

SCOMM

9:126

TYPE OF LOAN COMMERCIAL FISHING

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
LAUTH, FRANK R., JR.	Boat repair	Craig	10-10-72	Jan. 9, 1973	3,500	3,500		
LAUTH, FRANK R, (with-drawn)	Boat repair	Craig	10-10-72	Jan. 25, 1973	3,500	3,500		
							YEAR <u>1974</u>	
MARTIN, LESLIE	Refinance boat and purchase gear	Ketchikan	1-9-74	Feb. 8, 1974	70,000		70,000	Not dependent on fishing
BISHOP, RICHARD D.	Vessel and Gear	Ward Cove	3-4-74	April 9, 1974	25,000		25,000	Debt Svcng.
BISHOP, RICHARD D.	Completion of boat and purchase gear	Ketchikan	3-14-74	April 18, 1974	25,000	22,500		
							YEAR <u>1975</u>	
WINTERS, RAYMOND C.	Equip	Point Baker	9-3-74	Sept. 9, 1977	12,000	12,000		
PEREY, MARTIN T. JR.	Vessel	Ketchikan	8-23-74	Sept. 9, 1974	35,000	26,000		
JAYNES, FRANK	Vessel	Ketchikan	9-20-74	Oct. 4, 1974	100,000	100,000		
CLEMENT, CHARLES L. & LINDA J.	Vessel	Metlakatla	10-30-74	Nov. 29, 1974	30,000	30,000		
LEE, CHESTER	Vessel	Ketchikan	11-5-74	Jan. 31, 1975	43,500	43,500		

HOUSE DISTRICT								YEAR 1975	
TYPE OF LOAN		COMMERCIAL FISHING							
NAME	PURPOSE OF LOAN	LOCATION	DATE RECV'D	DATE ACTION TAKEN	AMOUNT REQUESTED	AMOUNT APPROVED	AMOUNT DISAPPROVED	REASON DISAPPROVED	
BODDING, JIM	Repair	Ketchikan	1-31-75	Feb. 21, 1975	2,500	2,500			
BRANDA, JAMES A.	Vessel	Ketchikan	4-28-75	June 3, 1975	90,000	72,864			
							YEAR 1976		
OPHEIM, ROY	Pay off loan Entry Permit	Ketchikan	8-4-75	August 12, 1975	19,500		19,500	Debt servicing	
MARR, JAMES K.	Vessel	Ketchikan	7-14-75	Sept. 4, 1975	15,000	11,250			
YATES, GEORGE	Vessel	Craig	9-9-75	Sept. 22, 1975	32,000	32,000			
LEASK, HARVEY	Vessel	Metlakatla	9-18-75	Nov. 13, 1975	75,000		75,000	Debt servicing	
ZIESKE, CHARLES	Vessel	Point Baker	10-22-75	Dec. 3, 1975	20,250		20,250	Debt servicing	
CHARLES, MELIESON	Vessel	Hydaburg	9-29-75	Jan. '8, 1976	7,500		7,500	Insufficient collateral	
HUDSON, CLIFFORD	Equipment	Metlakatla	1-14-76	Feb. 2, 1976	7,000	7,000			
CLEMENT, CHARLES	Vessel	Metlakatla	10-30-74	Feb. 20, 1976	40,000	30,600			
ESCOFFON, CHARLES	Payoff and permit	Ketchikan	3-12-76	March 22, 1976	9,000		9,000	Debt servicing	
ESCOFFON, CHARLES	Payoff and permit	Ketchikan	3-12-76	March 26, 1976	9,000		9,000	Debt servicing	

YEAR 1976

HOUSE DISTRICT		COMMERCIAL FISHING						
TYPE OF LOAN	PURPOSE OF LOAN	LOCATION	DATE RECV'D	DATE ACTION TAKEN	AMOUNT REQUESTED	AMOUNT APPROVED	AMOUNT DISAPPROVED	REASON DISAPPROVED
	Vessel	Ketchikan	3-15-76	April 2, 1976	78,000	78,000		
TODAHL, JAMES	Vessel	Ketchikan	3-15-76	April 2, 1976	78,000	78,000		
RIDLEY, NORMAN	Vessel	Metlakatla	5-11-76	June 4, 1976	13,800		10,350	Can't meet debt servicing

YEAR 1977

COGSWELL, JEROLD	Vessel	Loring	6-30-76	July 22, 1976	22,500	22,500		
JAYNES, FRANK	Vessel	Ketchikan	9-20-74	Oct. 21, 1976	100,000		100,000	Extension request denied
COTANT, J. B.	Vessel	Ketchikan	11-5-76	Nov. 16, 1976	55,000	55,000		
CANARY, JAMES	Vessel	Ketchikan	11-1-76	Dec. 3, 1976	55,000		55,000	Not enough collateral
LEASK, JOHN W.	Vessel	Metlakatla	6-8-76	Dec. 7, 1976	40,000	35,000		
STEIN, ALAN	Vessel	Point Baker	12-8-76	Jan. 4, 1977	25,000	24,500		
NEWMAN, MARJORIE	Vessel	Ketchikan	12-17-76	Jan. 4, 1977	20,000	20,000		
BENGAARD, PAUL	Vessel	Ketchikan	3-31-76	Jan. 7, 1977	55,000	48,500		
ZIESKE, CHARLES	Vessel	Point Baker	1-20-77	Feb. 15, 1977	14,000	14,000		
WEIS, DAVID	Vessel	Ward Cove	2-25-77	March 17, 1977	12,000	12,000		

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HAMAR, GEORGE	Permit and equipment	Ketchikan	3-14-77	April 5, 1977	10,000	10,000		
PITCHER, WENDELL W.	Equipment	Ketchikan	3-31-77	April 19, 1977	30,000	30,000		
INGMAN, MAURICE	Vessel	Ketchikan	2-2-77	May 17, 1977	50,000	50,000		
ORTIY, RICHARD F.	Vessel	Ketchikan	5-5-77	May 26, 1977	16,855	17,000		
WAGNER, LOUIE H. JR.	Vessel	Matlakatla	4-15-77	June 16, 1977	75,000	75,000		
MAY, NEVIN S.	Const. vessel	Ketchikan	4-28-77	June 16, 1977	65,000	65,000		

TYPE OF LOAN

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PAUL, DANIEL	Purchase Boat	Kake	11/19/73	Dec. 4, 1973	\$18,558		\$18,558	Not dependent on fishing
SCHOONOVER, KENNETH E.	Payoff Boat Builder	Hoonah	8/11/75	Feb. 22, 1974	\$10,000	\$60,000		
GREENEWALD, ROBERT N.	Construction	Hoonah	1/25/74	Feb. 22, 1974	35,000		35,000	Not Dependent on fishing
SIMS, DAN	Vessel	Petersburg	3/8/74	April 9, 1974	\$30,000	\$22,500		
HEIMDAHL, DENNIS	Construct Vessel	Petersburg	1/16/74	April 9, 1974	\$18,654		\$18,654	Need more info
HEIMDAHL, DENNIS	Construct Vessel	Petersburg	1/16/74	April 18, 1974	\$18,654	\$18,000		
STEVENS, GARY J.	Purchase New Boat	Wrangell	5/10/74	May 21, 1974	\$100,000	\$100,000		
JACK, CHARLES, JR.	Purchase Boat	Hoonah	3/24/74	May 21, 1974	\$ 5,500	\$ 5,100		
EIDE, RICHARD	Construct Vessel	Petersburg	3/26/74	May 21, 1974	\$100,000	\$100,000		
							YEAR 1975	
JENSEN, JOHN E.	Vessel	Petersburg	7/3/74	July 19, 1974	\$ 9,800	\$ 9,800		
MACDONALD, TERRY E.	Vessel	Petersburg	6/8/74	Oct. 23, 1974	63,000	60,000		
BENNETT, OSCAR	Vessel	Argoon	9/5/74	Nov. 14, 1974	28,000		28,000	Lack of Recent Fishing Activ.
STEVENS, JAMES C.	Vessel	Wrangell	10/30/74	Nov. 29, 1974	30,000	30,000		
HANSEN, RICHARD E.	Equipment	Petersburg	11/25/74	Dec. 10, 1974	18,000	18,000		
HALTENER, Fred, Jr.	Payoff & Reconstruct	Petersburg	11/29/74	Dec. 10, 1974	50,000	50,000		
NESS, EDWARD R.	Upgrade Vessel	Wrangell	10/22/74	Jan. 2, 1975	29,500	25,000		
GARCEAU, PAUL	Equipment	Petersburg	12/18/74	Jan. 8, 1975	15,000	15,000		

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MARTIN, JOHN	Vessel	Petersburg	12/31/74	Jan. 16, 1975	28,000	28,000		
STEWART, TOM	Vessel & Equipment	Petersburg	1/8/75	Jan. 21, 1975	100,000		100,000	Can't Meet Debt Servicing Doubt Ability to pay
JACKSON, CLARENCE	Pay off Mortgage	Kake	10/17/75	Feb. 7, 1975	50,000		50,000	
PETERSON, CARL A.	Vessel	Wrangell	2/10/75	March 14, 1975	53,000	53,000		
MENISH, BILL	Vessel	Petersburg	11/19/74	March 17, 1975	40,000	30,000		
EIDE, JOHN F.	Equipment & Payoff Loan	Petersburg	2/13/75	March 17, 1975	15,000	15,000		
FUGLYOG, EDWIN O.	Payments on Vessel	Petersburg	4/23/75	May 2, 1975	100,000	100,000		
RICE, JOHN	Payoff Note on Vessel	Petersburg	6/19/75	June 27, 1975	17,000	17,000		
							YEAR 1976	
TAGABAN, ARCADIO	Equipment	Petersburg	6/23/75	July 23, 1975	18,000		18,000	Debt Servicing
TAGABAN, ARCADIO	Equipment	Petersburg	7/30/75	July 30, 1975	18,000		18,000	(reconsdrd) Debt Servicing
TAGABAN, ARCADIO	Equipment	Petersburg	8/8/75	Aug. 12, 1975	10,500	10,500		
LESH, DAVID	Vessel	Gustavus	6/11/75	Aug. 21, 1975	16,600		16,600	Debt Servicing
LESH, DAVID	Vessel	Gustavus	6/11/75	Sept. 15, 1975	16,600	16,000		
GUTHAIL, NORMAN RALPH	Vessel	Petersburg	9/2/75	Sept. 22, 1975	30,000	30,000		
MATHIESEN, ARIL	Vessel	Petersburg	8/4/75	Sept. 22, 1975	86,000	86,000		
SCHOONOVER, KENNETH	Vessel	Hoonah	8/11/75	Sept. 23, 1975	60,000	60,000		
BYFORD, BURRELL	Vessel	Wrangell	9/17/75	Oct. 16, 1975	20,000		20,000	Debt Servicing
THOMPSON, GRANT	Vessel	Petersburg	7/21/75	Oct. 30, 1975	33,000	33,000		
THOMASSEN, STEVEN H., SR.	Repairs & Mortgage	Wrangell	4/14/76	Apr. 29, 1976	25,000	25,000		

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JOHNSON, GEORGE B.	Vessel & Capital	Angoon	3/15/75	June 15, 1976	14,000		14,000	Can't Meet Debt Service
JACKSON, ROYAL, SR.	Vessel	Kake	6/14/76	June 23, 1976	100,000		100,000	Can't Meet Debt Service
							YEAR 1977	
SPERL, DENNIS W.	Vessel	Petersburg	7/7/76	July 22, 1976	31,275	31,275		
BARLOW, ANDREW JAMES	Vessel Repair	Wrangell	7/13/76	July 29, 1976	10,858.34	10,900		
STEPHEN, JON	Vessel	Petersburg	8/2/76	Sept. 20, 1976	33,750	33,750		
WRIGHT, LEIGH SIDNEY	Vessel	Petersburg	7/21/76	Sept. 29, 1976	50,000		50,000	Can't Meet Debt Service
WRIGHT, LEIGH SIDNEY	Vessel	Petersburg	7/21/76	Dec. 14, 1976	50,000	40,500		
JACKSON, CLARENCE	Equipment & Vessel	Kake	1/7/77	Jan. 18, 1977	68,205		68,205	Can't Meet Debt Service
OTNESS, NELS	Vessel	Petersburg	12/13/76	Jan. 18, 1977	100,000	100,000		
BOSWORTH, DALE	Construct Vessel	Petersburg	3/25/76	Feb. 15, 1977	94,000	94,000		
STOKES, DOUGLAS A.	Construct Vessel	Wrangell	12/20/76	Feb. 24, 1977	34,500	34,500		
GREEN, JAMES EDWARD	Vessel	Petersburg	1/20/77	March 1, 1977	47,250	47,000		
SCHWARTZ, MICHAEL O.	Vessel	Petersburg	1/31/77	March 9, 1977	28,000	28,000		
BUDD, THOMAS	vessel	Hoonah	2/22/77	March 15, 1977	31,000	31,000		
SMITH, VICTOR T.	Construct Vessel	Petersburg	2/7/77	March 15, 1977	45,000	45,000		
NEIMEYER, ROBERT	Permit	Wrangell	1/20/77	March 23, 1977	4,373	8,373		
PIHLMAN, DALE	Vessel	Wrangell	6/2/77	June 7, 1977	100,000		100,000	Can't Meet Debt Service
MUSKAVAGE, ANTHONY	Vessel	Petersburg	1/12/77	June 14, 1977	47,000	36,500		
ERNDE, JOHN	Vessel	Wrangell	5/27/77	June 21, 1977	54,000	54,000		

YEAR 1973

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KENNEY, DONALD T.	Purchase boat	Pelican	11-1-76	March 24, 1973	95,000	95,000		

YEAR 1974

HANNAFIOUS, HOUSTON L.	New engine	Sitka	12-26-73	Jan. 31, 1974	7,000	7,000		
NEWSOM, ZANE	Vessel and gear	Pelican	1-20-74	Feb. 7, 1974	37,500	37,500		
ROSE, MICHAEL	Purchase boat	Sitka	1-17-74	Feb. 8, 1974	20,000	20,000		
JOHNSON, EARLE W.	Refinance boat	Sitka	1-14-74	Feb. 22, 1974	14,000		14,000	Debt Servicing
PETERSEN, OTTO	Purchase boat	Sitka	2-19-74	March 12, 1974	48,000	35,500		
COOPER, JAMES J.	Equip boat and refinance	Sitka	1-30-73	March 12, 1974	33,461	33,461		
LEVINE, ROY W.	Purchase new boat	Sitka	1-29-74	April 24, 1974	100,000	100,000		
WYMAN, PHILLIP	Purchase new boat	Sitka	5-21-74	June 18, 1974	45,000	45,000		
WYMAN, PHILLIP	Vessel	Sitka	5-19-74	June 18, 1974	45,000	45,000		

YEAR 1975

WALLEN, DAVID A & JUDITH A.	Vessel	Port Alexander	11-8-74	Nov. 14, 1974	31,800	31,800		
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YOUNG, JOHN	Vessel	Yakutat	9-12-75	Nov. 5, 1975	100,000	100,000		
							YEAR 1977	
SCHOLZ, EDWIN R.	Vessel	Sitka	8-4-76	Aug. 27, 1976	22,000		22,000	Does not meet requirements for loan
WESTOVER, WAYNE	Vessel	Sitka	9-30-76	Nov. 9, 1976	50,000	50,000		
MATTESON, ERNEST	Vessel	Sitka	10-27-76	Nov. 9, 1976	24,000	24,000		
MUSETH, HENRY	Vessel	Elfin Cove	10-22-76	Nov. 9, 1976	45,000	45,000		
CHESNUT, JAMES A.	Vessel	Mt. Edgecumbe	9-10-76	Nov. 16, 1976	75,000	73,000		
KENNY, DON	Vessel	Pelican	11-1-76	Nov. 16, 1976	95,000	95,000		
BODDY, GARY	Vessel	Sitka	10-25-76	Dec. 7, 1976	30,000	30,000		
HICKS, DENNIS	Vessel	Sitka	11-9-76	Nov. 16, 1976	56,000	56,000		
PETERS, CLYDE	Vessel	Elfin Cove	11-29-76	Dec. 14, 1976	17,000	17,000		
PETERS, CLYDE,	Vessel	Elfin Cove	11-29-76	Dec. 15, 1976	17,000	17,000		
BOGREN, GEORGE C.	Vessel	Yakutat	11-5-76	Jan. 6, 1977	40,000	24,500		
SIEBERT, JOSEPH	Const. vessel	Sitka	8-22-76	Feb. 1, 1977	50,000	50,000		
BOGREN, GEORGE	Vessel	Yakutat	11-5-76	Feb. 1, 1977	40,000	24,500		
NEWSOM, ZANE (extension request)	Vessel & equip	Pelican	1-20-74	Feb. 24, 1977	37,500	(extend loan)		
KERR, CARL	Equipment & Payoff	Sitka	2-15-77	March 1, 1977	54,000	54,000		
CONSATSER, RON	Const. vessel	Sitka	3-14-77	April 26, 1977	60,000	50,000		
GIBSON, ROBERT A.	Const. new vessel	Pelican	2-28-77	April 26, 1977	30,000	30,000		
TURCOTT, DAVID J.	Vessel	Sitka	4-14-77	April 26, 1977	60,000	60,000		

HOUSE DISTRICT <u>4</u>									YEAR <u>1974</u>
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HOTCH, STEVE	Purchase Boat	Haines	7/6/73	July 25, 1973	19,000	19,000			
MARTIN, JOHN G.	Purchase Boat	Juneau	7/25/73	Aug. 14, 1973	30,000		30,000	Debt Service	
MARTIN, AL	Purchase Boat	Juneau	1/23/74	April 18, 1974	100,000	100,000			
GURTH, JOHN	Payoff Loan & Bills	Juneau	5/7/74	May 21, 1974	92,500	40,000			
GURTH, JOHN	Vessel	Juneau	5/7/74	May 21, 1974	40,000	40,000			
							YEAR <u>1975</u>		
ALBECKER, WILLIAM G.	Equipment & Vessel	Haines	12/6/74	Dec. 26, 1974	39,488	39,000			
JOHN, DAVID	Upgrade Vessel	Juneau	12/18/74	Jan. 8, 1975	15,750		15,750	10-yr. Payment Schedule	
HENKINS, CLANCY	Outfit Vessel	Douglas	10/5/74	Jan. 8, 1975	37,500	37,500			
GURTH, JOHN	Payoff Boat	Juneau	10/2/74	Jan. 21, 1975	92,500	40,000			
BARTLETT, LOUIE	Vessel	Juneau	12/28/74	Jan. 21, 1975	30,000	12,550			
ALEX, WAYNE	Vessel	Douglas	12/3/74	Jan. 24, 1975	14,000	14,000			
JOHN, DAVID	Upgrade Vessel	Juneau	12/18/74	Jan. 31, 1975	15,750	15,750			
GREGG, ROGER	Vessel	Juneau	2/20/75	March 3, 1975	22,500	22,500			
SPARKS, WILLIAM	Vessel	Haines	1/15/75	March 14, 1975	17,700	17,700			
THOMPSON, KEN	Repairs	Juneau	2/20/75	April 9, 1975	9,000		9,000	Can't Meet Debt Servicing	
CASHEN, PHIL	Vessel, Gear & Permit	Juneau	3/17/75	April 9, 1975	40,000		40,000	Can't Meet Debt Servicing	
OSBORNE, ARTHUR	Vessel	Douglas	4/16/75	May 2, 1975	16,000	11,000			

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JOHN, RONALD C., SR.	Equipment	Juneau	4/24/75	May 2, 1975	32,000	32,000		
WEBER, JAMES D.	Vessel	Douglas	4/21/75	May 7, 1975	75,000	23,000		
MCKINLEY, LEVI	Vessel	Juneau	1/17/75	May 7, 1975	100,000		100,000	Can't Meet Debt Servicing
KELLY, THOMAS R.	Vessel & Equipment	Auke Bay	5/5/75	May 7, 1975	56,250		56,250	Can't Meet Debt Servicing
MARTIN, AL	Refinance & Equip.	Juneau	4/11/75	May 12, 1975	60,000		60,000	Can't Meet Debt Servicing
KELLY, THOMAS	Vessel & Equipment	Auke Bay	5/5/75	June 16, 1975	56,250		56,250	Can't Meet Debt Servicing
KELLY, THOMAS	Vessel	Auke Bay	5/5/75	June 16, 1975	42,000		42,000	Debt Servicing
YEAR <u>1976</u>								
CASHEN, PHIL	Vessel	Juneau	7/2/75	July 23, 1975	40,000		27,500(Recnsdrd)	Debt Svcng.
GARNER, ERNEST	Vessel	Juneau	7/28/75	Aug. 21, 1975	30,000	30,000		
GRAY, DON	Vessel	Juneau	9/3/75	Sept. 15, 1975	40,000	40,000		
SPELLMAN, RUSSELL	Vessel	Haines	9/12/75	Sept. 30, 1975	30,000	30,000		
ANGLIN, TOM	Vessel	Juneau	9/29/75	Oct. 16, 1975	100,000		100,000	Debt Servicing
KOCH, FRANK	Vessel	Auke Bay	10,13,75	Oct. 29, 1975	40,000	40,000		
BERGERON, ED	Vessel	Juneau	10,14/75	Oct. 30, 1975	100,000		100,000	Debt Servicing
ANGLIN, TOM	Vessel	Juneau	10/28/75	Oct. 30, 1975	100,000	100,000		
BERGERON, ED	Vessel	Juneau	11/3/75	Nov. 5, 1975	60,450	60,450		
DANIEL, PHILLIP A.	Vessel	Juneau	8/6/75	Nov. 18, 1975	52,500	52,500		
DENNIS, J. ELDON	Permit	Juneau	11/10/75	Nov. 28, 1975	14,000		14,000	Not in Need

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MIELKE, GLEN	Vessel	Juneau	11/19/75	Dec. 3, 1975	63,000		63,000	Debt Servicing
MIELKE, GLEN	Vessel	Juneau	12/8/75	Dec. 9, 1975	63,000		63,000	Recnsdr. Debt Servicing
KELLEY, THOMAS R.	Vessel	Auke Bay	11/14/75	Dec. 9, 1975	25,000		25,000	Debt Servicing
SMITH, FRANK	Vessel	Juneau	1/27/76	Feb. 10, 1976	27,000		27,000	Debt Servicing
WHITLEY, CHARLES	Vessel	Juneau	10/10/75	Feb. 10, 1976	40,000		40,000	
DENNIS, J. ELDON	Retire Lien On Vessel	Juneau	11/10/75	Feb. 20, 1976	14,000	13,500		
SMITH, FRANK	Vessel	Juneau	1/27/76	Feb. 25, 1975	27,500	27,500		
KELLY, THOMAS	Vessel	Auke Bay	11/12/75	Dec. 11, 1975	15,000	15,000		
SPARKS, WILLIAM	Vessel	Haines	1/15/75	April 2, 1976 (Mar. 19, 1975)	17,000	17,000(extension)		
HOTCH, DICK	Vessel	Haines	1/29/76	Apr. 16, 1976	40,000	34,000		
MICKINLEY, LEVI	Vessel	Juneau	5/5/76	June 4, 1976	45,000		45,000	Debt Servicing
							YEAR	1977
DANIEL, PHILLIP A.	Vessel	Juneau	8/6/75	Sept. 20, 1976	47,000	52,500		
KNUTSON, ALONZO J.	Vessel	Juneau	9/9/76	Sept. 29, 1976	35,000	35,000		
NELSON, NORVAL	Vessel	Juneau	10/4/76	Oct. 21, 1976	10,800	10,800		
BEAL, GARY J.	Vessel	Juneau	9/23/76	Oct. 21, 1976	23,000	23,000		
TEMPLETON, PHILIP C.	Vessel	Juneau	9/23/76	Oct. 21, 1976	68,500	66,375		
SMITH, ROY M.	Vessel	Juneau	11/15/76	Dec. 3, 1976	17,300	17,300		
TAUG, ALLEN	Vessel	Juneau	11/18/76	Dec. 7, 1976	34,500		34,500	Can't Meet Debt Servicing
GURTH, JOHN(extension)	Vessel	Juneau	10/2/76	Dec. 7, 1976	92,500	40,000		

