



## **2019 PROGRAM OVERVIEW**

Local Fish Fund is a program of Alaska Sustainable Fisheries Trust (ASFT), a non-profit corporation based in Sitka, Alaska. The mission of the Trust is to protect and support local fishing businesses, promote sustainable fishing practices, and revitalize fishing communities in Alaska. The Local Fish Fund (LFF) program aims to incentivize ocean conservation practices and strengthen fishery leadership in Alaska communities by structuring loan products that will support Alaska residents in purchasing quota and retaining fishery access opportunities. LFF extends loans with competitive interest rates to new entrants and community-based vessel owners seeking to finance quota share purchases. Borrowers must be willing to participate in fishery conservation programs as part of the loan requirements. LFF loans provide borrowers with reduced down payment options and a variable repayment structure that is based on the ex-vessel value of the catch. This repayment structure allows borrowers to build equity and a credit history over a 5 to 6 year period to levels that should enhance their ability to qualify for refinancing with a traditional lender. The quota shares financed by LFF loans will serve as sole collateral for the loan, and the borrower will share with LFF any gains associated with increased value realized upon refinancing.

## **2019 Terms and Conditions**

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Use of Proceeds:	Purchase of sablefish or halibut IFQ.
Eligibility:	Alaska residents who own less than 6,000 lbs. of IFQ.
Loan amount:	Most loans will be between \$50,000 and \$250,000. Borrowers can request pre-qualification for maximum amount which will be valid for a 60-day period.
Loan term:	5-6 years with balloon payment at end. Pre-payment of full amount not allowed.
Down Payment:	10% minimum.
Repayment:	Variable, based on fixed percent (50% to 60%) of ex vessel revenue generated by IFQ.
Payment Due Date:	On or before October 1 each year.
Rate of Interest:	6.75% fixed rate. <i>After the first scheduled payment is made, the interest rate in following years may be reduced by 1.00% -- to 5.75% -- following satisfactory evidence of compliance with the Conservation Incentive Program and maintenance of Alaskan residency for the annual fishing period. If at any time borrower fails to meet the Conservation Incentive Program and residency requirements, the interest rate will revert to 6.75% in the subsequent annual period.</i>



## LOCAL FISH FUND LOAN PROGRAM OVERVIEW

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Collateral:	Security Interest on the financed Quota shares. No additional collateral required.
Fees:	\$150 application fee at time of application. 1% Origination Fee and \$350 document fee at time of closing (if approved). Origination and Document fee can be paid as part of loan.
Equity Sharing:	Any upside gains in the value of the QS at the time of refinancing are shared equally between the borrower and LFF.
Other:	Borrowers must agree to a “Right of First Offer” (ROFO) if QS financed by LFF is placed on market for sale. This ROFO gives LFF the right to purchase the QS at fair market value.

### LFF APPLICATION AND LOAN APPROVAL PROCESS

**Step 1 Impact Committee Review:** Individuals interested in a LFF loan must first fill out an Impact Committee Application form. The LFF Impact Committee is a group of three to five experienced fishermen who will conduct an initial review of your fishing credentials and capacity to successfully participate in the Conservation Incentive Program. Applications will be considered on a first-come, first-served basis with Impact Committee meetings scheduled on a monthly basis.

**Step 2 Craft3 Review:** Applicants that receive a positive recommendation from the Impact Committee will be referred to Craft3, a non-profit corporation based in Washington, for further assessment, including a determination of creditworthiness. Though LFF, not Craft3, will serve as the lender for all LFF loans under this program, LFF has contracted with Craft3 to assist LFF with this and other steps related to the origination of the LFF loans.

**Step 3 Loan Approval and Closing:** After Craft3 has completed its assessment, LFF will make a final determination on whether or not to approve your loan application. If LFF approves making a loan to you, Craft3 will coordinate with you on the completion of loan documents and then manage the ongoing servicing of your loan on behalf of LFF (e.g., receiving your scheduled loan repayments to LFF).

### CONTACT INFORMATION

Please contact LFF for more information at [localfishfund@gmail.com](mailto:localfishfund@gmail.com)  
or call 907-747-3400 (ask for Tracy) with any questions.

**LocalFishFund.org**



**APPENDIX A**

**LFF Conservation Incentive Program Overview**

LFF loans will integrate conservation practices into Alaska fishermen’s harvesting activities by incorporating specific, binding loan terms to generate environmental benefits and improve the viability of small-scale fisheries. Incentives for conservation practices will ensure future fishermen have a solid foundation in resource stewardship and policy engagement.

