

Agriculture Loans for Alaska Farmers

Sources of financing for Alaska agriculture enterprises

This publication contains information on sources of financing for agricultural producers in Alaska. It describes lending programs and their purpose, borrower eligibility requirements, loan types, loan terms and contact information. To learn how a program might fit the needs of an individual enterprise, readers should speak with a loan officer.

Loan programs change, so this information will become out-of-date with the passage of time. For current information, prospective borrowers should use the contact information for each program or request assistance from their local Cooperative Extension Service office.

We offer this bulletin as an introduction to the credit options available to Alaskans. Borrowing can determine the success or failure of a business enterprise. We hope that this information will help Alaskans make choices that will maximize their chances for success.

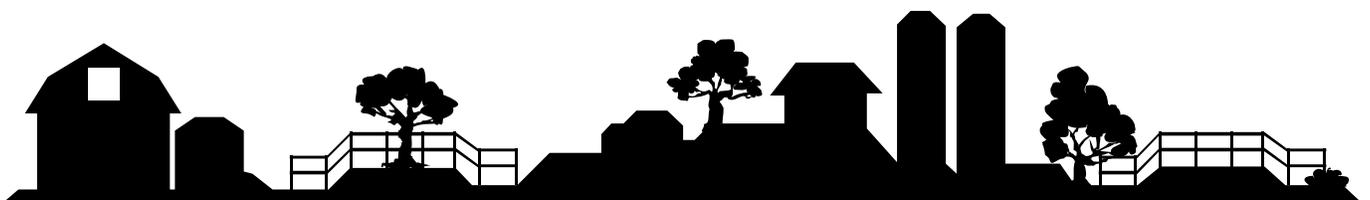
The information in this publication is taken from the lenders' websites. Because terms and conditions are quite specific and important, much of this information is directly quoted, with permission, from the lender's website and materials.

Agricultural Loans

- Agricultural Revolving Loan Fund (ARLF)
- Alaska Rural Rehabilitation Corporation (ARRC)
- Northwest Farm Credit Services (Northwest FCS)
- Farm Service Agency (FSA)
- Alaska Commercial Fishing and Agriculture Bank (CFAB)
- Related Organizations and Additional Resources for Alaska Agriculture and Rural Development

While each of these programs provides agriculture loans, they are different in the types and purposes for which they lend. An understanding of each program is essential to avoid wasted time and effort.

The following summary provides a better understanding of each loan program. Contact your local banker for additional sources of financing for farms in Alaska.



Agricultural Revolving Loan Fund (ARLF)

The objective of the ARLF is to promote the development of agriculture as an industry throughout the state by means of moderate interest rate loans. Loan applications must be submitted on ARLF forms.

- Short-term loans finance annual operating expenses such as seed, feed, fertilizer, harvesting or planting activities.
- Chattel loans are used to purchase equipment or livestock.
- Farm development loans are used to purchase real property and construct non-residential improvements for agricultural purposes.
- Irrigation loans are used to purchase and install irrigation systems.
- Product processing loans are used to build and equip facilities to process Alaska agricultural products.
- Clearing loans are used to provide for land clearing.

Loan Type	Maximum Loan	Maximum Term	Fixed Rate
Short Term	\$200,000	1 year	3.00%
Chattel	\$1,000,000	7 years	4.00%
Farm Development	\$1,000,000	30 years	4.50%
Irrigation	\$1,000,000	30 years	4.50%
Product Processing	\$250,000	30 years	4.50%
Clearing	\$250,000	20 years	4.50%

Total outstanding balances of ARLF loans for a borrower may not exceed \$1,000,000.

Eligibility

Loans may be made to individuals, partnerships, joint ventures, corporations or other business entities. Proof of current Alaska residency must be provided by applicants at loan closing. A statement of agricultural and other business experience with evidence of necessary related skills and training is required.

Conditions

Loan funds may only be used for agricultural production or processing operations in Alaska. Loans may not exceed 75 percent of the value of the collateral, less existing liens.

Collateral

Loans must be secured by adequate collateral as appraised by the ARLF or an independent appraiser. Collateral for consideration may include land, improvements, machinery, equipment, crops or livestock. Property insurance naming ARLF as loss payee is required on buildings and all vehicles, machinery, equipment and livestock that are stored in buildings and used as collateral.

