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For

# FISHERIES LOANS

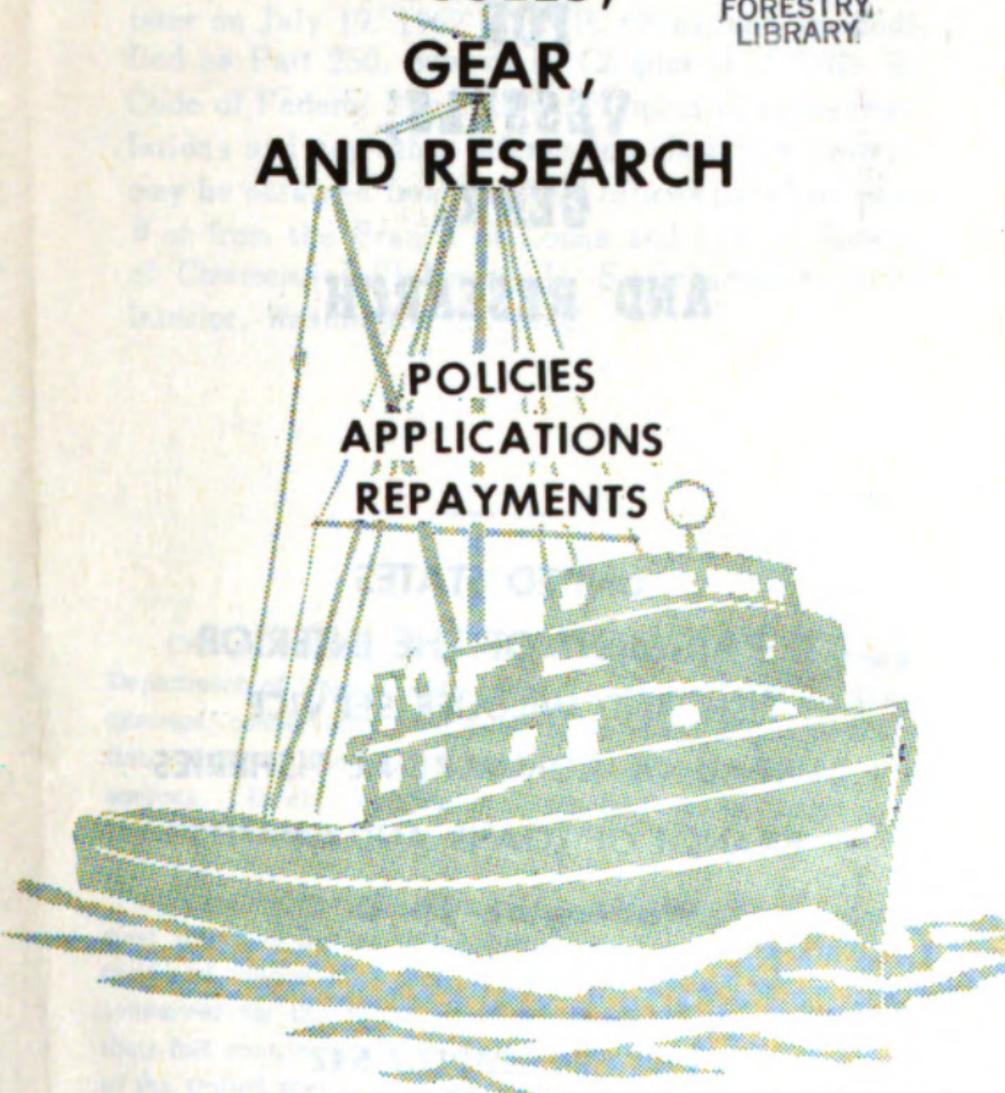
THE UNIVERSITY  
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# FOR VESSELS, GEAR, AND RESEARCH

POLICIES  
APPLICATIONS  
REPAYMENTS



UNITED STATES DEPARTMENT OF THE INTERIOR  
FISH AND WILDLIFE SERVICE  
BRANCH OF LOANS AND GRANTS

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WASHINGTON 25, D. C.