The LFF Steering Committee will annually approve a list of programs and practices available to prospective borrowers to choose from when submitting an application to the Impact Committee. The pre-approved list of programs and practices will be available via the Alaska Longline Fishermen’s Association Fishery Conservation Network, or the applicant may propose a custom program in consultation with the Impact Committee that would be approved on an ad hoc basis by the Steering Committee. Loans issued by LFF will incorporate terms requiring borrowers to annually participate in an approved activity in order to be eligible for a reduced interest rate.

LFF will track specific metrics associated with borrower performance and participation in conservation incentive programs to measure impact. The pre-approved list of programs and practices is focused on increasing local stewardship, cooperative research, or leadership development (see Table 1).

*Table 1. LFF Pre-Approved Conservation Incentive Programs.*

<b>Conservation Programs</b>	<b>What it is</b>	<b>Implementing Partner</b>	<b>Compliance monitoring</b>
<b>Rockfish bycatch information sharing and hotspot mapping</b>	Borrower agrees to participate in rockfish bycatch information-sharing and avoidance program to identify geographical areas that regularly or consistently result in rockfish bycatch rates in exceedance of directed fishing standards.	ASFT/ Alaska Longline Fishermen's Association (ALFA)	After each fishing trip, borrower will submit an Alaska Department of Fish and Game (ADFG) fish ticket to ALFA to verify catch / bycatch amounts, and will submit a copy of a bycatch logbook (including lat/long of set start and end points, set depth, catch/bycatch rates by set quadrant, and estimated number or poundage of catch/bycatch by set). These documents can be paper copies of original documents or a digital image of the document of sufficient quality to provide the data needed.
<b>Bathymetric mapping program</b>	Borrower agrees to install and operate hardware and software required to collect seafloor bathymetric data using Nobletec or other compatible programs on all longline trips to enhance seafloor visualization, improve fishing efficiency, reduce impacts to sensitive habitat, control bycatch, and minimize the take of non-marketable species.	ALFA	Borrower coordinates with ALFA FCN coordinator to transfer and submit collected bathymetric data annually. Borrower adheres to data confidentiality and data sharing protocols of the program.
<b>Marine mammal avoidance network</b>	Borrower agrees to participate in marine mammal (i.e. Sperm whale) avoidance network intended to reduce problematic interactions with marine mammals and support improved fishery outcomes.	ALFA	Borrower collects information on whale presence/absence during longline fishing trips and shares information daily with ALFA FCN coordinator for distribution to the whale avoidance network according to set communication protocols.



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<b>Collaborative fisheries research program</b>	Borrower agrees to participate in collaborative fisheries research program managed by ALFA to increase fleet participation in research into new solutions for protecting ocean health and achieving and maintaining sustainable fisheries. ASFT’s Impact Committee will approve specific projects on an annual basis.	ALFA	ALFA submits to ASFT Impact committee a list of ongoing cooperative research for pre-approval. Borrower submits (and updates as appropriate) information about his/her vessel, port, and fishery plan information to ALFA. Prior to fishing LFF financed QS, borrower identifies a research project for participation in collaboration with ALFA. Borrower participates as agreed. ALFA documents participation and sends a letter of compliance/non-compliance to ASFT.
<b>Policy leadership engagement and young fishermen initiatives</b>	Borrower agrees to participate in policy advocacy/ leadership trainings and decision-making forums to promote sustainable fisheries management at local, state, federal or national level, and to encourage stewardship. Impact Committee annually approves list of qualifying policy issues.	ALFA	Borrower participates in ALFA trainings or apprenticeship programs and provides ALFA with copies of public comment letters submitted, testimonies delivered to fishery managers/decision makers, or apprentices hosted.

Reporting:

LFF borrower will be responsible for obtaining a compliance letter from the program implementing partner sponsoring the approved activity (e.g. ALFA) on an annual basis and submitting this letter to ASFT by November 1<sup>st</sup> each year. The LFF Impact Committee will review the compliance documents and report to the loan servicing agent (Craft3) by December 31<sup>st</sup>.

Borrowers found by the Impact Committee to be compliant with the Conservation Incentive Program and the Alaska residency requirements during the annual fishing period will be eligible for a 1% reduced interest rate, relative to the original interest rate, in the subsequent annual period.