Payment Terms

Loan terms, including payment terms, will be based on applicant's ability to service the loan. Payment terms may be monthly, quarterly, semi-annual, annual or variable.

Rates & Fees

Fixed interest rates are comparable to rates charged by other Alaska agricultural lenders and established by the BAC. A nonrefundable \$50 application fee is required. If you have any questions, please contact an ARLF loan officer.

Contact

State of Alaska
Division of Agriculture
Agricultural Revolving Loan Fund
1800 Glenn Hwy., Suite 12
Palmer, AK 99645-6736
Phone: 907-745-7200
Fax: 907-745-7112
Website: dnr.alaska.gov/ag/ag_arlf.htm

Alaska Rural Rehabilitation Corporation (ARRC)

ARRC is a nonprofit corporation dedicated to the permanent development of Alaska agriculture. It was originally created to support the Matanuska Valley colonization project in 1935. It now provides financing for Alaskan agricultural producers.

Eligibility

Applicants must provide evidence of business experience and Alaska residency. Loans may be to individuals, partnerships, joint ventures, corporations or other business entities.

Conditions

Loan funds may only be used for agricultural purposes in Alaska.

Collateral

In Alaska, loans must be secured by collateral acceptable to ARRC and may not exceed 70 percent of appraised collateral value. Collateral may include equipment, machinery, land, improvements, boats, motor homes and vehicles, but not crops or animals.

Payment Terms

Payment terms will be based on a borrower's ability to service the loan and may be monthly, quarterly, semi-annual, annual or variable.

Interest Rates & Fees

Competitive fixed-interest rates are established by the board of directors. A \$100 nonrefundable application fee that includes the cost of a credit report is required. Additional fees may be charged for the preliminary title report, UCC-1 fees and any other costs that are required to properly place ARRC in first lien position.

Contact

Alaska Rural Rehabilitation Corporation
248 E. Dahlia Ave.
Palmer, AK 99645

Phone: 907-745-3390

Fax: 907-746-3555

Email: admin@arrc.us

Website: www.arrc.us

ARRC LOAN TYPES	PURPOSE	MAXIMUM LOAN	MAXIMUM TERM
Chattel	purchases of new and used farm equipment	none	7 years; 5-9%
Real Estate	purchases of land, buildings and equipment	none	20 years; 5-9%
Future Farmers	promote a working knowledge of agriculture 10-25 years of age	none	5 years; 5-9%
Line of Credit	any farming use	none	5 years; 5-9%

Northwest Farm Credit Services (Northwest FCS)

Northwest Farm Credit Services, or Northwest FCS, is a financial cooperative that provides financing and related services to farmers, ranchers, agribusinesses, commercial fishermen, timber producers, rural homeowners and crop insurance customers in Montana, Idaho, Oregon, Washington and Alaska. Northwest FCS is a member of the Farm Credit System that supports agriculture and rural communities with reliable, consistent credit and financial services. Northwest FCS also provides leasing and appraisal services and life and crop insurance programs.

Northwest FCS is part of the 100-year-old Farm Credit System, the largest single provider of credit to American agriculture. Northwest FCS serves customers through 45 branch offices located throughout the Northwest. Corporate headquarters are in Spokane, Washington.

Agricultural Financing

Northwest FCS provides financing to farmers and ranchers across the Northwest and serves a wide spectrum of agriculture, including part-time farmers, young and beginning producers, commercial operations and large, vertically integrated businesses.

Fisheries Financing

Northwest FCS serves all major fisheries of the West Coast and Alaska.

Forest Products Financing

Northwest FCS provides loan and lease options to meet the unique needs of forest product manufacturers, forest land owners and forest product-related businesses.