TYPE OF LOAN Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
MILLARD, KENNETH PARTICK	Vessel	Auke Bay	10/14/76	Dec. 14, 1976	37,500	33,750		
MIELKE, GLEN H.	Vessel	Juneau	11/8/76	Dec. 14, 1976	65,000	65,000		
TAUG, ALLEN N.	Vessel	Juneau	11/18/76	Dec. 21, 1976	34,500	34,500		
PARDEE, TERRANCE	Vessel	Haines	11/24/76	Dec. 23, 1976	73,113	73,000		
DAVIS, JAY	Complete Vessel	Juneau	12/2/76	Jan. 4, 1977	25,000	30,000		
ARMOUR, W. H.	Permit	Douglas	12/13/76	Jan. 4, 1977	14,000	14,000		
BARTLETT, LORRIE	Vessel	Juneau	12/28/76	Feb. 3, 1977	30,000	12,550		
NYMAN, ROBERT E.	Vessel	Juneau	1/31/77	Feb. 8, 1977	34,500	34,500		
WHITING, JOSEPH T.	Vessel	Douglas	10/20/76	Feb. 24, 1977	31,000	31,000		
LONERGAN, MICHAEL	Vessel	Juneau	2/23/77	Feb. 24, 1977	100,000	99,000		
EDMONSEN, DANIEL B.	Vessel & Gear	Juneau	2/22/77	Mar. 1, 1977	30,000	30,000		
WILD, JAMES	Vessel	Juneau	2/25/77	Mar. 9, 1977	12,000		12,000	Not enough collateral
BEATON, JAMES E.	Crab Pots	Juneau	2/2/77	Mar. 9, 1977	9,000	9,000		
BECKER, JAMES D.	Vessel	Douglas	3/2/77	Mar. 9, 1977	60,600	60,000		
WILD, JAMES M.	Vessel	Juneau	2/25/77	Mar. 15, 1977	12,000	8,000		
WALKER, WILLIAM NOAH	Vessel	Haines	1/24/77	Mar. 22, 1977	45,000	45,000		
STEINDAL, KARL	Construct Vessel	Juneau	12/15/76	Mar. 22, 1977	80,000		80,000	Can't Meet Debt Servicing
ALBECKER, LEO	Vessel	Haines	2/23/77	Mar. 22, 1977	25,000	25,000		
GARNER, ERNIE	Vessel	Juneau	3/10/77	Mar. 22, 1977	40,000	40,000		
STEINDAL, KARL	Construct Vessel	Juneau	12/15/76	Mar. 30, 1977	80,000		80,000	Can't Meet Debt Servicing

YEAR 1977

TYPE OF LOAN Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
BECKER, ROBERT F.	Vessel	Douglas	4/14/77	April 19, 1977	60,600	60,000		
ANGLIN, TOM (extension req)	Vessel & Equipment	Juneau	9/29/75	April 19, 1977	100,000	5,307		
NEXX, DARRELL B.	Vessel	Douglas	3/14/77	April 19, 1977	78,000	78,000		
HOTCH, JONES	Vessel	Klukwan	2/16/77	May 4, 1977	23,000	23,000		
SMATLAN, JOE	Vessel & Equipment	Juneau	5/10/77	May 17, 1977	27,000		27,000	Insufficient Collateral
DAVID, THEODORE G., Jr.	Vessel	Juneau	5/5/77	May 31, 1977	30,000	30,000		
DENNIS, J. ELDON	Vessel	Juneau	5/26/77	June 7, 1977	50,000	50,000		

TYPE OF LOAN

Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
HALL, A. W.	Mortgage Payoff	Cordova	11/1/72	Dec. 4, 1973	17,500	14,500		
ZAREMBA, JOE	Purchase Boat	Valdez	2/25/74	April 9, 1974	15,000	17,250		
KASSER, MARTIN	Vessel	Seward	3/4/74	April 29, 1974	25,424	25,000		
KASSER, MARTIN	Replace Boat	Seward	3/7/74	May 6, 1974	25,424	25,000		
HUNNICUTT, KENNETH	Purchase New Boat	Cordova	5/15/74	June 18, 1974	75,000	72,000		
HUNNICUTT, KENNETH	Vessel	Cordova	11/30/73	June 18, 1974	75,000	72,000		
							YEAR 1975	
HASBROUCH, LEWIS L.	Vessel	Cordova	6/4/74	July 19, 1974	64,000	48,000		
WIESE, ROBERT F.	Vessel & Equipment	Cordova	10/15/74	Oct. 23, 1974	33,000	33,000		
DUNDAS, ROBERT	Vessel & Equipment	Cordova	2/3/75	March 3, 1975	60,000	60,000		
ALLEN, ANDY	Vessel	Tatitlek	2/5/75	March 17, 1975	15,500	17,000		
CHESHER, CHET	Vessel Repair & Equip.	Cordova	3/6/75	March 27, 1975	35,000	35,000		
SIMPSON, KENNETH M.J.	Refinance	Cordova	3/18/75	April 4, 1975	68,000	68,000		
LANKARD, GLEN E.	Vessel & Payoff	Cordova	3/17/75	April 18, 1975	91,860	90,000		
JENSEN, HERBERT T.	Vessel, Equip. Permit	Cordova	2/25/75	April 22, 1975	30,000	30,000		
ALLEN, G. GALE	Restore & Upgrade Vsl.	Cordova	4/24/75	May 21, 1975	12,000		4,100	Can't Meet Debt Servicing
MCLEAN, JOHN	Repair, Equip., Permit	Cordova	5/6/75	May 23, 1975	30,000	30,000		
ALLEN, G. GALE	Vessel	Cordova	4/24/75	May 21, 1975	12,500		12,500	Insufficient Collateral
MCLEAN, JOHN	Pay off and Equipment	Cordova	5/6/75	May 23, 1975	30,000	30,000		
HALL, ARLOT W.	Equipment & Repairs	Cordova	7/27/72	June 3, 1975	22,500	22,500		
ELESHANSKY, MIKE	Vessel & Equipment	Cordova	4/28/75	June 16, 1975	40,000	32,000		

TYPE OF LOAN Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
ALLEN, G. GALE	Equipment	Cordova	4/24/75	June 16, 1975	4,100		4,100	Debt Servicing
ALLEN, G. GALE	Restore and Upgrade Vessel	Cordova	4/24/75	June 16, 1975	12,000		4,100	Debt Servicing
							YEAR	1976
NIPPELL, PETE	Vessel	Cordova	7/7/75	July 23, 1975	66,011.68		60,011.68	Debt Servicing
GURSKÉ, WILLIAM	Equipment	Cordova	7/2/75	July 23, 1975	20,000	20,000		
NIPPELL, PETE	Vessel	Cordova	7/7/75	August 21, 1975	66,011.68	66,000		
BRAY, RICK	Vessel	Cordova	9/10/75	Sept. 30, 1975	19,350	19,350		
MAXWELL, LESLIE	Equipment	Cordova	9/16/75	Oct. 3, 1975	30,000	30,000		
PRINCE WILLIAM SOUND AQUA-CULTURE CORP. (Hatchery)	Construction	Cordova	8/26/75	Oct. 14, 1975	100,000	100,000		
THORNE, GERALD D.	Equipment & Payoff	Cordova	9/22/75	Oct. 29, 1975	25,500	25,500		
KILLEY, CHARLES	Vessel	Cordova	8/5/75	Nov. 5, 1975	100,000	100,000		(Commitment Expired)
CARROLL, FRED	Equipment	Cordova	10/3/75	Nov. 5, 1975	30,000		30,000	Insuf. Coll.
THORNE, CHARLES	Payoff & Equipment	Cordova	9/24/75	Nov. 13, 1975	89,993	90,000		
ESTES, GERALD E.	Vessel	Cordova	9/24/75	Nov. 13, 1975	48,000		48,000	Insuf. Coll.
HUGHES, MICHAEL	Vessel	Cordova	9/10/75	Nov. 18, 1975	100,000	65,000		
BUTLER, DAVID	Vessel	Cordova	9/24/75	Nov. 18, 1975	50,000	48,000		
LIAN, ENOK	Vessel	Cordova	10/29/75	Nov. 28, 1975	95,000	95,000		
COCHRAN, LEW	Vessel	Cordova	10/29/75	Nov. 28, 1975	47,000	40,000		
DUNDAS, ROBERT	Vessel	Cordova	10/20/75	Dec. 17, 1975	55,000	46,000		

TYPE OF LOAN Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>	
DUNDAS, ROBERT	Vessel	Cordova	10/20/75	Jan. 8, 1976	55,500		55,500	Insuf. Coll.	
KOMPKOFF, CARROLL . .	Vessel	Cordova	11/17/75	Jan. 26, 1976	55,000	49,000			
JENSEN, HERBERT T.	Vessel	Cordova	12/22/75	Feb. 2, 1976	49,000	49,000			
DETTINGER, ROBERT	Vessel	Cordova	1/19/76	Feb. 10, 1976	60,000	60,000			
CARROLL, FRED	Vessel	Cordova	1/28/76	Feb. 20, 1976	30,000		30,000	Insuf. Coll.	
COOK, JOSEPH B., JR.	Vessel	Cordova	2/3/76	Feb. 20, 1976	16,845	16,845			
HENRICH, ROBERT J.	Vessel	Cordova	3/14/75	Feb. 25, 1976	65,000	65,000			
TITTERINGTON, RONALD O.	Vessel	Cordova	11/24/75	Feb. 25, 1976	26,066		26,066	Incomplete Application	
DAY, ROBERT	Vessel	Cordova	2/23/76	Mar. 5, 1976	56,320	56,000			
WEISE, JOHN PAUL	Vessel	Cordova	1/20/76	Mar. 22, 1976	16,000	16,000			
ESTES, GERALD E.	Vessel	Cordova	9/24/75	Mar. 22, 1976	40,000		40,000	Insuf. Coll.	
WEBBER, BILL, JR.	Vessel	Cordova	2/9/76	Mar. 22, 1976	12,500		12,500	Debt Servicing	
ESTES, GERALD	Vessel	Cordova	9/24/75	Mar. 26, 1976	40,000	40,000			
VLASOFF, KENNETH	Vessel	Cordova	2/13/76	April 2, 1976	18,500	18,500			
CARROLL, FRED C.	Vessel	Cordova	1/28/76	April 16, 1976	30,000		30,000	Insuf. Coll.	
							YEAR	1977	
BANTA, ROBERT N.	Vessel	Cordova	6/29/76	July 29, 1976	35,000	35,000			
NOLAN, DENNIS	Vessel	Cordova	8/16/76	Sept. 24, 1976	77,000	74,000			
ANDERSON, RON V.	Vessel	Cordova	4/29/76	Sept. 29, 1975	72,850	54,400			

TYPE OF LOAN

Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECVD</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
BLAKE, PETER A.	Vessel	Cordova	10/6/76	Oct. 21, 1976	86,000	86,000		
ALEXANDER, MICHAEL	Vessel	Cordova	9/29/76	Nov. 9, 1976	35,000		35,000	Can't Meet Debt Servicing
TAYLOR, GARY	Vessel	Cordova	10/20/76	Nov. 9, 1976	60,000	52,000		
ALEXANDER, MICHAEL	Vessel	Cordova	9/29/76	Nov. 16, 1976	35,000		35,000	Can't Meet Debt Servicing
KING, BRIAN	Vessel & Repair	Cordova	11/5/76	Nov. 23, 1976	28,000	28,000		
CARROLL, VIRGIL	Vessel	Cordova	11/12/76	Dec. 7, 1976	13,500	13,500		
MAXWELL, LESLIE	Repair/Payoff Mort.	Cordova	9/16/75	Dec. 7, 1976	30,000	30,000		
WEEKS, JERRY W.	Vessel	Cordova	11/24/76	Dec. 14, 1976	55,000	49,500		
MONTGOMERY, LLOYD	Vessel	Cordova	10/5/76	Jan. 7, 1977	37,000	33,000		
FLEMING, WALTER	Vessel	Cordova	12/8/76	Jan. 18, 1977	47,000	47,000		
LAMB, JOHN A.	Vessel & Equip.	Cordova	1/24/77	Feb. 3, 1977	43,000		43,000	Insuf. Coll
HONKOLA, KENNETH E.	Vessel	Cordova	1/7/77	Feb. 3, 1977	36,000	36,000		
TEMPLETON, DAVID B.	Repairs/Payoff	Seward	10/24/76	Feb. 8, 1977	22,500	22,500		
ALLEY, ROY	Upgrade Vessel	Valdez	2/4/77	March 9, 1977	72,969	73,000		
PIRTLE, TOM	Vessel	Cordova	12/3/76	March 9, 1977	50,000	15,000		
CHESHER, CHET (extension request)	Gear & Repair	Vessel Cordova	3/6/75	March 22, 1977	35,000		35,000	Debt Servicing
SIRES, THEODORE L., JR.	Vessel	Seward	3/8/77	March 22, 1977	100,000	87,000		
SIRES, THEODORE L., JR.	Vessel	Seward	3/8/77	March 30, 1977	100,000	100,000		
CLARK, WALTER E.	Vessel	Cordova	3/7/77	March 30, 1977	94,000	89,000		

TYPE OF LOAN Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
REEVES, FLOYD E.	Vessel & Equipment	Cordova	3/14/77	April 26, 1977	22,615	22,500		
BARNES, RANDY DEAN.	Vessel	Cordova	4/6/77	April 28, 1977	23,000		23,000	Can't Meet De
JENSEN, JAMES L.	Vessel	Cordova	1/7/77	April 28, 1977	12,500	9,000		Servicing
MONTGOMERY, LLOYD	Vessel	Cordova	10/5/76	May 17, 1977	37,000		37,000	Change of Col

TYPE OF LOAN COMMERCIAL FISHING

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
CALLAWAY, DONALD	Purchase boat	Eagle River	1-28-73	May 22, 1973	60,000		60,000	Debt Servicing

YEAR 1974

NEWBY, RICHARD	Vessel	Anchorage	1-7-74	Feb. 8, 1974	90,000	100,000		
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YEAR 1975

WILLARD, WESLEY JACK	Vessel	Anchorage	4-25-74	July 19, 1974	15,000	15,000		
CABANA, LEROY W.	Vessel	Anchorage	1-2-75	Jan. 24, 1975	30,000	30,000		

YEAR 1976

YOUNKER, ALAN	Improvements	Anchorage	11-14-75	Feb. 2, 1976	22,600		22,000	Not dependant on fisheries
KALKINS, RANDOLPH	Vessel	Anchorage	12-24-75	Feb. 11, 1976	65,000		65,000	Not a commercial fisherman

TYPE OF LOAN COMMERCIAL FISHING

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
CONATSER, RONALD C.	Construct Vessel	Sitka	10-21-74	Nov. 21, 1974	15,000	12,000		
BAKER, JOHN PHILLIP	Vessel	Yakutat	11-14-74	Dec. 26, 1974	60,000		60,000	Can't Meet Debt Servicing
NORTHRUP, RAY	Repay loan and outfit boat	Sitka	1-16-75	Jan. 28, 1975	19,000	19,000		
JAGER, JOHN	Vessel	Sitka	2-18-75	March 14, 1975	71,585	50,000		
MECUS, KENNETH	Vessel	Pelican	2-28-75	March 27, 1975	32,143		32,145	Net Income Insufficient
HAAVIG, NELAND	Vessel & Equip.	Sitka	3-25-75	April 9, 1975	22,287	22,000		
PHILLIPS, JACK A.	Vessel	Pelican	3-13-75	April 18, 1975	100,000	100,000		
MEARS, KENNETH I.	Vessel	Pelican	2-28-75	April 18, 1975	32,143	32,500		
JAGER, JOHN	Vessel	Sitka	2-18-75	May 7, 1975	71,585	70,000		
OEN, MYRON	Vessel & Equip	Sitka	4-25-75	May 21, 1975	70,000		70,000	Can't Meet Debt Servicing
KESLER, WESLEY	Equipment & Gear	Sitka	5-23-75	June 10, 1975	5,500	5,500		
						YEAR <u>1976</u>		
DAVIS, HARRY	Vessel	Sitka	3-17-75	Aug. 12, 1975	15,000	15,000		
						YEAR <u>1977</u>		
YOUNG, JOHN (extension request)	Vessel	Yakutat	9-12-75	May 4, 1977	100,000	(Extend Loan)		

TYPE OF LOAN Commercial Fisheries

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE REC'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
YATES, THOMAS J.	Vessel	Anchorage	10-24-75	Feb. 25, 1976	48,000		48,000	Insufficient Collateral
							<u>YEAR 1977</u>	
FLYNN, DAVID	Vessel	Anchorage	11-5-76	Dec. 14, 1976	39,750	41,000		
ADAMS, GEORGE JR.	Vessel	Anchorage	11-26-76	Jan. 7, 1977	44,000	40,000		
RILEY, WALTER	Vessel	Anchorage	11-26-76	Jan. 7, 1977	42,350	40,000		
RILEY, WALTER	Vessel	Anchorage	11-26-76	Feb. 24, 1977	42,350	40,000		
CUTSHALL, MAX	Vessel	Anchorage	12-28-76	March 15, 1977	40,000	40,000		
WOLFE, JOHN	Vessel & equipment	Anchorage	12-2-76	March 22, 1977	45,000	60,000		
JOHNSON, WALTER	Vessel	Anchorage	3-15-77	May 17, 1977	60,600		60,600	Debt Servicing

TYPE OF LOAN Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
LEMAN, JEFFERY MARK	Compl. of Vessel	Ninilchik	11/23/73	Jan. 14, 1974	20,000	20,000		
WALDSMITH, DARWIN E.	Construct Vessel	Ninilchik	1/28/74	April 9, 1974	14,000		10,800	Can't Meet Debt Servicing
WALDSMITH, DARWIN E.	Construct Vessel	Ninilchik	1/28/74	April 18, 1974	14,000	10,800		
BROWNING, EUGENE V.	Repair & Equipment	Homer	5/17/74	June 18, 1974	8,000		8,000	Does Not Fall Within Intent Of Loan Program
							YEAR <u>1975</u>	
CALHOUN, JAMES C.	Vessel	Homer	7/5/74	August 21, 1974	50,000	50,000		
CALHOUN, DENNIS E.	Vessel	Homer	7/22/74	August 21, 1974	50,000	50,000		
PARSONS, CHARLES	Vessel	Homer	8/7/74	Dec. 10, 1974	100,000	100,000		
MOORE, KENNETH D.	Upgrade Vessel	Homer	12/20/74	Jan. 24, 1975	47,000	48,000		
MOORE, KENNETH	Vessel	Homer	3/24/75	April 9, 1975	100,000	100,000		
HAYNES, ROBERT	Vessel	Homer	3/24/75	April 9, 1975	48,000	48,000		
MCLAY, RODNEY V.	Vessel	Homer	3/20/75	June 16, 1975	20,000	20,000		
ESSEX, DON	Vessel & Permit	Soldotna	5/27/75	June 16, 1975	18,000	18,000		
CALHOUN, DANIEL	Vessel	Homer	6/2/75	June 20, 1975	33,000	33,000		
CALHOUN, DANIEL	Vessel	Homer	5/2/75	June 20, 1975	33,000		33,000	Can't Meet Debt Servicing
							YEAR <u>1976</u>	
CALHOUN, DAN	Vessel	Homer	7/10/75	July 23, 1975	33,000	33,000		
CARROLL, GLEN	Equipment & Payoff	Homer	5/14/75	August 22, 1975	39,500	39,500		
DRAGSETH, JACK L.	Vessel Improvements	Kasilof	4/7/75	Sept. 4, 1975	42,500		42,500	Insuf. Coll.

TYPE OF LOAN		Commercial Fishing						
<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
NELSON, EMIL V. II	Vessel	Homer	8/8/75	Oct. 3, 1975	60,000	60,000		
JOHNSON, DONALD	Vessel	Soldotna	10/30/75	Nov. 18, 1975	34,800		34,800	Debt Svcng.
JOHNSON, DONALD	Vessel	Soldotna	12/5/75	Dec. 9, 1975	40,800		40,800	(recons.) Debt Svcng.
SEE, ARTHUR BROCK	Vessel	Kasilof	12/1/75	Dec. 17, 1975	48,750	36,750		
MCGAHAN, RICHARD	Vessel	Kenai	12/2/75	Dec. 17, 1975	52,500	52,500		
MCGAHAN, HENRY	Vessel	Kenai	12/3/75	Dec. 17, 1975	50,000	38,000		
BLEDSE, BILL	Vessel	Homer	1/7/76	Jan. 26, 1976	100,000	82,500		
SCHOLLENBERG, EDWARD	Vessel	Anchor Point	1/7/76	Feb. 2, 1976	100,000	100,000		
HOLLENSHEAD, LARRY	Vessel	Homer	1/14/76	Feb. 11, 1976	72,750	72,700		
BELLAMY, MARVIN K.	Repair Vessel	Homer	1/16/76	March 2, 1976	9,000	9,000		
SCHOLLENBERG, RICHARD J.	Vessel	Anchor Point	2/13/76	March 2, 1976	37,500		37,500	Inexperience Co-signer
CONRIGHT, JACK	Vessel	Kenai	3/1/76	March 26, 1976	40,600	31,300		
SCHOLLENBERG, RICHARD J.	Vessel	Anchor Point	2/13/76	March 26, 1976	37,500	37,500		
ROZAK, THEODORE	Vessel	Homer	1/19/76	April 2, 1976	70,000	70,000		
TRAINER, PAUL V..	Vessel	Kenai	3/12/76	April 9, 1976	39,590	35,000		
OSMAR, ROBERT B.	Vessel	Ciam Gulch	3/31/76	May 6, 1976	35,000	35,000		
FRITZ, GRANT	Vessel	Kasilof	2/17/76	May 11, 1976	75,000	75,000		

TYPE OF LOAN	Commercial Fishing							
NAME	PURPOSE OF LOAN	LOCATION	DATE RECV'D	DATE ACTION TAKEN	AMOUNT REQUESTED	AMOUNT APPROVED	AMOUNT DISAPPROVED	REASON DISAPPROVED
VEERHUSON, DANIEL F.	Vessel	Homer	6/1/76	July 9, 1976	34,500	32,500		
WILLIFORD, JACK	Vessel	Kenai	8/20/76	Sept. 29, 1976	30,000	30,000		
WILSON, WAYNE	Vessel	Kenai	8/30/76	Sept. 29, 1976	28,400	28,400		
JONES, TRACY, JR.	Payoff Mort and Equip.	Homer	9/17/76	Oct. 21, 1976	45,000	45,000		
JOHNSON, SHERMAN	Vessel	Via Port Moller	9/7/76	Nov. 9, 1976	50,000	25,000		
FLYNN, THOMAS	Vessel	Kenai	10/20/76	Nov. 16, 1976	44,656.69	44,700		
BLOSSOM, DOUGLAS	Vessel	Ninilchik	2/23/76	Dec. 7, 1976	20,000	74,000		
NELSON, EMIL	Vessel	Homer	8/8/75	Dec. 7, 1976	60,000	60,000		
BELLAMY, MARVIN	Payoff Loan and Buy Vessel	Homer	12/16/76	Jan. 4, 1977	19,000	19,000		
MCGAHAN, KENNETH	Construct Vessel	Kenai	1/7/77	Feb. 1, 1977	92,500	92,500		
JAMISON, VERN	Vessel	Soldotna	10/19/76	Feb. 3, 1977	25,500	25,500		
HATTEN, JERRY L.	Vessel	Clam Gulch	12/16/76	Feb. 15, 1977	30,000	27,000		
MULLEN, FRANK	Vessel	Soldotna	2/15/77	Feb. 24, 1977	12,000	12,000		
DUNCAN, BILLY RAY	Vessel	Kasilof	2/8/77	March 1, 1977	26,625	26,625		
JACOBS, MARK	Vessel & Equipment	Homer	2/23/77	March 15, 1977	45,000		45,000	Can't Meet Debt Servicing
MOORE, ROSELEEN	Construct Vessel	Homer	3/2/77	March 17, 1977	100,000	40,884		
JACOBS, MARK (Reconsideration)	Vessel & Gear	Homer	2/23/77	March 30, 1977	45,000		45,000	Can't Meet Debt Servicing
GALEANO, RALPH	Vessel	Homer	3/18/77	April 5, 1977	91,500	75,000		
OSMAR, DEAN	Vessel	Clam Gulch	3/4/77	April 28, 1977	20,000		20,000	Not Enough Info.
KNOWLES, DENNIS K.	Repair & Equipment	Homer	4/7/77	April 28, 1977	12,000	12,000		

TYPE OF LOAN Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
CHOATE, WILLIAM	Vessel & Gear	Homer	4/20/77	May 4, 1977	12,000		12,000	Insuff. Coll.
HUCKABAY, ORAN L.	Vessel	Soldotna	4/26/77	May 4, 1977	25,000	23,000		
CHOATE, WILLIAM	Vessel & Gear	Homer	4/20/77	May 10, 1977	12,000	10,000		
SMITH, CHARLES	Vessel	Homer	3/24/77	May 10, 1977	45,000	45,000		
LEWIS, JACK	Construct & Equip Vessel	Kenai	2/3/77	May 17, 1977	30,000	30,000		
JOHNSON, DONALD B.	Construct Vessel	Soldotna	5/2/77	May 31, 1977	40,000	41,000		
MALCHOFF, TIMOTHY	Vessel	Port Graham	2/24/77	June 14, 1977	100,000	90,000		

