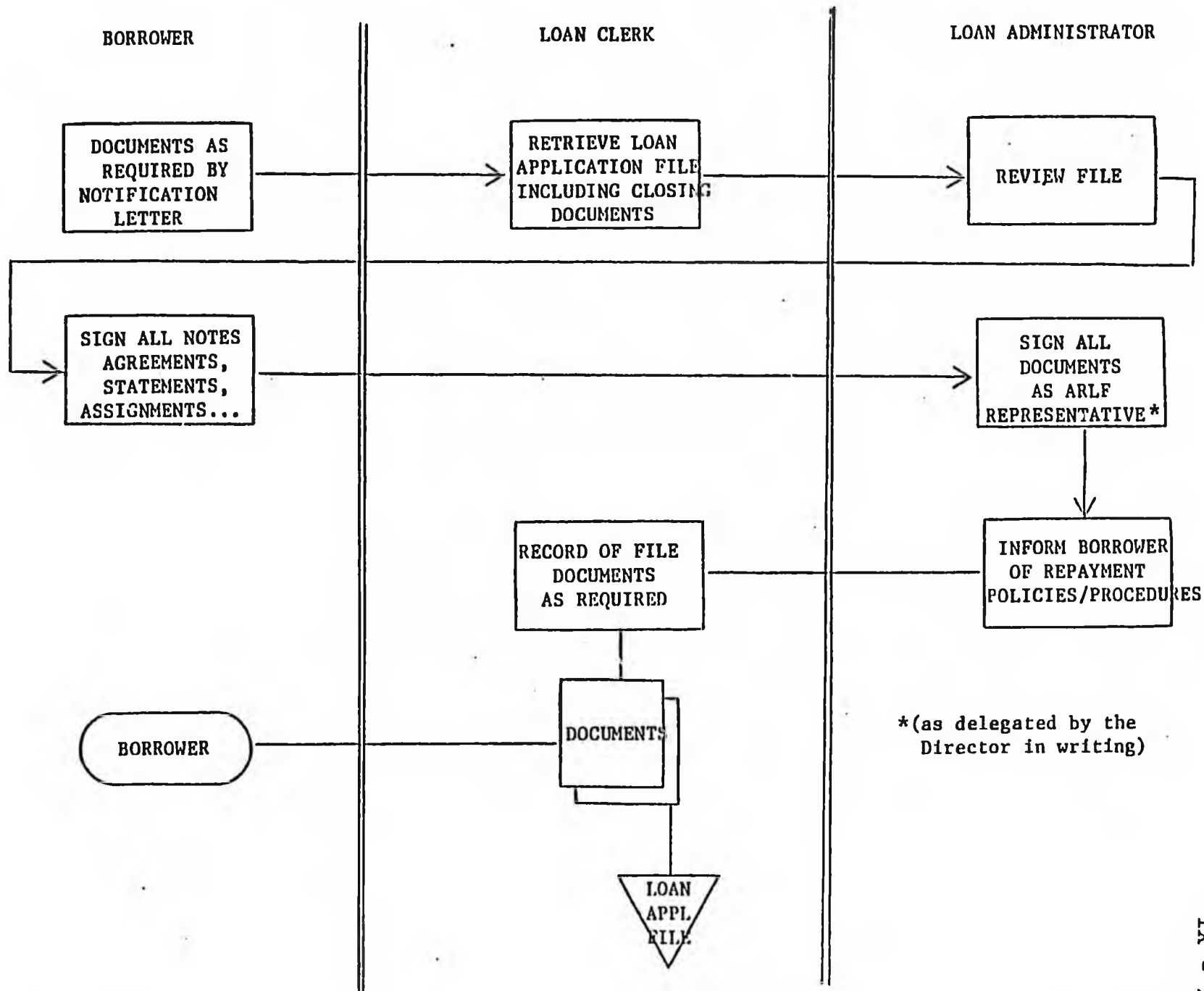
SECTION IX LOAN CLOSINGOVERVIEW

The purpose of this section is to specify the procedures to be applied during the process of closing the loan with the borrower(s).

The purpose of the procedures is to ensure that proper documentation is received from the borrower as required, that the necessary signatures on binding agreements are obtained, that borrowers are uniformly informed of their repayment obligations, and that documents are subsequently filed or recorded as appropriate to establish position of security.

Outputs of the section include original signed and notarized notes, agreements, and assignments as well as recorded documents.

LOAN CLOSING



PROCEDURE

This section specifies procedures for ARLF to follow in two major areas: Process of closing with the borrower(s) and process of subsequent documentation by staff.

CLOSING PROCESSScheduling

- Loan clerk maintains a log of loan closing appointments as they are established; information includes:
 - Borrower(s) name
 - Location of closing
(e.g. ARLF offices, bank, etc.)
 - Date and time of appointment

- Loan administrator/loan examiner (Delta) retains Closing Log and reviews for scheduling purposes.

- Loan administrator/loan examiner (Delta) ensures that loan clerk designated for the closing process is notified each week of the loan closings scheduled for the subsequent week period.

- Loan examiner (Delta) ensures that if closing is to be completed by a commercial bank, that both the bank and ARLF are kept informed of loan closing schedules in advance.

- Loan examiner (Delta) forwards an advance copy of the Closing Log for Delta to the loan administrator (Wasilla).

- Loan administrator initials receipt on each page of Closing Log as received from Delta.

- Loan clerk maintains a separate file for the Delta Closing Log in loan administrator files.

Closing

- Loan clerk obtains borrower(s) loan file and all previously prepared documents for closing.

- Loan clerk prepares OUT card for file and inserts in file.

- Loan clerk routes documents to loan administrator/loan examiner (Delta).

- Loan administrator/loan examiner (Delta) briefly reviews loan file to:
 - ensure that all documents necessary for closing were prepared by ARLF staff (Section: Pre-Loan Closing)
 - identify conditions/requirements to be fulfilled by the borrower(s) at closing (copy of borrower notification letter)

- Loan administrator/loan examiner (Delta) and loan clerk meet borrower(s) at appointment times and ensure that:
 - loan clerk inserts proper date of closing on all documents previously prepared
 - borrower(s) produces all required documents as specified in notification letter (e.g. proof of insurance)

- Borrower(s) pays premium on title insurance if applicable.
 - loan clerk orders title insurance on real property used as collateral as required by loan administrator/examiner or loan board from appropriate title company
 - loan clerk directs title company to prepare invoice for insurance premium in name of borrower(s) and in-care-of (c/o) ARLF
 - loan clerk directs title company to forward invoice to ARLF
 - loan clerk files insurance invoice in borrower(s) loan file for closing
 - loan clerk accepts personal check from borrower(s) in amount of the insurance invoice and made payable to the title company issuing insurance
 - loan clerk prepares hand-receipt for borrower(s)
 - loan clerk forwards check and a copy of invoice to the title company within () days of closing
 - loan clerk files a copy of the check and the original invoice in borrower(s) loan file

- Loan administrator ensures that:
 - borrower(s) signs all required documents prepared in Pre-Loan Closing (e.g. notes, assignments, statements, agreements, etc.)
 - borrower(s) signs documents in a manner to properly obligate the business entity:

<u>Business Type</u>	<u>Signators</u>
Sole Proprietorship	Husband Wife
Partnership	Major Partners
Corporation	Corporate Officer including corporate resolution and corporate seal
Joint Venture	Authorized representa- tives of the venture

- Loan administrator/loan examiner (Delta) signs documents as authorized representative of ARLF as appropriate:
 - Assignment Agreement (Form 10-359)
 - Security Agreement
 - Financing Statement

- Loan administrator ensures that all signatures of the parties are witnessed and attested to by a Notary Public of the State of Alaska, with a current commission.

- Loan clerk copies all signed notes, agreements, assignments, and other documents.

- Loan clerk provides one copy of all signed documents to borrower(s).

- Loan clerk files one copy of all signed documents in borrower(s) loan file.

- Loan clerk files originals of all signed notes, agreements and assignments, etc., in a fire-proofed safe, alpha by borrower(s) name.

- Loan examiner (Delta) is responsible for ensuring that:
 - all original copies of signed notes, agreements, assignments, etc., are forwarded to loan administrator (Wasilla)
 - copies of all signed documents are maintained in Delta in borrower(s) loan file

- Loan administrator ensures that borrower(s) are informed about the policies and procedures of ARLF regarding loan repayment.