Website

Website: www.northwestfcs.com/

Contact for Agricultural Loans

Northwest FCS-AgVision
629 South Market Blvd.
P.O. Box 420
Chehalis, WA 98532-3417

Phone: 360-767-1100
Fax: 360-767-1105
Toll-Free: 800-642-9005

Contact for Fisheries Loans (Alaska)

2157 North Northlake Way, Suite 120
Seattle, WA 98103
Ph: 206-691-2000
Fax: 206-691-2024

PRODUCT TYPES	PURPOSE	MAXIMUM LOAN	TERM
Operating Loan or Line of Credit	operating expenses	none	1–3 years
Chattel	purchase of new or used farm machinery or equipment, livestock or other eligible items	none	1–10 years
Real Estate	purchase or refinance of land, home, buildings and equipment	none	5–25 years
JumpStart	assist farmers younger than 35 who have less than 10 years of experience farming and less than \$250,000 in annual revenue with start-up capital for equipment purchase, real estate down payment or operating expenses	\$100,000	5 years
RateWise	accumulate credits after attending management training experiences to reduce interest rates on new loans; free registration for everyone on the website	N/A	N/A

U.S. Dept. of Agriculture (USDA) Farm Service Agency (FSA)

The USDA Farm Service Agency (FSA) is responsible for overseeing and implementing policies and procedures that regulate the delivery of federal farm programs.

Nonrecourse Marketing Assistance Loans

Nonrecourse marketing assistance loans allow a producer growing eligible crops to store production and use the loan proceeds to meet cash flow needs without selling the crop. Crop is used as collateral for the loan.

Farm Storage Facility Loans

Low interest financing to producers to build or upgrade farm storage facilities and handling equipment (including portable equipment) for eligible commodities that include grains, hay, fruits, vegetables, milk, meat, honey and floriculture and aquaculture products.

Farm Loan Program

Two types of financing are offered in this program: guaranteed loans and direct loans. FSA-guaranteed loans provide conventional lenders with up to a 95

percent guarantee of the principal amount of loans made to agricultural producers. Farmers interested in this program must first apply to a conventional lender, who then arranges for an FSA guarantee.

FSA also makes and services direct Farm Ownership (FO) and Operating Loans (OL) in addition to providing credit counseling and loan supervision.

Contact

USDA Farm Service Agency
www.fsa.usda.gov/state-offices/Alaska/index

Alaska State Farm Service Agency

800 West Evergreen Ave, Suite 216
Palmer, AK 99645
Phone: 907-761-7738

Southern Service Center

800 West Evergreen Ave, Suite 216
Palmer, AK 99645
Phone: 907-761-7754

Northern Service Center

Jarvis Building, 1420½ Alaska Hwy.
P.O. Box 585
Delta Junction, AK 99737
907-895-4241

FSA LOAN TYPES	PURPOSE	MAXIMUM LOAN	MAXIMUM TERM
Direct Farm Ownership (FO)	purchase land, construct buildings, make improvements, soil and water conservation, closing costs	\$300,000	40 years
Beginning Farmer Down Payment Farm Ownership	purchase a farm by beginning or under-served farmer	\$300,000	20 years
Direct Operating (OL)	purchase livestock, poultry, equipment, feed, seed, supplies; soil and water conservation; farm chemicals, insurance, refinancing	\$300,000	1 to 7 years
Microloan (ML)	same as Direct Farm Ownership same as Direct Operating Loan	\$50,000	1 to 25 years 1 to 7 years
Direct Emergency (drought, flood and natural disasters)	See FSA for details in the event of a natural disaster declaration in your area.	\$500,000 max program indebtedness	
Guaranteed Operating (also EZ Guarantee)	same as Direct Farm Operating	\$1,399,000 adjusted annually for inflation	1 to 7 years

Alaska Commercial Fishing and Agriculture Bank (CFAB)

Alaska Commercial Fishing and Agriculture Bank (CFAB) is a private member-owned cooperative that provides financing to Alaskans and Alaskan-owned businesses serving the commercial fishing, agriculture, timber, tourism and resource-based industries of Alaska. CFAB is an authorized lender for two important federal entities, the U.S. Export-Import Bank (EXIM) and the U.S. Department of Agriculture (USDA) Rural Development Business and Industry guaranteed loan program (See USDA Rural Development in this publication). CFAB is the only Alaska lender approved by EXIM bank.

Eligibility

Alaska resident.

Loan Amount

The loan amount is generally based on the projected needs, profitability and credit worthiness of the borrower.