TYPE OF LOAN Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
YOVINO, GUS	Purchase New Boat	Kodiak	11/19/73	Dec. 14, 1973	26,000	26,000		
SANDIN, JAMES	Purchase Boat	Kodiak	3/8/74	April 29, 1974	16,000		15,000	Debt Servicing

YEAR 1975

HANDER, OLE	Payoff Others and have only one loan	Kodiak	7/5/74	August 29, 1974	100,000	100,000		
KNAGIN, DENNIS	Vessel & Equipment	Kodiak	6/27/74	Sept. 24, 1974	51,000	51,000		
YOVINO, AUGUSTIN O.	Vessel	Kodiak	10/5/73	Nov. 4, 1974	26,000	26,000		
CARLSON, RODERICK	Vessel	Kodiak	3/3/75	March 27, 1975	92,500	60,000		
TORSEN, ALBERT, SR.	Upgrade Vessel	Kodiak	3/17/75	April 18, 1975	100,000	100,000		
OLSEN, HANS P.	Repair and Equipment	Kodiak	3/25/75	April 18, 1975	80,000	60,000		
ABSTON, HUGH G.	Vessel & Gear	Kodiak	3/26/75	April 22, 1975	63,000	60,000		

YEAR 1976

BURKE, WILLIAM	Vessel	Kodiak	10/16/75	Nov. 13, 1975	36,750	36,750		
WICK, JACOB	Vessel	Kodiak	11/14/75	Dec. 2, 1975	90,000	88,700		
DEAN, ELMER	Vessel	Kodiak	11/19/75	Jan. 8, 1976	64,000		64,000	Insuff. Collateral
HARDER, PAUL	Vessel	Kodiak	11/26/75	Jan. 16, 1976	60,000	60,000		
JOHN, RONALD B.	Vessel	Kodiak	12/24/75	Jan. 26, 1976	61,500	61,500		
HEATH, MICHAEL	ayoff & Equipment	Kodiak	12/8/75	February 2, 1976	45,000	45,000		

TYPE OF LOAN		Commercial Fishing		YEAR 1976				
NAME	PURPOSE OF LOAN	LOCATION	DATE RECV'D	DATE ACTION TAKEN	AMOUNT REQUESTED	AMOUNT APPROVED	AMOUNT DISAPPROVED	REASON DISAPPROVED
BYLER, JERRY L.	Vessel	Kodiak	1/20/76	Feb. 25, 1976	16,500		16,500	Not dependent on fishing Insufficient Collateral
SHANIGAN, NICK	Vessel	Kodiak	4/5/76	April 22, 1976	10,000		10,000	
GILBERT, JOHN D.	Construct. Vessel	Kodiak	4/21/76	May 11, 1976	80,000	80,000		
HARDER, PAUL R.	Vessel	Kodiak	11/26/75	May 21, 1976	55,000	60,000		

				YEAR 1977				
NAME	PURPOSE OF LOAN	LOCATION	DATE RECV'D	DATE ACTION TAKEN	AMOUNT REQUESTED	AMOUNT APPROVED	AMOUNT DISAPPROVED	REASON DISAPPROVED
WAMSER, BERNARD	Payoff Mortgage/ Equip., Remodel	Kodiak	8/9/75	Sept. 21, 1976	59,600		59,600	Insufficient Collateral
SUYDAM, KEVIN A.	Vessel	Kodiak	10/5/76	Oct. 21, 1976	80,000	80,000		
ARDINGER, HARRY	Vessel	Kodiak	10/6/76	Oct. 21, 1976	86,000	86,000		
WADSWORTH, RAY	Upgrade Vessel	Kodiak	10/21/76	Nov. 23, 1976	75,000	75,000		
HARTMAN, RICHARD P.	Vessel	Kodiak	11/26/76	Dec. 14, 1976	72,000	71,000		
FOX, ARTHUR WILLIAM	Vessel	Kodiak	11/22/76	Dec. 14, 1976	43,000	43,000		
VARRALL, LARRY	Vessel	Kodiak	11/1/76	Dec. 15, 1976	95,000	95,000		
HOEDEL, DOUGLAS W.	Vessel	Kodiak	12/27/76	Jan. 4, 1977	95,000	95,000		
EVERMAN, JERRY A.	Vessel	Kodiak	12/10/76	Jan. 7, 1977	100,000	95,000		
KEPLINGER, RONALD GENE	Construct Vessel	Kodiak	12/14/76	Jan. 18, 1977	100,000	95,000		
MALUTIN, DARRELL	Vessel	Kodiak	12/30/76	Feb. 3, 1977	71,250	70,500		
MALUTIN, DARRELL	Vessel	Kodiak	12/30/76	March 17, 1977	71,250	80,300		
DYSON, OSCAR	Vessel	Kodiak	3/4/77	March 22, 1977	100,000	97,000		

TYPE OF LOAN COMMERCIAL FISHING

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
SHOLL, RANDALL	Vessel	Kodiak	3/8/77	April 19, 1977	100,000		100,000	Conditions
FERRIS, PHILLIP E.	Vessel	Kodiak	6/17/77	April 28, 1977	75,000	75,000		
SHOLL, RANDALL	Vessel	Kodiak	3/8/77	April 28, 1977	100,000	100,000		

YEAR 1974

TYPE OF LOAN		Commercial Fishing						
NAME	PURPOSE OF LOAN	LOCATION	DATE RECV'D	DATE ACTION TAKEN	AMOUNT REQUESTED	AMOUNT APPROVED	AMOUNT DISAPPROVED	REASON DISAPPROVED
ALECK, NICK P.	Purchase Boat	Chignik Lake	11/23/73	Feb. 22, 1974	33,750	33,750		
MACCALLUM, DONALD V.	Purchase Boat	King Cove	3/26/74	April 18, 1974	100,000	100,000		
							YEAR	1975
STARCK, ROBERT J.	Equipment	Unalaska	3/17/75	April 22, 1975	15,000	10,000		
							YEAR	1976
KRAMER, RICHARD	Vessel	Port Lions	10/31/75	Jan. 6, 1976	100,000	100,000		
							YEAR	1977
NELSON, ARNOLD G.	Vessel	Port Lions	9/28/76	Oct. 21, 1976	82,500		82,500	Can't Meet Debt Servicing
BRANDELL, KEN	Vessel	King Cove	10/1/76	Nov. 9, 1976	50,000	32,000		
HOLMBERG, RUEL	Repairs & Retire Mortgage	Sand Point	11/17/76	Dec. 7, 1976	55,000	55,000		
NELSON, ARNOLD	Vessel	Port Lions	12/22/76	Jan. 7, 1977	62,000	62,000		
MCCALLUM, HUBERT G.	Repair & Equipment	Sand Point	1/6/77	Jan. 18, 1977	86,000	87,000		
KOSERUK, BORIS R.	Vessel	Perryville	2/3/77	Feb. 24, 1977	75,000	75,000		
HOLMBERG, JOHN, SR.	Vessel	Sand Point	12/23/76	March 1, 1977	11,800	11,800		
KOSC, RAYMOND	Vessel	King Cove	1/17/77	March 22, 1977	32,625	32,625		
LIND, WILLIAM	Vessel	Chignik Lake	1/19/77	April 26, 1977	45,000	45,000		
WILSON, NELS	Vessel	King Cove	12/2/76	April 28, 1977	20,000	20,000		
STARCK, ROBERT	Equipment	Unalaska	3/17/77	May 17, 1977	15,000	10,000		

TYPE OF LOAN Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
ISNHOOK, ELIA	Purchase Boat	Koliganek	7/24/73	Oct. 10, 1973	8,000		8,000	Debt Servicing
DREW, JACK	Payoff Scow	Naknek	1/26/74	May 13, 1974	35,000	35,000		
							YEAR <u>1975</u>	
THOMPSON, FRANK M.	Vessel	Dillingham	11/6/74	Jan. 21, 1975	30,000	30,000		
CARL, KARL, SR.	Vessel	Kipnuk	3/28/75	May 2, 1975	10,000		10,000	Can't Meet Debt Servicing
							YEAR <u>1976</u>	
							YEAR <u>1977</u>	
NANALOOK, DAN	Vessel	Tagliak	9/22/76	Oct. 21, 1976	8,600	8,400		
ANDERSON, NELS J., SR.	Vessel	Dillingham	11/10/76	Feb. 3, 1977	38,000	27,500		
INGRAM, WILLIAM, JR.	Construct Vessel	Dillingham	1/28/77	March 30, 1977	27,000		27,000	Person Building Vessel Not Able to do it now.

TYPE OF LOAN

Commercial FishingYEAR 1976

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
VANEK, STEVEN	Vessel	College	11/19/75	Dec. 9, 1975	12,450	11,250		
YUNKER, MIKE	Improvements	Fairbanks	11/14/75	Feb. 2, 1976	46,000		46,000	Not Dependent on Fisheries

HOUSE DISTRICT Seattle

YEAR 1975

TYPE OF LOAN Commercial Fishing

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
SUYDAM, GLENN C.	Capital	Seattle	5/8/74	Jan. 21, 1975	98,147		98,147	Doesn't Meet Requirements for Loan

TYPE OF LOAN	CHILD CARE FACILITY							
<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
LITTLE RED SCHOOLHOUSE	Equipment	Eagle River	11-15-76	Dec. 14, 1976	10,000		10,000	Not enough collateral
LITTLE RED SCHOOLHOUSE	Equipment	Eagle River	11-15-76	Dec. 15, 1976	10,000	10,000		
SVENDSEN, DEBBIE	Equipment	Anchorage	12-27-76	Jan. 18, 1977	4,239	4,250		
BUTTERFLY CHILDREN'S CENTER	Equipment for center	Anchorage	4-15-77	May 31, 1977	10,000		10,000	Unsecured loan

YEAR 1977

<u>TYPE OF LOAN</u>	<u>HATCHERY</u>							
<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
PRINCE WILLIAM AQUA CORP.	Const. salmon incubation facilities	Cordova	7-15-76	July 22, 1976	600,000	600,000		
PRINCE WILLIAM SOUND AQUA	Const. salmon incubation facilities	Cordova	4-15-77	April 19, 1977	400,000	400,000	Additional money	

YEAR 1977

TYPE OF LOAN

FISHERIES ENHANCEMENT

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
KAKE NON-PROFIT HATCHERY CORP.	Pre-planning (engineering const.)	Kake	5-31-77	June 7, 1977	15,000	15,000		

HOUSE DISTRICT 5

YEAR 1977

TYPE OF LOAN FISHERIES ENHANCEMENT

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
PRINCE WILLIAM SOUND AQUACULTURE (Additional money requested)	Const. salmon incubation facilities	Cordova	7-15-76	Feb. 10, 1977	500,000	600,000		

vide information, inspections, and arrange for financing of energy improvements.

The Gov't Nat'l Mortgage Ass'n would purchase loans made by commercial lenders for insulation and other energy improvements to existing homes.

Up to \$3 billion of such loans would be at below-market interest and go to families with incomes not above the median for their area.

Maximum subsidized loan would be \$2,500. GNMA would have discretion to purchase another \$2 billion in unsubsidized loans to families above the median in places where financing at reasonable cost is not otherwise available.

Conferees approve \$280 million annually for 3 years for grants up to \$800 to help lower-income families buy insulation material.

Additional money would also be available to pay for installation. Program is aimed at families up to 125% of the poverty level.

BOOST IN HOUSING SPENDING URGED

An ad hoc coalition for low-income housing calls for a major expansion of subsidized housing programs, in a letter Friday to President Carter.

The coalition wants Carter to seek a supplemental appropriation for fiscal 1978 to bring the total of new subsidized housing up to 600,000 units, from about 465,000 units provided in the current budgets of HUD and Farmers Home Administration.

It asks a minimum level of 600,000 new and rehabilitated units and 600,000 existing under subsidy in the fiscal 1979 budget that is now being prepared.

Signing the letter are officers of 37 organizations, including heads of major labor, civic, and civil rights groups.

FNMA AUCTION--ARE LENDERS EDGY?

A creeping trend to increased volumes at the Fed'l Nat'l Mortgage Ass'n auction of future mortgage purchase commitments breaks open at the Oct. 17 auction. Volume of FHA-VA offerings is about 2 1/2 times Oct. 3, \$325.8 million.

Economists forecast increasing mortgage rates the rest of this year, while the Fed'l Reserve System has moved to tighten credit. There is also some criticism that the Fed has lost control of the money supply.

Volume is the highest since the maximum FHA-VA rate rose to 8.5% in May.

FNMA takes \$212.6 million, 65%. Average on acceptances is 97.59, for gross yield of 8.843%, up .075. Range is 8.944-8.82%, 96.9-97.75, compared to 8.861-8.757%, 97.-47-98.19 on Oct. 3.

Conventional offerings are \$242.7 million, up from \$187.3 million. Average yield is 9.109%, up .044, with range of 9.76-9.075.

FNMA raises to \$75,000 limits on conventional loans eligible for purchase. Exception is \$112,500 limit in Alaska and Hawaii. For loans higher than 90% loan to value ratio, new limit is \$60,000, or \$90,000 in Alaska and Hawaii.

FNMA also establishes two yields for purchase of FHA projects, for cash payoffs and for debenture payoffs by FHA.

FNMA: HOW NOT TO MANAGE A BUSINESS-GOVERNMENT-SOCIAL POLICY OPERATION

Somebody ought to write a book about it.

Not a, and more than, Harvard Business School case study--a chronology, analysis and interpretation of how every interest involved with this floundering behemoth of complex power has been bruised by the inability to pursue political reality in a timely, straightforward way.

Sniped-at Chairman-Pres. Oakley Hunter, under house watch by the new-power Democrats, says Wednesday FNMA "should not be made a political football."

That's just the problem. If it had been a political handoff, within a week of Pres. Carter's accession, with Hunter's own rise to the top as precedent, all would be settled by now.

But it isn't. The 2 comforting things about it, for all the reports we've contributed, are that (a) FNMA goes about doing its business much as before, which, while critics say this could be better, certainly isn't bad; and (b) the stock market just doesn't give a damn.

Wednesday, after FNMA itself released the story of a 11-1 vote to reject a move to dismiss Hunter and other top management, and more general newscoverage occurred, the market ended at 15 1/2, unchanged.

Here are some of the latest developments:

-House and Senate leadership may be splitting. House Speaker O'Neill's given adviser John Barriere (H/A 10/7p7) the go-ahead to pass the word as his choice for FNMA Pres.

Senate Majority Leader Byrd passes along, to Pres., backing of Sens. Proxmire and Cranston for FNMA board member Ray Lapin, Calif. Democrat ousted as FNMA Pres. by Nixon in 1970, and succeeded then by Republican Hunter.

HUD, which weighs 3-5 candidates for FNMA top posts, might prefer Lapin as Chief Exec Officer to Barriere, but its warmth to either hasn't been evidenced so far.

HUD officials deny being at odds with the

New Housing Law—Cont'd

Mobile Home Loan Limits Raised. Single units raised to \$16,000... double-width units to \$24,000. Maximum term for double units raised to 23 years.

Federally-Insured Savings & Loan Limits Raised. Single-family home mortgage ceilings increased from \$55,000 to \$60,000.

Secondary Mortgage Limits Changed. Limit on conventional mortgages eligible for purchase by *FNMA* or *FHLMC* set at approximately \$75,000. The *Tandem Plan* purchases (under *Brooke-Cranston*) is extended through fiscal '78... with a \$7.5 billion limit on purchases and commitments for the year.

Section 235 Mortgage Limits Raised. \$32,000 limit for basic unit and \$38,000 for 5 or more family units established. . . with \$38,000 and \$44,000 in high-cost areas.

Rehabilitation Program Extended. The *Section 312* program is extended through fiscal '79. . . and loan limit raised to \$27,000 per unit. Additional funds authorized.

Counseling Programs Extended. Counseling is authorized for all *FHA* home purchases.

Public Housing and Section 8 Authorizations. Contract authority for these programs set at \$1.160 billion. Of this amount... \$42.5 million is earmarked for *Public Housing* modernization. . . and \$102 million for *Section 202* projects.

Tax and Utility Subsidies for Section 236 Housing. Subsidy payments covering increased utility costs and local property taxes exceeding initial operating expense levels are authorized. These payments shall be used by the project owner only to reduce the basic rental level established for the project.

COMMUNITY DEVELOPMENT

Block Grant Program Changed. The primary vehicle for the *Community Development* aspect of revitalizing American cities is the *Community Development Block Grant Program*. This was enacted in 1975 with a 3-year authorization. It is extended for another 3 years in *Title I* of this *Act*. . . which also extends and authorizes appropriations for the *Residential Rehabilitation Loan Program (Section 312)* and the *Comprehensive Planning Program (Section 701)*. It also changes the formula for allocating *Block Grant Funds* so that older, distressed, cities receive additional help.

Program Extended. The 3-year extension carries with it authorizations of \$3.5 billion for fiscal year 1978, \$3.65 billion for fiscal year 1979, and \$3.8 billion for fiscal year 1980. A dual formula system is established for allocating funds. The current formula weights population at 25 percent, overcrowded houses 25 percent, and poverty 50 percent. The new formula weights growth lag decrease in population compared with the rest of the Nation at 20 percent, poverty at 30 percent, and age of housing at 50 percent. A metropolitan city or urban county is granted whatever sum is greater under the two formulas.

Special Settlement Fund Established. A maximum authorization of \$100 million for each of fiscal years 1978, 1979, and 1980 is established for grants to localities which need supplemental assistance, primarily to close out *Urban Renewal Projects*.

Hold 'Harmless' Provisions to be Phased Out. Communities which had been receiving categorical grants prior to establishment of the *Block Grant Program* in 1974 continued to receive equivalent amounts for the past 3 years (i.e. were held 'harmless'). In the next 3 years. . . there will be a phase-out period during which annual grants will be reduced by one-third each year. Smaller communities which did not receive benefits for all the old categorical programs, but had participated in *Model Cities*, *Urban Renewal*, or *Code Enforcement Programs*, will receive the same 'hold harmless' phase-out treatment.

Small Communities Discretionary Balances Allocation. The new law provides for the allocation of the discretionary balance for metropolitan areas on a State-by-State basis. (Prior law made this allocation for each metropolitan area.)

(Continued)

COMMERCIAL FISHING REVOLVING LOAN FUND

SCHEDULE OF LOANS RECEIVABLE

JUNE 30, 1974

<u>Loan in favor of</u>	<u>Type of business</u>	<u>Location of business</u>	<u>Date approved</u>	<u>Total amount of Loan</u>	<u>Interest rates</u>	<u>Loan balance June 30, 1974</u>
Nick P. & Virginia Aleck	Fishing	Chignik	2/22/74	\$ 33,750	7%	\$ 33,750
Richard D. Bishop	Fishing	Ketchikan	4/18/74	22,500	7%	22,500
James J. & Alice Cooper	Fishing	Sitka	3/12/74	33,500	7%	33,500
Richard & Harween Edie	Fishing	Petersburg	5/21/74	100,000	7%	100,000
Arlot & Gloria Hall	Fishing	Cordova	12/ 4/73	22,500	7%	22,500
Houston & Kathleen Hannifious	Fishing	Sitka	1/31/74	7,000	7%	7,000
Dennis L. Humdahl	Fishing	Petersburg	4/18/74	18,000	7%	18,000
Steven V. Hatch	Fishing	Haines	7/25/73	19,000	7%	19,000
Charles & Lois Jack, Jr.	Fishing	Hoonah	5/21/74	5,100	7%	5,100
Martin & Betty Kasser	Fishing	Indian	5/ 6/74	25,000	7%	25,000
Donald & Florence Kenney	Fishing	Pelican	3/24/73	9,500	7%	8,153
Jeffery & Mark Lenan	Fishing	Anchor Point	1/14/74	20,000	7%	20,000
Donald & Myrtle McCallern	Fishing	King Cove	4/18/74	100,000	7%	100,000
William Mark	Fishing	Pelican	12/28/72	2,000	7%	1,500
Zane & Florence Newsom	Fishing	Pelican	2/ 7/74	37,500	7%	37,500
Otto & Gloria Peterson	Fishing	Sitka	3/12/74	35,500	7%	35,500
Michael & Viola Rose	Fishing	Sitka	2/ 8/74	20,000	7%	20,000
Daniel & Carol Sims	Fishing	Petersburg	4/ 9/74	22,500	7%	22,500
Gary & Susan Stevens	Fishing	Hoonah	5/21/74	100,000	7%	100,000
Darwin & Kaye Waldsmith	Fishing	Ninilchik	4/18/74	10,800	7%	10,671
Joseph & Mary Zarembo	Fishing	Valdez	4/ 9/74	17,250	7%	17,250
				<u>\$ 661,400</u>		<u>\$ 659,424</u>

SMALL BUSINESS REVOLVING LOAN FUND

SCHEDULE OF LOANS RECEIVABLE

JUNE 30, 1974

(continued)

<u>Loan in favor of</u>	<u>Type of business</u>	<u>Location of business</u>	<u>Date approved</u>	<u>Total amount of loan</u>	<u>Interest rates</u>	<u>Loan bal. June 30,</u>
K. S. R. M.	Radio Station	Soldotna	4/21/72	\$ 60,000	8%	\$ 53,845
Kalmbock	General Contractor	Wasilla	10/26/72	60,000	8%	57,370
L. Ames & Martha Luce	Attorney	Anchorage	8/14/73	60,000	8%	58,900
Ly-Ver-Kay, Inc.	Retail Sales	Juneau	4/10/74	60,000	8%	60,000
W. G. & Reba Mahurin	Motel	Soldotna	12/ 4/73	50,000	8%	49,460
William E. Marks	Pest Control	Ketchikan	5/15/72	60,000	8%	48,330
Lester O. Maxim	Painting Contractor	Anchorage	7/ 3/72	60,000	8%	56,900
Moe-Buck-Hotes & Assoc., Inc.	Retail Sales, motel	Anchorage	10/10/73	60,000	8%	57,050
Lou E. & Barbara Montgomery	Sawmill	Haines	3/24/73	25,000	8%	24,060
Joseph C. & Winnifred McHenry	Mining	Nenana	4/29/74	15,000	8%	15,000
Walt Pedersen	General Contractor	Soldotna	5/15/72	18,000	8%	14,400
James E. Portwood	Restaurant	Seward	10/10/73	27,000	8%	26,530
S & S Welding, Inc.	Welding	Anchorage	12/ 7/73	60,000	8%	59,350
Errol P. Simmons	Trailer Park	Anchorage	12/ 7/73	60,000	8%	59,410
G E. Smalley	Body Shop	Fairbanks	4/30/74	60,000	8%	60,000
Robert J. Thibodeau	Retail Sales, groceries	Juneau	3/18/74	60,000	8%	59,745
Roy & Laura Van Kirk	Trailer Park, Sunset Terrace	Juneau	10/10/73	40,000	8%	37,980
				<u>\$ 1,613,875</u>		<u>\$ 1,540,275</u>

SMALL BUSINESS REVOLVING LOAN FUND

SCHEDULE OF LOANS RECEIVABLE

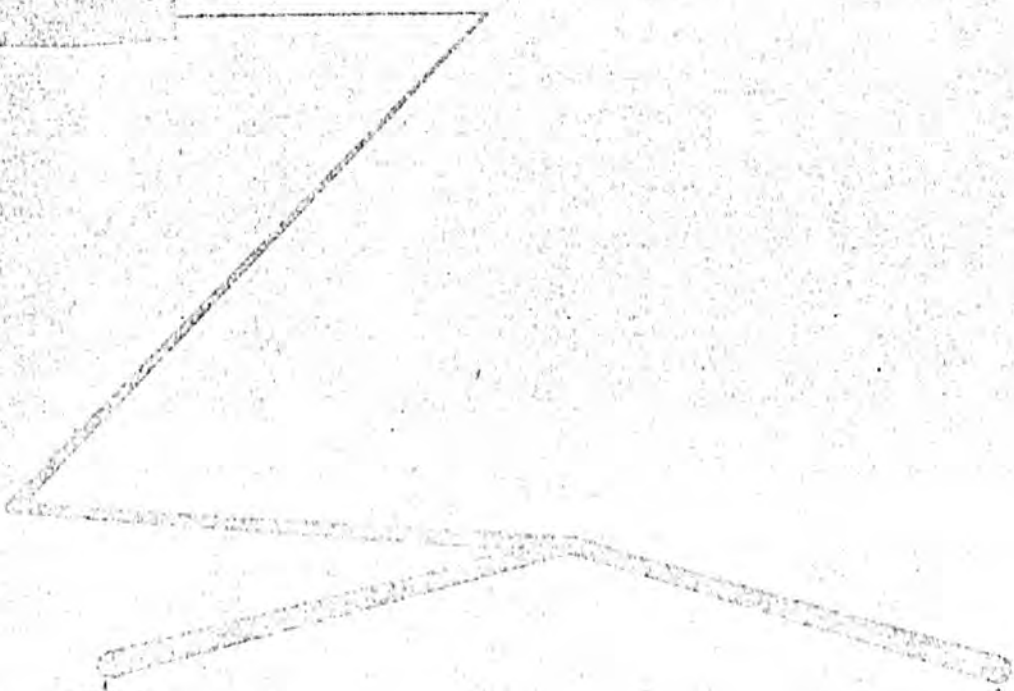
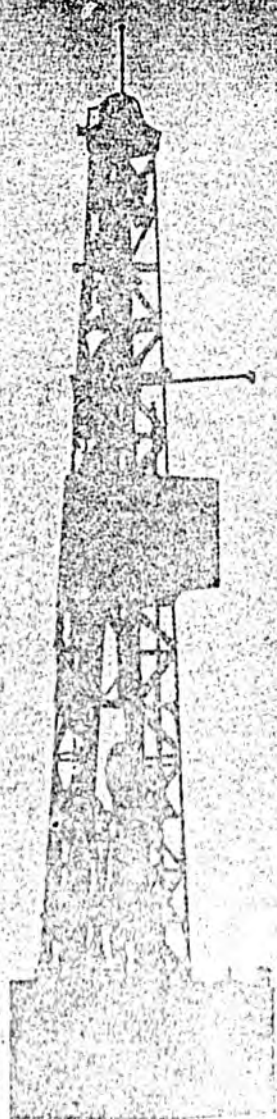
JUNE 30, 1974