- borrower(s) is obligated to make payments directly to ARLF on the dates and in the amounts agreed and specified in the agreement(s)
- borrower(s) is informed that interest is calculated on the unpaid balance of the loan to the day payment is received
- borrower(s) is informed that payments not postmarked on or before the 15th day after the date specified for payment are delinquent and a seven (7) percent penalty is assessed on the delinquent payment, as appropriate
- borrower(s) is informed of requirement to file up-dated information/documents annually with ARLF:
 - financial statements
 - Federal Tax Returns
 - proof of valid/current insurance, if required
 - copies of paid insurance premiums, etc.
- borrower(s) is informed that loan examiner will conduct unscheduled field inspections of agricultural operations as they related to the loan, the collateral, or other aspects affecting the loan
- Loan administrator releases loan funds to borrower(s) and ensures that proper documents are received by ARLF to control use of funds.

Vendor Invoices

- loan administrator ensures that warrants is endorsed to vendor by borrower(s)
- loan administrator ensures that vendor invoice(s) marked paid are received by ARLF
- loan administrator ensures that amount of paid vendor invoice(s) agrees with loan funds released, and with Section 4 (Loan Application) Letter of Intent and Loan Use
- loan administrator when appropriate, may require borrower(s) to endorse warrant "for deposit only" to borrower(s) checking account at Closing

loan administrator requires borrower(s) check to be prepared at Closing and made payable to vendor(s) in amount of invoice(s) in Loan File (from Section VIII Procedures Manual) subsequently produced

- loan administrator follows-up with vendor(s) to ensure proper payment(s) received, and documents contact

Controlled Bank Accounts

- loan administrator establishes a controlled account with loan funds for situations of release of funds to vendor(s) over a period of time, is planned in Section IV (Loan Application) Letter of Intent and Loan Use
- borrower(s) endorse warrant "for deposit only to account _____" for control accounts previously established in Pre-Loan Closing, Section VIII, Procedures Manual
- loan administrator ensures that warrant(s) is deposited into controlled account
- loan administrator ensures that funds are released to vendor(s) against valid invoices and according to fund requirements over time as specified in Section IV (Loan Application) Letter of Intent and Loan Use
- loan administrator ensures that funds from controlled accounts are released to vendor(s) only by dual signature check(s) drawn on account

dual signature check requires signature of either loan administrator or loan examiner assigned to loan

loan clerk maintains a record of deposits and disbursements against controlled account (Form 10-356)

loan clerk updates Form 10-356 with date, amount, purpose of each transaction

loan clerk maintains a continuous balance for the controlled account on Form 10-356

loan clerk maintains record of transactions
in borrower(s) loan file

loan clerk maintains a copy of vendor invoice
or record of payment and purpose for payment
in borrower(s) loan file

POST CLOSING

- Loan administrator ensures that the loan clerk takes steps required to file or record signed documents as required to perfect security position.

- loan clerk stamps "State Business" on documents and sends to appropriate recorder, place of filing

Record Assignment of Real Estate Contract
Deed of Trust

File State of Alaska
Uniform Commercial Code
Financing Statement

- loan clerk records documents with the appropriate recorder in the area where real property is located (e.g. Homer, Kenai, Anchorage, Fairbanks, Glenallen, etc.) in accordance with the Uniform Commercial Code
- loan clerk copies documents for recording, Assignment of Real Estate Contract and Deed of Trust, and files in borrower(s) Loan File
- loan clerk forwards original document(s) to appropriate recorder
- loan clerk replaces copy of document with recorded copy in Loan File when received
- loan clerk records State Land Sale or Lease Assignments used as collateral with the contract officer, Division of Forest, Land, and Water Management (reference UCC filing requirements necessary)

- loan clerk forwards Financing Statement to appropriate place of filing based on type of collateral as specified in the Uniform Commercial Code
- loan clerk replaces copy of Financing Statement in Loan File with validated copy when returned
- loan administrator ensures that a Continuation Statement is filed prior to expiration of filing of Financing Statement (5 years from date of filing)

SECTION IX

RECORDS RETENTION SCHEDULE

<u>Document</u>	<u>Period Held</u>	<u>Disposition</u>
Loan Closing Log		

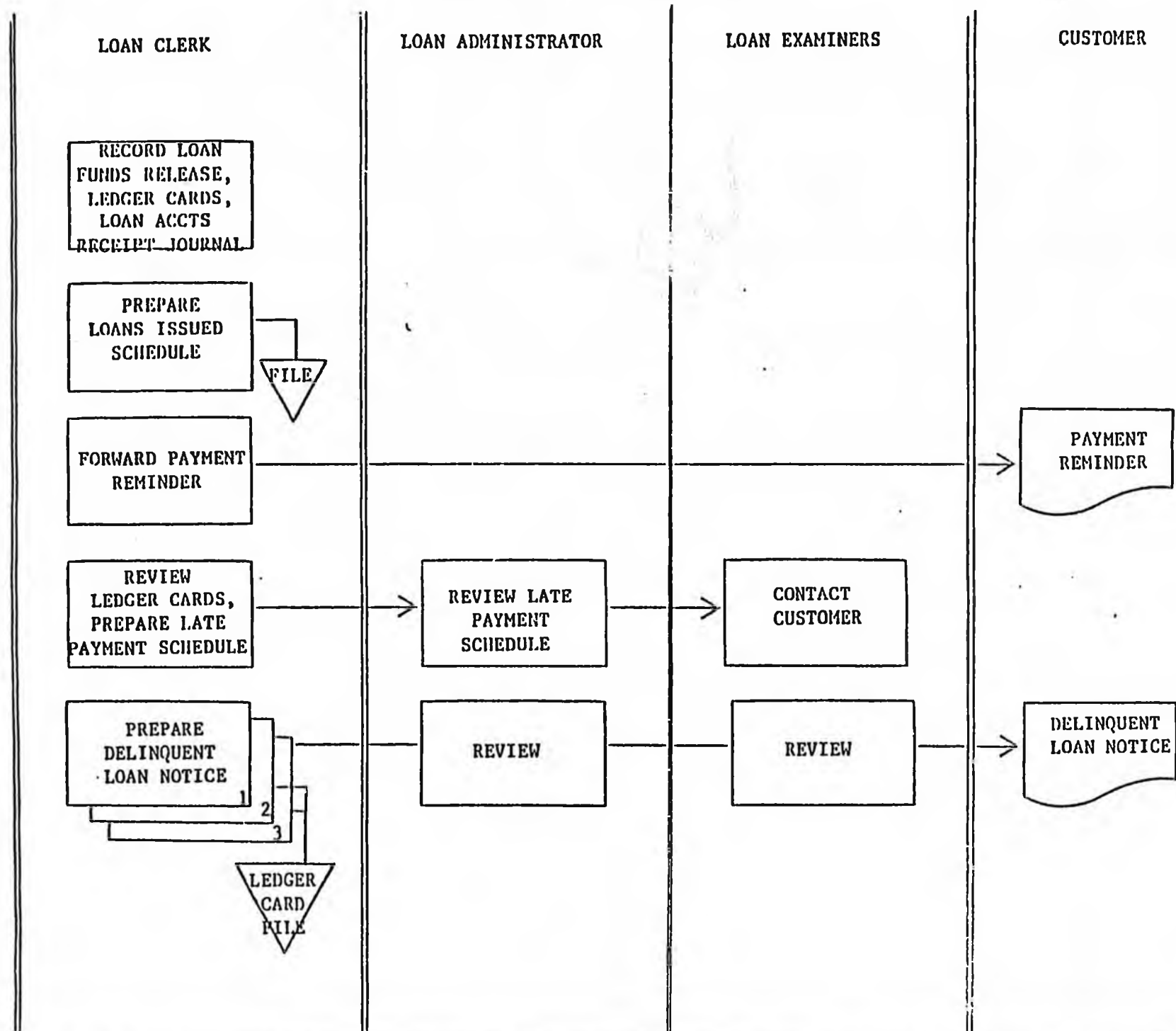
SECTION X LOAN REPAYMENTOVERVIEW

The purpose of this Section is to specify the procedures to be applied to collect, record, and account for payments made on loans and to reconcile certain records maintained by the Loan Fund and reported by the Department of Administration.