**FISHERIES LOANS  
FOR  
VESSELS,  
GEAR,  
AND RESEARCH**

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
FISH AND WILDLIFE SERVICE  
BUREAU OF COMMERCIAL FISHERIES  
BRANCH OF LOANS AND GRANTS  
Washington 25, D. C.**

FISHERY LEAFLET 542  
AUGUST 1962

Original from  
UNIVERSITY OF MICHIGAN

This leaflet contains information about the Fisheries Loan Program administered by the Secretary of the Interior. Revised regulations pertaining to fisheries loans were published in the Federal register on July 19, 1962 (27 F.R. 6834), and are codified as Part 250, Subpart F, Chapter II of Title 50, Code of Federal Regulations. Copies of these regulations and any other information about the Program may be obtained from the field offices listed on page 8 or from the Branch of Loans and Grants, Bureau of Commercial Fisheries, U. S. Department of the Interior, Washington 25, D. C.

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Created in 1849, the Department of the Interior--America's Department of Natural Resources--is concerned with the management, conservation, and development of the Nation's water, fish, wildlife, mineral, forest, and park and recreational resources. It also has major responsibilities for Indian and Territorial affairs.

As the Nation's principal conservation agency, the Department works to assure that nonrenewable resources are developed and used wisely, that park and recreational resources are conserved for the future, and that renewable resources make their full contribution to the progress, prosperity, and security of the United States--now and in the future.

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## LOAN PURPOSES

The Fisheries Loan Fund, established by the Fish and Wildlife Act of 1956, authorizes the Secretary of the Interior to approve loans to owners of fishing vessels and fishing gear, and to persons doing research into the basic problems of the fisheries. It is a revolving fund which must be returned to the U. S. Treasury on June 30, 1965. Every effort will be made to grant a loan that meets the various criteria of the Act and regulations, provides reasonable assurance of repayment, and will assist in strengthening the domestic fishing industry.

The Fisheries Loan Fund does not compete with banks or other lending agencies. Each applicant must furnish proof that the financial assistance needed is not otherwise available on reasonable terms.

Loans are made:

- a. To finance and refinance operations, maintenance, replacement, repairs and equipment of fishing vessels and gear.
- b. To finance research into the basic problems of fisheries. This means investigation or experimentation designed to lead to fundamental improvements in the capture or landing of fish conducted as an integral part of vessel or gear operation.

## CREDIT REQUIREMENTS

The following credit requirements must be met before a loan can be granted:

- a. There must be evidence of applicant's ability to operate successfully.
- b. The past earning record and future prospects are considered in determining ability to repay the loan out of earnings of the vessel.
- c. The loan must be of sound value and so secured that repayment is reasonably assured.

## ELIGIBILITY

The granting of the loans is a responsibility of a Government Agency using public funds. Its loans must meet the requirements of the Act and the regulations issued by the Secretary. Certain types of loans cannot be approved.

Loans will not be granted:

1. If the funds are otherwise available on reasonable terms:
  - (a) From a financial institution.
  - (b) From the disposal at a fair price of assets not required by the applicant in the conduct of his business or not reasonably necessary to its growth.
  - (c) Through use of the personal credit and/or resources of the owner, partners, or principal stockholders of the applicant, or
  - (d) From other known sources of credit.

2. If the financial assistance applied for is to be used for:

- (a) Any phase of shore operation.
- (b) Refinancing existing loans which are not secured by the fishing vessel or gear or debts which are not maritime liens.
- (c) Refinancing existing mortgages or secured loans on fishing vessels and gear or debts secured by maritime liens where the Secretary deems such refinancing to be undesirable in carrying out the purposes of the Act.
- (d) Purchasing a vessel or an interest in a vessel (except for replacement of a vessel or purchase of the interest of a deceased partner) or replenishing working capital used for such purpose, or paying off a mortgage given for such purpose less than 2 years before the date of receipt of the application.
- (e) Replacing a vessel or gear where the applicant owned less than 20 percent interest in a property to be replaced. In cases where the applicant did not own 100 percent of the property to be replaced, the application cannot be considered until the remaining owners or shareholders agree in writing that they will not apply for a replacement loan on the same fishing gear or vessel.
- (f) Repairing vessels or gear not included in the collateral offered, or

- (g) Financing a new business in which the controlling interest is owned by a person or persons who are not currently engaged in commercial fishing.

