

SCOMM

#50:4

Alaska State Legislature

COMMITTEES:

Committee on Community and Regional Affairs
Committee on Transportation
Special Committee on Oil and Gas
Special Committee on Fisheries
Finance Sub-committee on Fish and Game




District 5

Kenai	Sterling
Soldotna	Anchor Point
Homer	Point Graham
Seldovia	English Bay
Kachemak	Nikolaevsk
Kasilof	Halibut Cove
Ninilchik	Clam Gulch

Representative Andre Marrou

5 March, 1985

TO: Rep. John Sund, Chrmn., Loans Committee

FROM: Rep. Andre Marrou 

RE: Zero-Use Loan Programs

Today in the Fisheries Committee, we received some information on commercial fishing loans, which also touched upon other DCED loan programs (see copy enclosed).

Specifically, during the last 3 years, there have been several programs that have not been utilized, as follows:

- In FY 83, 4 loan programs with zero use;
- In FY 84, 6 loan programs with zero use;
- In FY 85, 9 loan programs with zero use.

Obviously, with this decreasing use of the programs, there arises the question as to whether they should be discontinued. Perhaps your committee is already pursuing this matter.

Also, testimony today by DCED officials indicated that "Type C" commercial fishing loans are now at a 100% delinquency rate and "should be dumped", to use their term.

AVM/mc

MAR 6
5 MAR 85

DEPARTMENT of COMMERCE & ECONOMIC DEVELOPMENT
Division of Accounting & Collections

Commercial Fish Summary

March 5, 1985

STATISTICS ON DCED LOAN PROGRAMS
(Thousands of Dollars)

January 31, 1985

	Veterans	Small Business	Commercial Fish	Tourism	Bulk Fuel	Child Care	Hist Dist	Mining	Alternate Energy	Resid. Energy	Fish Enhance	Power Dev.	Water Resource	Total
Commitments														
Total No. Loans														
Committed FY '72-85	7,718	1,338	2,657	59	148	42	9	65	2,691	2,173	97	3	5	17,005
Total Dollar Amount														
Committed FY '72-85	371,795.2	202,529.3	154,396.7	29,874.7	5,482.6	1,320.4	667.7	28,160.0	17,140.9	8,151.2	37,084.1	191,165.0	2,500.0	1,050,267.8
Total No. Loans														
Committed FY '85	-0-	-0-	110	-0-	28	6	-0-	2	183	159	9	3	-0-	500
Total Dollar Amount														
Committed FY '85	-0-	-0-	6,148.1	-0-	962.9	276.2	-0-	1,128.1	1,394.2	404.4	3,780.1	191,165.0	-0-	205,259.0
Appropriations														
FY '83	-0-	-0-	9,400.0	-0-	1,000.0	400.0	500.0	15,000.0	4,000.0	4,500.0	22,000.0 ¹	N/A	-0-	56,800.0
FY '84	-0-	-0-	9,091.0	-0-	-0-	869.5	500.0	-0-	2,400.0	3,123.4	6,500.0	N/A	-0-	22,483.9
FY '85	-0-	-0-	3,500.0	-0-	-0-	-0-	-0-	-0-	1,000.0	-0-	5,000.0	210,000.0	-0-	219,500.0
Loans Outstanding														
Owned by Fund														
Number of Loans														
Outstanding	135	268	999	5	49	25	3	48	1,944	1,571	81	3	1	5,132
Principal Amount														
Outstanding	6,129.4	33,835.6	48,402.5	3,258.2	1,257.0	867.0	339.9	18,833.6	12,051.7	4,966.0	31,116.2	191,165.0	909.8	353,131.9
Average Loan Amount														
Outstanding	45.5	201.4	48.5	651.6	25.7	34.7	113.9	392.4	6.2	3.2	38.5	63,721.7	909.8	68.8
Serviced for the Dept. of Revenue														
Number of Loans														
Outstanding	1,841	225	764	14	N/A	3	3	N/A	N/A	N/A	14	N/A	N/A	2,864
Principal Amount														
Outstanding	83,241.0	18,587.5	30,215.1	2,578.9		16.9	124.3				6,604.2			141,367.9
Average Loan Amount														
Outstanding	45.2	82.6	39.5	184.2		5.6	41.4				471.7			49.4
Summary														
Total No. of Loans														
Outstanding	1,976	493	1,763	19	49	28	6	48	1,944	1,571	95	3	1	7,996
Total Principal														
Amount Outstanding	89,370.4	52,423.1	78,617.6	5,837.1	1,257.0	883.9	464.2	18,833.6	12,051.7	4,966.0	37,720.4	191,165.0	909.8	494,499.8
Delinquency Rates (includes defaults)														
Number of Loans %	18.3%	32.8% ²	14.9% ³	10.5% ²	20.4%	14.8%	-0-	47.9%	16.6%	15.8%	N/A	N/A	-0-	17.8%
Outstanding Balance %	19.2%	34.1%	18.5%	3.5%	11.1%	13.9%	-0-	56.3%	15.8%	16.0%	N/A	N/A	-0-	24.0%

¹ See Ch 114, Sec 5 and Ch 141, Sec 242 SLA 1982, and Ch 106 Sec 11 SLA 1983.
² Adjusted for Bank Participation system inaccuracies
³ Adjusted for approved extension requests

DEPARTMENT of COMMERCE and ECONOMIC DEVELOPMENT

2-25-85

Division of Accounting & Collections

Commercial Fishing Loan Delinquency Analysis by Type:

	Total	Delinquency Rate (Unadjusted)	Delinquency Rate ¹ (Adjusted)
Commercial Fish Loans			
Type O (Other, Old)	1205	21.5%	16.4%
Type A	257	12.0%	7.8%
Type B	274	22.6%	11.7%
Type C	2	100.0%	100.0%
FM&N	25	48.0%	48.0%
	<hr/>		
TOTAL	<u>1763</u>	<u>20.8%</u>	<u>14.9%</u>
Outstanding Balances:			
Type O	\$49,880.0	27.7%	21.8%
Type A	13,845.0	13.1%	7.4%
Type B	12,884.0	27.9%	14.4%
Type C	94.0	100.0%	100.0%
FM&N	<u>1,380.0</u>	44.6%	44.6%
TOTAL	<u>\$78,085.0</u>	<u>25.5%</u>	<u>18.5%</u>

¹Adjusted for approved 1984 payment extension requests

DEPARTMENT of COMMERCE & ECONOMIC DEVELOPMENT

Division of Accounting & Collections

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FY 84	0	0	9,091.0	0	0	869.5	500.0	0	2,400.0	3,123.4	6,500.0	N/A	0	22,483.9
FY 85	0	0	3,500.0	0	0	0	0	0	1,000.0	0	5,000.0	210,000.0	0	219,500.0
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Delinquency Rates (Includes defaults)														
Number of Loans %	18.3%	32.8% ²	14.9% ³	10.5% ²	20.4%	14.8%	0	47.9%	16.6%	15.8%	N/A	N/A	0	17.8%
Outstanding Balance %	19.2%	34.1%	18.5%	3.5%	11.1%	13.9%	0	56.3%	15.8%	16.0%	N/A	N/A	0	24.0%

¹ See Ch 114, Sec 5 and Ch 141, Sec 242 SLA 1982, and Ch 106 Sec 11 SLA 1983.

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Department of Commerce and Economic Development
Commercial Fish Loan Commitments

Dollar Amount of Loans Approved
(Thousands of Dollars)

	FY 72/73	FY 74/75	FY 76/77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85 thru 01/31/85	Total
Commercial Fish Loan Act	11.5	3,460.5	9,419.1	13,044.3	29,733.6	32,548.1	21,205.6	9,054.3	2,282.2			120,759.2
Fisherman's Mortgage & Note								1,797.6				1,797.6
Commercial Fish - Type "A"									5,914.9	6,527.0	2,613.4	15,055.3
"B"									5,743.7	7,371.2	3,534.7	16,649.6
"C"									118.4	16.5	0	134.9
Total	11.5	3,460.5	9,419.1	13,044.3	29,733.6	32,548.1	21,205.6	10,851.9	14,059.2	13,914.7	6,148.1	154,396.6

Number of Loans Approved

	FY 72/73	FY 74/75	FY 76/77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85 thru 01/31/85	Total
Commercial Fish Loan Act	2	87	211	234	357	555	352	197	11			2,006
Fisherman's Mortgage & Note								31				31
Commercial Fish - Type "A"									147	95	34	276
"B"									121	144	76	341
"C"									2	1	0	3
Total	2	87	211	234	357	555	352	228	281	240	110	2,657