<u>Loan in favor of</u>	<u>Type of business</u>	<u>Location of business</u>	<u>Date approved</u>	<u>Total amount of loan</u>	<u>Interest rates</u>	<u>Loan balance June 30, 19</u>
ARC Industries	General Contractor	Anchorage	8/14/73	\$ 32,000	8%	\$ 28,001
William & Donna Ackiss	Cocktail Lounge	Fairbanks	3/ 7/73	60,000	8%	57,514
Bethel Drilling & Welding Jim Bookey	Drilling Contractor Repurchased, foreclos- ure on Ackerson prop- erty	Bethel Kenai	12/14/73 11/14/73	40,000 25,000	8% 8%	38,318 22,497
Roderick & Virginia Bradley	Hotel	Seward	9/18/73	37,500	8%	37,132
Rufus Barnell & Rebecca Bragg	Handcrafts & Sales	Delta Junction	4/29/74	10,000	8%	10,000
Dalton W. Buchanan	Hardware	Soldotna	5/22/73	55,000	8%	53,220
C & R Window Cleaners	Janitor Service	Anchorage	1/ 9/73	17,000	8%	13,391
Vernon H. Carlson	Retail Sales, general	Juneau	10/30/73	15,000	8%	12,870
Charles J. & Jacqueline Conlan	Dental Supply	Anchorage	7/25/73	51,000	8%	48,571
Craig & Miller	Cocktail Lounge	Fairbanks	3/12/74	49,000	8%	49,000
Thomas Curran	Attorney	Anchorage	8/14/73	60,000	8%	58,889
Flacon Aviation, Hudson	Airtaxi & Maintenance	Kenai	5/31/73	56,250	8%	54,428
Jerry L. & Lynne Franklin	Cocktail Lounge	Fairbanks	1/ 4/74	30,000	8%	29,104
Lowell B. & Elaine Goodwin	Retail Sales, clothing	Juneau	9/ 1/72	40,000	8%	37,115
Haines Transfer	Trucking	Haines	7/ 3/72	35,000	8%	30,598
E. L. Holloway	Motel	Juneau	12/ 7/73	60,000	8%	58,358
Homestead Ind.	Retail Sales, draperies	Anchorage	12/21/73	20,000	8%	19,695
Joe Hatch	Fishing	Kluckwan	8/ 1/72	8,625	8%	7,667
Interior Telephone	Utility	Anchorage	2/16/73	60,000	8%	58,137
Harold Jacobsen	Retail Sales	Juneau	3/ 1/74	17,500	8%	17,386

TOURISM REVOLVING LOAN FUND
SCHEDULE OF LOANS RECEIVABLE
JUNE 30, 1974

<u>Loan in favor of</u>	<u>Type of business</u>	<u>Location of business</u>	<u>Date approved</u>	<u>Total amount of loan</u>	<u>Interest rates</u>	<u>Loan balance June 30, 1974</u>
Alaska Tour & Marketing Service	Tour Promotion	Nome	3/12/74	\$ 85,000	8%	\$ 85,000
Baranof Hotel	Motel	Juneau	3/ 7/73	1,000,000	8%	1,000,000
Robert Burns	Guided Expeditions	Skagway	5/31/73	24,000	8%	23,996
Gerald & Corrine Colrud	Campground	Healy	11/16/72	115,000	8%	115,000
John & Margaret Garry	Lodge	Dillingham	10/10/73	105,000	8%	104,690
Bruce & Mae Kendall	Motel	Anchorage	7/30/73	600,000	8%	586,858
Julian & Catherine Longoria	Motel	Valdez	1/30/73	231,000	8%	227,374
E. L. McNabb, Jr.	Hotel	Juneau	12/ 1/72	864,000	8%	847,539
Sourdough Tours, Inc.	Gold Dredge	Fairbanks	12/28/72	80,000	8%	80,000
Trader Ed's, Inc.	Vessel	Whittier	3/24/73	52,200	8%	48,024
				<u>\$ 3,156,200</u>		<u>\$ 3,118,481</u>

State Loan Programs & The Permanent Fund: Some Basic Considerations



PERMANENT
FUND



GENERAL FUND
GOVERNMENT SERVICES



STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D - JUNEAU 99411

JAY S. HAMMOND, GOVERNOR

December 16, 1976

Mr. Robert McFarland
Chairman of the State
Investment Advisory Committee

Dear Bob:

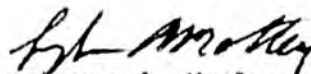
At the request of the committee I have attached a report on some of the State loan programs. The request was timely for two reasons: First, we were in the final stages of doing some in-house analysis of the programs, that for the first time attempted to establish some more comprehensive comparative measurement criteria; and secondly, as a member of the committee, I have been doing a considerable amount of thinking regarding how to translate the basic constitutional requirements into performance standards for the Permanent Fund.

While all agree that "duplication" efforts should be avoided, I am not convinced that this fact alone automatically qualifies any loan program as a Permanent Fund "vehicle." I believe that further examination of statutory purpose and actual performance - on an individual basis - should be undertaken before those determinations are made.

Paramount in importance to the committee (I believe) is an agreement on the definition of "Permanent Fund" and "Income Producing," as they appear in the constitution. Once having defined these two, translating the definitions and associated performance standards into law are necessary. The second part of the report addresses this matter and hopefully offers some food for thought.

If I can be of any further assistance in this matter, please do not hesitate to contact me.

Sincerely,



Langhorne A. Motley
Commissioner

STATE LOAN PROGRAMS
and
THE PERMANENT FUND:
SOME BASIC CONSIDERATIONS

A special presentation by Langhorne A. Motley, Commissioner, Alaska
Department of Commerce and Economic Development, to the State Investment
Advisory Committee, December 16, 1976.

State Loan Programs

The purpose of this portion of the report is informational regarding some of the loan programs of the State within the context of current deliberations on the Permanent Fund. It will list all the programs, but in the interest of brevity only analyze a few representative ones within the purview of the Department of Commerce and Economic Development. The purposes of the loan programs will be discussed, and an attempt will be made to measure their performance.

Scope of Activities: There are 13 loan programs within the State government. Ten of these fall within the general purview of the Department of Commerce and Economic Development.

<u>Commerce and Economic Dev.</u>	<u>Natural Resources</u>	<u>Community and Regional Affairs</u>	<u>Education</u>
Veterans'	Agricultural	Senior Citizen	Student
Commerical Fishing		Housing**.	Aid
Small Business			
Water Resources**			
Child Care**			
Fisheries Enhancement**			
ASDC*			
SBDC*			
AHFC*			

* Limited line authority

** FY '77 legislation or initial appropriation

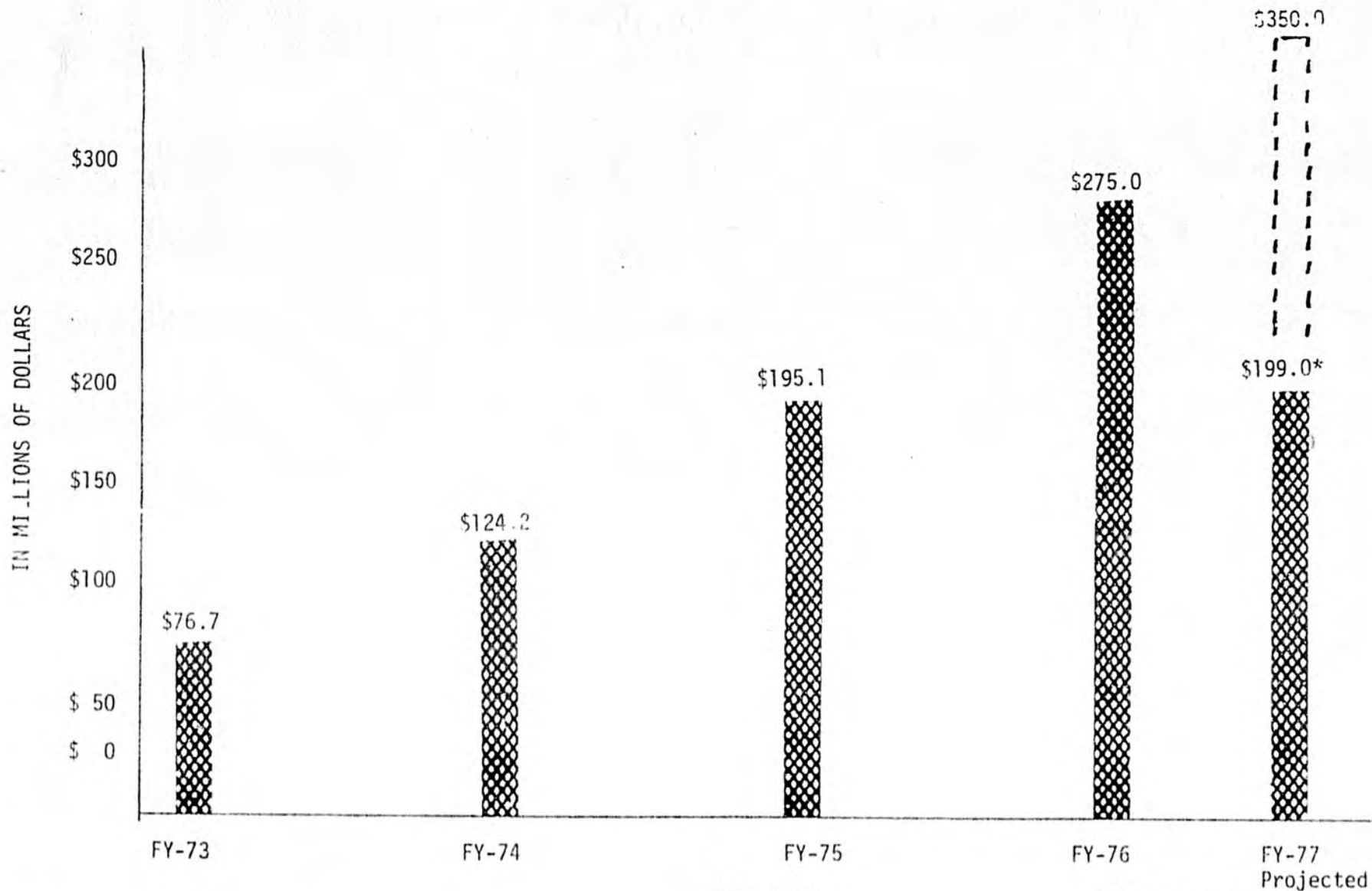
Purposes: The purpose of each loan program varies with the specific applicable statute. With a possible exception of the Veterans' program, most loan programs were conceived to fill void in the private money market, where the private financial structure of the State would not, or could not, meet the needs of the people. Most of the programs were directed to the enhancement of small entrepreneurs and/or expansion of certain developmental industries or business. A couple of them had the enhancement of social benefits as their goal. Generally, the interest rate charged was lower than that rate charged by banks, and loans were usually considered to be of a "higher risk" nature than that normally undertaken by private banks.

There is a certain vagueness in the purpose and function of the specific programs. Some allow for departmental discretion on interest rates, terms, etc. None set specific performance standards or goals. This is not stated as criticism, because a certain latitude should be allowed to the managers to point the program in the proper direction without undue statutory constraints. Nevertheless, there is an overall vagueness, especially as to the goals.

There has been a recent attempt by the Department of Commerce and Economic Development to quantify the performance of the various loan programs as to their "yield" to the State treasury. Recognize that "maximizing yield" does not appear to be the primary purpose of any of the loan programs. However, both the Commissioner of Commerce and Economic Development and the Commissioner of Revenue feel that the loan programs should insure a yield commensurate with efficient loan administration and the purpose of the program. The following then, is a recent attempt at determining precisely what the yield is today.

For purposes of comparative analysis, we have chosen three basic loan programs. First was "business loans" which are administered by the Division of Business Loans and is an aggregate of three programs: the Commercial Fishing Revolving Loan Fund, the Tourism Revolving Loan Fund, and the Small Business Revolving Loan Fund. The second program chosen was the "Veterans'." This includes all single family, and multiple family dwellings, personal, and business loans made to Alaskan veterans under the Veterans' Program. The third program shown is that of the Alaska Housing Finance Corporation (AHFC). AHFC is a "secondary" lender that buys Alaskan mortgages from banks and receives its capitalization from independently offered bonds. On this latter point, it is distinctly different from the other loan programs, which receive their capitalization from the general fund in accordance with their applicable statutes. AHFC is also run by a board of five directors, four being appointed by the Governor and the fifth one, required by statute, being the Commissioner of Commerce and Economic Development. Therefore, its direction, while generally being "under" the Department of Commerce and Economic Development and having the Commissioner as the Governor's link, is in fact independent to a certain degree. These three programs were chosen for two reasons: first because they are the largest programs in the State and are fairly representative, and secondly because they are in the purview of the Department of Commerce and Economic Development and the data was more readily at hand. The next two charts (charts 1 and 2) address themselves to the dollar volume of the programs at fiscal year end for the last four years and projections for 1977. Note that there is no projection for Alaska Housing Finance Corporation for FY '77. Assuming that AHFC will stay at least equal to the FY '76 level (a very conservative, if not inaccurate assumption) the total volume of these three programs in FY '77 will well exceed \$350 million. Chart 3 depicts total number of loans in portfolio.

TOTAL DOLLAR VOLUME OF LOAN PORTFOLIO



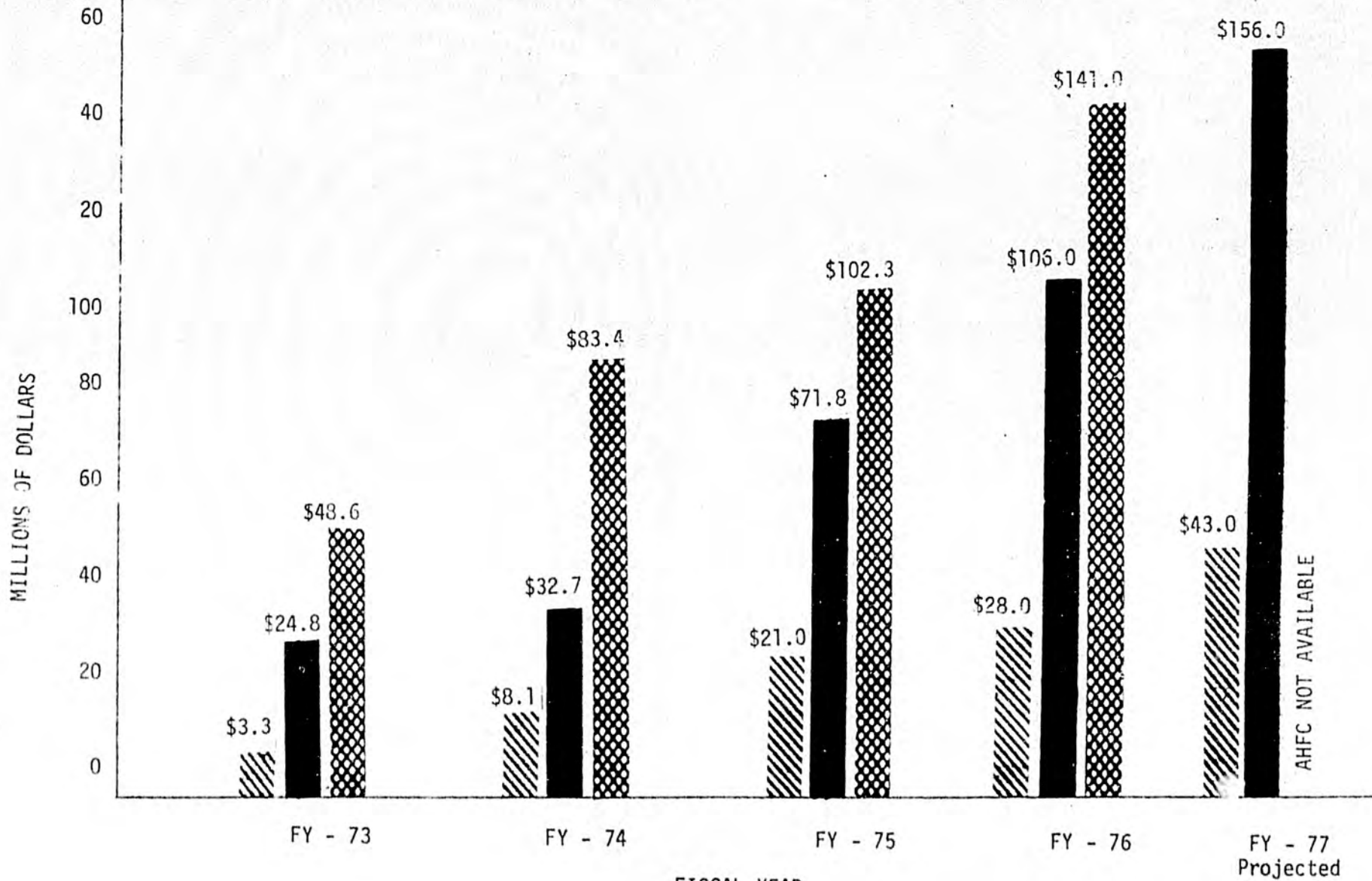
FISCAL YEAR

LEGEND
Business Loans
Veteran Loans
Alaska Housing Finance Corp

* Does not include
Alaska Housing Finance Corporation

CHART 1

TOTAL DOLLAR VOLUME OF LOAN PORTFOLIO



FISCAL YEAR

LEGEND

Business Loans

Veteran Loans

Alaska Housing Finance Corp.



CHART 2

TOTAL NUMBER OF LOANS

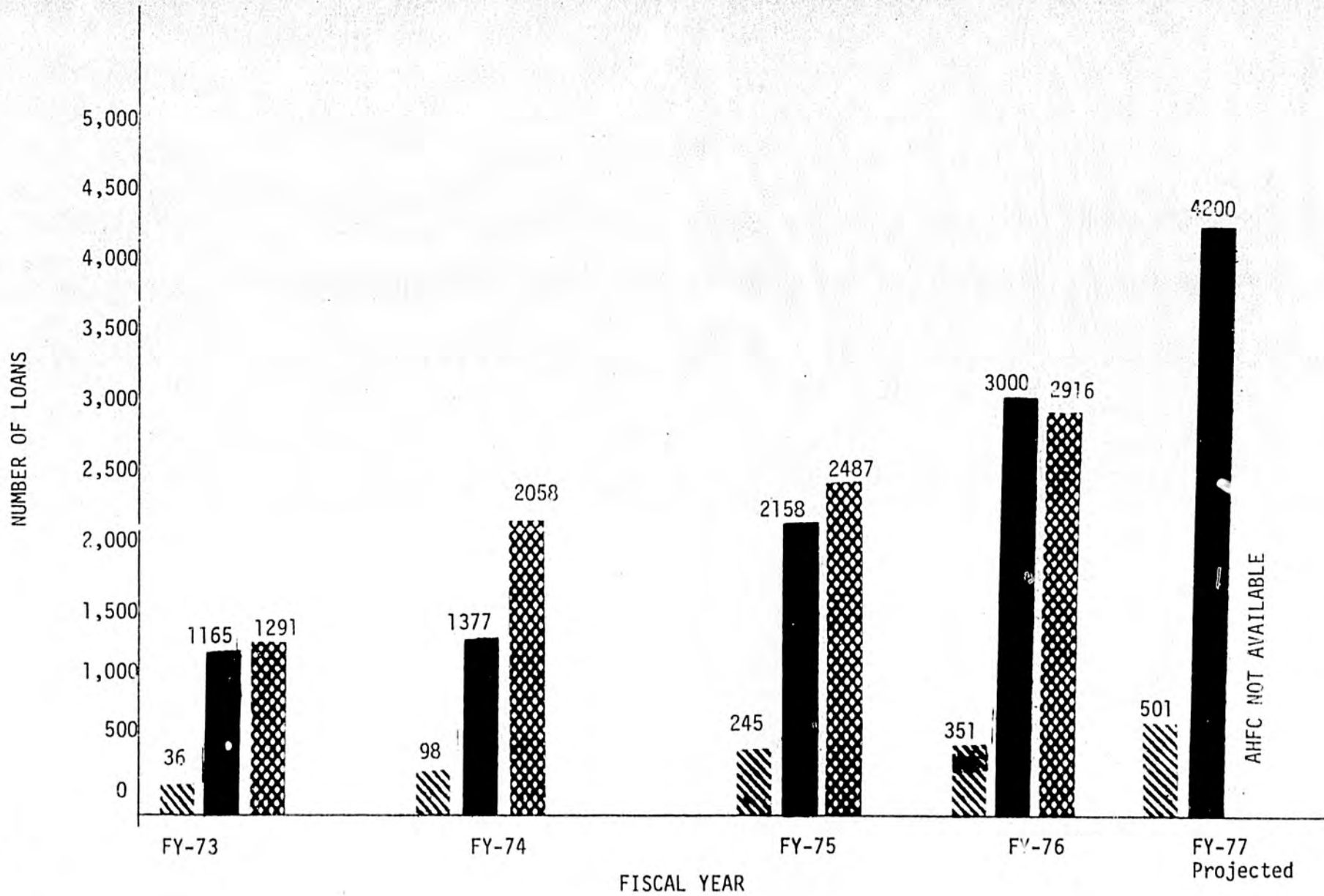





CHART 3

LEGEND
 Business Loans 
 Veteran Loan 
 Alaska Housing Finance Corp 

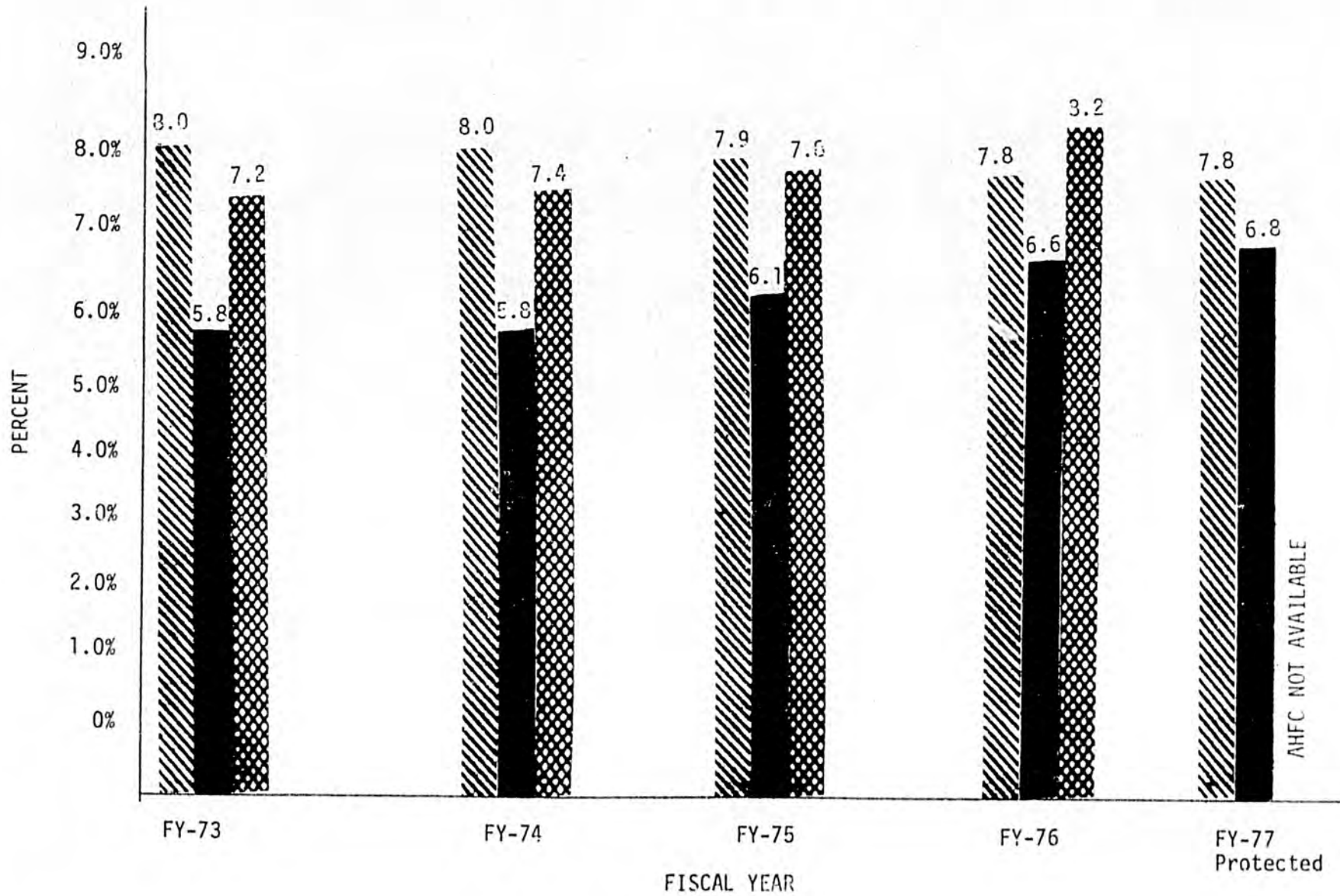
In order to start an analysis of the performance of the funds, it was decided to examine what was the "gross return" to the State on its "investment." It is important to recognize certain points in this comparative analysis:

- A. The three different programs used different accounting methods.
- B. AHFC does not "return" to the State; it "returns" to itself, and it must "buy" its capitalization in the bond market.
- C. The historical record keeping, especially in the earlier periods, did not contemplate an analysis as to yield, so a certain amount of interpolation and computation was necessary.
- D. There are different rates of interest charged for the different programs. For instance, tourism, fishing, and business loans are set by statute at 8%, 7.5% and 8% respectively. Therefore, as the volume of fishing loans goes up in relation to the other programs, the yield comes down. The Veterans' interest rate is set by the Commissioner, and is currently 7.5%. The portfolio does include many early loans at 6% (and still on the books) so this factor coupled with a dramatic decrease in delinquencies has resulted in an increased yield in the past 1.5 years. AHFC's rate "floats" with the "price" of bond money and the prevailing mortgage market money rate. Generally we attempt to keep the rate at 3/4% - 1% below the prevailing private market.