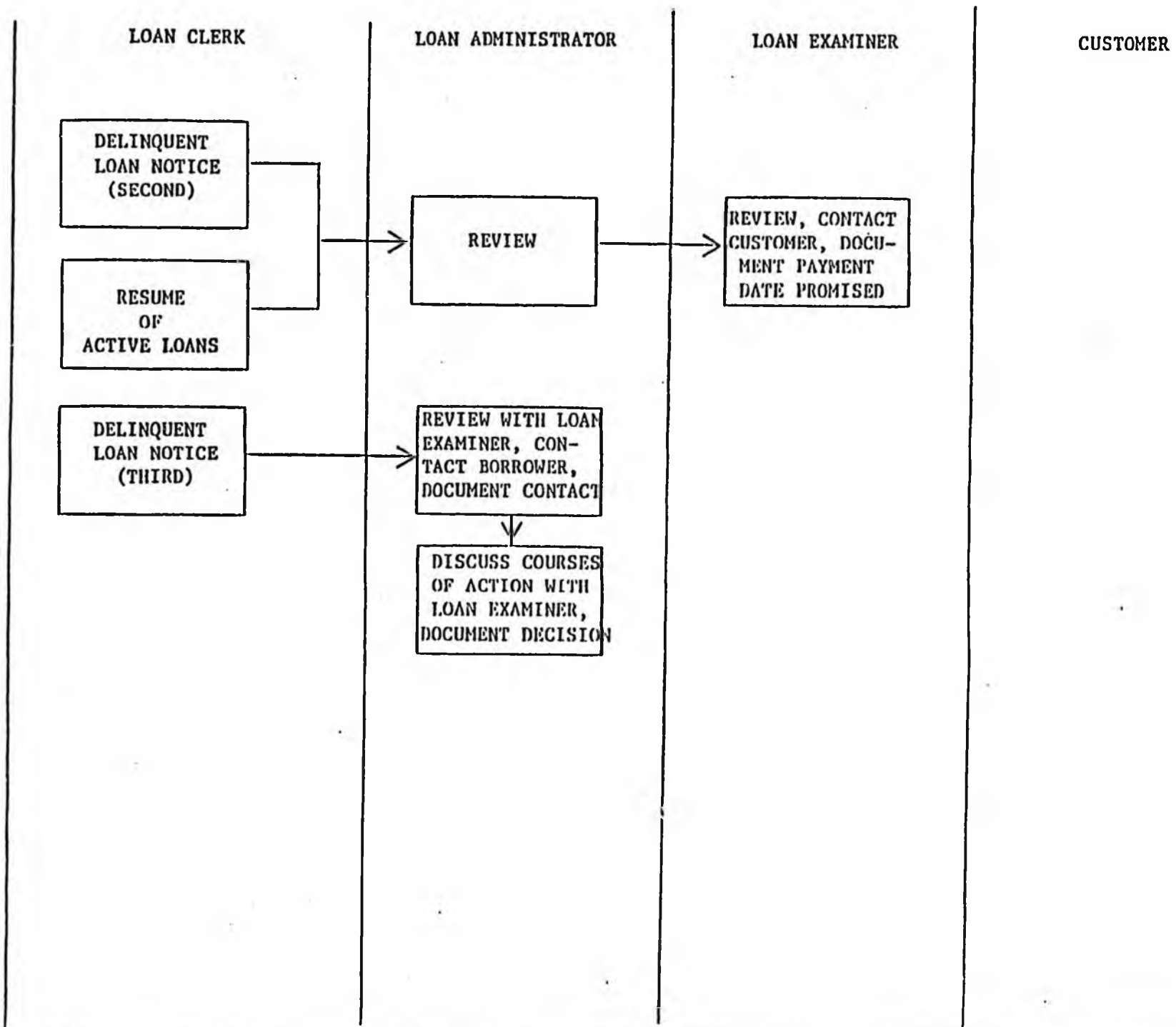
The purpose of the procedures is to specify the steps required to collect loan payments in a manner to ensure proper control of funds and uniform and accurate documentation.

Outputs of the Section include documents to record receipt and deposit of funds, transmittals to capture data and information for internal and external reporting, and management reports for internal purposes.

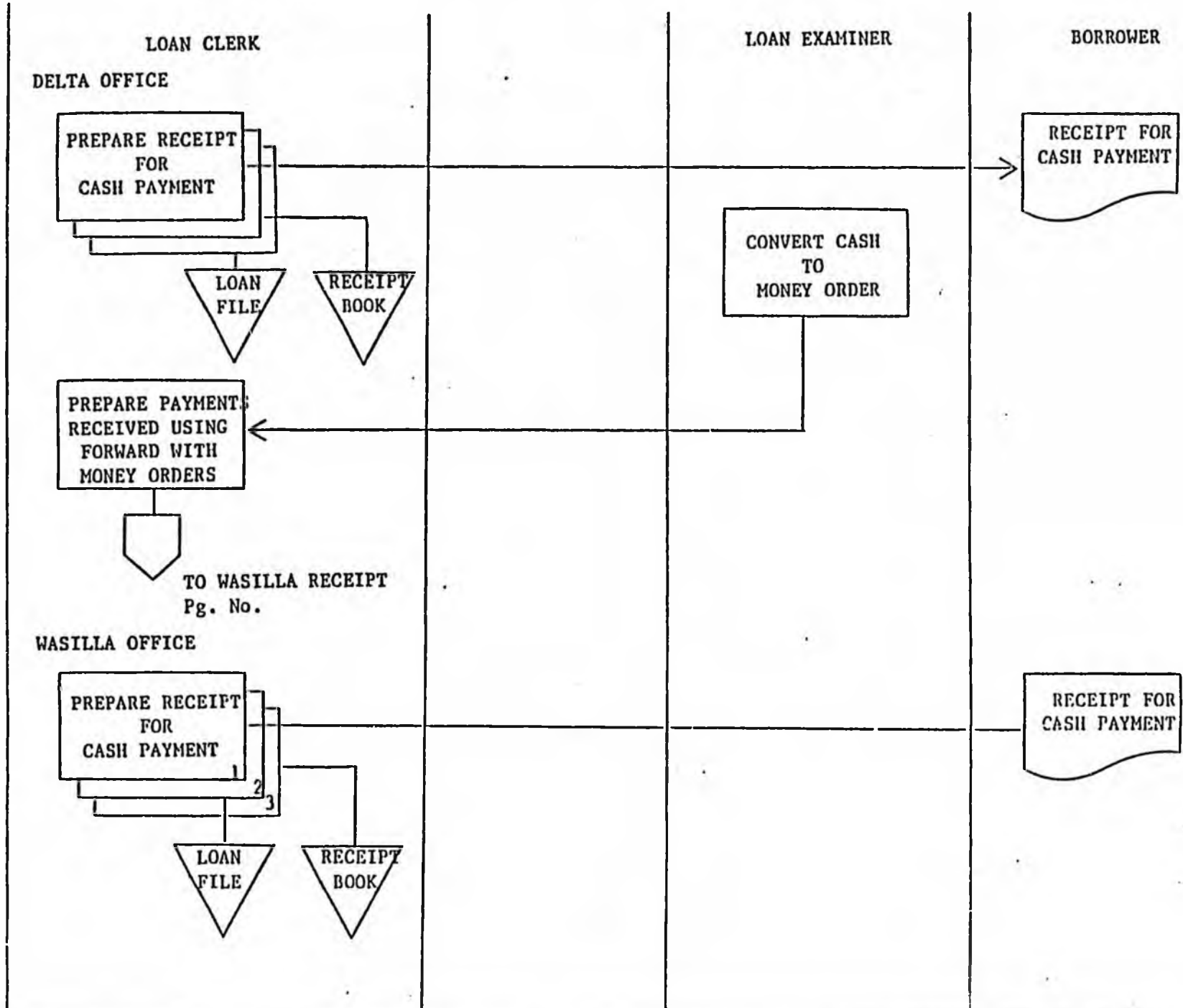
LOAN REPAYMENT
BILLING AND DELINQUENCY ADVICE