## LOAN TERMS

Loans are repayable in installments. Maximum maturity is 10 years. The interest rate of 5 percent per annum is charged on the actual amount outstanding. All or part of a loan may be repaid without penalty before it is due. If all of the funds are not required at the time the loan is closed, the undisbursed amount is placed in an escrow account and held until needed. Interest is charged on the entire amount of the loan from the closing date of the loan. If part of the undisbursed balance is not required, it will be taken from the escrow account and credited on the loan, in inverse order of maturity, as soon as the borrower advises that it will not be required.

## COLLATERAL

Loans must be supported by collateral sound enough to assure repayment. Collateral may consist of mortgages on a vessel or other property, and such guaranties as the Secretary may require.

## LOAN APPLICATIONS

Application forms, with instructions explaining how they should be completed, may be obtained from

field offices listed at the end of this leaflet. Each set contains four copies. One copy should be retained by the applicant, and three copies sent to nearest field office.

## PROCESSING APPLICATIONS

1. The Regional or Area Fishery Loan Examiner will inspect the vessel and prepare a fishery investigation report for the Washington Office.

2. The Regional or Area Financial Loan Examiner will make a financial investigation and prepare a financial report to be forwarded to the Washington Office.

3. The information contained in the application, the fishery investigation report, and the financial report will be analyzed in the Washington Office, and the necessary documents will be prepared.

4. The entire case file is then considered by officials of the Department, and a decision is made whether to approve the loan.

## COMPENSATION FOR SERVICES

The Government makes no charge for information and assistance in the preparation and filing of a loan application.

Subject to approval by the Secretary of the Interior, a loan applicant may pay reasonable costs incurred for services rendered by attorneys, appraisers, and accountants in connection with the

preparation of the loan application or the closing of the loan. Applicants must not pay or agree to pay a fee or commission contingent upon approval of a loan. It is not necessary to retain an attorney or accountant to file an application.

### LOAN CLOSING

When a loan application is approved by the Department of the Interior a Loan Authorization is prepared. It states the conditions which the borrower must meet before the loan funds will be disbursed. The Washington Office of the Branch of Loans and Grants will send two copies of the Loan Authorization to the borrower with instructions on how to proceed. The borrower will sign and return to Washington a copy of the Loan Authorization, together with the necessary information or documents. A date, time, and place for closing the loan will then be arranged.

Prompt closing of the loan after the Loan Authorization has been issued depends largely upon the borrower and the time he requires to comply with the terms and conditions of the Authorization. Normally the Loan Authorization expires automatically 4 months from the date it is signed, and all disbursements must be completed by that time. Consequently, the borrower should be prepared to close the loan promptly. Upon a showing of good and sufficient reason, an Authorization can be extended for a reasonable length of time.

## REPAYMENT OF LOAN

The Loan Authorization issued by the Department of the Interior will show the number of years during which the loan must be repaid and the amounts and frequency of installment payments required. These payments must be made to the United States of America through the Bureau of Commercial Fisheries, U. S. Department of the Interior, Washington 25, D. C.

## INSURANCE REQUIREMENTS

Property serving as collateral for a fisheries loan must be properly insured. The amount and type of insurance are specified in the Authorization. The regulations list requirements for underwriters who write insurance on property serving as collateral.



**Field Offices**  
**Of the**  
**Branch of Loans and Grants**  
**Bureau of Commercial Fisheries**

<b>Mailing Address</b>	<b>Telephone Number</b>
Bureau of Commercial Fisheries 408 Atlantic Avenue Boston 10, Massachusetts	CApitol 3-7744
Bureau of Commercial Fisheries P. O. Box 6245 St. Petersburg Beach, Florida	363-5311
Bureau of Commercial Fisheries 101 Seaside Avenue Terminal Island, California	TERminal 3-4457
Bureau of Commercial Fisheries 6116 Arcade Building Seattle 1, Washington	MUtual 2-3300
Bureau of Commercial Fisheries P. O. Box 2481 Juneau, Alaska	JUniper 6-3511
Bureau of Commercial Fisheries P. O. Box 3830 Honolulu, Hawaii	9-1181