These caveats notwithstanding, the basic formula used in arriving at "gross" yield was basically followed by dividing the income received in any given point in time (year) by the amount of money invested in that point in time. "Income" was defined as all principal and interest payments, loan application fees, service fees, late charges, etc. Therefore the basic formula used in chart 4 was:

$$\frac{\text{Income}}{\text{Investment}} = \text{Gross Income}$$

GROSS YIELD ON LOAN PROGRAMS



LEGEND

Business Loans
 Veteran Loans
 Alaska Housing Finance Corp.



CHART 4

The comparisons of gross yield are not completely intellectually honest, in that they do not address themselves to the efficiency of the management of the programs. A more thorough analysis must address the expense of operating these programs. In most of these programs the expenses involved are operating expenses, as very little permanent acquisition or "capitalized" items occur. Again there are certain caveats in comparing the various programs:

- A. AHFC does not make "retail" loans; it buys loans already made by private financial institutions. Therefore it does not have the expenses associated with initial loan applications, servicing, etc. These costs are borne by the private market and accounted for in a "servicing fee" they retain prior to selling the loan to AHFC.
- B. There is a certain amount of economies of scale. During the significant gearing up for the business loan programs (FY '74) the ratio of expenses to income was understandably high. Obviously, as the amount of loans and dollar volume of income and investment go up, a more efficient ratio can be established. There are two other governing criteria: first, a cost efficiency trade-off as to "hand posted" accounts vs. computerized billing and servicing will be eventually reached; and secondly, with both of these methods ("hand" and "computerized") there is a plateau of cost per loan that is reached. The increase in the Veterans' expenses in FY '77 over FY '76 is attributed to just that--we are in the process of converting billing and servicing to a computerized system. While in normal accounting practices one would "capitalize" such expenses, we have included it in one year under operating expenses. FY '78 expenses, therefore, will be less than FY '77. (see chart 5)

The relationship of income to expenses and their relationship to investment is addressed in the next two charts. Chart 5 deals only with the expenses involved, and these expenses are normally operating expenses. In the Alaska Housing Finance Corporation chart we did not include the "expense" of bond money. Chart 6 arrives at a "net" yield. For purposes of definition, the income used in previous examples, less all the associated operating expenses to run the program, divided by the investment (as described in previous examples) equals net yield, therefore:

$$\text{Net Yield} = \frac{\text{Income} - \text{Expenses}}{\text{Investment}}$$

LOAN PROGRAMS - OPERATING EXPENSE

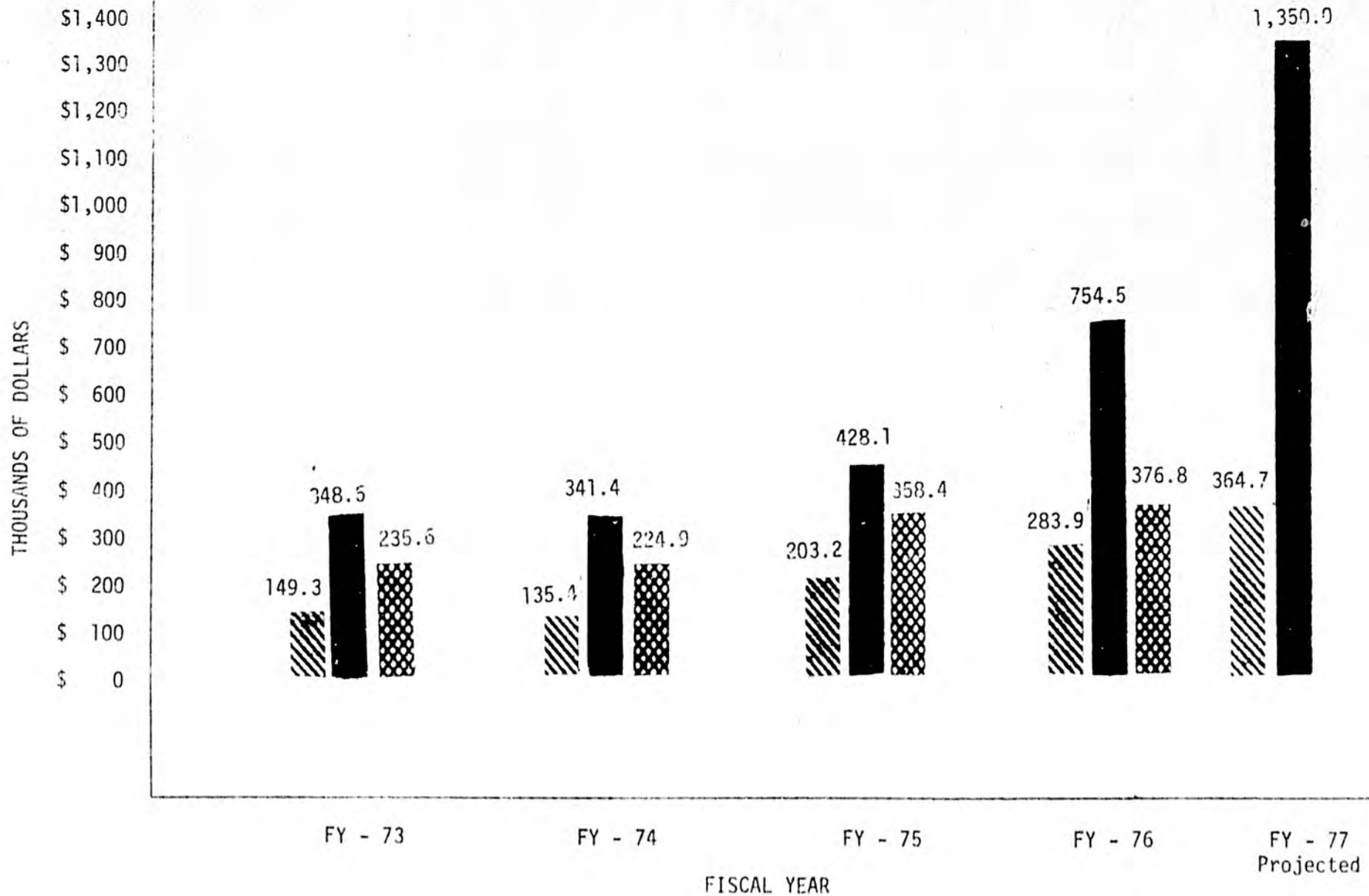


CHART 5

LEGEND

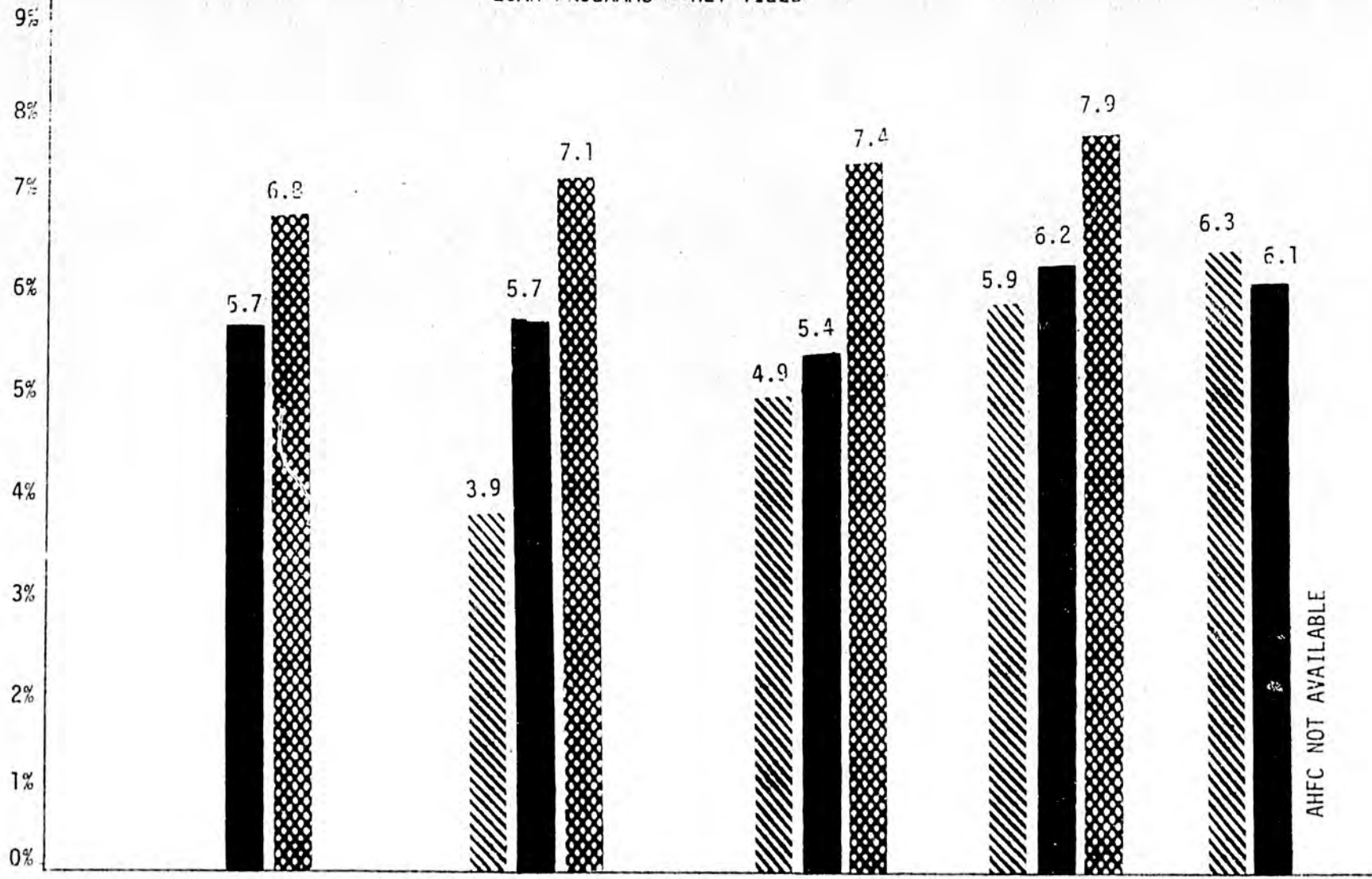
Business Loans

Veteran Loans

Alaska Housing Finance Corp.



LOAN PROGRAMS - NET YIELD



FY - 73

FY - 74

FY - 75

FY - 76

FY - 77
Projected

FISCAL YEAR

LEGEND

Business Loans

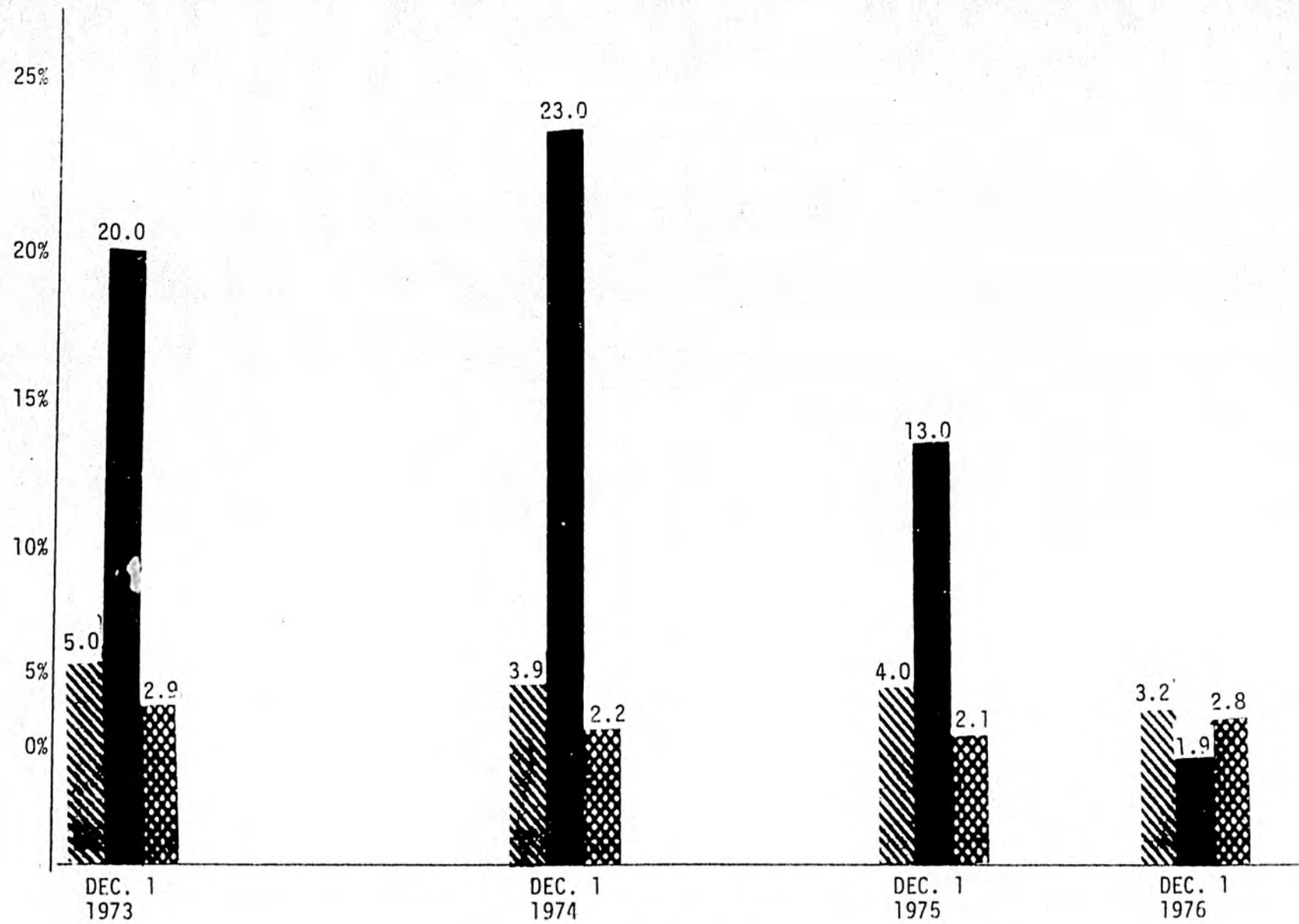
Veteran Loans

Alaska Housing Finance Corp.



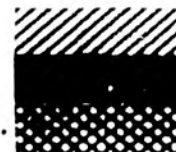
The final chart (7) in this portion addresses itself to the delinquency rate of the programs. Generally speaking, a high delinquency rate is symptomatic of one or more of the following: poor underwriting criteria, poor servicing procedures, and poor loan portfolio evaluations. It is generally reflected in a reduced "earned income" as a result of poor "collected income." This is then translated into lower gross and net yields. For purposes of definition, a loan is delinquent when 31 days or more have transpired without the receipt of an expected periodic payment. A quick look at chart 7 reveals two things: first a significant decrease in the delinquency rate of the Veterans' program in the last two years. While arguably, a small share of this could numerically be accounted for by the overall growth of the portfolio, the major reduction was a result of a targeted effort on the part of the division and management to reduce, what was in December of 1974, an intolerable situation. The second point that comes to mind is that the 1976 level for all these programs is within acceptable limits. Each in its own sphere ("business" or "home loans") is at least competitive, if not superior, to the levels maintained by private institutions in Alaska.

LOAN DELINQUENCIES



LEGEND

Business Loans
Veteran Loans
Alaska Housing Finance Corp.



Permanent Fund

The idea and concept of the Permanent Fund received much deliberation and debate prior to its passage by a respectable majority of the people on November 2. What the people voted on and is now embodied in two sentences with 94 words in the Constitution was:

SECTION 15. ALASKA PERMANENT FUND. At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a PERMANENT FUND, the principal of which shall be used only for those INCOME-PRODUCING investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

We have highlighted two phrases in that section for your consideration. This is because, of all the important guidance contained in that section, those two phrases probably have as much importance, if not more than any other, while at the same time being the two phrases with possibly the most relative absence of legal definition or precedents. Because the proper definition of these two phrases, or a least an agreement on their intent, may affect other important deliberations regarding mechanisms, programs to be invested in, etc., we believe the resolution of a definition of these phrases to be paramount. To this end we have attempted to lay out a methodology for definition which should be embodied in law.

"Permanent Fund":

"Permanent" implies the need for protection, because "permanent" means it's going to be with us for a long period of time.

"Fund" implies principal or investment, or the receptacle for the dedicated 25%.

Therefore, protection (permanent) of the principal (fund) is a critical criterion.

"Income Producing":

"Income Producing" means that in addition to the return of the initial investment something more (let's say "x") is contemplated. The magnitude of "x" will be the income produced. This income (x), expressed in the percentage, is usually defined as "yield" or "return."

Therefore:

$$\frac{\text{Income}}{\text{Investment}} = \text{Gross Yield}$$

However, as we stated earlier, gross yield is not completely honest. One should take into account administrative and operating expenses to arrive at a truer yield.

Therefore:

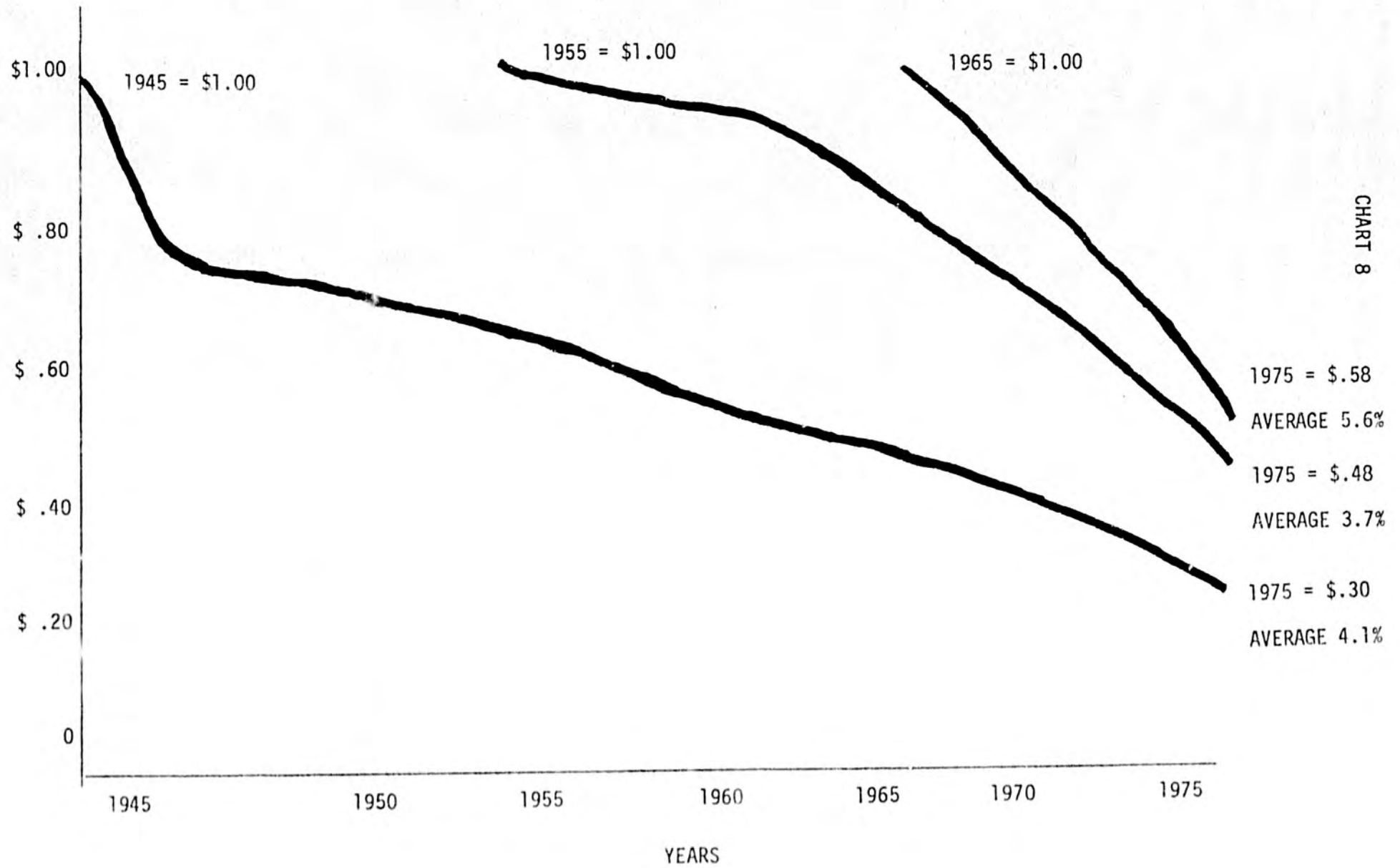
$$\frac{\text{Income} - \text{Expenses}}{\text{Investment}} = \text{Net Yield}$$

Have we provided for the "protection of the fund?"