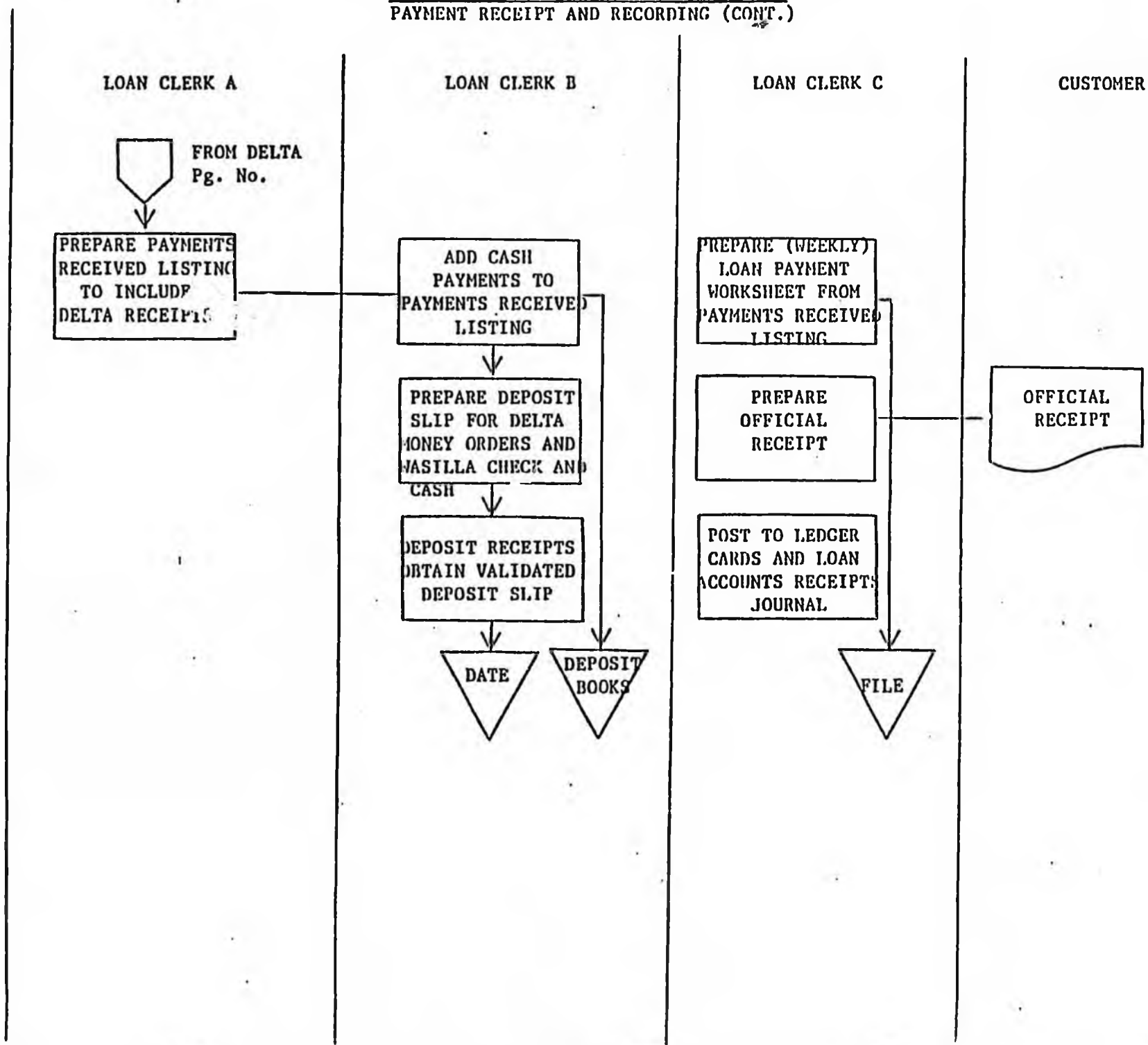
LOAN REPAYMENT
BILLING AND DELINQUENCY ADVICE (CONT.)



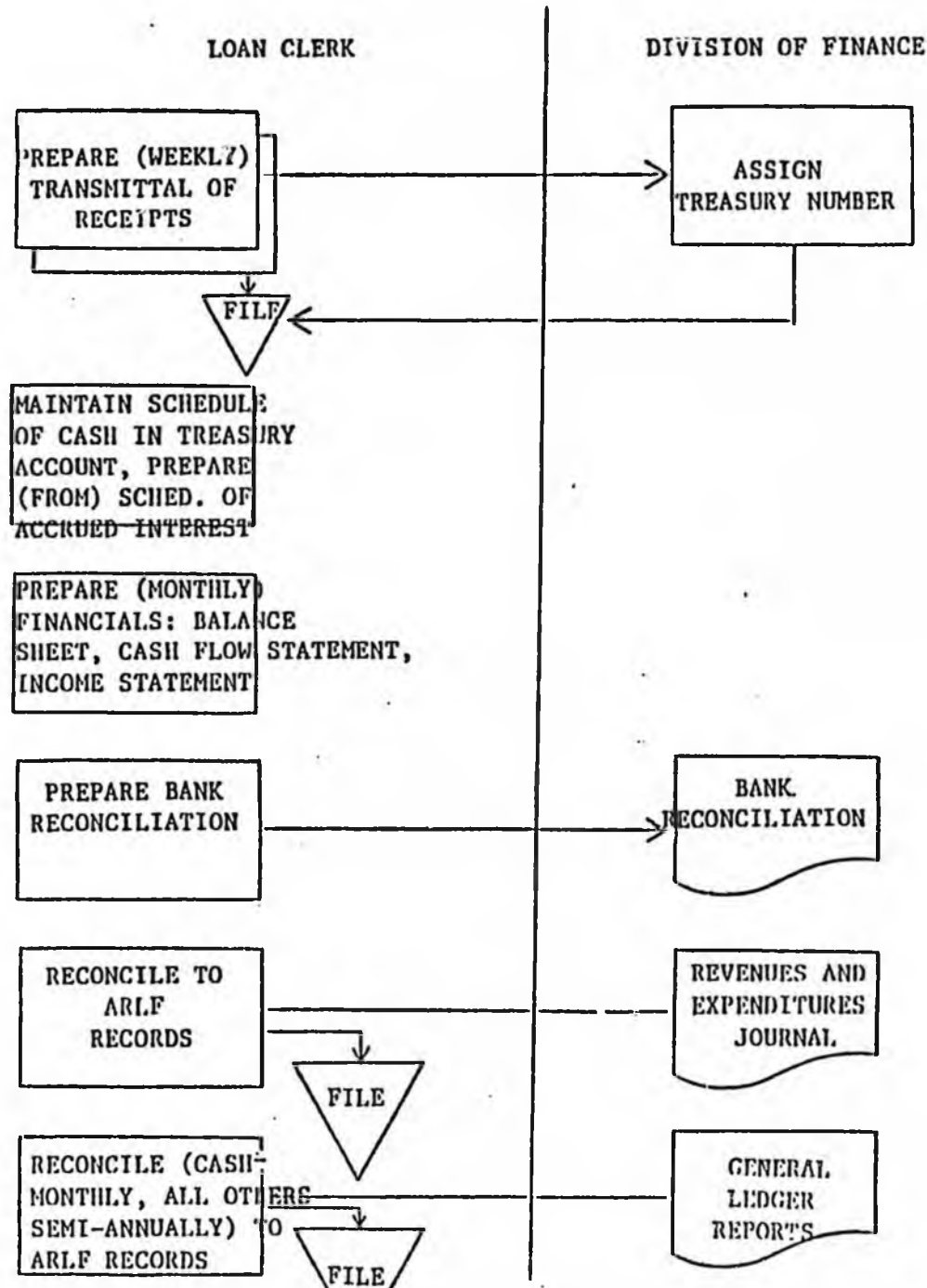
LOAN REPAYMENT (CONT.)
PAYMENT RECEIPT AND RECORDING



LOAN REPAYMENT
PAYMENT RECEIPT AND RECORDING (CONT.)