Prepared by Division of Accounting and Collections - 465-2555

DEPARTMENT of COMMERCE and ECONOMIC DEVELOPMENT

2-25-85

Division of Accounting & Collections

Commercial Fishing Loan Delinquency Analysis by Type:

	Total	Delinquency Rate (Unadjusted)	Delinquency Rate ¹ (Adjusted)
Commercial Fish Loans			
Type 0 (Other, Old)	1205	21.5%	16.4%
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Type C	2	100.0%	100.0%
FM&N	25	48.0%	48.0%
	<hr/>		
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Type C	94.0	100.0%	100.0%
FM&N	<u>1,380.0</u>	44.6%	44.6%
TOTAL	<u>\$78,085.0</u>	<u>25.5%</u>	<u>18.5%</u>

¹Adjusted for approved 1984 payment extension requests

Department of Commerce & Economic Development
Division of Accounting and Collections

1984 COMMERCIAL FISH LOAN PAYMENT EXTENSION REQUESTS
(1-25-85)

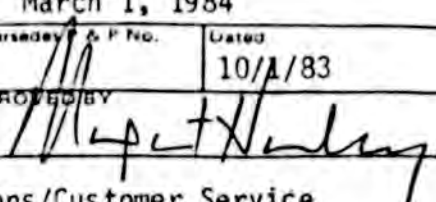
	<u>PAID¹</u>	<u>APPROVED</u>	<u>TABLED²</u>	<u>DENIED</u>	<u>TOTAL</u>
Bristol Bay	1	61	0	6	68
Cook Inlet	1	36	2	7	46
Prince William Sound	0	22	0	5	27
Kodiak	0	16	0	5	21
Southeastern	1	10	1	1	13
Norton Sound	0	3	0	0	3
Yakutat	0	0	0	1	1
Peninsula/Aleutians	0	1	0	1	2
Kotzebue	0	1	0	0	1
Chignik	0	0	0	1	1
Other	<u>0</u>	<u>15</u>	<u>3</u>	<u>7</u>	<u>25</u>
TOTAL	<u>3</u>	<u>165</u>	<u>6</u>	<u>34</u>	<u>208</u>

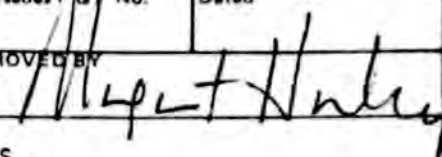
REQUEST HISTORY

	<u>1983</u>	<u>1984</u>	<u>Change</u>	<u>% Change</u>
Bristol Bay	18	68	+50	+278%
Cook Inlet	22	46	+24	+109%
Prince William Sound	48	27	-21	-43.8%
Kodiak	62	21	-41	-66.1%
Southeastern	56	13	-43	-76.8%
Norton Sound	N/A	3	Unk	Unk
Yakutat	N/A	1	Unk	Unk
Peninsula/Aleutians	14	2	-12	-85.7%
Kotzebue	N/A	1	Unk	Unk
Chignik	5	1	-4	-80.0%
Other	<u>11</u>	<u>25</u>	+14	+127.7%
TOTAL	<u>236</u>	<u>208</u>		<u>-11.9%</u>

¹Borrower paid current before extension request was reviewed.

²Requests tabled by loan committee (or returned prior to committee review) for additional information.

STATE OF ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT POLICY AND PROCEDURES		P & P No. COL-001	Page 1 OF 1
SUBJECT LOAN PAYMENT EXTENSION		Effective Date March 1, 1984	
		Superseded P & P No.	Dated 10/1/83
DIVISION Accounting & Collections		SECTION Collections/ Customer Service	
APPROVED BY 			
<u>PURPOSE</u> To provide guidelines for evaluating requests for loan payment extensions.			
<u>POLICY & PROCEDURE</u> The borrower:			
<ol style="list-style-type: none"> 1. Should not have funds available to make the payment; 2. Should not have had any nonessential expenditures within a reasonable time prior to payment due date; 3. Should have a strong payment history on the loan, and should not demonstrate excessive problems keeping contractual agreements; 4. Should demonstrate good faith effort to earn payment money; and 5. Should have reasonable potential to make future payments. 			
The loan should still be well-secured after the extension. Additional collateral must be required when loan-to-value ratio is excessive.			
The following subjective questions should be answerable in the affirmative:			
<ol style="list-style-type: none"> 1. Is the requested action reasonable? 2. Will granting the requested action be in the best interest of both the borrower and the State? 3. Will granting the extension promote the intent of the program as specified by law? 			
A loan which was not in default at the time of the division's receipt of the extension application will not be considered delinquent during the time the request is under consideration. Should the extension be denied, in this instance, the borrower shall have 45 days from the date notice of denial is mailed to make the payment without being considered delinquent, and the payment will not accrue a late fee.			
When an extension is granted, an extension fee equal to the contractual late fee will be charged, subject to a maximum of \$125.00 for all annual payment extensions less than \$35,000. Extensions of annual payments greater than \$35,000 shall bear a fee equal to the contractual late fee subject to a maximum of \$2,500.			
A modification agreement may:			
<ol style="list-style-type: none"> 1. Add interest to principal and defer payment to maturity (will cause loan to amortize incorrectly and should be used only when borrower/State agree there is no other option). 2. Extend term of loan to statutory maximum. (NOTE: recording fee <u>must</u> be collected from borrower to record an amendment to First Preferred Ship Mortgage or any other legal document which may require it.) 3. Reamortize loan. 4. Allow double payment the following year. 5. Include other mutually-agreeable work-out arrangements. 			

STATE OF ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT POLICY AND PROCEDURES		P & P No. COL-003	Page 1 OF 1
SUBJECT Commercial Fish Problem Loans Requesting Assumption Approval		Effective Date December 1, 1984	
		Supersedes P & P No.	Dated
DIVISION Accounting & Collections		SECTION Collections	
APPROVED BY 			

PURPOSE

To establish guidelines for borrowers who are requesting approval of an assumption as a "cure" for a problem commercial fishing loan, when an extension is not feasible and foreclosure is impending.

POLICY

We believe there is a strong probability that legislation will be introduced in January 1985 which would allow assumptions of commercial fishing loans in most cases where they are not assumable at present.

Present statutes are interpreted as not allowing assumptions for individuals and/or loans that do not meet all the requirements of the current loan program for new loans. This eliminates assumption of any vessel where the assumed balance would be greater than \$100,000; an assuming borrower for any vessel less than \$100,000 presently must meet Type B loan requirements: (1) no alternative financing, (2) limited by training or location to fishing, (3) fishing is only occupation, (4) fishing has been way of life.

The Department of Commerce and Economic Development has recommended statutory changes allowing assumptions because we feel viable assumptions are in every case a better solution for the borrower and the State than foreclosure.

Pending action on the proposed legislation, the department's policy will be:

- (1) to continue to examine problem loans on individual basis;
- (2) to approve extensions where requests meet extension guideline criteria;
- (3) where extensions are denied, and an assumption has been proposed by the borrower as "the solution," to hold legal action until after 6-30-85, when it is known whether the assumption legislation passed; a letter will be sent to any borrower where foreclosure action is being delayed pending action on this proposed legislation (see attached).

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2555

DIVISION OF ACCOUNTING AND COLLECTIONS

AC.94
Wang #1100t
12/4/84

Dear _____:

Re: _____

Your loan has been reviewed by the loan committee and it has been determined that no legal action will be taken at this time; we believe that an assumption of your loan could be a reasonable solution for both you and the State. However, the statutes currently do not allow assumptions for individuals who do not meet all the requirements of the current loan program for new loans. Many vessels used as security on older loans exceed the \$100,000 statutory limit as well.

We believe that new legislation relating to commercial fish loans has a good chance of passing the 1985 Legislature, especially if commercial fishermen and women around the State let their legislators know the importance of this issue. We are delaying legal action on your loan _____ - _____ - _____ until July 1, 1985, at which time we will know whether your loan legally can be assumed. (This letter is not an approval of the assumption; if the proposed legislation becomes law, assumption applications will be reviewed individually by the Division of Investments to determine acceptability.)

Please contact our Collections Section at (907) 465-2555 or Zenith 5500 if you have any questions.

Yours truly,

Margaret I. Hamley
Director

MIH/_____

UNASSUMABLE STATE LOANS

Currently the state makes unassumable loans for commercial fishing boats. Fishermen who can't make the payments on their boats are having difficulty selling them because qualified buyers cannot assume the loans under the present restrictions. The end result is that the state ends up repossessing the boat and selling it at auction for much less than what is owed. The state takes a beating at the auction and one of the reasons is that there is no financing for repossessed boats. Commercial loaning institutions have prohibitive interest rates and also are understandably reluctant to loan money on commercial fishing boats at this time.