Terms

The length of the loan may range from 1 to 20 years. Loans are structured to the specifics of the credit.

Interest Rates

Rates are variable and are determined by the collateral and the credit strength of the borrower. As a cooperative, CFAB may return a share of its profits to its borrowers through patronage and dividend payments.

Purpose

Any commercial purpose.

Contact

CFAB
P.O. Box 92070
Anchorage, AK 99509-2070

CFAB office
3040 Lakeshore Drive
Anchorage, AK 99517

Phone: 907-276-2007 or 800-544-2228 (outside Anchorage)

Fax: 907-279-7913

Email: webmail@cfabalaska.com

Website: www.cfabalaska.com

Additional Rural Assistance Organizations and Programs

Alaska Housing Finance Corporation (AHFC)

Alaska Housing Finance Corporation (AHFC) offers a variety of loan programs, including loans for single-family and multi-family housing, and loan options and other programs for both urban and rural areas. Rural options include the (1) Rural Non-Owner-Occupied Loan Program and (2) Rural Owner-Occupied Loan Program. These programs offer terms that are intended to address the often-unconventional needs of Alaskans living in small communities. The AHFC also provides information through its Research Information Library as well as publications about log building construction and the "Alaska Housing Manual." This program also oversees the comprehensive weatherization of homes in rural Alaska.

Main Office Contact

AHFC
P.O. Box 101020
Anchorage, AK 99510-1020

4300 Boniface Parkway
Anchorage, AK 99504

Phone: 907-338-6100 or 800-478-2432

Fax: 907-338-9218

Website: www.ahfc.us/about-us/

USDA Rural Development (USDA-RD)

The USDA-RD mission is to help rural Alaskans create, build and sustain ventures within communities and to see that all federal, state, nonprofit and private sector programs are accessible to residents of rural Alaska, regardless of the size of the community. Rural Development does this by helping rural individuals, communities and businesses obtain the financial and technical assistance needed to address their diverse and unique needs.

Rural Development operates federal loan and grant programs designed to strengthen rural Alaska businesses, finance new housing, improve existing rural housing, develop community facilities and stimulate rural employment. Direct and/or guaranteed loans are available for housing, water and waste, rural businesses, community facilities, electric power and telecommunications. Rural Development is an agency of the U.S. Department of Agriculture and provides rural utilities programs, rural housing programs and rural business cooperative programs. It also contains the Office of Community Development. USDA Rural Development is committed to the future of rural communities.

Contact

USDA Rural Development Alaska State Office
800 W. Evergreen, Suite 201
Palmer, AK 99645-6539

Phone: 907-761-7705

Fax: 907-761-7783

Website: www.rd.usda.gov/ak

USDA Rural Information Center (RIC)

The Rural Information Center (RIC) provides information and referral services to local, tribal, state and federal government officials; community organizations; rural electric and telephone cooperatives; libraries; businesses; and citizens working to maintain the vitality of America's rural areas.

The RIC website (www.nal.usda.gov/ric/about-ric) contains links to current and reliable information

on a wide variety of rural resources and funding sources, including Rural Funding Sources and Federal Funding Sources for Rural Areas Database.

RIC staff process a broad array of general and funding information requests on such topics as:

- Successful strategies, models and case studies of community development projects
- Funding and training resources for law enforcement agencies and fire departments
- Housing programs and services
- Tourism promotion and development
- Rural community sustainability
- Defining what is "rural"

RIC staff also refer users to organizations or experts in the field who can provide additional information.

Contact

Rural Information Center
National Agriculture Library
10301 Baltimore Avenue, Room 132
Beltsville, MD 20705-2351

Email: ric@ars.usda.gov

Phone: 800-633-7701

Fax: 301-504-5181

Website: www.nal.usda.gov/ric/rural-america-collections

www.uaf.edu/ces or 1-877-520-5211

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Published by the University of Alaska Fairbanks Cooperative Extension Service in cooperation with the United States Department of Agriculture. The University of Alaska is an AA/EO employer and educational institution and prohibits illegal discrimination against any individual: www.alaska.edu/nondiscrimination

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10-95/JP/05-20

Reviewed October 2019