LOAN REPAYMENT (CONT.)
REPORTING AND RECONCILIATION



PROCEDURE

This Section addresses three major areas of the Loan Application Process:

billing and delinquency advice
 payment receipt and recording
 reporting and reconciliation

Billing and Delinquency Advice

- Loan administrator ensures that documents are prepared by loan clerk to record loan funds released.
 - loan clerk prepares heading on borrower's ledger card (Form 10-352)
 - loan clerk posts full amount of loan/warrant funds released to borrower (including full amount of controlled accounts)
 - loan clerk uses one-write system to post ledger card and Loan Accounts Receipt Journal (Form 10-353) simultaneously
 - loan clerk prepares a Loans Issued Schedule from ledger cards after posting
 - loan clerk files ledger card in ledger tray in alphabetical order by borrower(s) name
 - loan clerk maintains ledger tray in loan office safe

- Loan clerk prepares and forwards a payment reminder to borrower(s) based on repayment schedule:

monthly payment schedule	forward prior to date first payment is due
other payment schedule (annual, quarterly, etc.)	forward prior to due date for each payment

- Loan clerk reviews ledger cards on the 15th, approximately, of each month to identify loan accounts for which payments have not been received.
 - loan clerk prepares a Late Payment Schedule listing accounts for which payment was due (by the first of the month) and not received currently
 - Late Payment Schedule lists loan account number, borrower(s) name, amount of payment due, and date payment was due
 - loan clerk initials and dates Late Payment Schedule when completed
 - loan clerk routes three (3) copies of Late Payment Schedule to loan administrator

- Loan administrator reviews Late Payment Schedule and routes:
 - 1 copy Loan Administrator
 - 1 copy Loan Examiner - Wasilla
 - 1 copy Loan Examiner - Delta

- Loan examiners (Delta/Wasilla) contact borrowers from their respective areas as appropriate to determine cause of account non-payment.

- Loan clerk prepares Delinquent Loan Notice Form for each loan account listed on the Late Payment Schedule.

- Loan clerk routes all original copies of Delinquent Loan Notices to loan administrator.
 - loan clerk files copies 2 (yellow) and 3 (pink) with borrower ledger card

- Loan administrator reviews Notices and routes to appropriate loan examiner(s) (Delta/Wasilla).

- Loan examiners ensure that Notices are forwarded to delinquent borrowers as appropriate.

- Loan clerk removes copy 2 (yellow) from borrower ledger card and routes to loan administrator at the end of each month when preparing resume of active loans.
 - loan clerk verifies that a yellow copy of Delinquent Loan Notice is included for each loan listed over 30 days delinquent on the resume

- Loan administrator reviews yellow copy of form and routes to appropriate loan examiner.

- Loan examiner makes personal contact with borrower(s) and determines cause of non-payment and proposed timing for payment.

- Loan examiner documents contact with borrower(s), indicating date payment is promised.

- Loan clerk routes pink copy of Delinquent Loan Notice to loan administrator if payment is still not received about the 15th of the month following when active loans are reviewed and the Late Payment Schedule is prepared.

- Loan administrator reviews Delinquent Notices and status of loans delinquent with appropriate loan examiner.

- Loan administrator makes personal contact with delinquent borrower(s) and determines:
 - reason(s) for non-payment
 - payment date commitment
 - future status/viability of loan

- Loan administrator documents conversation and findings with borrower(s).
- Loan administrator discusses findings with loan examiner and potential need for further action to collect loan, refinance loan, or other steps.
- Loan administrator documents decisions regarding the steps to be taken by ARLF to collect the loan payment, loan balance, or other.

PAYMENT RECEIPT AND RECORDING

Delta Office

- Loan clerk or loan examiner prepares a hand-receipt for all cash received as loan payments.
 - original receipt is given to individual making payment
 - copy of receipt is retained in Delta office file in borrower(s) loan file
 - copy is retained in receipt book
- Loan examiner converts cash received to bank or postal money order made payable to ARLF on a daily basis.
- Loan clerk prepares a Payments Received Listing on a daily basis from all cash received, money orders, personal checks, or other means of payment.
 - loan clerk date stamps all checks and money orders on the reverse side, on the day received

- Loan clerk (A) prepares a Payments Received Listing immediately after stamping checks and money orders, listing:
 - Name of Payee/Borrower(s)
 - Date Payment Received
 - Amount Received
 - Loan Account Number (if indicated with payment)

- Loan clerk (A) routes on a daily basis, stamped and endorsed payments and Payments Received Listing to loan clerk (B).

- Loan clerk (B) prepares bank deposit slip (in duplicate) from checks and money orders.
 - loan clerk (B) prepares a calculator tape of checks, and indicates total on deposit slip
 - loan clerk (B) prepares a calculator tape of Payments Received Listing, and indicates total on the form
 - loan clerk (B) verifies that tape totals are the same, and initials form beside total, to indicate verification and reconciliation

- Loan clerk (B) obtains all cash envelopes from office safe and includes on deposit slip as a total amount.
 - loan clerk (B) lists all cash payments received on Payments Received Listing from receipts
 - loan clerk (B) prepares calculator tape of cash on Payments Received Listing and notes total on form
 - loan clerk (B) prepares a calculator tape of receipts attached to envelopes
 - loan clerk (B) counts cash, notes total on deposit slip, and compares to calculator tapes
 - loan clerk (B) verifies that tape totals are the same, and initials deposit slip copy beside cash total to indicate verification and reconciliation

- Loan clerk (B) maintains copy of deposit slip in deposit book as temporary file copy.
 - loan clerk (B) reconciles all discrepancies in (wo) tape totals, or informs loan administrator if unable to reconcile
 - loan clerk (B) files Payments Received Listing in loan office file by date
 - loan clerk or loan administrator take checks, cash, etc., and deposit slips to bank and obtains validated deposit slips (Wasilla and Delta payments)
 - loan clerk staples validated deposit slips to second copy of deposit slip-listing retained in deposit books (Wasilla and Delta)

- Loan administrator verifies cash handling procedures on a monthly basis.
 - verify that total on tape of cash receipts equals the total on the deposit slip and on the Payments Received Listing
 - verify that total on tape of checks and money orders equals the total on the deposit slip and on the Payments Received Listing
 - initial deposit slip beside cash total or check totals if amounts are equal
 - initial Payments Received Listing beside cash total or check total if totals are equal
 - obtain explanation of any discrepancies from loan clerk (B) and reconcile

- Loan clerk (C) prepares Loan Payment Worksheet and allocates borrower(s) loan payments amounts to principal and interest.
 - on a weekly basis, loan clerk (C) obtains Payments Received Listing from file
 - loan clerk (C) obtains individual borrower ledger cards (Form 10-352) from ledger tray for each borrower on Payments Received Listing

- from the Payments Received Listing obtain information and insert on Loan Payment Worksheet
Name of Borrower(s).
Date Payment Received (Day Number)
Amount Received
Loan Account Number (if available)
- for borrower(s) making payment on more than one loan, list borrower(s) name and gross payment amount once on a single line
- separate gross amount on subsequent lines of worksheet
- balance the total of worksheet payment amounts of total of Payments Received Listing, and check-mark to indicate verification from individual borrower ledger cards, obtain loan account number and insert on worksheet
- also obtain and insert on worksheet
Date (Day Number) of Last Payment
Interest Rate of Loan
Principal Balance Forward
- calculate for each payment the days between payments by subtracting day number of previous from day number of current payment, and apply to worksheet
- divide annual interest rate by 365 days to obtain daily interest rate
- multiply daily interest rate by number of days between payments
- multiply by principal balance outstanding to equal interest application amount, and insert on worksheet
- determine if payment was mailed or received later than 15 days after due date
- for late payments on loans made after July 1, 1979, loan clerk calculates a delinquency penalty
- penalty amount is calculated as 7% of the delinquent payment amount due, and is charged to loan payment prior to allocating payment amount to principal in accordance with AS 03.10.030(e)

- subtract interest application and penalty application amounts from total loan payment to obtain application to principal amount
- subtract application to principal amount from principal balance forward to obtain new principal balance and insert amount on worksheet
- after all loan payments have been allocated and worksheet is complete, loan clerk (C) prints POSTED on top of Loan Payments Received Listing and initials
- loan clerk (C) files Loan Payments Received Listing in loan office files in dedicated folder

- Loan clerk (C) prepares official receipt for payments and records payments on individual borrower ledger cards (Form 10-352) and on Loan Accounts Receipts Journal simultaneously using "one-write" system
 - information recorded from worksheet includes receipt number, amount received, days calculated between payments, interest applied, principal applied, penalty applied, balance of loan
 - loan clerk (C) prepares calculator tape of loan balances of borrower ledger cards posted above
 - loan clerk (C) prepares a calculator tape of worksheet principal balances calculated
 - loan clerk (C) compares calculator tape and ensures equal amounts
 - loan clerk (C) reconciles any differences in amounts encountered
 - when ledger cards and worksheet balance, loan clerk (C) writes POSTED at top of worksheet and initials
 - loan clerk (C) files worksheet in dedicated loan office folder
 - loan clerk (C) files ledger cards in ledger tray alphabetically by borrower name

- Loan clerk (C) subtotals (in pencil) all categories posted on the Accounts Receipts Journal for each period posted.
 - loan clerk mails official receipts to borrower(s)
- Page totals are calculated for each completed page and are reconciled across total amount received equals total interest and total principal applied.
- Loan clerk (C) check-marks each page below number for these categories when verified.