The bottom line is that the fishermen in financial difficulties cannot sell their boats to people who are financially qualified, where the state could recover their loans. Boats are being repossessed by the state and put on the auction block, sold at tremendous loss. It is unclear if this situation is occurring because of legislative intent or bureaucratic regulation, but the state agencies involved are blaming it on the legislature.

H. DeLoe
FK

STATE OF ALASKA

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**
DIVISION OF INVESTMENTS

BILL SHEFFIELD, GOVERNOR

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2510

February 25, 1985

The Honorable Peter Goll, Chairman
House Special Committee on Fisheries
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Goll:

I am writing to you, as Chairman of the House Special Committee on Fisheries, to discuss the effects of the current State commercial fishing loan program on the transfer of limited entry permits from rural to urban Alaska. As Director of the Division of Investments for the Department of Commerce & Economic Development which administers the commercial fishing loan program, I believe further discussion will be helpful.

There are at least four reports that have been published by the Alaska Commercial Fisheries Entry Commission (CFEC) that discuss the impact of the commercial fishing loan programs on the transfer of limited entry permits from rural to urban Alaska:

- CFEC Report Number 83-8: Low-interest Loans and the Markets for Limited Entry Permits in the Alaska Salmon Fisheries.
- CFEC Report Number 84-2: Alaska's Subsidized Fishing Loan Program. A Study of Distributional Aspects of Permit Related Loans During Fiscal Years 1979 Through 1982.
- CFEC Report Number 84-8: Alaskan Natives and Limited Fisheries of Alaska. A Study of Changes in the Distribution of Permit Ownership amongst Alaskan Natives, 1975-1983.
- CFEC Report Number 84-10: Changes in the Distribution of Permit Ownership in Alaska's Limited Fisheries, 1975-1983.

As you are aware, the commercial fishing loan programs were extensively amended by the Legislature effective June 25, 1982. Consequently, the reports that have been published by the Alaska Commercial Fisheries Entry Commission, for the most part, discuss loan programs that no longer exist. Unfortunately, many readers of these reports erroneously conclude that these reports are discussing the current commercial fishing loan program.

There are some statements and conclusions contained in these reports relating to earlier commercial fishing loan programs administered by the Department of Commerce & Economic Development that I question. Please refer to my memorandum to Kurt Schelle dated April 3, 1984 regarding the draft report for CFEC Report Number 84-3.

I believe highlighting the important changes in the various commercial fishing loan programs would be beneficial and help to put the issues into perspective.

- 6-21-72 COMMERCIAL FISHING LOAN ACT. When this loan program was initially established, the statutory policy was to promote the development and continued maintenance of commercial gear and vessels throughout the state by means of long term, low interest loans. An individual must have been a resident for five continuous years and held a commercial gear license for three years. Loans were limited to \$100,000, 7% interest, with a maximum term of 15 years.

- 4-24-73 For the first time, the financing of limited entry permits was allowed; however, permits could not be used as collateral. The statutory policy was also amended by referencing a predominately Alaska resident fishery.

- 6-4-75 The statutory policy was again amended to include language promoting the rehabilitation of the state's fisheries.

- 6-24-77 The loan limit was increased from \$100,000 to \$150,000.

- 6-28-78 Now, for the first time, limited entry permits could be pledged as security for a loan. The loan limit was increased from \$150,000 to \$500,000. The five year continuous residency had to be immediately preceding the date of the loan application and the license requirement now encompassed a crew member or commercial fishing license or ownership of a limited entry permit. The license or permit must have been held for any one of the past five years and the owner must have actively participated in the fishery during that period. Eligibility was expanded to include corporations, partnerships or joint ventures. Bank participation was, for the first time, provided for in the statutes.

- 6-1-79 Retroactive to 7-1-78, the interest rate was increased from 7% to 9 1/2% and other minor miscellaneous changes were made.
- 6-21-80 Language was included to require that all sources of income must be considered in determining whether or not an applicant could service the loan debt.
- 6-21-80 FISHERMEN'S MORTGAGE AND NOTE PROGRAM. A new loan program was created in addition to the existing Commercial Fishing Loan Act. The purpose of this new loan program was to curb the outflow of limited entry permits from rural Alaska by alleviating the difficulties in obtaining financing for limited entry permits, vessels and gear. Unlike the existing Commercial Fishing Loan Act, this was an indirect loan program. All loans were first made by banks and the State was then authorized to purchase the loans from the banks. The State was not authorized to make direct loans under this program. To be eligible under this program, an applicant must have been a resident for five years and could not have participated in or qualify for any state or federal loan program for similar loan purposes established under the new Fishermen's Mortgage and Note Program. The applicant must have demonstrated to the satisfaction of the bank that because of the lack of training or employment opportunities in the area of residence the applicant did not have occupational opportunities available other than commercial fishing or was economically dependent on commercial fishing for a livelihood and commercial fishing was a cultural and traditional way of life. Additionally, the applicant had to demonstrate to the satisfaction of the bank that there was a reasonably good chance that the loan debt would be repaid. The banks could consider all sources of income in determining the applicant's ability to repay the loan. The State could not refuse to purchase the loan from the bank due solely to the credit history of the applicant. Loans were limited to \$200,000, 10 1/2% interest, with a maximum term of 15 years.

- 7-1-81 Except for the purchase of limited entry permits, all lending functions of the Commercial Fishing Loan Act were transferred to the Alaska Industrial Development Authority.
- 7-27-81 The Fishermen's Mortgage and Note Program was amended to allow the State to precommit to the banks to purchase loans authorized under this program. The amendment also eliminated a large number of lending restrictions that previously caused banks to refuse to participate in the Fishermen's Mortgage and Note Program. The loan limit was also reduced from \$200,000 to \$100,000.
- 6-25-82 The Fishermen's Mortgage and Note Program, in actuality, was repealed and the Commercial Fishing Loan Act was rewritten. All assets of the Fishermen's Mortgage and Note Program were transferred to the newly rewritten Commercial Fishing Loan Act. Three separate loan sections were established under the rewritten program. SECTION A was exclusively for the purchase of limited entry permits. An individual must have been a resident for five continuous years immediately preceding the date of application for the loan and held a crew member or commercial fishing license or owned a limited entry permit for one of the past five years and must have actively participated in the fishery during that period of time. Loans were limited to \$300,000, 10 1/2% interest, with a maximum term of 15 years. * SECTION B was for the purchase of limited entry permits, vessels and gear. An individual must have been a resident for five continuous years immediately preceding the date of application for the loan and, because of the lack of training or lack of employment opportunities in the area of residence, did not have occupational opportunities available other than commercial fishing, or was economically dependent on commercial fishing for a livelihood and commercial fishing was a traditional way of life in Alaska. Loans were limited to \$100,000, 10 1/2% interest, with a maximum term of 15 years. * SECTION C was for

the purchase or restoration of vessels or gear. Applicants included corporations, partnerships or joint ventures which were 100% owned by individual commercial fishermen who were state residents for a continuous period of five years immediately preceding the date of application for a loan. Applicants also had to satisfy the remaining eligibility requirements of both Sections A and B. Loans were limited to \$100,000, 10 1/2% interest, with a maximum term of 15 years.

- 4-17-83 The state residency under Sections A, B and C was reduced from five to two continuous years immediately preceding the date of the loan application. In addition, under Section A, the applicant must have had the license or permit the year immediately preceding the date of the loan application and any other two of the past five years. Active participation in the fishery was increased from one to three years, including the year immediately preceding the date of the loan application.

With the creation of the Fishermen's Mortgage and Note Program in June 1980, the Legislature intended to improve the availability of funding for rural Alaskans to purchase limited entry permits, vessels and gear. Under this program this objective was never achieved. During the first year of its existence, no loans were made by the banks, so no loans could be purchased by the State. The reason why no loans were made is simply the fact that the statutes placed so many lending restrictions upon the banks, that the administrative costs outweighed earnings. Most of these restrictions were contained in AS 16.10.710. The following year, AS 16.10.710 was amended and many of the provisions that were objectionable to the banks were removed. All available funds (approximately \$1.8 million) were lent out; however the loan program still proved unprofitable to the banks. Of the 29 loans that were made, virtually all were made by the Commercial Fishing and Agricultural Bank (CFAB) and only two or three were made by other banks. CFAB told the State that they were only processing these loans as a service to their members; however, it was costing considerably more than the \$100 loan application fee they were charging and they were not interested in continuing these losses.

