



UNIVERSITY OF ALASKA  
**FAIRBANKS**

College of Rural Alaska

**Cooperative Extension Service**

# Agriculture Loans for Alaska Farmers

*Sources of financing for Alaska agriculture enterprises*

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by

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This bulletin contains information on sources of financing for agricultural producers in Alaska. The information describes lending programs, including 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 talk with a loan officer.

Loan programs change, so the information in this bulletin will become out-of-date with the passage of time.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.

## **AGRICULTURAL LOANS**

- Agricultural Revolving Loan Fund (ARLF)
- Alaska Rural Rehabilitation Corporation (ARRC)
- Farm Credit Services (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 provide 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.

Visit the Cooperative Extension Service website at  
[www.uaf.edu/ces](http://www.uaf.edu/ces)

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## AGRICULTURAL REVOLVING LOAN FUND (ARLF)

The purpose of the ARLF is to promote the development of agriculture as an industry throughout Alaska by means of moderate interest rate loans. Loan applications must be submitted on ARLF forms. After ARLF staff evaluation, they are submitted to the Board of Agriculture and Conservation for consideration monthly.

**ELIGIBILITY:** Applicants must provide a description of their business and agricultural experience. Loans may be made to Alaskan individuals, partnerships, joint ventures, corporations or other business entities.

**CONDITIONS & COLLATERAL:** Loan funds may only be used for agricultural production or processing operations in Alaska. They must be secured by collateral acceptable to ARLF, and may not exceed 75 percent of appraised collateral value. Collateral may include land, improvements, machinery, equipment, crops or livestock.

ARLF LOAN TYPES	PURPOSE	MAXIMUM LOAN	MAXIMUM TERM
Farm Development non-residential	purchase/construct land and buildings	\$1,000,000	30 years
Chattel	purchase equipment or livestock	\$1,000,000	7 years
Short Term	operating expenses	\$200,000	1 year
Irrigation	equipment purchase and installation	\$1,000,000	30 years
Product Processing	build and equip processing facilities	\$250,000	30 years
Clearing	land clearing	\$250,000	20 years

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

**LOAN TERMS:** Loan terms will be based on a borrower's ability to service the loan. Payments may be monthly, quarterly, semi-annual, annual or variable.

**INTEREST RATES & FEES:** Fixed interest rates are established by the Board of Agriculture and Conservation, consistent with the state objective of providing moderate interest rate loans. A \$50 non-refundable application fee is required. Additional fees may be charged for appraisals, title insurance and other costs required to process and close loan applications.

**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) 745-7242  
website: <http://www.dnr.state.ak.us/ag/>

## ALASKA RURAL REHABILITATION CORPORATION (ARRC)

ARRC is a non-profit corporation dedicated to the permanent development of Alaskan 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 & COLLATERAL:** Loan funds may only be used for agricultural production or processing operations in Alaska. They 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.

ARRC LOAN TYPES	PURPOSE	MAXIMUM LOAN	MAXIMUM TERM
Operating	seed, fertilizer and other operating costs	none	1 years
Chattel	purchases of new and used farm equipment	none	7 years
Real Estate	purchases of land, buildings and equipment	none	20 year
Future Farmers	to promote a working knowledge of agriculture	none	5 years
Line of Credit	for any farming use	none	5 years

**PAYMENT SCHEDULES:** 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. They are currently between 5 - 8 percent, and are offered with a two-year review option. A \$100 non-refundable application fee that includes the cost of a credit report is required. Additional fees may be charged for appraisals, credit reports and other costs required to process loan applications.

**CONTACT:** Alaska Rural Rehabilitation Corporation  
248 E. Dahlia Avenue  
Palmer, AK 99645  
phone: (907) 745-3390  
fax: (907) 746-3555  
website: <http://www.rrc.us>

## **FARM CREDIT SERVICES (FCS)**

Established by Congress in 1916, this cooperative is one of the nation's oldest institutions created to help American farmers, ranchers, timber producers, harvesters of aquatic products and farm-related businesses to prosper. With more than 90 years of agricultural lending experience, the nationwide Farm Credit System is the largest single provider of credit to American agriculture.

**LOAN TYPES:** Long-term real estate related loans, short-term loans for operating needs, intermediate term loans for livestock and equipment purposes and country home loans (for communities under 2,500 population). Agricultural cooperatives are eligible applicants.

**ELIGIBILITY:** Varies with type of loan needed.

**LOAN AMOUNT:** No set maximum. Limiting factors are typically dependent on the value of the security offered or repayment ability of the applicant.

**INTEREST RATES:** Various programs available, including variable rates; adjustable rates fixed for one, three or five-year intervals; and fixed rates.

**PURPOSE:**

- Operating expenses** — short-term loans for such items as feed, seed, fertilizer, and other planting and harvesting expenses.
- Real estate purchases** — loans for acquiring a farm, ranch, timberland, additional acreage or rural home.
- Livestock or equipment purchases** — loans for acquiring livestock, new or used machinery, vehicles and fishing vessels.
- Refinance existing debt** — capital to refinance mortgages and contracts or consolidate other debts on terms tailored to fit your repayment schedule.
- Other** — operational needs and non-business loans for full-time ag producers, ie. college loans, home improvements.