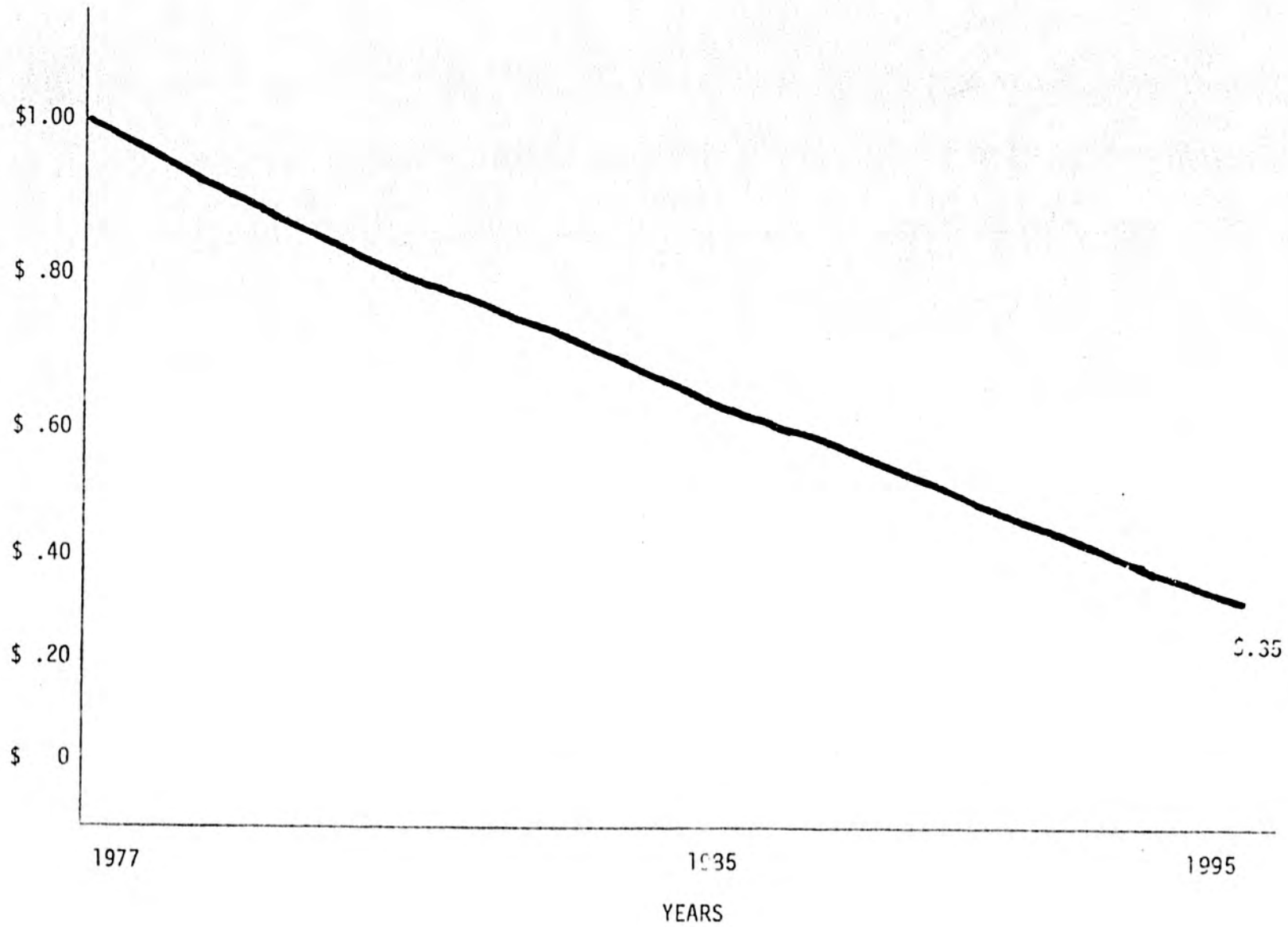
What about the long-term rate of inflation?

Persons involved in the management of trust funds or similar permanent type funds have long battled to "protect" the principal amount of the fund from erosion or inflation. Charts 8 and 9 show what has happened and what possibly will happen to the producing power of the dollar over a period of time. Chart 8 shows what has happened to the purchasing power of the dollar in the last 30, 20, and 10 years respectively. One dollar in 1945 is worth 30¢ today or has an average long-term rate of inflation of 4.4%. One dollar in 1955 is worth 48¢ today or has an average long-term rate of inflation of 3.7%. One dollar in 1965 is worth 68¢ today, or has an average long-term rate of inflation of 5.6%. Chart 9 shows what the value of a dollar will be over the next 18 years (1977 through 1995) assuming the long-term rate of inflation to be 6%. That shows that a dollar today will be worth 35¢ in 1995.

ACTUAL PURCHASING POWER OF THE DOLLAR

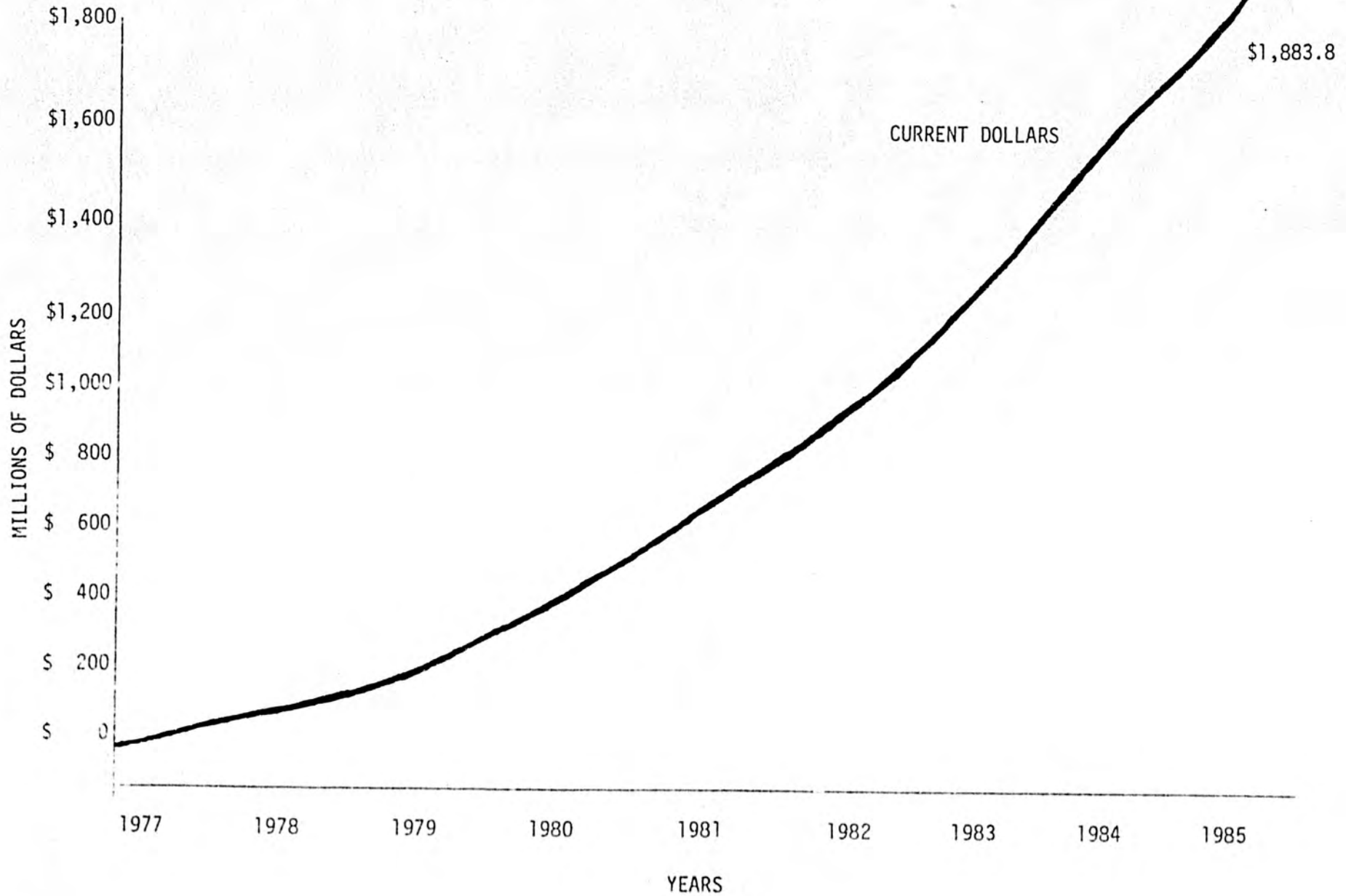


THE PURCHASING POWER OF THE DOLLAR
ASSUMING A 6% RATE OF INFLATION



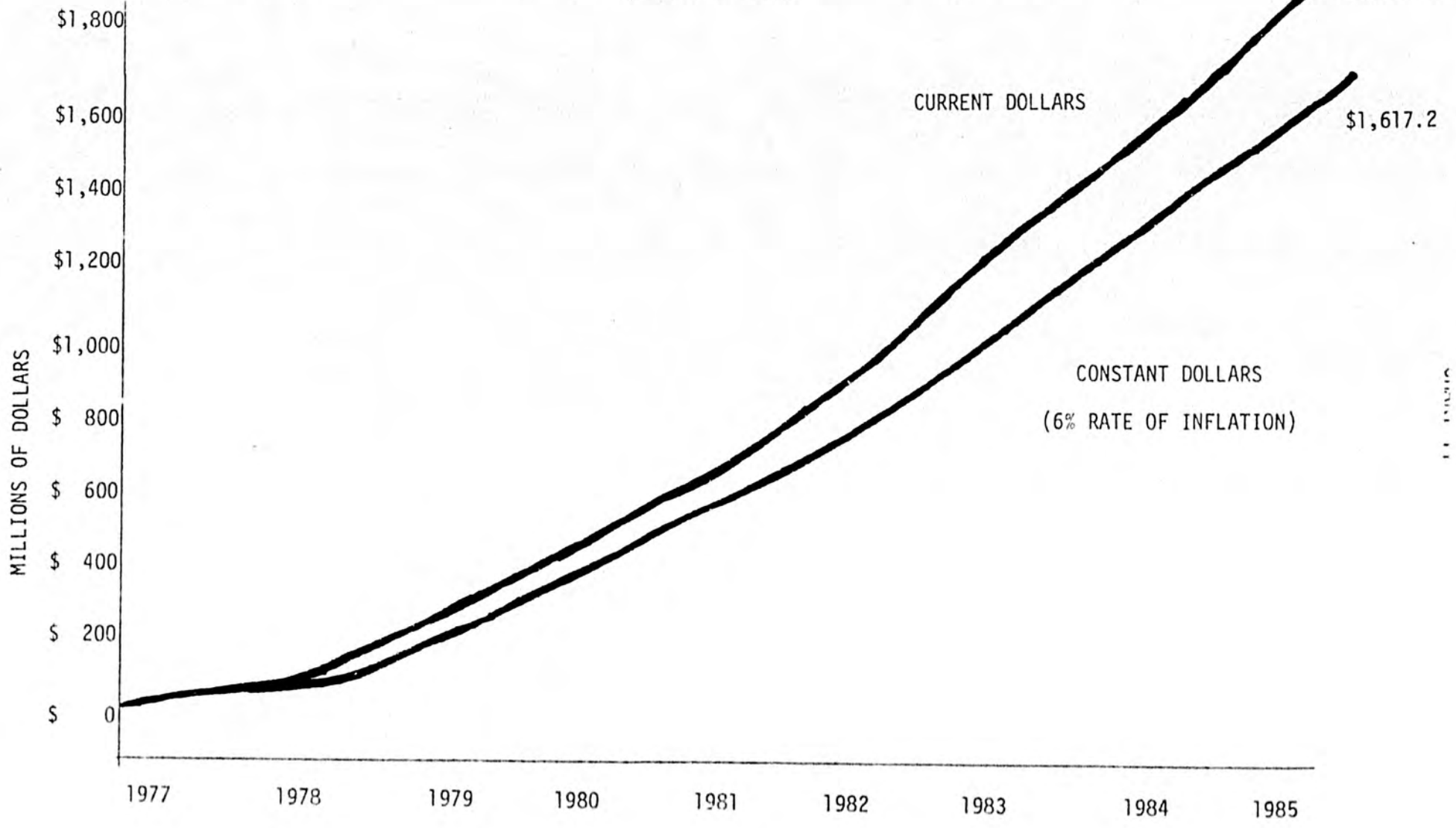
If one was to apply the factor of a long-term rate of inflation to the contemplated revenues to be received by the Permanent Fund, it can be quickly seen that, short of mitigating measures, the fund would erode very rapidly. In order to make the analysis meaningful, we have chosen the revenues projected for the Permanent Fund as depicted in Revenue Journal, Vol. I. No. 2, October 1976, by the Department of Revenue. Chart 10 shows gradually increasing funds starting from \$2.8 million in FY '77 and totaling \$1,883.8 million in FY 1985. This assumption (and ours) contemplates "current" dollars and includes only money deposited in the Permanent Fund.

PERMANENT FUND BALANCE
IN CURRENT DOLLARS
(BY FISCAL YEAR)



In chart 11, we have added a second line that represents "constant" dollars that have suffered an erosion at the rate of 6% per year in purchasing power. One can note that the differential is not much because the majority of the money was added to the fund in later years.

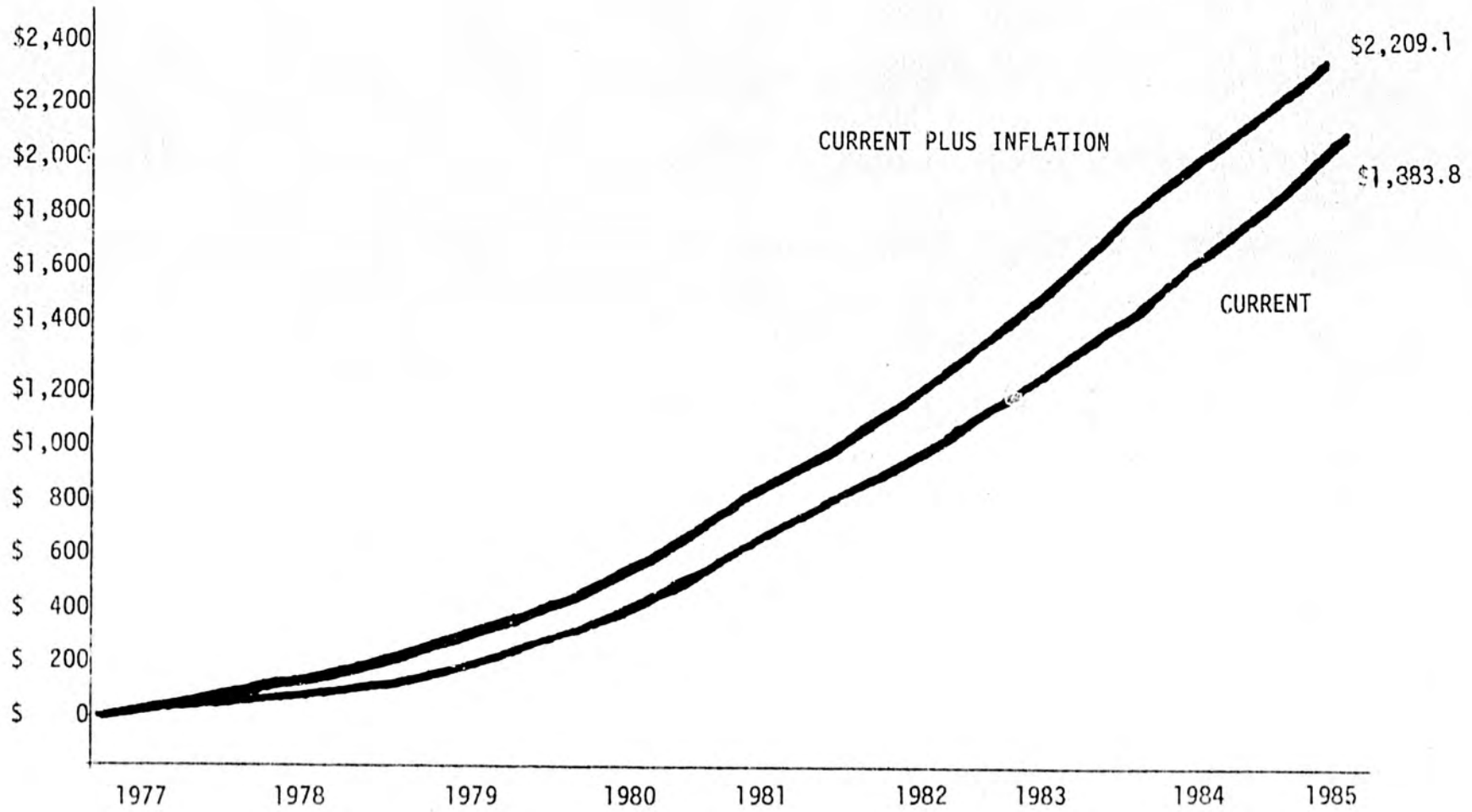
PERMANENT FUND BALANCE
IN CURRENT AND CONSTANT DOLLARS
(BY FISCAL YEAR)



11 PUBLIC

If it was determined to add to the Permanent Fund at a rate equal to the erosion factor (assuming a 6% rate of inflation), then the fund would have to have \$2,209.1 million in 1985 to equal the \$1,883.8 million purchasing power that we envisioned in 1977 (see chart 12).

PERMANENT FUND BALANCE
IN CURRENT AND INFLATIONARY DOLLARS
(BY FISCAL YEAR)



If the goal is to maintain the purchasing power of the dollar as we envision it today, and assuming a 6% long-term rate of inflation, then the Permanent Fund total in 1995 would have to be \$6,041.6 million. If no action is taken, then that Permanent Fund as envisioned by us to be "worth" \$1,883.8 million in 1985, will in fact erode to a "worth" half that, or \$971.4 million in 1995. (See chart 13)

PERMANENT FUND

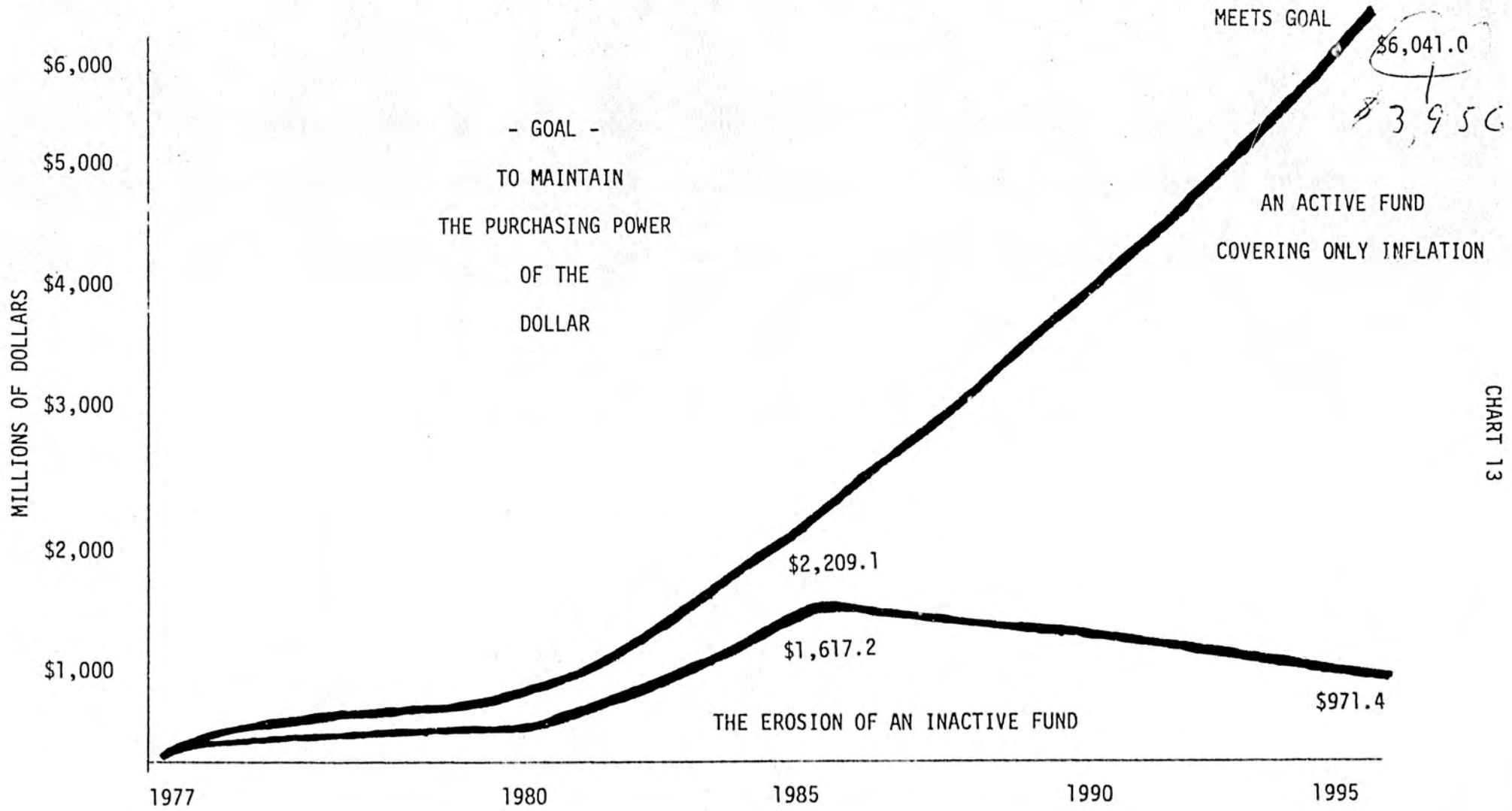


CHART 13

It becomes abundantly clear then that short of statutory action "...unless otherwise provided by law", there will be an erosion of our nonrenewable nest-egg to the point that the income generated from it - in the time period when it will be most needed - would neither sustain government-provided services or provide a dividend to the people.

Therefore, it is felt by some that not only for practical reasons, but more importantly, to achieve satisfaction of the basic Constitutional criteria, a formula similiar to the following should be enacted into law:

$$\begin{aligned} \text{Permanent Fund} &= \frac{\text{Income} - \text{Expenses} - \text{LTRI}}{\text{Investment}} = \text{Yield} \\ &+ \\ &\text{Income Producing} \end{aligned}$$

If the foregoing has any merit, and in the form of a summary or conclusion, we believe the priority goals of this committee should be:

- I. Arrive at a proper legislative definition of "permanent fund" and "income producing" as an overall policy guide to "Permanent Fund Inc."

This should:

- A. Be expressed in layman's terms.
- B. Have periodic accountability standards to the public (in simple terms) in addition to the required annual audits. The test might be:

"For year 19-- , was it "income producing" and did it remain "permanent"?"

- II. Select the appropriate mechanism to manage the Permanent Fund.
 - A. Determine selection and composition of the governing body (bodies).
 - B. Delineate the Authority and responsibilities of the governing body and "staff".
- III. Discuss the investment criterias and directions beyond the "income producing" "permanent fund" definitions.

ALASKA LOAN PROGRAMS FUND

010. Creation of Fund. There is created within the Department of Commerce the Alaska Loan Program Fund.

020. Declaration of Purpose. There exists within state government numerous loan funds serving specific, single purposes. Efficient use of the capital resources of the state would be promoted by creating a single loan fund which would provide a single source from which potential users could acquire a state loan and obtain information about existing federal or private loan programs which would better serve the needs of the user or which would be complementary with a proposed state loan. A single state source of lending would provide strong assurance of repayment of its loans and thereby lower the cost of borrowing to the state. The policy of the Alaska Loan Program Fund is to provide the lowest possible interest costs to Alaska borrowers consistent with sound financial practices and to make available to all sectors of the Alaska economy loans including long-term financing not presently available from existing Alaska financial institutions. A strong, single loan source by being available to secure interest rates and terms better than those available to loan funds limited in size for a specific purpose will make a significant contribution to lowering costs of living for Alaska residents and costs of operations in the private and public sector.

040. Revenue Bonding Authority. Boiler Plate Sections as Required, e.g. 18:57:050 - 110

050. Tax Exemption. Standard full exemption.

060. Investments. All investments of the fund cash balances and of reserves for specific bond issues or statutorily required reserves are managed by the fund by the division of treasury. The division shall manage the investments of the fund under the same criteria applicable to other state investments it manages.

070. Accounting. Accounting for the fund shall be provided by the Department of Administration. Reports shall be made by the department to the Department of Commerce and to the Legislative Budget and Audit Committee on at least a quarterly basis. These reports shall include an itemization of each loan which has been in default for a period in excess of 30 days and the measures taken for each to insure compliance with terms and conditions of the loan. Other reports shall be made as prescribed by the Department of Commerce.

080. Collections. The loans not brought current within a 60 day period shall be transferred to the Department of Revenue for collection. A quarterly report of the status of the collection effort will be made to the Budget and Audit Committee. The total principal and interest due shall be transferred from the Permanent Fund Loss Reserve Account to the Alaska Loan Program Fund upon assignment of each loan to the Department of Revenue.

090. Loan Purposes. The fund may make loans for residential housing, commercial purposes, public purposes, airports and education.

100. Residential Housing Loans. (a) Loans substantially as authorized in AS 18.56.090.

(b) Housing development fund substantially as in AS 18.56.100 attached copy.

(c) Mortgage insurance substantially as in AS 18.56.095.

110. Commercial Loans. The fund may make loans for:

(a) development of farms, storage and processing of farm produce, livestock, machinery and equipment, farm irrigation and working capital for farm operation;

(b) vessels and gear used in fishing, fish processing plants and equipment and working capital for fishing and fish processing (substantially as in AS 16.10);

(c) logging operations and equipment, forest products manufacturing or processing plants and working capital for logging operations and forest products manufacturing or processing;

(d) equipment and operations of other businesses engaged in harvesting, manufacturing and processing of other renewable resources harvested in the state.