As a result of the shortcomings of FM&N indirect loan program, the statutes were again amended and the program was made a direct loan program under the Department of Commerce & Economic Development. The basic eligibility requirements of the FM&N program were incorporated into Sections B and C of the rewritten Commercial Fishing Loan Act. Since the state was now administering the entire loan program by making direct loans, the administrative costs of the program were borne by the state. The Legislature appropriated sufficient funding to underwrite the loan program and within a very short period of time both the number and dollar amount of loans increased.

An indication of the success of the current commercial fishing loan program is the number of loans that have been made under Section B. Since the inception of Section B through January 1985, 340 loans have been approved and \$16,615,661 has been committed. (During the first seven months of FY 85, 75 loans were approved and \$5,131,400 was committed.) This section is targeted for rural Alaskans. In order to qualify for a loan under this section, the applicant must either live in an area that does not provide occupational opportunities other than commercial fishing, or the applicant must be economically dependent on commercial fishing for a livelihood and commercial fishing must have been a traditional way of life in Alaska. Also, applicants cannot have alternative sources of financing available to them. This criteria is important in understanding the success of the loan program.

If there were no commercial fishing loan program, then I believe there would be little argument that urban Alaska would fare much better than rural Alaska in competing for fishing loan financing in the private sector. The financial institutions are established in the urban areas, borrowers are accustomed to the cash/credit economy and have the collateral to support loan requests. Besides the traditional private sector, CFAB would then be the only other source of financing. CFAB will lend for limited entry permits; however, due to the high risks and losses involved in the commercial fishing industry, CFAB will not take the permit as collateral to secure the loan. The loan must be secured by other collateral. For vessel loans, CFAB requires a minimum 25% cash down payment and 10% additional collateral. Only 65% of the vessel cost can be used as collateral to secure the loan. As a result of these lending restrictions, CFAB has only made approximately six limited entry permit and 12 vessel loans during the last half of 1984. Obviously, these restrictions do not favor rural Alaska. However, in defense of CFAB, they are trying to minimize their losses.

February 25, 1985

If it weren't for the state commercial fishing loan program, particularly Section B, very few commercial fishing loans would be made in rural Alaska. Remember, Section B provides rural Alaska with the capital for the purchase of limited entry permits as well as for vessels and gear in support of the permits. Without vessels and gear to fish the limited entry permits, the permits produce no income, unless sold. Without a Section B loan program, there probably would have been a larger outflow of limited entry permits from rural Alaska. Additionally, without a loan program for Alaskans like the Commercial Fishing Loan Act, there would be greater competition from individuals outside the state for Alaska limited entry permits.

As discussed during the meeting we attended on December 19, 1984, regarding limited entry permit transfer issues, some additional time will be needed to compile data on the commercial fishing loan program. The Division of Accounting & Collections, DCED, has been gathering this data. This entails a sizeable effort as many records have to be manually researched. As soon as this effort is completed, the information will be made available to you.

Sincerely,



Paul B. Arnoldt
Director

PBA/wfs0462C

22585a

Enclosure

cc: Terry Elder, Deputy Commissioner, DCED

Margaret Hamley, Director,

Division of Accounting & Collections, DCED

Greg Baker, Director,

Office of Commercial Fisheries Development, DCED

MEMORANDUM

State of Alaska

TO: Kurt Schelle
Director of Research
Commercial Fisheries Entry
Commission
Department of Fish and Game

FROM: *Paul B. Arnoldt*
Paul B. Arnoldt, Director
Division of Investments
Department of Commerce and
Economic Development

DATE: April 3, 1984

FILE NO:

TELEPHONE NO: 465-2510

SUBJECT: Loan Paper Draft Report
(Commercial Fishing Loan
Program)

Thank you for the opportunity to comment on the draft of your study regarding the distribution of permit related loans. I would first like to address a couple of small details in the introduction section of the report.

On page 13, it states that the Fishermens Mortgage and Note Program was largely unsuccessful because many people were unaware of the program and the application procedure was complicated. This is partially correct in that the legislation creating the program made it virtually inoperable the first year (FY '81) and that private financial institutions did not actively promote the program. However, in FY '82 virtually all of the \$1.8 million appropriated by the Legislature was committed for loans. Also, as you pointed out, in 1982 the Fishermens Mortgage and Note Program was rolled into the Commercial Fishing Revolving Loan Fund. This simplified the application process because an applicant could apply directly to the State without involving a private financial institution.

On page 15, the last paragraph talks about the active participation requirement as amended by the 1983 Legislature. I think that it is important to note that this only affects Section A of the current Commercial Fishing Loan Program and does not affect Section B which is targeted for rural Alaska fishermen.

One of the important issues is the impact of the loan program on rural Alaska. While the data appears to indicate that urban fishermen were more likely to receive subsidized loans than rural fishermen over the 1979-1982 period, this does not mean that the loan program played a significant role in the decline of rural-held permits over that time period. In fact, the statistics in Table 3 and Table 6 would indicate that the loan program played a very slight role, if any, in this process. Table 3 shows that this shift was well underway by 1976 even though the permit loan program was virtually nonexistent until 1979.

There was a significant shift in 1980 when the total number of loans increased from 62 (in 1979) to 159 (in 1980) and the net urban shift increased from 47 to 65. This is understandable because the permit loan program was relatively new and it generally took longer for the word to spread to rural Alaska. However, in 1981 the loan program made another

Kurt Schelle

-2-

April 3, 1984

significant increase from 159 (in 1980) to 202 (in 1981) loans while the net urban shift decreased from 65 to 52. Then in 1982, the loan program remained relatively constant, 197 loans, and the net urban shift made another dramatic decrease down to 46. This permit transfer is approximately the same number that occurred in 1977 and 1978 before the permit loan program even existed. Thus, it appears that factors other than the loan program were primarily responsible for the shift of permits from rural to urban Alaska. It is important to note that any slight shift from rural to urban caused by the loan program would surely be offset by the number of permits that would have transferred out of State had there been no loan program. I think the 1.1% permit transfer increase to non-residents mentioned in your report is of far greater concern.

Also, as you have mentioned, the "targeted loan program" (Sections B and C) are aimed at rural rather than urban fishermen. During the past two years, there has been a substantial increase in the number of loans made under those sections of the statutes.

To conclude, while the report mentions that there is no direct evidence that links the loan program to a decline in rural-held permits, the overall impression left is that the loan program played a significant role. This would be especially true if the report was not examined in detail. To that extent, I disagree with your findings.

Please feel free to contact me or Greg Winegar at 465-2510 if you have any questions.

