

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

### DIVISION OF AGRICULTURE

**SEAN PARNELL, GOVERNOR**

■ **CENTRAL OFFICE**

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Date

Borrower Name

Address

City, State, Zip

Dear Mr. Borrower and Ms. Borrower:

I want to take this opportunity to introduce myself to you as the new loan officer for the Agricultural Revolving Loan Fund (ARLF). I joined the Division of Agriculture team in December of 2011 and have worked in the banking industry for 8 years. I am excited to work with the agriculture community and assist all producers with their borrowing needs.

I am pleased to report that the ARLF continues to be a healthy revolving loan fund. As expected, loan requests vary from year to year, but the ARLF continues to have loan funds available. In Fiscal Year 2007, the ARLF closed with \$4.3 million cash available for loans; On April 30, 2012 the cash balance was \$5.3 million. The loan fund continues to meet the current industry demand, but will require an influx of cash if the requests were to increase substantially. Interest rates remain competitive with a fixed 3.00% rate on a one year short term loan and a fixed 4.50% on a 30 year development loan.

In an effort to improve the loan process and avoid any misunderstanding the board has asked that we review the loan process as outlined in Statute and Regulation. The regulations below provide clear guidelines for me, as the Loan Officer, and the Board of Agriculture and Conservation (BAC), who is responsible for the approval of all loans and the oversight of the loan portfolio.

11 AAC 39.101 outlines the information required to complete a loan application packet. These requirements include:

- A nonrefundable fee of \$50 is required to submit an application;
- Requested loan amount, including a detailed description of the proposed use, and a loan repayment plan;
- Three years of tax returns;
- Financial statement, including assets and liabilities;
- The list of collateral intended to secure the loan; including the date of acquisition, original cost, current location, current market value, and amount of any existing liens against it;
- An annual income and expense statement for the current year;
- A five year agricultural plan including future projected borrowing needs;

***“To responsibly develop Alaska’s resources by making them available for maximum use and benefit consistent with the public interest.”***

- Applicants statement regarding past bankruptcies and dates;
- Copies of orders and decisions in any bankruptcy actions;
- Resume of agricultural experience, business history, and education and relevant managerial personnel and
- Upon request, an applicant must obtain and provide any additional information and records reasonably necessary to support or clarify the application or the financial background of the applicant or guarantor.

11 AAC 39.131- 11 AAC 39.181 requires all loans be adequately collateralized. If real property is used, 11 AAC 39.141 requires a current borough tax assessment or an appraisal, not more than two years old by an appraiser approved by the Department of Natural Resources, be used to establish value. If farm equipment is used to secure the loan, the following information is required: Make, Model, Year, Serial Number, Location, Condition, Purchase Date, Original Cost, Market Value, and any Existing Liens. UCC filings will be placed on all collateral, listing ARLF as lien holder. Items used as collateral without the above information will be considered on a case by case basis. Equipment with questionable value may require additional information be provided.

11 AAC 39.231 requires the borrower to meet insurance requirements made by the BAC to protect and secure a loan. Types of insurance may include life insurance, property insurance, and/or title insurance and must list ARLF as the loss payee.

A personal guarantee may be requested from 50% or more of the owners, share holders, or investors to applications submitted under a Limited Liability Company, Partnership, or Corporation. 11 AAC 39.231 allows the board to require a personal guarantee to the fund to adequately secure the loan.

As a reminder, per 11 AAC 39.101, loan applications must be received by the division at least 30 calendar days before the date of the next scheduled board meeting. This allows adequate time for the loan application to be processed prior to being sent to the board.

The BAC and the Division of Agriculture look forward to working with the agriculture community to promote agriculture production in the state. If you have any questions regarding the ARLF loan program please give me a call.

Thank you,

Amanda Swanson  
ARLF Loan Officer  
Phone: (907) 761-3869  
Fax: (907) 745-7242