

## **14 Tips for Completing and Submitting Successful ARLF Loan Applications**

*With a cash balance of over \$7.8 million as of December 31<sup>st</sup>, 2013, the State of Alaska, Division of Agriculture, Agricultural Revolving Loan Fund (ARLF) is available to meet the financing needs of farmers, corporations, or partnerships involved in agriculture or the storage and processing of agricultural products, whether on a small or large operation.*

*If interested in applying for an ARLF loan, this handout provides some tips and advice to assist with your application process.*

### **1. Who is signing?**

All application documents must be completed and signed in blue or black ink. Documents requiring signature must be signed by all applicants. If applying as a new business, the Board of Agriculture & Conservation (BAC) may require anyone with a 10% interest or more to apply as a personal guarantor.

### **2. Application Fee**

The \$50.00 application fee must be paid at the time an application is submitted. The loan officer cannot begin processing your application until the fee has been paid.

### **3. Know What Type of Loan you are applying for**

Your application must include what loan type(s) you need, the amount requested, and the preferred loan term. If you are unsure of what type of loan best suits your need, please contact the loan officer prior to applying for assistance. Some applicants may need several loans, which can be covered under one application. If you are purchasing new property, a purchase agreement is necessary.

### **4. What is the Purpose of the Loan?**

The purpose of the loan and use of the loan proceeds must be clearly stated on the loan application.

### **5. Tax Returns**

The last three years of full tax returns are required with your application. If you have previously received a loan from ARLF and are applying for a new loan, you can contact your loan officer to see what tax returns ARLF already has on file.

### **6. Financial Statements must be Accurate**

Completed and signed financial statements must be submitted by all applicants. All business assets and liabilities must be listed. Items may include personal vehicles, recreational vehicles, contracts, and investments; as well as any agricultural products currently available for sale and/or are in production. It is important to research the value of your assets and liabilities, and to cross

check that these values correlate with the values included on your annual Income and Expense Statements. The Financial Statement is often sent back to the borrower for correction due to inaccurate values, insufficient values, or other errors that must be corrected prior to the loan application moving forward.

## **7. Know Your Collateral**

Collateral is a requirement for all ARLF loans. ARLF can lend up to 75% of the value of the collateral provided. Multiple items can be used as collateral to secure a loan to meet the 75% requirement, such as multiple pieces of property or equipment. A detailed description of the collateral provided must be listed on the ARLF form. Equipment used for collateral must include the year, make, model, serial number, and condition of the equipment as well as current location, purchase date, and original cost.

## **8. Farm Income and Expense Statements**

Annual Income and Expense Statements of the farm operation are required for the prior year, current year, and projected year. If your farm operation is new or not yet in operation, additional projected years may be requested.

## **9. What is Your Plan?**

The Five-Year Business plan is the application document most forgotten or not completed fully. This important document is required for loan approval. Developing a viable business plan and then frequently reviewing it and following it will help keep your farm operation on track. Your business plan must include the following: what product(s) you will produce, your scale of production, how many crops per acre, how you will market your product, and what your market is. The ARLF website includes a link to a planning document. If needed, the loan officer may accept a different form upon review and approval.

## **10. What Experience do you have?**

A summary of the applicant's agricultural experience is also required. ARLF does not have requirements but some agricultural experience and/or business experience is preferred. A summary can be provided either on the loan application or as a separate letter to the BAC.

## **11. Check Your Credit Report before Applying**

A credit report is pulled and reviewed by the ARLF loan officer. Any outstanding collections, judgments, or tax liens must be paid prior to a loan application proceeding. A credit explanation for bankruptcy and other derogatory credit will be required. To check your credit, you can go to [www.annualcreditreport.com](http://www.annualcreditreport.com).

## **12. Pictures, Pictures, Pictures!**

Pictures may be requested of the collateral and/or farm operation. Pictures are a great tool to assist the BAC in better understanding your farming operation and loan request. Pictures can be emailed to the loan officer or included in the application packet.

### **13. Review and Double Check!**

The ARLF webpage includes a helpful ARLF Application Checklist listing all the documents required for the application packet. It is important to assure that all necessary documents have been completed, signed, and included with your application. Incomplete loan packets slow down the application process and all loan applications must be complete before being sent to the board. Be sure to include a preferred method of contact on the loan application.

### **14. It is OK to Ask**

The ARLF loan officer cannot complete the application documents for you but we are available to assist you through the application process and to answer any questions you may have.

Also, if your competitor is a board member, you may request that they be recused from your application due to a conflict of interest.

*The ARLF webpage can be found at [http://dnr.alaska.gov/ag/ag\\_arlf.htm](http://dnr.alaska.gov/ag/ag_arlf.htm). Call (907) 761-3853 or email [mandy.toong@alaska.gov](mailto:mandy.toong@alaska.gov) if you have any questions.*