BPA/wfs2/16
4284d

Special Fisheries Committee
Tues, 2/26, 8:30 am

Get info
from Howard

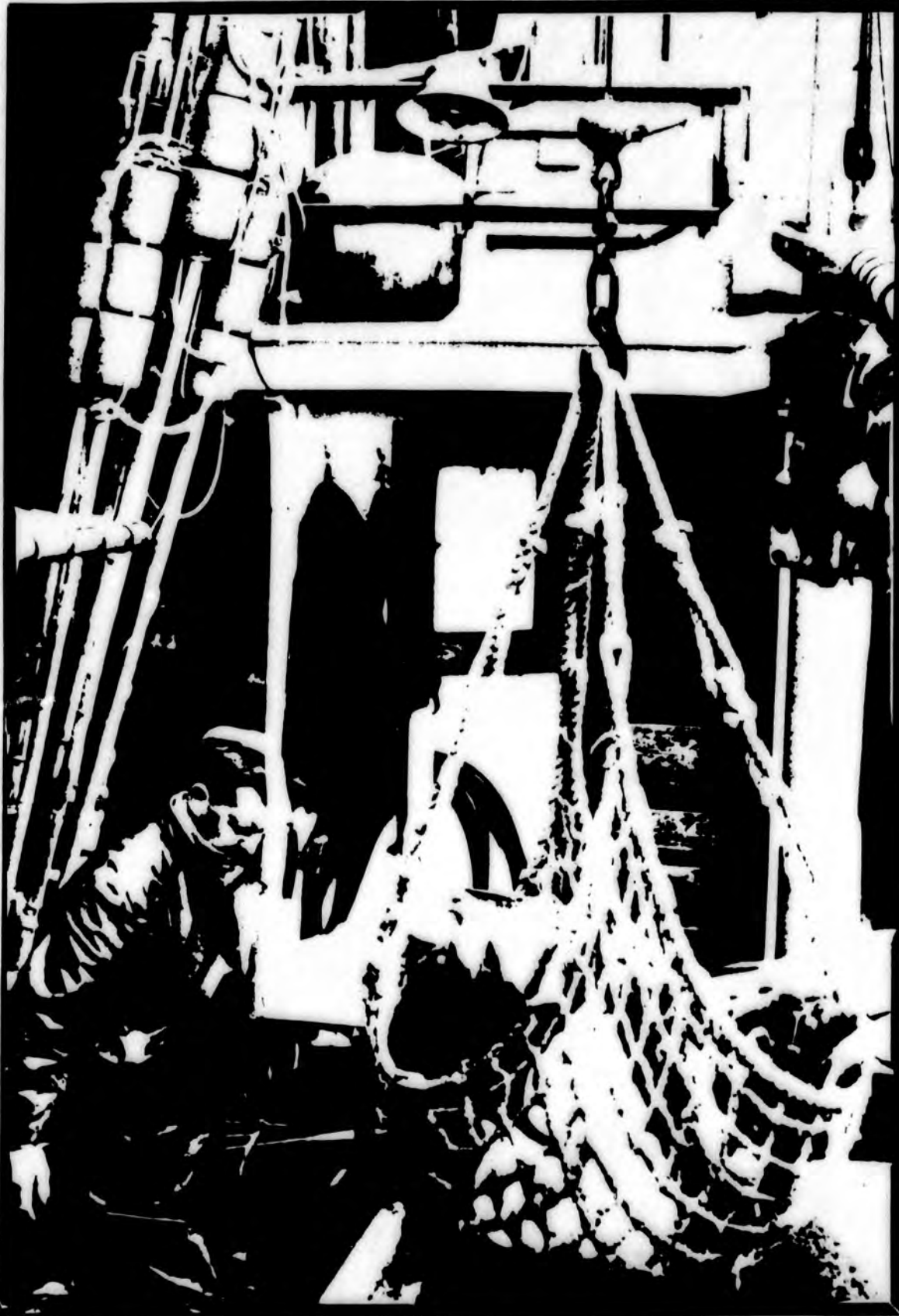
Frank Waite (Petersburg) is a commercial
troller. Two years ago he obtained a type
A fishing loan to buy a limited entry troll
permit (at that time he lived at Pt. Baker.)

Now he would like to purchase a new boat
and finds that he is not, nor will he ever
be, eligible for a type B or C loan.
(see page 1 of booklet)

Questions

1. Why is a recipient of Type A loan not eligible
at any future time for ~~an~~ a type B or C loan?
2. Is a type A loan recipient eligible for
another type A loan?
3. Are there any exceptions to the rule?
Is there any way short of ~~legislate~~ a change
in the statutes to reconsider his Type A loan
and turn it into a Type B loan, which
would then allow him to purchase a boat?
This assuming, of course, that he meets the ^{other}
criteria of a Type B loan?

commercial fishing



Loan
Application

State of Alaska
Department of
Commerce and
Economic
Development
Division of
Investments

FIELD OFFICES

All applications must be submitted to the Department of Commerce and Economic Development, Division of Investments, at one of the following offices:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone Number: 465-2510

Division of Investments
3601 "C" Street, Suite 740
Anchorage, Alaska 99503
Telephone Number: 562-3779

Division of Investments
675 7th Avenue, Station A
Fairbanks, Alaska 99701
Telephone Number: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone Number: 842-1087

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

LOAN POLICIES AND PROCEDURES

**COMMERCIAL FISHING REVOLVING LOAN FUND
AS 16.10.310-.370**

The Commercial Fishing Revolving Loan Fund consists of three separate sections (A, B and C). Each relates to different types of loans and has its own eligibility requirements. Because the requirements for each section are similar and you may qualify for more than one section, it is imperative that you carefully read the following information.

SECTION A

(Permit Loans to Individuals)

Note: If you receive a loan under this section, you will not be eligible to borrow under Sections B or C at any future date.

LOAN PURPOSE

Loans may only be made to finance the purchase of limited entry permits. Loan funds may not be used to reimburse an applicant for permits which were obtained more than one year before receipt of the application by the Division.

ELIGIBILITY

Loans may be made to individual commercial fisherman who have been State residents for a continuous period of two years immediately preceding the date of application and have held a limited entry permit, commercial fishing or crew member license for the year immediately preceding the date of application and any other two of the past five years. You must have actively participated in the fishery during those periods and have reported commercial fishing income.

LENDING LIMITS

The maximum loan amount is \$300,000 less any loan amounts borrowed from any previous State commercial fishing loan programs and any loan amounts borrowed under Sections A, B or C of this program.

INTEREST RATE

Interest will be charged at the rate of ten and one-half (10½) percent.

LOAN TERMS

The maximum loan term is 15 years. Terms of all loans will be fixed by the loan committee in consideration of the purpose of the loan, the needs of the borrower, the collateral offered and the ability to repay the loan.

COLLATERAL

All loans must be secured by adequate collateral to protect the investment of the State in the event of default. The loan shall be secured by a first priority lien and may not exceed 90 percent of the appraised value or cost (whichever is lower) of the collateral being used to secure the loan. The specific amount to be loaned against any collateral offered shall be determined by the loan committee and the loan committee may require additional collateral.

SECTION B
(Permit, Vessel and Gear Loans to Individuals)

LOAN PURPOSES

Loans may be made for the repair, restoration or upgrading of existing vessels and gear, and for the purchase of limited entry permits, gear, and vessels. Loan funds may not be used to reimburse an applicant for permits which were obtained or vessels and gear which were paid for more than one year before receipt of the application by the Division.

ELIGIBILITY

Loans may be made to individuals who have been State residents for a continuous period of two years immediately preceding the date of application and because of lack of training or lack of employment opportunities in the area of residence do not have occupational opportunities available other than commercial fishing or are economically dependent on commercial fishing for a livelihood and commercial fishing has been a traditional way of life in Alaska.

These loans are intended to be made to individuals who do not have alternative sources of financing available to them.

LENDING LIMITS

The maximum loan amount is \$100,000 less any loan amounts borrowed from any previous State commercial fishing loan programs and any loan amounts borrowed under Sections B or C of this program.

Two or more individual commercial fishermen applying jointly under this section may combine their eligibilities on a single loan, up to \$100,000 per individual less any loan amounts borrowed from any previous State commercial fishing loan programs and any loan amounts borrowed under Section B or C of this program. This paragraph applies only to the purchase or construction of a vessel.

INTEREST RATE

Interest will be charged at the rate of ten and one-half (10½) percent.

LOAN TERMS

The maximum loan term is 15 years. Terms of all loans will be fixed by the loan committee in consideration of the purpose of the loan, the needs of the borrower, the collateral offered and the ability to repay the loan.

COLLATERAL

All loans must be secured by adequate collateral to protect the investment of the State in the event of default. The loan shall be secured by a first priority lien and may not exceed 90 percent of the appraised value or cost (whichever is lower) of the collateral being used to secure the loan. The specific amount to be loaned against any collateral offered shall be determined by the loan committee and the loan committee may require additional collateral.

A loan for the purchase of a limited entry permit may be made up to 100 percent of the appraised value of the collateral used to secure the loan if the borrower has at least three years of experience as a commercial fisherman in the fishery to which the entry permit applies; and has not owned an Alaska limited entry permit in the year immediately preceding the application for the loan. (Three years of experience as a commercial fisherman in the fishery means that for a total of three fishing seasons in the same fishery the borrower has actively participated in the commercial harvest of fish under the direction of a limited entry permit holder.)

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

LOAN POLICIES AND PROCEDURES

SECTION C
(Vessel and Gear Loans to Corporations,
Partnerships and Joint Ventures)

LOAN PURPOSES

Loans may be made for the repair, restoration or upgrading of existing vessels and gear, and for the purchase of gear and vessels. Loan funds may not be used to reimburse an applicant for vessels and gear which were paid for more than one year before receipt of the application by the Division.

ELIGIBILITY

Loans may be made to corporations, partnerships or joint ventures, 100 percent of which are owned by individual commercial fishermen who qualify under Section B and who have held a limited entry permit, commercial fishing or crew member license the year immediately preceding the date of application and any other two of the past five years, and have actively participated in the fishery during those periods and have reported commercial fishing income.

These loans are intended to be made to borrowers who do not have alternative sources of financing available to them.

LENDING LIMITS

The maximum loan amount is \$100,000 less any amounts borrowed from any previous State commercial fishing loan programs and any loan amounts borrowed under Sections B or C of this program.

INTEREST RATE

Interest will be charged at the rate of ten and one-half (10½) percent.

LOAN TERMS

The maximum loan term is 15 years. Terms of all loans will be fixed by the loan committee in consideration of the purpose of the loan, the needs of the borrower, the collateral offered and the ability to repay the loan.