120. Public Purposes. The fund may make loans for senior citizens' housing, public utilities and hospitals.

130. Education. Substantially as in AS 14.40.751 - 806.

140. Veterans' Loans. In addition to other loans made under this chapter, the fund may make the following loans to veterans:

Substantially AS 26.15.040

150. Tourism, Historical and Open Space Loans. (a) Substantially AS 29.48.

(b) Substantially AS 41.22.010.

160. Eligibility. (a) In order to be eligible for a loan under this chapter a person must have been a resident of the State of Alaska for at least five years on the date of application for the loan, be 18 years of age or older and be a registered Alaskan voter. A corporation is eligible for a loan if more than 60 percent of its shareholders have been residents of the state for at least one year on the date of the application for the loan, the chief executive officer and all members of the governing board of the corporation have been residents of the state for at least one year on the date of application for the loan and the chief executive officer and members of the governing board assume full individual liability for repayment of the loan. A loan to a corporation is immediately due and payable if it ceases to meet these eligibility criteria.

(b)

170. Maximum Loan Amounts. The following shall be the maximum amounts of loans which may be made under this chapter:

(a) Residential loans:

1. owner occupied single family dwelling - \$75,000
2. owner occupied multiple dwelling containing four (4) units or less - \$40,000 per unit
3. other multiple dwellings - \$500K per individual

(b) Commercial loans (general):

1. commercial buildings - \$500K per individual - limit 10
2. business activity - \$500K per individual - limit 10
3. non-renewable resource extraction or any activity not specifically outlined in any other category - \$500K per individual - limit 10

(c) Commercial loans (renewable resources):

1. agriculture

- (a) farm development - \$200K per individual
- (b) chattel - \$110K per individual
- (c) irrigation - _____
- (d) working capital -

(1) 10 percent prior years' gross receipts

(2) maximum \$250K

2. fishing

(a) manufacturing and processing - \$500K per individual - limit 10

(b) vessel and gear - \$200K per individual

(c) working capital

(1) 10 percent prior years' gross receipts

(2) maximum \$250

3. timber

(a) operations and equipment

(1) \$500K per individual

(2) limit 10 individuals

(b) manufacturing process

(1) \$500K per individual

(2) limit 10 individuals

4. education

(a) undergraduate studies - \$4K per year/per individual

(b) graduate studies - \$5K per year/per individual

(c) vocational studies - _____

(d) work studies - _____

(e) \$15K maximum outstanding loan balance

(d) Number of loans: No more than three loans may be made to any person under this chapter. A loan to an associate of the borrower as defined in _____ of this chapter is considered to be a loan to the borrower. (Definition is substantially as in take over bid statute, AS 45.57.110(7)).

180. Additional Loan Limitations. (a) The maximum loan authorized in each case in sec. 160 of this chapter is limited based upon residence of the borrower in the state as follows:

- (i) 5 or more years - 100 percent of authorized maximum
- (ii) 4 years - 90 percent of authorized maximum
- (iii) 3 years - 80 percent of authorized maximum

(iv) 2 years - 70 percent of authorized maximum

(v) 1 year - 50 percent of authorized maximum

(applicable only if residency eligibility is set at one year)

and the maximum determined after application of the residency limitations is further limited based upon actual experience of the borrower as follows:

(i) 5 or more years - 100 percent of maximum authorized after residency limit

(ii) 4 years - 90 percent of maximum authorized after residency limit

(iii) 3 years - 80 percent of maximum authorized after residency limit

(iv) 2 years - 70 percent of maximum authorized after residency limit

(v) 1 year - 50 percent of maximum authorized after residency limit

(b) The additional limitations of this section do not apply to loans for residential or educational purposes.

190. Maximum Term of Loans. The term of a loan made under this chapter may not exceed:

(a) 30 years on a loan secured by real property;

(b) 15 years or the life of the equipment on a loan secured by equipment used for production of income;

(c) 7 years or the life of the chattel on a loan secured by other chattels;

(d) one year on a loan for working capital.

200. Value Limitation. A loan made under this chapter may not exceed 90 percent of the appraised value of real property pledged as security for the loan or 80 percent of equipment pledged as security for the loan.

210. Rate of Interest. The rate of interest charged to borrowers under this chapter shall be sufficient to cover anticipated cost of money to the fund and may not exceed one percent over the anticipated cost plus the amount necessary for loan insurance. Rates of interest less than that required may be charged provided that the Renewable Resource Development Fund or another state fund agrees to pay the difference between cost and the interest rate to be charged or provided that appropriation for the purpose of paying the difference has been made.

220. Reports From Borrowers. The fund shall require submission of a report at least annually from each borrower showing the use for which proceeds of the loan were expended, the financial condition of the borrower and the residency status of the borrower and any other obligors on the loan.

230. Resident Hire. Adapt AS 38.40.030 - 090. (Pipeline leasing resident hire provisions)

300. Citizens Advisory Board. (a) There is hereby created an Alaska Loan Programs Fund Citizens Advisory Board consisting of _____ members appointed by the Governor and _____ members appointed by the Legislative Council. Members of the board serve at the pleasure of the appointing authority. A majority of the members of the board constitute a quorum and shall elect from their membership a president and may elect other officers the board finds desirable.

(b) The duty of the board is to periodically observe operations of the fund and at least annually prior to convening of the legislature report to the governor and legislature:

(i) Any indication of favoritism in any loan program

(ii) Any apparent mismanagement

(iii) Any apparent procedures which result in preventable difficulties in obtaining loans or securing other services the board was established to provide

(iv) Other matters the board finds appropriate to include in the report.

(c) Staff support to the board shall be provided by the Division of Legislative Audit.

310. District Loan Offices. The commissioner shall establish district loan offices within each judicial district of the state headed by a district loan officer. The district loan

officer is authorized to approve loans made under this chapter. The office shall provide information concerning the loan programs under this chapter, other state loan programs or grant programs, federal loan or grant programs and, to the extent feasible, private loan information.

320. Appeal. The decision of the district loan offices in granting or denying a loan or in setting conditions or terms of a loan may be appealed to the commissioner, or if the commissioner in his discretion establishes a loan review board, to that board. The commissioner or board may affirm, reject or modify a decision of the district loan officer.

330. Time Limitations on Processing. (To Come)

340. Cooperation With Other Agencies. All departments, agencies and public corporations of the state shall provide information, services and facilities to the fund on its request. The fund shall reimburse the department, agency or corporation for expenses reasonably incurred on the fund's behalf.

350. Loan Insurance. Substantially AS 18.56.095 with collection of loan charge for fund limited to 1/2 of 1 percent of loan.

360. Capital Reserve Account. For the purpose of securing any one or more issues of its obligation, the fund may establish one or more special accounts called capital reserve accounts. That portion of the income from the permanent fund equal to 10 percent of the outstanding issues of the fund shall be paid to the commissioner of revenue for the purpose of establishing the capital reserve funds. Other money may be appropriated to the capital reserve fund.

Senate Committee on the Permanent Fund

Policy Direction

Based on prior inventory sheet - goals and objectives

Are there any existing programs which should not be continued in some form in the state loan programs?

_____ Yes _____ No

List those to be dropped.

Alaska Loan Program Fund

The direction given assumes that the source of funds would be through revenue bonds and the Permanent Fund would be maintained as a savings fund invested in high grade securities.

The following are per the draft legislation.

160. Eligibility

Veterans resident eligibility is currently 5 years. There is no uniformity in residency requirements in the various state loan programs.

What should the initial residency requirement be? 5 years

170. Maximum Loan Amounts

1. FHA loan insurance for single residential units in Alaska was recently increased from \$67,500 to \$90,000. The initial proposed limit for resident housing was \$75,000 in the draft legislation.

Should this be raised to \$90,000?

_____ Yes _____ No

If no, what amount would you recommend?

2. Owner occupied multiple dwellings up to 4 units were initially proposed in the draft legislation at \$40,000. A larger figure of \$70,000 may be more realistic.

What limit do you feel should be placed in this category? \$ _____

3. The commercial loan limit per the draft legislation is \$500,000 in all categories.

Is this level acceptable? _____ Yes _____ No

If no, what limit would you recommend? \$ _____

Note: The maximum total loan is \$5,000,000 with involvement of 10 individuals as mandated by Federal regulations concerning Industrial Revenue Bonds.

Is this limit acceptable? _____ Yes _____ No

170. Maximum Loan Amounts (continued)

4. It is proposed that student loans be increased from \$2,500 to \$4,000.

Do you approve of this increase? _____ Yes _____ No

If no, what would you suggest? \$ _____

The maximum amount outstanding has been raised from \$10,000 to \$15,000.

Do you approve of this increase? _____ Yes _____ No

If no, what would you suggest? \$ _____

(d). This section limits the number of different loans an individual may acquire from the state to a maximum of 3 loans regardless of the category. This may be somewhat high.

What would you suggest? _____ # of loans

Possibly a dollar limitation would also be reasonable. What limitation would you suggest? \$ _____

180. Addition of Loan limitation

(a). Based upon a one year residency, should a loan limitation be provided?

_____ Yes _____ No

(b). Should an experience limitation be provided?

_____ Yes _____ No

190. Maximum Term of Loans

Do you approve of the maximum term of loans per the draft legislation?

_____ Yes _____ No

If no, what would you suggest?

200. Value Limitations

Do you approve of the value limitations per the draft legislation?

_____ Yes _____ No

If no, what would you suggest?

210. Rate of Interest

Do you approve of the rate of interest per the draft legislation?

_____ Yes _____ No

If no, what would you suggest?

Note: What rates of interest do you wish to establish for those loans that may be made on an interim basis from other funds or the Permanent Fund?

6.5 7.0 7.5 8 Other _____

230. Residential Hire

As a condition of the loan, it appears a residential hire provision may be possible.

Do you wish the maximum possible resident hire be incorporated into the legislation for all categories where applicable?

_____ Yes _____ No

300. Citizens Advisory Board

It is suggested this board have 4 members appointed by the Legislative Council and 3 appointed by the Governor. All would be confirmed by joint session of the Legislature.

Is this combination acceptable? _____ Yes _____ No

The Legislative method of selection may be changed, ie. President of the Senate may choose 1 member, Speaker of the House may choose one member. Any suggestions?

310. District Loan Office.

Do you approve of the district loan office per the draft legislation?

_____ Yes _____ No

Note: Sub-offices in other population centers on either a permanent of visitation basis may be provided. Do you agree?

_____ Yes _____ No

320. Appeal

Do you agree with the initial concept for appeals?

_____ Yes _____ No

Note: Possibly the Legislature could provide for an advisory group to the Commissioner of Commerce for certain loan categories as illustrated in Section 3 of work packet, for assistance to the appeals board.

Would you like to incorporate these advisory groups to the appeals board in the legislation?

_____ Yes _____ No

Collection

It is proposed that all delinquent collection effort be placed in a Division of Collections, Department of Revenue. Experience indicates that the present method of collection is not effective.

Do you feel collection should be done by the Department of Revenue?

_____ Yes _____ No

Cost Differential

The cost of construction is such in Alaska that it is recommended a formula and procedure be worked into the legislation which would adjust the basic loan levels to reflect this fact.

Do you approve of this concept?

_____ Yes _____ No

Subsidies

Some of the present loan programs have below money cost interest rates, ie. Student Loans at 5%. A procedure in the legislation can be developed to continue these efforts

Do you approve of a continuance or implementation of a subsidy program?

Agriculture	_____	Yes	_____	No
Fisheries	_____	Yes	_____	No
Other Renewable Resources Loans	_____	Yes	_____	No
Veterans	_____	Yes	_____	No
Other	_____	Yes	_____	No

Bank Participation

While the 18 banking institutions have been asked for input only six banks have responded to date.

Do you support providing an alternate avenue for those who would rather borrow through the bank?

_____ Yes _____ No

Some Approaches May Be

Banks could originate loans through their branch offices in the rural areas and sell them to the Alaska Loan Program Fund. This is similar to what is presently done by Alaska Housing Finance Corporation.

Do you approve legislating such an approach?

_____ Yes _____ No

Required bank participation on certain projects when a specific dollar limitation is reached?

_____ Yes _____ No

Provide guarantees similar to those provided by SBA?

_____ Yes _____ No

RECEIVED
JUN 22 1977

TO: Ron Lehr, Deputy Director
Division of Budget & Management

DATE: May 19, 1977

FILE NO:

TELEPHONE NO:

POLICY DEVELOPMENT
& PLANNING

FROM: Jim Stey, Budget Analyst
Division of Budget & Management
Office of the Governor

SUBJECT: Agriculture Revolving Loan
Fund, Project VII-5

This memo is a response to the inquiry by the Budget Review Committee concerning the Agriculture Revolving Loan Fund (ARLF).

1. Given an increase in capital funds, has the interest rate been raised to parity with commercial loan rates?
2. What are the benefits of the ARLF to the agriculture industry?

The Territory Legislature established the ARLF in 1953 (Sec Ch. 122, 1953). The aim of this legislation was to "promote the more rapid development of agriculture as an industry throughout Alaska by means of long-term low-interest loans." The initial capitalization of this fund was \$200,000. Over the years, the fund's holdings have grown considerably. On December 31, 1976, it had \$4,816,306 in assets. This money was invested in the following types of loans:

1. Short terms: \$263,455 @ 6%
2. Chattel loans: \$624,882 @ 6%
3. Farm Development loans: \$3,167,887 @ 6%
4. Irrigation loans: \$306,355 @ 4%

In its FY 78 budget, the Division of Agriculture requested \$680,000 for the ARLF. The BRC approved a \$200,000 G.F. increase and a \$480,000 increase from the Incremental General Fund (IGF). Furthermore, this increase in loan capital was approved with the understanding that the Division introduce legislation to raise the interest rates of the fund to parity with commercial loan rates or corporate bond interest rates. This information was conveyed to the Division via the budget form 7C i.e., Analysis of Governors Decision.

On April 7, I met with Dr. Honsinger, local representative of the ARLF. We discussed the idea of increased interest rates for agriculture loans. He was not aware that the BRC had made its budget decision conditional to higher interest rates. He stated that a low interest rate is far more critical to agriculture development than the small business industries, which is a high capital investment industry. Furthermore, farm income was below fishing, or business income, hence it was vital to maintain

a low interest rate to prevent farmers from leaving the agriculture industry.

Although he had no supporting data, he seemed confident that the ARLF (with its low interest rates) has sustained this industry. "Otherwise," he said, "Agriculture would have died." Dr. Honsinger mentioned that Alaska is on the fringe of a breakthrough in improving the economic scale of agriculture. For this reason, any attempt to raise the ARLF interest rates at this time, would disrupt the progress of agricultural development.

We discussed the benefits of the ARLF. Dr. Honsinger felt that the greatest benefit of the program is the retention of farmers in the industry. Again, there is no hard data to support this assertion. Actually, there is a real dearth of information concerning the results of ARLF loans to farmers. For instance, do farmers who receive ARLF loans, become more efficient in their farming operations? Do they increase their portion of gross state agriculture output? Do they achieve higher farm income? Does the ARLF help new farmers enter the industry? Such information is just not available at this time. Further attempts to identify the benefits of the ARLF led to broad discussions on the benefits of large scale agriculture development. As you are aware, there is a substantial amount of uncertainty surrounding the costs and benefits of large scale food production in Alaska.

On April 14, I discussed the issue of increased interest rates with Doug Jacobson, Program Director of ARLF. He affirmed the comments of Dr. Honsinger and stressed the long-term low-interest loan policy embodied in the ARLF legislation.

Actually, there is reason to suspect this is not the case. I think the authors of this low interest policy never intended that the interest rate be, "so low" relative to commercial loan rates. The attached table traces the history of changes in ARLF interest rates relative to commercial loan interest rates for similar long term investments.

It is conceivable that commercial interest rates and FHA mortgage rates in Alaska were much greater than the 4 1/2% ARLF rates in 1953. This information is not available at this time. The inherent weakness of this table is the comparison of ARLF rates with commercial or FHA low rates in the USA. Nevertheless, I believe that even a rough comparison of Alaska and the USA data is sufficient to underscore the following point. I feel that the ARLF was established to satisfy a loan money shortage for high risk, high investment agriculture loans, hence the availability of loan money per se was the object of this 1953 legislation. It appears that the legislature intended that the interest rates be in parity with commercial lending rates in Alaska, otherwise they would have set the ARLF rates considerably lower than commercial rates.

The State has expanded the use of loan fund programs as development tools. Today there is a large variety of such programs (commercial fishery loans, business loans child care facilities loans, etc).

With the exception of student loans, all of the remaining State loan fund programs have interest rates greater than 6%. Even the commercial fishing loan fund, which makes high risk, high investment loans for the development of renewable resources, has an interest rate greater than the ARLF. Under these circumstances, it appears that the ARLF's interest rates are out of line and need to be adjusted to parity with interest rates in other state development loan funds.

Doug Jacobson appears to be sympathetic to the BRC's request to raise the ARLF rates. I feel that he would have proposed the proper change in legislation earlier this legislative session, but he was not aware of the BRC's concern in this subject. Apparently the information on the Budget form, 7C never filtered down to him. Incidentally the Department of Natural Resources may be opposed to a change in ARLF rates, however they did not rebut the issue.

COMPARISON OF ARLF INTEREST RATES WITH COMMERCIAL
AND FHA INTEREST RATES FOR SELECTED YEARS

YEAR	ARLF FARM LOANS	Aaa* CORP BONDS	SHORT. TERM * BUS. LOANS U.S.A.	FHA MORTGAGES U.S.A.	AK. COMMERCIAL LOAN RATES
1953	Chattel 5% Farm Dvlp. 4 1/2%	3.2%	3.7%	4.6%	NA
1966	Chattel & Farm Dvlp 5%	4.7%	6.0%	6.3%	NA
1967	Chattel & Farm Dvlp 6%	5.5%	6.0%	6.6%	NA
1970	Chattel & Farm Dvlp 6% Irrigation 4%	8.0%	8.5%	9.1%	10%
1975	Chattel & Farm Dvlp 6% Irrigation 4%	8.8%	8.3%	9.4%	10%

Summary change in interest rates 1953-1975: +33% (ARLF), +175% (Aaa* CORP BONDS), 124% (SHORT. TERM * BUS. LOANS U.S.A.), 104% (FHA MORTGAGES U.S.A.)

Note that the ARLF interest rate in 1953 was significantly higher than average commercial loan rates in the U.S.A. Today the ARLF interest rate is far below average commercial or FHA loan rates in the lower 48 states. Where other lending institutions have progressively raised their interest rates, ARLF rates have practically remained constant. (Compare the summary changes in interest rates.)

*Economic Report of the President, January 1976

7C Analysis of Governor's Decisions

ITEM	AMOUNT	FUNDING SOURCE	EXPLANATION
78-1 Agriculture Revolving Loan Fund	580.0	GF	Recommend approval of increasing the funding of the agriculture revolving loan fund in the amount of \$200.0 from the general fund and \$480.0 from the incremental general fund for a total increase of \$680.0. The recommendation is dependent upon the loans bearing an interest rate at least equal to the prevailing rate on high grade corporate issues.
Recommendation	(480.0)	GF	
	200.0	GF	
	480.0	IGF	
	680.0	GF & IGF	

CATEGORY Natural Resources AGENCY Agriculture Loans PROGRAM ARLF Capitalization

A REVIEW OF
ALASKA AGRICULTURE REVOLVING
LOAN FUND
DEPARTMENT OF NATURAL RESOURCES

July 1, 1975 - June 30, 1976

A REVIEW OF
ALASKA AGRICULTURE REVOLVING
LOAN FUND
DEPARTMENT OF NATURAL RESOURCES

July 1, 1975 - June 30, 1976

Commissioner of Natural Resources
Deputy Commissioner of Natural Resources

Robert LeResche
Jack Roderick

Agriculture Revolving Loan Fund Board of
Directors:

Chairman
Member
Member
Member
Member

James H. Reaves
Lewis J. Beaty
Robert J. Gillas
Stephen K. Hamilton
Paul B. Nistler

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PURPOSE OF THE REVIEW

In accordance with the provisions of Title 24 of the Alaska Statutes, we reviewed the Alaska Agriculture Revolving Loan Fund to determine if the financial statements for the fiscal year 1975-76 are fairly presented.

ORGANIZATION AND FUNCTION

The Agriculture Revolving Loan Fund (ARLF,) operating under the authority of AS 03.10.010-060 since 1953, provides low interest, generally long-term financing for the rapid development of agriculture in Alaska. The Fund has been capitalized since inception by direct appropriations from the general fund totalling \$3,440,000. Additional cash for lending has been obtained, from time to time, by sale of assigned notes to the Alaska Department of Revenue.

The Fund is administered by a five member Board of Directors appointed by the Governor and confirmed by the Legislature in joint session. No loan in excess of \$25,000 may be made by the Fund without board approval.

As specified by statute, the following four types of loans are made:

<u>Type</u>	<u>Limit</u>	<u>Term</u>	<u>Purpose</u>
Short-term	\$ 25,000	1 year	Seed, feed, fertilizers
Chattel	100,000	7 years or useful life of Chattel	Animals, equipment
Farm Development	200,000	Not to exceed 30 years	Land, improvements, buildings
Irrigation	As determined by the Commissioner		Irrigation equipment

ARLF records at June 30, 1976 show 122 borrowers with a total of 220 loans outstanding distributed as follows:

<u>Type</u>	<u>No. of Loans</u>	<u>Amount</u>
Short-Term	40	\$ 307,576
Chattel	58	627,804
Farm Development	92	3,109,579
Irrigation	<u>30</u>	<u>319,536</u>
Total Outstanding	<u>220</u>	<u>\$4,364,495</u>

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

ARLF should establish an Allowance for Uncollectable Loans.

Currently, losses on uncollectable loans are written off entirely in the year the loan is finally determined uncollectable: a process that often takes several years.

The allowance account, normally established as a percent of loans outstanding allows more uniform matching of loan losses with interest income. Losses are spread over all periods affected rather than being absorbed entirely in the write-off year.

Use of the allowance method is required by generally accepted accounting principles in order for ARLF financial statements to be presented fairly. ARLF balance sheet as of June 30, 1976, shows retained earnings of \$384,535 since inception of the fund. This amount is based on the assumption that all loans outstanding will be collected.

We reviewed all delinquent loans as of June 30, 1976, in order to assess the probability of collection. We computed an allowance amount based upon this assessment and included twelve loans written off March 24, 1977. A schedule illustrating the allowance computation follows.

Based upon our allowance computation in the amount of \$640,480, ARLF has a retained earnings deficit of \$255,945, rather than a surplus.

Each of the two prior audit reports on ARLF, FY 1972 - Division of Legislative Audit, and FY 1974 - Ernst & Ernst, recommended the allowance method be used.

We strongly recommend an Allowance for Uncollectable Loans be established, retroactively to July 1, 1976.

AGRICULTURE REVOLVING LOAN FUND
COMPUTATION OF ALLOWANCE FOR UNCOLLECTABLE LOANS
 June 30, 1976

	<u>Current Loans</u>	<u>Loans with Payments Past Due More Than:</u>				<u>Allowance for</u>
		<u>30 Days</u>	<u>90 Days</u>	<u>6 Months</u>	<u>1 Yr or More</u>	<u>Uncollectable</u>
						<u>Loans</u>
	\$2,941,814	\$33,005	\$67,888	\$139,572	\$1,182,215	
Subtract:						
Twelve loans written-off March 24, 1977	(1,714) (1)				(38,931)	\$ 40,645
Five loans where collection appears very unlikely					(356,373)	356,373
Subtotal	\$2,940,100	\$33,005	\$67,888	\$139,572	\$ 786,911	
Allowance Percent	1%	2%	4%	10%	25%	
	<u>\$ 29,401</u>	<u>\$ 660</u>	<u>\$ 2,716</u>	<u>\$ 13,957</u>	<u>\$ 196,728</u>	<u>\$243,462</u>

Recommended Allowance For Uncollectable Loans at June 30, 1976

\$640,480

(1) ARLF has not been in contact with maker for several years. Loan is current only as a result of foreclosure and sale of security.

Recommendation No. 2

ARLF should establish effective procedures to insure financing statements are not allowed to lapse on outstanding loans.

Financing statements are filed with the Department of Administration pursuant to the Uniform Commercial Code in order to perfect security agreements covering borrowers chattels such as equipment, crops, or livestock. The initial filing is effective for a period of five years and during that time serves as notice of the ARLF interest in the chattels. Financing statements may be renewed six months prior to expiration if the loan is still outstanding.

During our review of the loan files we found one financing statement not filed initially and six which had been allowed to lapse while the loans remained outstanding. In one instance, the borrower had sold the secured chattels after the financing statement had lapsed and the loan was seriously delinquent at the time of our review.

Timely renewal of financing statements is essential to protect collateral on ARLF loans.

Recommendation No. 3

ARLF should seek legislation to require loans to be repaid in full if borrowers permanently cease agricultural activities.

Our review of the loan files of twenty-seven borrowers, which represented forty-seven loans, disclosed that nine borrowers were no longer engaged in agricultural activities. Thirteen loans were outstanding to these nine borrowers totalling \$231,087 as of June 20, 1976.

