Who or What is CFAB???

- A Private Member owned Cooperative
- Operates under Alaska Statute 44.81
- Opened its doors in March 1980
- Lends exclusively to the Commercial Fishing, Agriculture, Tourism, and Resource based industries of Alaska
- Lends only to Alaskan Residents
- The ONLY PRIVATE institution that can use an Alaska Limited Entry Permit as collateral
- Interest Rates not tied to the Prime Rate
- Returns its profits to its members
- Has provided roughly one hundred forty five million dollars ($145,000,000) in loans since 1991
- Has paid over $4,200,000 in Patronage to its Members since 1991
- Financing by Alaskans for Alaskans
- Lending Decisions are made locally right here in Alaska
What types of loans does CFAB make?

- All types of Quota, License, and Permit Loans (IFQ/LLP/CQE/QSU)
- Vessel loans (purchase, upgrade, renovate),
- Engine and gear loans
- Purchase Limited Entry Permit(s)
- Working Capital loans
- Construction
- Operating Lines of Credit
- Any loan where the proceeds will be used for a business related purpose
- Refinance existing loans with our lenders (original purpose of the loan must have been for a business related purpose)
During this presentation we will be focusing on Loan Participations. The following is an example meant only for the purpose of this discussion. Individual results may vary depending on the applicant(s)/seller(s) individual financial strength, overall history as well as the needs of the seller.
Financing Options
FOR THE NEXT GENERATION
Loan Participations

Fisher/Seller
- Assets
- Fishing Experience and Knowledge
- Knowledge of buyer/community

CFAB
- Documentation Expertise
- Loan Servicing
- Lien Perfection/Permits
- Arms length transaction
- Collection of loan payments
How does it work?

1. Fisher decides to sell
2. Fisher sets sales price
3. Fisher locates Buyer
4. Buyer prepares loan application and submits it to CFAB for review
5. CFAB reviews application and determines their risk threshold
6. Seller and CFAB work out terms of the new loan/participation taking into consideration short/long term financial needs of Seller/Loan Participant
7. Buyer agrees to the terms offered by CFAB and Seller/Loan Participant
8. CFAB prepares loan documents, secures collateral and disburses funds to Seller.
9. Buyer makes payments to CFAB; CFAB services loan and forwards payments to Seller/Participant
10. Buyer makes payments until loan is paid in full at which time all collateral is released.

And we all live happily ever after!!!
What if????

What happens if the Buyer can’t make his/her loan payment?

What happens if after a few years the Seller/Participant needs the money that is still owed on their share of the loan?

What happens if the Buyer sells the IFQ (collateral)?

What happens if the Buyer or Seller should pass away before the loan is paid in full?
Show me the money!!!!!

$500,000 Sales Price

Buyer’s Down Payment $50,000

CFAB 30% Of Loan $135,000

Sellers 70% Of Loan $315,000
Loan Terms and Payments

CFAB 30% Loan $135,000
CFAB Loan Terms 12 years @ 7.25% interest (Variable)
$18,500 per year

Seller/Loan Participant 70% Loan $315,000
Seller Loan Terms 20 years @ 6.00% (Fixed)
$27,500 per year

Total Annual Payment for Initial 12 years $46,000
### Application of Payments

9/15/15  $46,000

<table>
<thead>
<tr>
<th>CFAB Payment</th>
<th>Seller/Loan Participant Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest</strong></td>
<td><strong>Interest</strong> $18,900.00</td>
</tr>
<tr>
<td><strong>Principal</strong></td>
<td><strong>Principal</strong> $8,600.00</td>
</tr>
<tr>
<td><strong>$18,500.00</strong></td>
<td><strong>$27,500.00</strong></td>
</tr>
</tbody>
</table>

Loan Balance owing after payment:

- $127,637.50
- $326,400.00
- $558.11

Check to Seller/Loan Participant:

- $26,941.89
Cash to Seller at Closing

$500,000 Sales Price

$50,000 Down Payment From Buyer

$135,000 CFAB’s 30% Of $450,000 Loan

$315,000 Loan Proceeds to be paid over 20 years

$185,000 Cash to Seller At time of Sale
What can a crewmember do TODAY to prepare!!!!

- Start planning, it is never too early
- Start saving
- Take business classes
- Money management training, getting through 12 months on a 3 shot payday
- Research, analyze, ask questions
- Remember, the fisherman you see today did not get there overnight
- Talk to the fishers in your community and ask how they did it
A Unique Financing Institution
Providing Unique Financing To Alaskans