COLLATERAL

All loans must be secured by adequate collateral to protect the investment of the State in the event of default. The loan shall be secured by a first priority lien and may not exceed 90 percent of the appraised value or cost (whichever is lower) of the collateral being used to secure the loan. The specific amount to be loaned against any collateral offered shall be determined by the loan committee and the loan committee may require additional collateral.

LOAN CONDITIONS (Sections A, B and C)

RESIDENCY

For purposes of eligibility under the Commercial Fishing Loan Program, "resident" is defined as an individual who, except for brief intervals, periods of military service, or attendance at an educational or training institution, has resided in the State for two years. "Residence" is determined by where the individual maintains a permanent place of abode and

- (a) is registered to vote;
- (b) files tax returns;
- (c) registers or licenses personal property, including but not limited to cars, boats, trucks and trailers;
- (d) is licensed to drive;
- (e) maintains bank accounts, savings accounts, lines of credit and other financial relationships; and
- (f) any other information that may show the applicant's residency.

INTERIM FINANCING

Interim construction financing is not available under this program. No loan funds may be disbursed until construction or renovation is 100% complete. Applicants should obtain written loan approval prior to obtaining interim financing. To be considered interim financing, promissory notes must have a term of one year or less and the debt must have been incurred and the note executed within one year prior to receipt of the application by the Division.

REFINANCING

Refinancing is not allowed under this program. An interim note may be refinanced if it has a term of one year or less and the debt was incurred and the note executed within one year prior to receipt of the application by the Division.

ASSUMPTIONS

Assumptions will not be allowed unless it is in the State's best interest to do so and the applicant meets all statutory eligibility requirements. Assumptions, if granted, must serve the policies and purposes of the loan program.

LOAN APPROVAL

Authority for approval of all loans rests with the loan committee appointed by the Commissioner of the Department of Commerce and Economic Development. The loan committee will independently evaluate all relevant information before taking action on loan applications. The committee may also consider, but is not bound by, the recommendations of the loan examiner assigned to process the application. No loan will be granted without approval of a majority of the loan committee.

LOAN COSTS

The borrower shall pay all direct costs incurred by the State in processing the application for a loan, including, but not limited to the cost of credit reports, title insurance, appraisals, surveys, inspections, or other direct costs. The State is not liable for any costs incurred by the borrower during the application process.

REGULATIONS

The Department of Commerce and Economic Development has adopted administrative regulations governing loan policies and procedures, and public disclosure of information in an individual loan file. Copies of these regulations may be obtained by contacting the Division of Investments.

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

**COMMERCIAL FISHING LOAN APPLICATION
CHECK-OFF LIST**

The following information **is required** in order to process your application. Please use this list to make sure all information is submitted (incomplete applications will not be accepted). Please retain a copy of this application for your records.

- _____ 1. **Application for Commercial Fishing Loan:** Must be notarized in Alaska. (pages 7 and 8)
- _____ 2. **Residency Questionnaire:** Must be notarized in Alaska. (page 9)
- _____ 3. **Letter of Intent.** (page 10)
- _____ 4. **Individual Fisherman Financial Statement:** If your most recent income tax return does not include your most recent fishing season, then you must complete a Statement of Actual Profit and Loss form for your most recent fishing season. You must submit copies of your cannery settlement sheets or your fish tickets to verify your income. (pages 11 and 12)
- _____ 5. **Actual Statement of Profit and Loss.** (page 13)
- _____ 6. **Projected Statement of Profit and Loss.** (page 14)
- _____ 7. **Credit Authorization:** You must submit a form for each loan you have outstanding with any lender. Whether or not you have outstanding loans, a minimum of three credit authorizations are required. (page 15)
- _____ 8. **Authorization to Verify Financial Information.** (page 16)
- _____ 9. **Federal Tax Returns:** You must submit signed copies of your complete federal tax returns for the last three years and a copy of any other return(s) necessary to document your eligibility (i.e., fourth or fifth year). Do not send original documents as they will not be returned.
- _____ 10. **Commercial Fishing Resume.** (page 17)
- _____ 11. **Consent to Release Information.** (page 18)
- _____ 12. **Copy of your purchase agreement and down payment receipt:** If applicable.
- _____ 13. **Pictures of Vessels and Gear:** Be sure to include photographs of vessels and gear if they are being offered as collateral.
- _____ 14. **Marine Survey:** If applicable, it must be less than 90 days old.
- _____ 15. **Bids, Quotes, receipts and contracts:** To document the costs of the use of loan proceeds.

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

APPLICATION FOR COMMERCIAL FISHING LOAN

Applicant Name: (Last, First, M.I.)	Current Date
	Social Security Number
Mailing Address (Street/P.O. Box, City, State, Zip Code)	Applicant's Telephone Number ()
	How Long at Mailing Address (Yrs./Mos)
	Date of Birth
I hereby apply for a loan of \$ _____ to be repaid in _____ years with <input type="checkbox"/> Monthly Payments/ <input type="checkbox"/> Quarterly Payments/ <input type="checkbox"/> Other If other, please specify _____	Place of Birth (City and State)
	<input type="checkbox"/> Married (including separated) <input type="checkbox"/> Unmarried (including single, divorced, widowed)
	Number of Dependents (excluding Applicant)

Applicant: Business Name	<input type="checkbox"/> Individual	Current Date
	<input type="checkbox"/> Business	Taxpayer Identification Number
	<input type="checkbox"/> Partnership	
	<input type="checkbox"/> Corporation	
Mailing Address (Street/P.O. Box, City, State, Zip Code)	Business Telephone Number ()	

Spouse/Co-Applicant: Name (Last, First, M.I.)	Social Security Number	
	Date of Birth	
Mailing Address (Street/P.O. Box, City, State, Zip Code)	Place of Birth (City and State)	
	Gross Monthly Salary (before deductions)	
Spouse/Co-Applicant's Employer	Occupation/Position	Employer's Telephone Number ()
	How Long? Yrs. Mos.	

Nearest Relative not living with you/Contact Person: Name (Last, First, M.I.)	Telephone Number ()
Mailing Address (Street/P.O. Box, City, State, Zip Code)	Put your nearest relative not living with you or a contact person who knows how to reach you when your current mailing address or telephone number may have changed.

ADDITIONAL INCOME (Applicant or Co-Applicant)	Source	Amount	
		Monthly	Yearly

**STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS**

**COMMERCIAL FISHING
RESIDENCY QUESTIONNAIRE**

Name _____ Social Security Number _____

1. Are you presently a United States citizen? Yes No
If no, explain _____

2. Have you claimed any residency benefits in any other state other than Alaska in the last three years? Yes No If yes, explain _____

3. Are you now or have you registered to vote in a state other than Alaska in the last three years? Yes No If yes, explain _____

4. a. During the past three years have you had a driver's license in a state other than Alaska?
 Yes No If yes, explain _____
b. Do you currently have an Alaska driver's license?
 Yes No If yes, state number _____
5. Were you out of Alaska for more than 90 consecutive days during the last two years?
 Yes No If yes, explain reason for each absence. _____

6. Do you maintain a year-round permanent place of abode in Alaska?
If yes, indicate street address and phone number _____
_____ If no, explain _____

7. Does your spouse live with you year-round in your permanent place of abode in Alaska?
 Yes No If no, explain _____

8. Do your children live with you in your permanent place of abode in Alaska? Yes No
If no, explain _____

9. Do you maintain or own any residential property other than that mentioned in question 6?
 Yes No If yes, please give the address(es) and telephone number(s) and state who
currently occupies that property.

Address

Telephone Number

Occupant

_____	_____	_____
_____	_____	_____
_____	_____	_____

I certify under penalty of perjury that all of the information contained in this application and any attachments to it is true, accurate and complete. I am aware that the maximum penalty for perjury, a Class B felony under AS 11.56.200(c), is a fine of up to \$50,000 (AS 12.55.035(b)(2)) and imprisonment for up to 10 years (AS 12.55.125(d)).

I agree that if any information contained in this application and attachments is false, inaccurate or incomplete, the division will deny the application. I also agree that if I receive a loan based on this application and attachments and any information contained in this application and attachments is later determined to be false, inaccurate or incomplete, then the loan will be cancelled and I will be immediately liable to repay the total I owe. I further agree that if any application submitted to the division is denied or if a loan that has been made is cancelled due to false, inaccurate, or incomplete information, I will no longer be eligible for any future benefits under the Commercial Fishing Loan Program.

I understand that the division will, in its discretion, release information contained in this application to the Commercial Fisheries Entry Commission and that the division may also obtain information about me from the commission.