Final Payments

- Loan clerk notifies loan administrator when loan payments are made which complete the obligation of borrower(s) and pay-off the loan.
- Loan clerk completes the steps necessary to make necessary notification of loan repayment.
 - loan clerk prepares a Release Form for loans secured by Real Estate Mortgage
 - information to complete form is obtained from borrower(s). loan file
 - loan clerk attaches original loan note to Release Form and routes to loan administrator
- Loan administrator executes Release Form, and ensures signature is witnessed and notarized.
- Loan clerk stamps original notes PAID, and copies original note and Release Form.

- Loan clerk forwards stamped original note and signed Release Form to borrower(s).

- Loan administrator ensures that a Termination Statement is forwarded to the appropriate filing office for loans with a recorded financial statement (standard form UCC-3 is used)

Extension of Existing Note

- Loan administrator directs loan clerk to prepare a Loan Extension Form.
 - loan clerk prepares form with borrower(s) name as on the original note and the note number in the upper right hand corner
 - loan club includes information from loan administrator as to the terms of the extension:
 - outstanding principal balance
 - date interest it to be paid from
 - interest rate
 - new maturity date

- Loan clerk copies original note and attaches completed Extension Form.

- Loan clerk routes original form and note copy to loan administrator for signature.

- Loan administrator reviews with Director and upon approval by Director directs loan clerk to forward to borrower(s) or to contact for signatures.

- Loan administrator signs form for ARLF after borrower(s) executes.

- Loan clerk makes appropriate distribution.
 - make three copies of signed Extension Form and original note copy
 - file a copy in borrower(s) loan file
 - forward one copy to borrower(s)
 - attach original of signed Extension Form to original note and file in note box in loan office safe
- Loan clerk changes borrower(s) ledger card to agree with the terms of the approved extension.
- Loan club changes resume information on loan terms and status.

Refinancing Existing Loan

- Loan administrator reviews with Director and upon approval by Director directs loan clerk to prepare necessary documents to record refinancing of an existing loan, and provides required information.
- Loan clerk identifies a new loan number from Loan Register.
- Loan club prepares in Adjustment Voucher (Form 02-049) to record a transfer of principal and interest obligations from the old to the new loan number.
 - new loan funds may be added to the new loan number
 - adjustment voucher (AV) is forwarded to Juneau, Division of Finance on a weekly basis

- Loan clerk files a copy of the A in borrower(s) loan file.
- Loan clerk files an Amendment of Financing Statement, standard Form UCC-3 as appropriate for loans with recorded Financing Statements.
- Loan clerk amends refinanced loan documents with new loan number, new loan terms, additional funds disbursed, etc., including:
 - borrower(s) ledger card
 - loan resume
 - original note

REPORTING AND RECONCILIATION

Transmittal of Receipts

- Loan clerk prepares Transmittal of Receipts (Form 02-037) on pre-numbered, four-part form on a weekly basis, as a minimum.
 - loan clerk summarizes information from Loan Accounts Receipt Journal for the periods since last transmittal
 - loan clerk copies applicable Receipt Journal pages
 - loan clerk copies bank receipts for deposits made, and any bank collection notices received for the period
 - loan clerk ensures that the total of Transmittal of Receipts equals the Receipt Journal pages and the bank receipts or bank notices enclosed as support
 - loan clerk copies completed transmittal and maintains as a temporary file copy in loan office files
 - loan clerk forwards all copies of transmittal and support documents to Juneau, Division of Finance

- Loan clerk replaces temporary copy of transmittal with goldenrod copy returned from Juneau and files by DT number.
- Juneau applies Treasury Number (TR) and date entered on transmittal and returns goldenrod copy

Schedule of Cash in Treasury

- Loan clerk maintains on a current basis a record and balance amount of cash in the treasury account.
 - transactions are reflected as processed by ARLF
 - bank deposits are reflected as they are made, from the validated bank deposit slips
 - requests for warrants are reflected when the disbursement voucher (Form 02-050) is processed
 - additional expenditures, other receipts, and adjustments are reflected as processed, and are obtained from monthly Receipts and Expenditures Journals

Schedule of Accrued Interest

- Loan clerk prepares a Schedule of Accrued Interest at the end of each month.
 - loan clerk reviews each active loan in ledger tray and calculates accrued interest on each loan to the end of the month
 - schedule identifies for each active loan
 - Name of Borrower
 - Principal Balance
 - Accrued Interest
 - accrued interest is calculated from the principal loan balance based on the number of days in the period and the loan interest rate, in the same manner as allocation of a loan payment

- total balance of loans outstanding on the schedule is verified to ledger cards by preparing calculator tape of ledger cards and comparing
- any discrepancies are resolved by loan clerk

Periodic Financial Reports

- Loan clerk prepares monthly financial reports including balance sheet, cash flow statement, and income statement from ARLF records.

Income Statement

- income information for the Income Statement is obtained from the total of interest paid on loan balances for the month from the Loan Accounts Receipt Journal
- expense items are obtained from the Monthly Expenditure Journal from Juneau, reflecting administrative and operating expenditures
- operating income is calculated by subtracting the total of administrative and operating expenses from the total of all income

Balance Sheet

- current asset amounts are obtained as follows:

Cash in Treasury	-	from the General Ledger provided by Juneau
Cash in Treasury	-	from the total of all Transmittal of Receipts not posted by Juneau
Loans in Process	-	ARLF loan office listing total of previous period plus additions from loan administrator records
Repossessed Property-		
Loans Outstanding	-	from ARLF resume

- liabilities amounts are obtained as follows:
 - Due to Accounts - total of previous period plus additions/subtractions from ARLF records
 - Retained Earnings - total from previous period plus amount calculated on income statement for the period
 - Capitalization - total amount from previous period plus additional appropriations to ARLF
- total assets and total liabilities and capitalization are calculated and compared
- total amounts are balanced and discrepancies are resolved by the loan clerk as necessary

Cash Flow Statement

- opening balance of cash in account is obtained from previous period cash flow statement
- additional general fund appropriations amount is obtained from the loan administrator
- cash received from operations is obtained from the Loan Accounts Receipt Journal for the period
- for disbursements, the total of loans issued is obtained from the Loan Accounts Receipt Journal for the period
- administrative costs paid during the period from the ARLF account is obtained from the monthly Expenditures Journal from Juneau
- the total of disbursements against the ARLF account for the period is subtracted from the total of the funds available
- at the beginning of the period plus additions to the account due to operations for the period
- the net cash amount calculated is balanced to actual account balance in the bank reconciliation process

- discrepancies are resolved by loan clerk by review of ARLF records and Juneau reports

Bank Reconciliations

- Loan clerk (C) receives bank statement in mail from bank on a monthly basis and reconciles to ARLF records.
- loan clerk (C) verifies deposits on bank statement to validated bank deposit slips maintained in deposit book
- loan clerk (C) verifies that all deposits in the period are reflected
- loan clerk (C) resolves discrepancies with the bank for deposits not reflected
- loan clerk (C) resolves with bank or appropriate authority any deposits reflected on the statement for which ARLF does not have a validated deposit slip
- loan clerk compares checks reflected on the bank statement to the record of checks drawn against the account by the Department of Revenue, Division of Treasury and listed on monthly Expenditures Journal
- loan clerk lists and totals all checks drawn against the account and not reflected on the bank statement
- bank account is reconciled by starting with the account balance reflected on the statement, adding deposits not reflected and subtracting outstanding checks
- calculated balance is compared to the cash account balance maintained by ARLF loan clerk
- discrepancies are resolved by loan clerk
- a copy is made of the bank statement, reconciliation schedules, and appropriate documents and forwarded to the Division of Treasury, Juneau

Monthly Revenue and Expenditures Journals

- Loan clerk obtains on a monthly basis from Division of Treasury, Juneau, monthly Revenue and Expenditures Journals.