ARLF statutes do not require that persons remain active in agriculture during the life of ARLF loans. AS 03.10.020 merely requires persons be engaged in agriculture at the time loans are made.

Loans outstanding to persons no longer actively engaged in the industry represent a reduction in the resources available to carry out the purpose of ARLF. The effect on the

agricultural industry of such non-participating loans can be measured in terms of lost opportunities for farmers, ranchers, or dairymen with genuine needs for development capital.

Recommendation No. 4

ARLF should require title insurance and property appraisals on all large loans secured by real property.

Title insurance is necessary in order to establish the order of preference of creditors with liens against a particular price of real property. It also demonstrates the borrower is the legal owner of the property being pledged.

Real estate appraisals provide evidence of the market value of the property and are essential in determining the degree to which the loan is protected.

Although not required by statute or regulation, title insurance is currently acquired in most cases, appraisals however are never acquired.

In addition to providing a greater degree of protection to ARLF loans, title insurance and appraisals will add a measure of objectivity to the loan making process at the onset of the loan. These items are mandatory at all commercial lending institutions and other state loan programs such as small business, tourism and veteran's loans.

Title insurance should be required on all loans secured by real property. We recommend property appraisals be mandatory on all large loans secured by real property. Loans should be considered large if they exceed a predesignated amount, such as \$25,000. Appraisals should be acquired on loans not exceeding \$25,000 where, in the judgement of ARLF management, the value of pledged real property is not otherwise sufficiently evident.

Recommendation No. 5

ARLF authority to guarantee loans by commercial lending institutions should be limited.

ARLF will, from time to time, guarantee in writing loans to farmers by commercial banks. The bank loans are short term, one to three months, and are repaid from the proceeds of ARLF loans. The guarantees are considered necessary on those occasions when the ARLF loan process cannot respond quickly enough to a farmer's emergency working capital needs. It is a useful interim financing procedure.

In order to add a measure of administrative control to this procedure we recommend the scope of the Loan Administrator's authority to issue guarantees be limited as follows:

- A. Not to exceed a reasonable amount, \$10,000 for example.
- B. For a limited period of time, such as 90 days.
- C. All guarantees must be reviewed by the Board either in advance or at the next regular meeting.
- D. The sum of loan guarantees plus ARLF loans outstanding must not exceed the statutory loan authority of \$5,000,000 at any time.

Recommendation No. 6

ARLF should improve the accuracy and format of statistical reports.

ARLF statistical reports contain a number of errors. For example, approximately twenty percent of the delinquent amounts reported on the June 30, 1976 loan resume were incorrect. Moreover, additional statistical information should be included to more fully disclose the status of loans outstanding.

Currently, the loan resumes compare total outstanding loan balances with scheduled payments delinquent to derive a percent of loans delinquent. This comparison results in an artificially low percent of loans delinquent. It would be more appropriate to also include a comparison of the balance of total loans outstanding with the balance of those loans with payments delinquent.

Recommendation No. 7

ARLF should properly account for service fees and collections on loans sold to the Treasury.

Currently, ARLF credits interest income for interest collected on loans sold to the Treasury and charges interest expense as interest is transmitted to the Treasury. As a result, interest income and interest expense for FY 1976 were each overstated by \$34,019. In addition, the service fee retained by ARLF for handling the collections (one-half of one percent of principal and interest collected) is accounted for as interest income.

Cash collected on loans sold to the Treasury should be credited to a liability account until transmitted to the Treasury. Service fees should be allocated to a separate receipt code rather than included with interest income.

Recommendation No. 8

ARLF should compute interest based on a 365 day year.

ARLF computes interest based upon a 360 rather than a 365 day year. As a result, they collect in some cases, slightly more interest than the maximum allowed by statute. Interest on farm development loans and chattel loans is limited to six percent by AS 03.10.030. Stated interest on many of these loans is six percent however, the use of a 360 day year results in payment of approximately 6.01% interest.

Recommendation No. 9

Individual loan files should be maintained in a current and complete fashion.

We were unable to find basic information in thirteen of twenty-seven delinquent loan files, such as:

- A. Current mailing address.
- B. Current employment.
- C. Current financial status.
- D. Current repayment plan.
- E. Follow-up procedures employed for delinquent loans.

Much of the contact between ARLF and borrowers is via telephone and this problem results, in a large part, from a lack of notes on the conversations being placed in the loan files.

Effective management of this loan program is contingent on having complete and current information readily available. All contact with borrowers should be noted in the files and information listed above in particular should be kept current.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU 99801

April 27, 1977

Members of the
Legislative Budget and Audit Committee:

We have examined the Balance Sheet of the Agriculture Revolving Loan Fund-Cash Basis, as of June 30, 1976, and the related Statement of Operations-Cash Basis and Analysis of Retained Earnings-Cash Basis for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note 2 to the financial statements, the Fund has not established an allowance account to give recognition to potential loan losses in the financial statements. Because of this departure from generally accepted accounting principles, as of June 30, 1976, net income, loans receivable, retained earnings, and fund balance are overstated in the estimated amount of \$640,480.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly the financial position of the Agriculture Revolving Loan Fund at June 30, 1976, or the results of operation for the year then ended in conformity with generally accepted accounting principles.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

AGRICULTURE REVOLVING LOAN FUND
 COMPARATIVE BALANCE SHEET - CASH BASIS
 June 30, 1976 and June 30, 1975

<u>ASSETS</u>	<u>June 30, 1976</u>	<u>June 30, 1975</u> <u>(UNAUDITED)</u>
Cash in Transit	\$ 43,525	\$ -0-
Cash in Treasury (Note 1)	166,715	108,599
Loans Receivable:		
Agriculture Loans	3,894,959	3,723,405
Irrigation Loans	<u>319,536</u>	<u>333,926</u>
Total	4,214,495	4,057,331
Loans Sold to State Treasurer (Note 1)	<u>(600,200)</u>	<u>(662,645)</u>
Net Revolving Fund Loans	3,614,295	3,394,686
Kodiak Slaughter House Loan	<u>150,000</u>	<u>150,000</u>
Total Loans Receivable (Note 2)	<u>3,764,295</u>	<u>3,544,686</u>
Total Assets (Note 3)	<u>\$3,974,535</u>	<u>\$3,653,285</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities: (Note 3)		
Due General Fund	\$ 150,000	\$ 150,000
Reserve for Encumbrances	<u>-0-</u>	<u>106</u>
Total Liabilities (Note 4)	<u>150,000</u>	<u>150,106</u>
Fund Balance:		
Fund Principal (contributions from General Fund)	3,440,000	3,240,000
Retained Earnings	<u>384,535</u>	<u>263,180</u>
Total Fund Balance (Note 2)	<u>3,824,535</u>	<u>3,503,180</u>
Total Liabilities and Fund Balance	<u>\$3,974,535</u>	<u>\$3,653,286</u>

AGRICULTURE REVOLVING LOAN FUND
 COMPARATIVE ANALYSIS OF RETAINED EARNINGS - CASH BASIS
 June 30, 1976 and June 30, 1975

	<u>Fiscal Year Ended</u>	
	<u>June 30, 1976</u>	<u>June 30, 1975</u>
Beginning Retained Earnings Balance	\$ 263,180	\$ 187,617
Net Income (Note 2)	<u>121,355</u>	<u>75,563</u>
Ending Retained Earnings Balance (Note 2)	<u>\$ 384,535</u>	<u>\$ 263,180</u>

See Accompanying Notes to the Financial Statements

AGRICULTURE REVOLVING LOAN FUND
 COMPARATIVE STATEMENT OF OPERATIONS - CASH BASIS
 For the Fiscal Years Ended June 30, 1976 and June 30, 1975

	Fiscal Year Ended	
	<u>June 30, 1976</u>	<u>June 30, 1975</u> (UNAUDITED)
Revenue:		
Interest on Agriculture Loans (Note 5)	\$214,940	\$210,316
Interest on Irrigation Loans	9,852	12,891
Interest on Slaughter House	6,000	-0-
Gain on Sale of Property	-0-	194
Prior Year Recovery	-0-	6,000
Re-establish Prior Year Encumbrance	105	-0-
	<u>230,897</u>	<u>229,401</u>
Total Revenue		
Expense:		
Administrative Expenses:		
Personal Services	63,079	61,286
Travel	6,022	6,739
Contractual	4,683	10,264
Commodities	976	444
Equipment	-0-	495
Inter-agency Charges	762	-0-
	<u>75,522</u>	<u>79,228</u>
Total Administrative Expenses		
Other Expenses:		
Interest Expense (Note 5)	34,019	42,566
Losses on Loans	-0-	2,281
Adjustment to Surplus	-0-	2,329
Adjustments to Loan Balances	-0-	7,707
Encumbrances	-0-	105
Adjustment to Cash in Transit	-0-	19,617
	<u>34,019</u>	<u>74,605</u>
Total Other Expenses		
Total Expenses	<u>109,541</u>	<u>153,833</u>
Net Gain to Retained Earnings (Note 2)	<u>\$121,356</u>	<u>\$ 75,568</u>

See Accompanying Notes to the Financial Statements

AGRICULTURE REVOLVING LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1976

Note 1

Cash in Transit and Loans Sold to Treasury

A disbursement to the treasury during fiscal year 1976, in the amount of \$4,303.98, was improperly charged to the subsequent fiscal year. The disbursement represented transmittal of loan principal collected by ARLF for the treasury. As a result, cash in treasury and loans sold to state treasurer are each overstated by \$4,303.98.

Note 2

Allowance for Uncollectable Loans

ARLF financial statements do not include a provision for future uncollectable loans. Our review of loans outstanding indicates a provision is necessary and we estimate it should be in the amount of \$640,480 as of June 30, 1976.

Note 3

Contingent Liability

The ARLF was contingently liable at June 30, 1976 for a loan in the amount of \$45,000 made by the Alaska Bank of Commerce. The contingent liability results from a letter to the bank from ARLF, dated May 5, 1976, which guaranteed repayment of the loan in the event of default. The loan was subsequently paid in full on July 1, 1976.

Note 4

Interest Income and Expense

Interest income (Agriculture Loans,) and interest expense, are each overstated by \$34,019. This results from accounting for collections on loans sold to the State Treasury as interest income, and amounts transmitted to the treasury as interest expense, rather than passing these amounts through a liability account.

SUPPLEMENTAL INFORMATION

AGRICULTURE REVOLVING LOAN FUND
PRO FORMA BALANCE SHEET - CASH BASIS
June 30, 1976

ASSETS:

Cash in Transit	\$ 43,525
Cash in Treasury	166,715
Loans Receivable	3,764,294
Allowance for Uncollectable Loans	<u>(640,480)</u>
Total Assets	<u>\$3,334,054</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:

Due General Fund	\$ 150,000
Reserve for Encumbrances	<u>-0-</u>
Total Liabilities	<u>150,000</u>
Fund Balance:	
General Fund Contributions	3,440,000
Retained Earnings	<u>(255,946)</u>
Total Fund Balance	<u>3,184,054</u>
Total Liabilities and Fund Balance	<u>\$3,334,054</u>

The above Pro Forma Balance Sheet has been adjusted to give retroactive recognition as of June 30, 1976, to an allowance for uncollectable loans in the amount of \$640,480.

AGRICULTURE REVOLVING LOAN FUND
 SCHEDULE OF DELINQUENT LOANS
 June 30, 1976 and January 31, 1977

Name	Loan No. Int. Rate	Date	Originals		Principal Balance 6/30/76	Amount of Payment	No. of Payments Past Due	Principal Balance 1/31/77 (1)	No. of Payments Past Due	Comments
			Amount	Matures						
Bannon	C-515-6	8-19-71	\$ 2,394	8-19-76	\$ 712	\$ 281-S/A	1	\$ 712	2	
Bannon	IR-7-4	5-14-70	10,350	12-31-76	4,974	860-S/A	4	4,974	6	
Bannon	IR-30-4	7- 2-70	11,000	7- 2-80	7,427	1,357-A	2	7,427	3	
Depriest	IR-13-4	12-10-70	16,000	5-10-80	12,105	471-Q	8	11,159	8	
Devillbiss	IR-24-4	10-23-70	13,000	10-23-80	11,980	Beg. 10-71 146-M	35	11,980	42	
Devillbiss	IR-37-4	1-28-71	16,000	1-28-81	13,747	Beg. 10-71 173-M	29	13,449	30	
Hartman	C-575-6	8-30-74	54,000	7-25-81	50,305	789-M	13	50,305	20	
Hartman	C-594-6	4-30-75	44,750	4-25-78	41,280	1,361-M	10	41,280	17	
Lewis	F-292-6	4-15-74	37,431	3-15-94	36,790	1,620-S/A	2	36,790	3	
Lewis	IR-4-4	5-21-70	20,000	5-20-77	9,615	1,650-S/A	4	9,615	5	
Lewis	IR-44-4	8-16-72	5,531	8-16-77	3,490	1,236-A	1	3,490	2	
Mothershead	F-261-5½	3-15-72	12,000	2-15-97	12,000	76-M	47	12,000	12	
Vickaryous	IR-9-4	12-31-71	27,000	6-15-81	21,332	303-M	20	21,332	27	
Vickaryous	IR-36-4	12-31-71	18,000	6-15-81	14,222	202-M	20	14,222	27	
Wolverine	F-230-5½	12- 9-70	100,000	4- 9-98	98,293	600-M	7	96,779	5	
Barnett	F-162-4½	6-10-64	6,000	6- 9-84	2,881	40-M	5	2,881	12	
Cowell	C-444-5½	4- 1-68	8,400	3-31-75	8,398	Beg. 4-69 1,200-A+	8	8,398	8	
McKee	C-525-6	11-12-71	7,000	12-10-76	5,967	136-M	33	5,959	-0-	(Extended 11-4-76
McKee	F-165-4½	6-15-64	11,000	6-15-84	8,073	65-M	19	8,073	-0-	" "
McKee	F-211-5½	10- 9-70	65,156	10- 9-90	64,600	455-M	36	64,600	-0-	" "
McKee	F-238-5½	4-28-71	15,000	5- 1-91	14,779	108-M	17	14,779	-0-	" "
McKee	F-304-6	7- 9-75	27,490	7- 9-90	27,430	236-M	4	27,430	-0-	" "
OHM Inc.	F-220-5½	12- 1-72	37,000	12- 1-91	37,000	3,188-A	2	37,000	3	
OHM Inc.	F-228-4	12- 1-72	16,000	12- 1-82	16,000	979-S/A	6	16,000	7	
OHM Inc.	F-244-5½	12- 1-72	40,000	12- 1-91	40,000	3,447-A	2	40,000	3	
OHM Inc.	F-266-5½	12- 1-72	32,103	12- 1-94	32,103	2,552-A	2	32,103	3	
OHM Inc.	IR-23-4	7- 1-70	80,000	10- 1-90	79,989	4,000-A	5	79,989	6	
Becker/ Johnson	S-735-6	11-27-72	6,000	11-27-73	5,379	+ Int. 200-M for 11 Mo. Balloon 11/73	12	5,379	12	
Becker/ Johnson	F-240-5½	7-26-71	25,000	7-26-91	23,751	2,092-A	2	23,751	1	
Jefferson	F-167-6	5-15-71	16,500	9- 1-84	11,865	150-M	3	11,361	2	
Clark	S-728-6	6-23-72	3,000	6-23-73	2,751	1,500-A	2	2,751	2	
Doll	F-247-5½	10- 1-71	30,000	10- 1-91	30,000	217-M	36	30,000	43	
Doll	F-259-5½	2-23-72	15,000	2-23-77	14,825	277-M	45	14,825	52	
Fett	S-632-6	5- 8-70	13,800	5- 7-71	8,818	In Full 71	1	8,818	1	

STATE OF ALASKA

18 (R)

DIVISION OF LEGISLATIVE AUDIT

AGRICULTURE REVOLVING LOAN FUND
 SCHEDULE OF DELINQUENT LOANS
 June 30, 1976 and January 31, 1977

Name	Loan No. Int. Rate	Date	Originals Amount	Matures	Principal Balance 6/30/76	Amount of Payment	No. of Payments Past Due	Principal Balance (1) 1/31/77	No. of Payments Past Due	Comments
Fetts Mt. View Farm	S-666-6	4-27-71	\$ 13,500	4- 7-72	\$ 13,500	In Full 72	1	\$ 13,500	1	
Fetts Mt. View Farm	C-549-6	9-29-72	28,277	11-15-77	27,950	550-M	43	27,950	50	
Fetts Mt. View Farm	F-264-5½	5-10-72	13,000	8-10-92	13,000	90-M	49	13,000	56	
Fetts Mt. View Farm	F-226-5½	11- 3-70	137,027	11- 3-90	137,061	832-M	54	137,061	52	
Fett	IR-14-4	5-25-70	40,272	12-15-77	37,495	3,310-S/A	9	37,495	10	
Green, Dennis	IR-15-4	5-11-70	5,300	11-15-77	1,283	435-S/A	1	460	-0-	
Gurd, Royce	F-307-6	6-18-75	4,500	5- 1-78	3,876	830-S/A	1	3,876	2	
Sanderson	F-257-5½	12-31-71	2,200	12-23-76	2,169	43-M	41	950	17	
Sturgis	S-795-6	5-17-74	20,998	5-17-75	12,592	In full 75	1	12,592	1	
Sturgis	F-277-5½	5-10-73	75,600	2- 1-93	73,053	6,327-A	2	-0-	-0-	Assumed by 3rd party
Aleutian Livestock	F-232-5½	12- 7-70	120,000	12-15-77	111,045	10,000-73 20,000-74 30,000-75-76-77	3	111,675	4	
Vickaryous	S-830-6	5-21-75	25,000	5-21-76	25,000	In full 76	1	25,000	1	
Wilson	C-560-6	4-20-73	4,300	4-20-78	2,846	1,021-A	1	1,961	-0-	
Bramond	S-603-6	4-19-69	1,900	4-18-70	571	950-S/A	1	570	1	Written off March 24, 1977
Bramond	C-454-5½	11-10-68	6,269	11-10-73	5,528	625-S/A	9	5,528	9	" "
Loud	S-497-6	4- 5-65	5,000	10- 1-75	2,176	100-M	22	2,176	22	" "
Kelly	C-280-5	6-23-63	5,400	5-22-68	2,658	105-M	25	2,658	25	" "
Mothershead	C-546-6	5-25-72	1,613	11-25-72	576	In full 72	1	576	1	" "
Poindexter	S-576-6	6-20-67	2,000	6-19-68	1,908	In full 68	1	1,908	1	" "
Poindexter	C-422-5½	5-23-67	1,200	5-22-72	684	250-A	3	684	3	" "
Poindexter	C-424-5½	6-20-67	750	6-10-70	750	250-A	3	750	3	" "
Poindexter	C-430-5½	8- 3-67	2,000	8- 3-68	2,000	In full 68	1	2,000	1	" "
Richmond	C-469-5½	11-15-69	21,280	11-15-74	21,280	4,256-A	5	21,280	5	" "
Smith	S-667-6	4-14-71	800	4-14-72	800	In full 72	1	800	1	" "
Kodiak Slaughter House	KSH-1-4	11- 1-71	125,000	1-15-97	125,000	I/O 1-15-78 Then 1,000-M	*	125,000	*	*Interest was 3 yr. delinquent at 1/31/77

STATE OF ALABAMA

18(b)

DIVISION OF LEGISLATIVE AUDIT

AGRICULTURE REVOLVING LOAN FUND
 SCHEDULE OF DELINQUENT LOANS
 June 30, 1976 and January 31, 1977

<u>Name</u>	<u>Loan No.</u> <u>Int. Rate</u>	<u>Date</u>	<u>Amount</u>	<u>Matures</u>	<u>Principal Balance 6/30/76</u>	<u>Amount of Payment</u>	<u>No. of Payments Past Due</u>	<u>Principal Balance 1/31/77</u>	<u>No. of Payments Past Due</u>	<u>Comments</u>
Kodiak Slaughter House	KSH-2-4	9-8-72	\$ 25,000	1-15-98	\$ 25,000	I/O 1-15-74 Then 1,000-M	*	\$ 25,000	*	*Interest was 1 yr. delinquent at 1/31/77
			<u>\$1,530,091</u>		<u>\$1,422,682</u>			<u>\$1,344,061</u>	(2)	

- (1) Statistical information at January 31, 1977 is presented to allow a comparison of more recent loan status with status at June 30, 1976. This information is not intended to represent total ARLF delinquent loans at January 31, 1977, since loans which became delinquent during the period June 30, 1976 to January 31, 1977 have not been added to this schedule.
- (2) The decrease in principal amount due at January 31, 1977 of approximately \$80,000 under the amount due at June 30, 1976, is largely attributable to the assumption of loan No. F-277, in the amount of \$73,053, by a 3rd party.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M - JUNEAU 99811

August 12, 1977

RECEIVED

AUG 16 1977

LEGISLATIVE
AUDIT

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
Pouch W
Alaska Office Building
Juneau, Alaska 99801

Dear Mr. Wilkerson:

In connection with your letter of July 22, 1977, forwarding a copy of the Preliminary Audit "A Review of Alaska Agricultural Revolving Loan Fund, Department of Natural Resources, July 1, 1975 - June 30, 1976" the following responses apply:

- a. Agree with recommendation number 1. An uncollectible allowance should become a part of the ARLF accounting system. The ARLF disagrees with the amount recommended. Following the audit recommendation would require establishment of a "probable recovery through litigation account" for the same reasons that the high uncollectible allowance had to be established. The next Loan Board meeting will consider recommendations for an uncollectible allowance.
- b. Agree with recommendation number 2. ARLF has implemented improved aging flagging procedures to preclude the problem from recurring, including rearrangement of both physical office and specific personnel assignments.
- c. Agree with recommendation number 3 to the extent of the concept of acceleration of loan repayment when a borrower is no longer engaged in agriculture. To this end, accelerated repayment schedules are presently being pursued where the condition exists in previously executed notes. The advisability of a rigid statutory provision requiring loans to be repaid in full if borrowers permanently cease agricultural activities is questioned as to whether it solves a problem without creating significant new ones.
- d. Agree with recommendation number 4. ARLF conforms to this recommendation regarding title insurance and property appraisals on large loans secured by real property.

August 12, 1977

e. Agree with recommendation number 5. Present operating policy uses concurrence in loan guarantee requests by the Loan Board President, affected area Board Member, and the Loan Administrator. Loan guarantees are not used if at all avoidable.

1. A monetary limit represents a "responsible need" rather than a "reasonable amount". Any guarantee is used within the requirements of statutes, regulations and policies of the ARLF.

2. ARLF policy has been that 90 days is the maximum guarantee period established; that policy continues.

3. Advance review of the Board is in use and will be continued.

4. It is a recognized requirement that the sum of loan guarantees plus ARLF loans outstanding must not exceed the statutory loan authority.

f. Agree with recommendation number 6 regarding accuracy of statistical reports. ARLF recently has improved capability of record keeping with respect to accuracy through staffing and procedures.

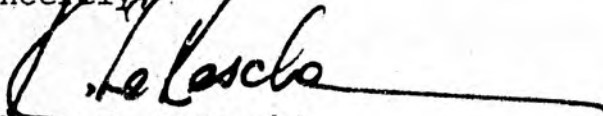
Delinquency measurement has been discussed for years. ARLF has historically used the method described and, in discussions with banking officials, has found the procedure similar to theirs. ARLF has no major objection to reporting on a number-of-loans basis; however, ARLF sees no major value to it. ARLF's opinion is that dollar measurements are more valuable than numbers of instances as a percentage.

g. Agree with recommendation number 7. The Loan Examiner in coordination with our Fiscal Officer will establish a separate receipt code for allocation of service fees and will revise the procedure in regard to interest collected and interest expense on loans sold to Treasury. Once service fees are separated it appears we could handle the interest collected/interest expense in the same manner as we have and by adjustment voucher reduce both items to zero at year end so no overstatement would occur.

h. Agree with recommendation number 8. The method currently in use is preferred and a 360 day year for interest computation appears to be the standard in private banking institutions. However, the fact that interest on farm development loans and chattel loans is limited to six percent by AS 03.10.030 and the use of a 360 day year results in payment of approximately 6.01% interest, means the statutory limit on interest is exceeded. Accordingly, the Loan Administrator will now insure that interest is computed using a 365 day year factor.

i. Agree with recommendation number 9. The conversion of a seasonal position to year around status together with the recent hire of a Loan Examiner to fill a long vacant but needed position, should provide the staffing capability to fulfill the recommendation. In addition, fire-safc file facilities have been secured which provide more efficient access for records maintenance.

Sincerely,



Robert E. LeResche
Commissioner

cc: Director, Agriculture
ARLF Loan Administrator
State Veterinarian
Fiscal Officer