Date

Signature

Date

Signature

STATE OF ALASKA)
) ss.
_____ JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 19 _____, by _____
(Name of person who acknowledged)

SUBSCRIBED AND SWORN to before me this _____ day of _____, 19 _____, at _____, Alaska.

Notary Public in and for Alaska

My commission expires _____

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

**COMMERCIAL FISHING
LETTER OF INTENT**
(Attach additional sheets as necessary)

Applicant's Name _____

I. Use of Loan Proceeds:

I am applying for a loan under Section A B C (circle one)

If you receive a loan under Section A, you will not be eligible to borrow under Sections B or C at any future date.

(Check appropriate box and fill in loan amount)

- | | |
|--|----------|
| <input type="checkbox"/> Purchase Permit
(attach purchase agreement) | \$ _____ |
| <input type="checkbox"/> New Vessel Construction
(attach bid or contract) | \$ _____ |
| <input type="checkbox"/> New Vessel Purchase
(attach purchase agreement
and marine survey) | \$ _____ |
| <input type="checkbox"/> Upgrade Existing Vessel
(attach bid or contract) | \$ _____ |
| <input type="checkbox"/> Gear Purchase (attach bid) | \$ _____ |
| <input type="checkbox"/> Other (explain) | \$ _____ |
| Total | \$ _____ |

II. Describe in detail how you plan to use the borrowed funds. Include any additional information you might consider significant in determining the merits of this request.

III. Collateral Offered to Secure Loan:

Describe in detail and include documentation to verify the value of the collateral being offered. Include current photographs of the collateral being offered.

- 1) _____
- 2) _____
- 3) _____
- 4) _____

IV. Number of jobs created if loan is approved _____

V. Applicant's Signature _____ Date _____

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

**COMMERCIAL FISHING LOAN
FINANCIAL STATEMENT (Individual)**

Name	Social Security Number	Date	
Mailing Address	City	State	Zip

The undersigned makes the following statement of financial condition as of _____ day of _____, 19_____.

ASSETS		LIABILITIES	
Cash on hand	\$	Vessel Mortgages (Schedule 4)	\$
Cash in Banks (Schedule 1)		Real Estate Mortgages (Schedule 5)	
Notes, Contracts & Accounts Receivables (Schedule 2)		Notes payable to banks (Schedule 6)	
Due from Canneries		Notes Payable to Others (Schedule 7)	
Securities (Schedule 3)		Owing to Canneries - Open Account	
Real Estate Owned (Schedule 4)		Owing to Canneries - Other	
Vessels Owned (Schedule 4)		Other Payables Not Listed Above	
Automobiles			
Personal Property			
Fishing Equipment			
Nets			
Pots			
Long Lines			
Other			
Limited Entry Permits (by fishery)			
Other			
		TOTAL LIABILITIES	\$
TOTAL ASSETS	\$	NET WORTH (Total Assets minus Total Liabilities equal Net Worth)	\$

CONTINGENT LIABILITIES		
<input type="checkbox"/> Yes	Are you a co-maker, endorser, or guarantor on any loan or contract?	
<input type="checkbox"/> No	If "yes" to whom?	Amount \$ _____
<input type="checkbox"/> Yes	Are there any unsatisfied judgments against you?	
<input type="checkbox"/> No		Amount \$ _____
<input type="checkbox"/> Yes	Have you been declared bankrupt in the last 14 years?	
<input type="checkbox"/> No		Year _____
Other Obligations: Child Support, Alimony, etc.		

In submitting the foregoing statement the undersigned applicant guarantees its accuracy with the intent that it be relied upon by the division in extending credit to the applicant and warrants that information has not knowingly been withheld that might affect the applicant's credit risk; and that the applicant agrees to notify the division immediately in writing of any material change in the applicant's financial condition.

Signature _____

Date _____

Signature _____

Date _____

SCHEDULE NO. 1: CASH ACCOUNTS

Bank/Branch	Checking Acct. No.	Current Balance	Savings Acct. No.	Current Balance
Savings and Loan/Branch	Location		Savings Acct. No.	Current Balance
Credit Union	Location		Savings Acct. No.	Current Balance
Other	Location		Savings Acct. No.	Current Balance

SCHEDULE NO. 2: NOTES RECEIVABLE/ACCOUNTS RECEIVABLE, MORTGAGES AND CONTRACTS OWNED

Description	Name of Debtor	Original Balance	Present Balance	Monthly Payment	Amount Past Due

SCHEDULE NO. 3: SECURITIES

Number of Shares	Description	To Whom Pledged	Market Value	Cost	Income Received Last Year

SCHEDULE NO. 4: VESSELS OWNED

Description of Vessel and Year Built	Year Acquired	Cost	Present Value	Amount Owned		Owed To	Payment Amount	When Due
				Original	Present			

SCHEDULE NO. 5: REAL ESTATE OWNED

Description and Location	City and State	Date Acquired	Cost	Current Assessed Value	Current Market Value	Mortgages		
						Original Balance	Present Balance	Payment Amount

Is any real estate being purchased on a contract of sale? _____ If so, which one? _____
 From whom? _____

SCHEDULE NO. 6: NOTES PAYABLE TO BANKS (Do not include mortgages listed in Schedule 5)

Name and Address of Bank	Collateral	Date Incurred	Original Amount	Present Amount	When Due	Payment Amount	
						Monthly	Annual

SCHEDULE NO. 7: NOTES PAYABLE TO OTHERS

Name and Address of Creditor	Collateral	Date Incurred	Original Amount	Present Amount	When Due	Payment Amount	
						Monthly	Annual

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

**COMMERCIAL FISHING
ACTUAL PROFIT AND LOSS STATEMENT**

Applicant's Name _____ Social Security Number _____

For the period beginning _____ and ending _____

INCOME		EXPENSES	
Gross Sales: Salmon (Troll)		Crew Shares	
Salmon (Seine)		Fuel	
Salmon (Gillnet)		Groceries	
Salmon (Beach)		Bait and Ice	
Halibut		Vessel Repair	
Crab		Gear Repair	
Shrimp		Insurance	
Black Cod		Vessel Lease or Rent	
Herring		Gear & Equipment Purchases	
Other		Other	
Other Income			
TOTAL INCOME	\$	TOTAL FISHING EXPENSES	\$
Comments:		Personal Living Expense	
		Food Allowance	
		Utilities	
		Insurance	
		Medical Expenses	
		Child Support	
		Other	
		TOTAL LIVING EXPENSES	
		TOTAL EXPENSES	\$

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

**COMMERCIAL FISHING
PROJECTED PROFIT AND LOSS STATEMENT
(First Year After Receiving Loan)**

Applicant's Name _____ Social Security Number _____

For the period beginning _____ and ending _____

INCOME		EXPENSES	
Gross Sales: Salmon (Troll)		Crew Shares	
Salmon (Seine)		Fuel	
Salmon (Gillnet)		Groceries	
Salmon (Beach)		Bait and Ice	
Halibut		Vessel Repair	
Crab		Gear Repair	
Shrimp		Insurance	
Black Cod		Vessel Lease or Rent	
Herring		Gear & Equipment Purchases	
Other		Other	
Other Income			
TOTAL INCOME	\$	TOTAL FISHING EXPENSES	\$

Comments:

Personal Living Expense	
Food Allowance	
Utilities	
Insurance	
Medical Expenses	
Child Support	
Other	
TOTAL LIVING EXPENSES	\$
TOTAL EXPENSES	\$

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

CREDIT AUTHORIZATION

I, _____, of _____,
(Print full name) (City and State)

authorize the following named creditor to divulge to the Department of Commerce and Economic Development, State of Alaska, any and all information concerning the nature of my credit transactions with them, including, but not limited to, the amount of credit extended, the terms and conditions of the transactions, the current balance, if any is outstanding, and the repayment record.

I understand that the information is of a confidential nature and will be used for the sole purpose of evaluating an application which I have submitted to the State.

NAME OF CREDITOR _____

ACCOUNT NUMBER _____

ADDRESS _____

CITY _____ STATE _____

ZIP CODE _____

APPLICANT'S SIGNATURE _____ DATE _____

This form should be returned with the application package. The division will forward all authorizations to the creditors.

Creditor Verification
(For creditor use only)

The above named applicant has applied for benefits from the State. To assist us in evaluating this application, we would appreciate any information you can give us regarding our applicant's credit rating. Information received will be considered confidential.