- Loan clerk balances total revenues on Journal to the transmittal of receipts forwarded for the period.
 - revenues that are not reflected on the Journal but which have been forwarded by transmittal of receipts are either in-transit or require further follow-up
 - in-transit revenues are those forwarded by ARLF on a transmittal of receipts dated after the journal cut-off date
 - revenues forwarded on a transmittal of receipts within the cut-off period for the journal but not listed, are discrepancies and are identified by the loan clerk through contact with Juneau or appropriate authority

- Loan clerk balances total expenditures for warrants on Journal to total of warrants requested from Disbursement Vouchers (Form 02-050).
 - amount reflected on Journal for warrants drawn are compared to warrants requested from Disbursement Vouchers
 - warrant amounts not reflected on Journal are identified as either outside the Journal period and thus in-transit, or are within the period and are discrepancies
 - discrepancies are resolved with Juneau or ARLF by loan clerk

- Loan clerk balances administrative and other expenditures to amounts shown on the Journal.

- Loan clerk initials and dates Journals when revenues and expenditures are verified to ARLF records.

- Loan clerk files Journals in loan office records files.

State of Alaska
General Ledger

- Loan clerk receives month end General Ledger reports from Juneau on a monthly basis.

- Loan clerk reconciles amount reflected on General Ledger to ARLF records for the account total of loans outstanding.
 - balance in loans outstanding account is verified by taking balance from the resume and subtracting loan principal payments reflected on transmittal of receipts (Form 02-037) forwarded to Juneau, but not yet posted
 - adjustments made to loan accounts on adjustment vouchers (Form 02-049) are reflected as required
 - discrepancies are resolved with ARLF records or Juneau as required
 - discrepancies not resolved are brought to the attention of the loan administrator

- Loan clerk initials and dates balance amount in loans outstanding account on general ledger when verified.

- Loan clerk reconciles amount reflected on general ledger to ARLF records for the account cash with treasury.

- ARLF record of cash on hand in the Treasury maintained by loan clerk is compared to amount reflected on general ledger
 - cash receipts not reflected in the general ledger balance are added to this amount and are obtained from Transmittal of Receipts forwarded to Juneau
 - cash expenditures not reflected on the general ledger are subtracted from the amount shown, and are obtained from Disbursement Vouchers (Form 02-050) processed and not reflected, administrative and operating expenses paid and not reflected, and any adjustments to the account
 - discrepancies between ARLF records of cash and the general ledger are resolved with appropriate authority
 - discrepancies not resolved are brought to the attention of the loan administrator
-
- Loan clerk initials and dates cash balance amount on the general ledger when verified.
 - Loan clerk files general ledger in loan office files.
 - Loan clerk reconciles all other accounts on the general ledger report provided by Juneau to ARLF records on a semi-annual basis.
 - Loan administrator and loan clerk prepare calculations to support an allowance for uncollectible accounts on an annual basis at year end.
 - information prepared in forwarded to the Division of Finance, in Juneau

LOAN CLERK B:

- Receives from Loan Clerk A -
 - transmittals from Delta office
 - endorsed payments and Payments Received Listing from Wasilla

- Prepares a bank deposit slip (in duplicate) from checks and money orders from Delta office.
 - prepares a calculator tape of checks and money orders and indicates total on deposit slip
 - verifies that tape total and total on Payments Received Listing provided by Delta are the same
 - reconciles any differences with Delta office
 - informs loan administrator of any differences not reconciled
 - maintains a separate deposit book with duplicate copies of deposit slips for Delta payments

- Prepares bank deposit slip (in duplicate) from checks and money orders from Wasilla office.
 - prepares a calculator tape of checks, and indicates total on deposit slip
 - prepares a calculator tape of Payments Received Listing, and indicates total on the form
 - verifies that tape totals are the same, and initials form beside total, to indicate verification and reconciliation

- Obtains all cash envelopes from Wasilla office safe and includes on deposit slip as a total amount.
 - lists all cash payments received on Payments Received Listing from receipts

- prepares calculator tape of cash on Payments Received Listing and notes total on form
 - prepares a calculator tape of receipts attached to envelopes
 - counts cash, notes total on deposit slip, and compares to calculator tapes
 - verifies that tape totals are the same, and initials deposit slip copy beside cash total to indicate verification and reconciliation
- Maintains copy of deposit slip in deposit book as temporary file copy.
- reconciles all discrepancies in two tape totals, or informs loan administrator if unable to reconcile
 - files Payments Received Listing in loan office file by date
 - loan clerk or loan administrator takes checks, cash, etc., and deposit slips to bank and obtains validated deposit slips (Wasilla and Delta payments)
 - staples validated deposit slips to second copy of deposit slip-listing retained in deposit books (Wasilla and Delta)

LOAN CLERK C:

- Prepares Loan Payment Worksheet and allocates borrower(s) loan payments amounts to principal and interest.
 - on a weekly basis, obtains Payments Received Listing from file
 - obtains individual borrower ledger cards (Form 10-352) from ledger tray for each borrower on Payments Received Listing
 - from the Payments Received Listing obtain information and insert on Loan Payment Worksheet
 - Name of Borrower(s)
 - Date Payment Received (Day Number)
 - Amount Received
 - Loan Account Number (if available)
 - for borrower(s) making payment on more than one loan, list borrower(s) name and gross payment amount once on a single line
 - separate gross amount on subsequent lines of worksheet
 - balance the total of worksheet payment amounts of total of Payments Received Listing, and check-mark to indicate verification from individual borrower ledger cards, obtain loan account number and insert on worksheet
 - also obtain and insert on worksheet
 - Date (Day Number) on Last Payment
 - Interest Rate of Loan
 - Principal Balance Forward
 - calculate for each payment the days between payments by subtracting day number of previous from day number of current payment, and apply to worksheet
 - divide annual interest rate by 365 days to obtain daily interest rate
 - multiply daily interest rate by number of days between payments

- multiply by principal balance outstanding to equal interest application amount, and insert on worksheet
 - determine if payment was mailed or received later than 15 days after due date
 - for late payments on loans made after July 1, 1979, loan clerk calculates a delinquency penalty
 - penalty amount is calculated as 7% of the delinquent payment amount due, and is charged to loan payment prior to allocating payment amount to principal in accordance with AS 03.10.030(e)
 - subtract interest application and penalty application amounts from total loan payment to obtain application to principal amount
 - subtract application to principal amount from principal balance forward to obtain new principal balance and insert amount on worksheet
 - after all loan payments have been allocated and worksheet is complete, prints POSTED on top of Loan Payments Received Listing and initials
 - files Loan Payments Received Listing in loan office files in dedicated folder
- Prepares official receipt for payments and records payments on individual borrower ledger cards (Form 10-352) and on Loan Accounts Receipts Journal simultaneously using "one-write" system
- information recorded from worksheet includes receipt number, amount received, days calculated between payments, interest applied, principal applied, penalty applied, balance of loan
 - prepares calculator tape of loan balances of borrower ledger cards posted above
 - prepares a calculator tape of worksheet principal balances calculated
 - compares calculator tape and ensures equal amounts
 - reconciles any differences in amounts encountered

- when ledger cards and worksheet balance, writes POSTED at top of worksheet and initials
- files worksheet in dedicated loan office folder
- files ledger cards in ledger tray alphabetically by borrower name

- Subtotals (in pencil) all categories posted on the Accounts Receipts Journal for each period posted.
 - mails official receipts to borrower(s)

- Calculates page totals for each completed page and reconciles across: total amount received equals total interest and total principal applied.

- Check-marks each page below number for these categories when verified.

LOAN ADMINISTRATOR:

- Verifies cash handling procedures on a monthly basis.
 - verifies that total on tape of cash receipts equals the total on the deposit slip and on the Payments Received Listing
 - verifies that total on tape of checks and money orders equals the total on the deposit slip and on the Payments Received Listing
 - initials deposit slip beside cash total or check totals if amounts are equal
 - initials Payments Received Listing beside cash total or check total if totals are equal
 - obtains explanation of any discrepancies from loan clerk (B) and reconciles.

SECTION XRECORDS RETENTION SCHEDULE

<u>Document</u>	<u>Period Held</u>	<u>Disposition</u>
Borrower Ledger Cards		
Loan Accounts Receipt Journal		
Late Payment Schedule		
Payments Received Listings		
Receipt Books		
Deposit Books		
Loan Payment Worksheet		
Borrower Loan Files Closed		
Transmittal of Receipts		
Schedule of Cash in Treasury		
Schedule of Accrued Interest		
Periodic Financial Reports		

SECTION X (continued)RECORDS RETENTION SCHEDULE (continued)

<u>Document</u>	<u>Period Held</u>	<u>Disposition</u>
Bank Reconciliations		
Revenue and Expenditures Journals		
General Ledger Reports		

AGRICULTURAL REVOLVING LOAN FUND

Date

Re:

Name
Address

Dear

Thank you for your interest in the Agricultural Revolving Loan Fund and the services we provide to Alaskans.