### **Specialized services**

**Leasing services** — to obtain the use of equipment and other capital items with lease terms structured to your needs.

**Life and disability insurance** — for family financial protection.

**CONTACT:** Farm Credit Services  
P.O. Box 420  
Chehalis, WA 98532  
phone: (800) 642-9005  
fax: (360) 767-1105  
website: <http://www.farm-credit.com/>

## FARM SERVICE AGENCY (FSA)

### Marketing Assistance Loans

The Farm Security and Rural Investment Act of 2002 provides for 9-month corn, grain sorghum, barley, oats and hard red spring wheat non-recourse marketing assistance loan. 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. These loans are non-recourse because the producer pledges the crop as collateral and has the option of delivering the pledged commodity to the Commodity Credit Corporation (CCC) as full settlement of the loan at maturity. The non-recourse marketing loan effectively provides a minimum price guarantee to producers.

### 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, which then arranges for an FSA guarantee.

The FSA also makes and services direct Farm Ownership (FO) and Operating Loans (OL) in addition to providing credit counseling and loan supervision. The following table contains information about the six Direct Loan Programs.

FSA LOAN TYPES	PURPOSE	MAXIMUM LOAN	MAXIMUM TERM
Direct Farm Ownership	purchase land, construct buildings/improvements, soil and water conservation	\$200,000	40 years
Beginning Farmer Down Payment Farm Ownership	purchase a farm or ranch	lesser of: 40 percent of purchase or appraised value	15 years
Direct Operating	purchase livestock, poultry, equipment, feed, seed, supplies; soil and water conservation; refinancing	\$200,000	1 to 7 years
Direct Emergency	restore or replace property, pay production costs, pay family living expenses, reorganize operation, refinance	100 percent of actual physical losses within program limits	1 to 7 years
Guaranteed Operating	same as Direct Farm with addition of refinance option	\$813,000 adjusted annually for inflation	1 to 7 years
Guaranteed Farm Ownership	same as Direct Farm Ownership with addition of refinance option	\$813,000 adjusted annually for inflation	40 years

### CONTACT:

Alaska State Office  
 Farm Service Agency  
 800 West Evergreen, Suite 216  
 Palmer, AK 99645-6539  
 phone: (907) 761-7738  
 fax: (907) 761-7789  
 website: <http://www.fsa.usda.gov/ak/>

## **ALASKA COMMERCIAL FISHING AND AGRICULTURE BANK (CFAB)**

CFAB is a private member-owned lending cooperative that provides short- and long-term financing to resident Alaskans and Alaska owned enterprises. In addition to commercial fishing and farming, CFAB finances tourism-related enterprises as well as other resource-based activities.

**TERMS:** The length of the loan is based on its purpose, with a maximum of 12 - 15 years for term loans. Since most operations are seasonal, the majority of loans require annual payments; however, other and unusual repayment schedules can be accommodated.

**LOAN AMOUNT:** No limit for the majority of loan requests. The loan amount is generally based on the projected needs, profitability and credit worthiness of the borrower as determined by CFAB.

**INTEREST RATE:** Variable. As a cooperative, CFAB returns a share of its net margins (profits), if any, to its eligible borrowers.

**PURPOSE:** Any commercially viable project.

**ELIGIBILITY:** Alaska resident.

**CONTACT:** CFAB  
P.O. Box 92070  
Anchorage, AK 99509  
phone: (907) 276-2007 or  
(800) 544-2228 outside Anchorage  
website: <http://www.cfabalaska.com/>

## **ADDITIONAL RURAL ASSISTANCE ORGANIZATIONS AND PROGRAMS**

### **Alaska Housing Finance Corporation (AHFC)**

AHFC offers a number of housing finance programs: 1) a Rural Non-Owner Occupied Loan Program, 2) a Rural Enhanced Loan Program and 3) a Rural Owner Occupied Loan program. These programs offer terms that are intended to address the often unconventional needs of Alaskans living in small communities. AHFC also has a Research and Rural Development program that provides information through their Research Information Library as well as publications about log building construction and an "Alaskan Housing Manual." This program also oversees the comprehensive weatherization of homes in rural Alaska.

**CONTACT:** AHFC  
4300 Boniface Parkway 99504  
PO Box 101020  
Anchorage, Alaska 99510-1020  
phone: (907) 338-6100 or 1-800-478-2432  
fax: (907) 338-9218  
website: <http://www.ahfc.state.ak.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, non-profit and private sector programs are accessible to residents of rural Alaska, regardless of the size of their community.

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.

**CONTACT:** USDA Rural Development Alaska State Office  
800 W. Evergreen, Suite 201  
Palmer, Alaska 99645  
phone: (907) 761-7705  
fax: (907) 761-7783  
website: <http://www.rurdev.usda.gov/ak/>

## **Alaska Community Development Resource Guide**

The *Alaska Economic Development Resource Guide* is designed to bring together in one place an inventory of programs and services which can provide economic development assistance to Alaska communities and businesses.

Federal and State agencies as well as national and Alaska private nonprofit agencies are represented. This directory primarily describes those programs which focus on the creation and support of new industries, businesses and long-term jobs. It is designed to help communities match their economic development strategy with existing program resources which could support that strategy.

**CONTACT:** Division of Community Advocacy  
Department of Commerce, Community, and Economic Development  
550 W. 7th Ave., Suite 1770  
Anchorage, Alaska 99501-3501  
website: <http://www.commerce.state.ak.us/dca/edrg/EDRG.htm>

## **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 contains over 3,000 links to current and reliable information on a wide variety of rural resources and funding sources, including RIC's Database and Federal Funding Sources for Rural Areas Database.

**CONTACT:** Rural Information Center  
10301 Baltimore Avenue, Room 304  
Beltsville, MD 20705-2351  
phone: 1-800-633-7701  
fax: (301) 504-5181  
e-mail: [ric@nal.usda.gov](mailto:ric@nal.usda.gov)  
website: <http://www.nal.usda.gov/ric/>



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