Date Account Opened	Maximum Credit Extended	Present Balance	Payments	Rating

Remarks _____

Signature of Creditor Title Date

Please return to:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 "C" St., Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

Division of Investments
675 7th Ave., Station A
Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

CREDIT AUTHORIZATION

I, _____, of _____,
(Print full name) (City and State)

authorize the following named creditor to divulge to the Department of Commerce and Economic Development, State of Alaska, any and all information concerning the nature of my credit transactions with them, including, but not limited to, the amount of credit extended, the terms and conditions of the transactions, the current balance, if any is outstanding, and the repayment record.

I understand that the information is of a confidential nature and will be used for the sole purpose of evaluating an application which I have submitted to the State.

NAME OF CREDITOR _____

ACCOUNT NUMBER _____

ADDRESS _____

CITY _____ STATE _____

ZIP CODE _____

APPLICANT'S SIGNATURE _____ DATE _____

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(For creditor use only)

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Date Account Opened	Maximum Credit Extended	Present Balance	Payments	Rating

Remarks _____

Signature of Creditor Title Date

Please return to:

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Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

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3601 "C" St., Suite 740
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Fairbanks, Alaska 99701
Telephone: 452-8182

Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

CREDIT AUTHORIZATION

I, _____, of _____,
(Print full name) (City and State)

authorize the following named creditor to divulge to the Department of Commerce and Economic Development, State of Alaska, any and all information concerning the nature of my credit transactions with them, including, but not limited to, the amount of credit extended, the terms and conditions of the transactions, the current balance, if any is outstanding, and the repayment record.

I understand that the information is of a confidential nature and will be used for the sole purpose of evaluating an application which I have submitted to the State.

NAME OF CREDITOR _____

ACCOUNT NUMBER _____

ADDRESS _____

CITY _____ STATE _____

ZIP CODE _____

APPLICANT'S SIGNATURE _____ DATE _____

This form should be returned with the application package. The division will forward all authorizations to the creditors.

Creditor Verification
(For creditor use only)

The above named applicant has applied for benefits from the State. To assist us in evaluating this application, we would appreciate any information you can give us regarding our applicant's credit rating. Information received will be considered confidential.

Date Account Opened	Maximum Credit Extended	Present Balance	Payments	Rating

Remarks _____

Signature of Creditor Title Date

Please return to:

- | | | | |
|---|--|--|--|
| <input type="checkbox"/>
Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510 | <input type="checkbox"/>
Division of Investments
3601 "C" St., Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779 | <input type="checkbox"/>
Division of Investments
675 7th Ave., Station A
Fairbanks, Alaska 99701
Telephone: 452-8182 | <input type="checkbox"/>
Division of Investments
P.O. Box 370
Dillingham, Alaska 99576
Telephone: 842-1087 |
|---|--|--|--|

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

AUTHORIZATION TO VERIFY FINANCIAL INFORMATION

I, _____, of _____,
(Print Full Name) (City and State)

authorize the following named financial institution to divulge to the Department of Commerce and Economic Development, State of Alaska, any and all information concerning the nature of my account balances and loan balances with them, including, but not limited to, the amount of credit extended, the terms and conditions of the transactions and the current balance, if any is outstanding.

I understand that the information is of a confidential nature and will be used for the sole purpose of evaluating an application which I have submitted to the State.

Name of Financial Institution _____

Checking Account Number _____ Savings Account Number _____

Loan Number _____ Loan Number _____

Address _____

City _____ State _____ Zip _____

Applicant's Signature _____ Date _____

This form should be returned with the application package. The division will forward all authorizations to the creditors.

BANK VERIFICATION OF FINANCIAL INFORMATION
(For Bank Use Only)

Checking Account Balance	Savings Account Balance	Other Account Balance
Date Account was opened	Date Account was opened	Date Account was opened

Loans	Date	Original Balance	Payments	Current Balance	Rating
Secured					
Unsecured					

The information provided above is essentially correct as of this date and accurately reflects the individual's financial dealings with this institution.

Remarks _____

Signature of Bank Official Title Date

Please return to:

Division of Investments
Pouch D
Juneau, Alaska 99811
Telephone: 465-2510

Division of Investments
3601 "C" St., Suite 740
Anchorage, Alaska 99503
Telephone: 562-3779

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P.O. Box 370
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Telephone: 842-1087

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

COMMERCIAL FISHING RESUME

Name _____ Social Security No. _____

Briefly describe your commercial fishing experience:

Year	Fishery	Name of Vessel & Skipper	Description of Duties

REFERENCES:

List three persons in your vicinity who know you well and to whom we may refer (excluding relatives or previous employers).

Name	Telephone	Mailing Address

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INVESTMENTS

**COMMERCIAL FISHING
CONSENT TO RELEASE INFORMATION**

I authorize the State of Alaska to obtain copies of:

1. State Income Tax Returns
2. U.S. Income Tax Returns
3. U.S. Civil Service Personnel Records
4. U.S. Social Security Records
5. U.S. Military Service Records
6. U.S. Department of Labor Employment Records
7. State and U.S. Fisheries Records
8. State and Federal Enrollment and Financial Aids Records
9. Telephone, Utility and Water Records
10. U.S. Postal Service Information
11. Commercial Fisheries Entry Commission (Limited Entry) records
12. Any other records which would relate to my stated claim of Alaska Domicile/Residency.

I also authorize the release of any information contained in this application and attachments to the Commercial Fisheries Entry Commission.

Applicant's Signature

Signature of spouse if joint
filings-records maintained

Applicant's Name - Please Print

Spouse's Name - Please Print

Applicant's Social Security No.

Spouse's Social Security No.

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF ACCOUNTING AND COLLECTIONS

BILL SHEFFIELD, GOVERNOR

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2555

Dear Borrower:

We would like to take this opportunity to introduce ourselves to you. We are the Division of Accounting and Collections (Department of Commerce and Economic Development) and we will be servicing the loan you recently received from the Division of Investments. Our office is located on the 9th Floor of the State Office Building in Juneau, and our phone number is 465-2555. Our mailing address is:

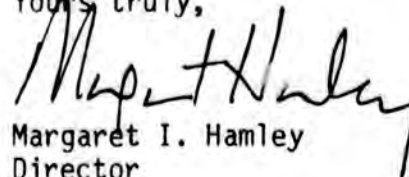
Division of Accounting and Collections
Department of Commerce and Economic Development
Pouch D-0800
Juneau, Alaska 99811

This servicing packet has been designed as a convenience for you. It contains an annual supply of payment cards, forms for a variety of standard requests, a statement of our payment policies, a supply of labels and pre-addressed envelopes. (In the interest of economy, we are using the supply of old envelopes which shows the division's previous name.)

May we suggest that you place your other papers pertaining to your loan in this folder for reference and safekeeping. Also, future statements and correspondence can be added so that you will have a convenient and complete record.

Please be sure to let us know if there is any way we can be of service to you during the term of your loan.

Yours truly,


Margaret I. Hamley
Director

MIH/wfs0613W
91784d
Enclosures

08-507b

PLEASE CHECK IF THIS IS A CHANGE OF ADDRESS.

STATE OF ALASKA
DIVISION OF LOANS & VETERANS' AFFAIRS
POUCH D
JUNEAU, ALASKA 99811

CHANGE OF ADDRESS

To notify our office of a change of permanent contact address, you can

- Complete the return address and check the box on the enclosed pre-addressed envelope.

or

- Fill in the space below and mail this form.

Name _____

Alaska Division of Accounting &
Collections

Address _____

Pouch D, MS 0800
Juneau, Alaska 99811
Phone: (907) 465-2555

Loan # _____

08-541A

PAYMENT CARD REQUEST

If you need more payment cards, please

- Affix one of the enclosed labels showing your name, address and loan number.

or

- Fill in the space below.

A pre-addressed envelope is enclosed for your convenience.

Place label here
Show address corrections at right

Name _____

Address _____

Loan # _____

Alaska Division of Accounting and Collections, Pouch D, MS 0800,
Juneau, AK 99811 (907) 465-2555

08-541B

WHAT TO DO IF YOU CANNOT MAKE YOUR PAYMENT

We urge you to contact our staff **before your payment is due** if you are unable to meet your payment obligation. Call (907) 465-2555 or toll free Zenith 5500 to discuss your situation. You can also contact us by mailing this form to us. Simply

- Affix one of the enclosed labels.

or

- Fill in the space below.

When we receive this form we will send you an extension application packet, which you should complete and return. Each application for extension is evaluated on an individual basis.

A pre-addressed envelope is enclosed for your convenience.

	Name	_____
	Address	_____

	Loan #	_____
	Daytime phone number	_____

Place label here
Show address corrections at right

Alaska Division of Accounting and Collections, Pouch D, MS 0800,
Juneau, AK 99811 (907) 465-2555

08-541D