I have enclosed some general information about the Agricultural Revolving Loan Fund and our activities.

Please feel free to contact me or loan fund personnel if you have any questions or would like more information about us.

Sincerely,

Enclosures

AGRICULTURAL REVOLVING LOAN FUND

Date

Re:

Name
Address

Dear

Thank you for your interest in the Agricultural Revolving Loan Fund and your request for a Loan Application Package.

I have enclosed the following:

* Loan Application Package

*

*

Please feel free to contact loan examiners in these locations if you have any questions:

* Harley G. Olberg, P.O. Box 268, Delta Junction, Alaska
99737 895-4921

* David E. Owen, P.O. Box 1256, Wasilla, Alaska 99687
376-3276

* Douglas L. Jacobson, P.O. Box 1256, Wasilla, Alaska 99687
376-3276

Sincerely,

Enclosures

AGRICULTURAL REVOLVING LOAN FUND

INITIAL PERSONAL CONTACT FORM

Name of Individual _____

Mailing Address _____

Telephone Number _____

Method of Contact:

Telephone _____ In Person _____

Date of Contact: _____

Nature of Interest/Inquiry _____

Disposition:

Route to Loan Examiner/Administrator Check/Initial

Form Letter/Brochures/Loan App. Date Sent

Loan Clerk Initials _____

Loan Examiner/Administrator Follow-Up:

Date: _____

AGRICULTURAL REVOLVING LOAN FUND

Date

Re: Loan Application Package

Name
Address

Dear

This is to confirm that we have received your

Loan Application Package on _____
Date

Loan Documents _____
Date

Review of your Application Package indicates that:

_____ the Package appears to be complete and has been assigned to the following loan examiner for further review:

Name _____ Location _____

_____ the Package appears to be incomplete for the following reasons:

Missing Documents _____

Form Not Signed _____

Non-Alaskan Resident _____

Your application package is being maintained in our PENDING files awaiting the necessary documents.

If you have any questions regarding your Application Package or our review process, please feel free to contact:

Name

Location

Telephone

Mailing Address

Sincerely,

AGRICULTURAL REVOLVING LOAN FUND

Date

Re: Notification of Loan Board Decision

Name
Address

Dear

This is to inform you that your request for loan was reviewed by the Loan Board of the Agricultural Revolving Loan Fund at its meeting on _____.

The decision of the Loan Board was to:

- _____ Approve your loan request. Contact your loan examiner for instructions for Closing.
- _____ Approve your loan request with the following changes or additional requirements:

- _____ Hold your loan request in our PENDING file until additional conditions are met or information is provided.

Contact your loan examiner for more information

_____ Disapprove your loan request. Contact your loan
examiner for more information.

If you have any questions regarding your loan application or the
decision of the Loan Board, you may contact your local Loan
Examiner.

Sincerely,

AGRICULTURAL REVOLVING LOAN FUND

Date

Re:

Name
Address

Dear

Thank you for your interest in the Agricultural Revolving Loan Fund and the services we provide to Alaskans.

I have enclosed some general information about the Agricultural Revolving Loan Fund and our activities.

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Sincerely,

Enclosures

AGRICULTURAL REVOLVING LOAN FUND

INITIAL PERSONAL CONTACT FORM

Name of Individual _____

Mailing Address _____

Telephone Number _____

Method of Contact:

Telephone _____ In Person _____

Date of Contact: _____

Nature of Interest/Inquiry _____

Disposition:

Route to Loan Examiner/Administrator Check/Initial

Form Letter/Brochures/Loan App. Date Sent

Loan Clerk Initials _____

Loan Examiner/Administrator Follow-Up:

Date: _____

AGRICULTURAL REVOLVING LOAN FUND

Date

Re: Loan Application Package

Name
Address

Dear

This is to confirm that we have received your

Loan Application Package on _____
Date

Loan Documents _____
Date

Review of your Application Package indicates that:

_____ the Package appears to be complete and has been assigned to the following loan examiner for further review:

_____ Name	_____ Location
------------	----------------

_____ the Package appears to be incomplete for the following reasons:

Missing Documents _____

Form Not Signed _____

Non-Alaskan Resident _____

Your application package is being maintained in our PENDING files awaiting the necessary documents.

If you have any questions regarding your Application Package or our review process, please feel free to contact:

Name

Location

Telephone

Mailing Address

Sincerely,

AGRICULTURAL REVOLVING LOAN FUND

Date

Re: Notification of Loan Board Decision

Name
Address

Dear

This is to inform you that your request for loan was reviewed by the Loan Board of the Agricultural Revolving Loan Fund at its meeting on _____.

The decision of the Loan Board was to:

_____ Approve your loan request. Contact your loan examiner for instructions for Closing.

_____ Approve your loan request with the following changes or additional requirements:

_____ Hold your loan request in our PENDING file until additional conditions are met or information is provided.

Contact your loan examiner for more information

— Disapprove your loan request. Contact your loan
examiner for more information.

If you have any questions regarding your loan application or the
decision of the Loan Board, you may contact your local Loan
Examiner.

Sincerely,

AGRICULTURAL REVOLVING LOAN FUND

LOAN APPLICATION PACKAGE

INDEX

1. POLICIES AND PROCEDURES FOR LOANS
2. LOAN DOCUMENTS CHECK LIST
3. LOAN APPLICATION AND FUNDS REQUEST
4. LETTER OF INTENT AND LOAN USE
5. LONG-TERM BORROWING PLAN
6. CASH FLOW PROJECTIONS
7. LOAN REPAYMENT PLAN
8. LIST OF COLLATERAL
9. PRODUCT MARKET STATEMENT
10. PERSONAL RESUME AND PRODUCTION RECORDS
11. CURRENT FINANCIAL STATEMENTS
12. INCOME TAX RETURNS
13. AUTHORIZATION FORMS TO VERIFY FINANCIAL INFORMATION
14. AUTHORIZATION FORMS TO VERIFY CREDIT BACKGROUND

SECTION 1

POLICIES AND PROCEDURES FOR LOANS

LOAN PURPOSES

The Alaska Agricultural Loan Act (AS03.10), established in 1953, is designed to promote the more rapid development of agriculture as an industry throughout the State by means of long-term , low-interest loans.

Five types of loans are available to qualified individuals and groups for agricultural purposes:

1. Farm Development Loans for the purchase of land, land clearing, construction of farm buildings, and processing plants.
2. Chattel Loans for the purchase of livestock and equipment.
3. Short-term loans for seed, feed, fertilizer, harvesting, planting, and other general farm operations.
4. Irrigation loans for irrigation systems equipment only.
5. Farm product processing loans.

ELIGIBILITY

Loans may be made to individual farmers, homesteaders, partnerships or corporations composed of farmers and/or homesteaders.

To qualify for funds, applicants must provide proof of current Alaska residency.

A borrower must provide a statement of farm and other business experience with evidence of necessary related skills and training.

A borrower may not use farm land for a non-farm use or sell, lease or otherwise dispose of farm land if that land is encumbered by a mortgage given to secure the payment of a loan.

INTEREST RATES

Interest rates on all loans will be calculated on the unpaid loan balance at or not to exceed the maximum legal limit as prescribed in Alaska Statutes.

TERMS

<u>Loan Type</u>	<u>Maximum Loan</u>	<u>Maximum Life</u>
Farm Development Loan	\$500,000	Up to 30 years
Chattel Loan	\$300,000	Up to 7 years or useful life of chattel
Short Term Loan	\$200,000	Up to 1 year
Irrigation Loan	Negotiated	Up to 10 years
Farm Product Processing Loan	\$2,500,000	Up to 30 years

COLLATERAL

All loans must be secured by adequate collateral, which is subject to appraisal by the Agricultural Revolving Loan Fund (ARLF) or an outside appraiser. Eligible collateral may include land, buildings, machinery, equipment, crops or livestock.

Fire and collision coverage is required on machinery, equipment, and buildings used as collateral on ARLF loans naming ARLF as loss payee.

APPLICATION PROCEDURES

Application for loans must be made on forms prescribed by ARLF and must include submission of items required as listed on the Loan Documents Checklist.

Completed applications will be submitted to the Loan Board for review. All applicants will be notified in writing of the decisions of the Board.