



NSED REVOLVING LOAN PROGRAM LARGE VESSEL LOAN OPTION FACT SHEET

Norton Sound Economic Development Corporation (NSED), the Community Development Quota (CDQ) Corporation, for the Norton Sound Region has developed and has been conducting business (since May 1993) in a Revolving Loan Program geared strictly to the Norton Sound Region's Commercial Fishermen who fish commercially for: herring, salmon, red king crab, halibut, baitfish and any other specie that is authorized for commercial harvest by the Alaska Department of Fish & Game (ADF&G). All applicants must complete an NSED Revolving Loan application form and comply with all requirements. The borrower must sign a consent form that allows NSED to do a complete credit check through the Credit Bureau of Alaska (CBA), which will be done by NSED. The applicant is subject to NSED's collections policies.

NSED has a contract with Wells Fargo where they service all of NSED's loans. This is an NSED program and all rights, letting of loans, payments received and collections are an NSED responsibility.

The Board of Directors of NSED established the following guidelines which governs the Large Vessel Loan Option of the Revolving Loan Program:

- Maximum Loan up to \$80,000 for applicants who own a Limited License Permit (LLP) for the Norton Sound red king crab fishery.
- Maximum Loan up to \$55,000 for applicants who do not own a Limited License Permit (LLP) for the Norton Sound red king crab fishery.
- A minimum down payment equal to 5% of the loan is required at closing.
- Loan payments will be applied first to fees then to interest, the remainder, if any, to principal.
- 0% interest rate in the first three years of the loan and an interest rate of 8% commencing in the fourth year for the remaining life of the loan, for those borrowers who do not have existing delinquent Revolving Loans with NSED.
- NSED will work with an approved applicant if they have an existing delinquent Revolving Loan to restructure their existing Revolving Loan with the new loan option. This restructuring would limit the access to the large vessel loan option funds by the amount of the existing delinquent Revolving Loan (i.e. new loan – existing delinquent Revolving loan = amount of funds available to apply for). So if an applicant has an existing delinquent loan(s) up to \$15,000 they would only be eligible for a new loan under the large vessel loan option for up to \$65,000. The existing delinquent Revolving Loan would also trigger an automatic 8% interest rate for the life of the loan. The applicant would forgo to 0% interest rate during the first three years if applying for the large vessel loan option under these circumstances.
- Applicant must submit a business plan with the application detailing their fishing history, description of the proposed vessel, proposed fishing ventures, and financial projections that outline how they propose to pay back the loan.
- The loan will be a personal loan to the borrower, secured by the vessel and other collateral deemed prudent by staff, and personally guaranteed by the borrower.