

Statutes and Regulations

Alaska Microloan Revolving Loan Fund

October 2025



**DEPARTMENT OF COMMERCE,
COMMUNITY, AND ECONOMIC DEVELOPMENT**

DIVISION OF INVESTMENTS

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Sec. 44.33.950. Alaska microloan revolving loan fund.

(a) The Alaska microloan revolving loan fund is created in the Department of Commerce, Community, and Economic Development to carry out the purposes of AS 44.33.950 — 44.33.990.

(b) The Alaska microloan revolving loan fund consists of the following:

- (1) money appropriated to, transferred to, or received by gift, grant, devise, bequest, or donation to the fund;
- (2) principal and interest payments or other income earned on loans or investments of the fund;
- (3) money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on loans made under AS 44.33.950 — 44.33.990.

(c) Money in the fund may be used by the legislature to make appropriations for costs of administering AS 44.33.950 — 44.33.990.

Sec. 44.33.955. Powers and duties of the department.

The department may

- (1) make loans to eligible applicants under AS 44.33.950 — 44.33.990 to be used for working capital, equipment, construction, or other commercial purposes by a business located in the state;
- (2) receive, take, hold, and administer any appropriation, transfer, gift, grant, bequest, devise, or donation of money for the fund;
- (3) establish amortization plans for repayment of loans, including extensions of the terms of loans;
- (4) allow an assumption of a loan if
 - (A) the applicant meets the requirements established under this section; and
 - (B) approval of the assumption would be consistent with the purposes of AS 44.33.950 — 44.33.990;
- (5) establish the rate of interest for loans consistent with law;
- (6) charge and collect fees for services provided under AS 44.33.950 — 44.33.990;
- (7) adopt regulations under AS 44.62 necessary to carry out the provisions of AS 44.33.950 — 44.33.990, including regulations to establish reasonable fees for services provided; and
- (8) designate agents and delegate powers as necessary to the agents.

Sec. 44.33.960. Eligibility.

- (a) For an applicant to be eligible for a loan under AS 44.33.950 — 44.33.990, the applicant shall
- (1) be a resident of the state, as determined under (b) of this section;
 - (2) provide a reasonable amount of money from other nonstate sources for use on any project or enterprise for which money from a loan will be used; and
 - (3) if the requested loan amount is more than \$35,000, provide to the department a document from a state financial institution stating that
 - (A) the applicant has been denied a loan for the same purpose; or
 - (B) a loan from the financial institution is contingent on the applicant also receiving a loan from the fund.
- (b) To meet the residency requirements of (a) of this section, the applicant
- (1) shall physically reside in this state and maintain a domicile in this state during the 12 consecutive months preceding the date of application for the program; and
 - (2) may not have
 - (A) declared or established residency in another state; or
 - (B) received residency or a benefit based on residency from another state.

Sec. 44.33.965. Limitations on loans.

- (a) The department may use money from the Alaska microloan revolving loan fund to make loans of up to \$35,000 to a person or loans of up to \$70,000 to two or more persons.
- (b) A loan under AS 44.33.950 — 44.33.990
- (1) may not exceed a term of 12 years, except for extensions under AS 44.33.955;
 - (2) may not bear interest at a rate greater than the prime rate, as defined in AS 44.88.599, plus two percentage points, but that may not be less than four percent a year or more than eight percent a year;
 - (3) must be secured by collateral acceptable to the commissioner; and
 - (4) may not be made to a person who has a past due child support obligation established by court order or by the child support services agency under AS 25.27.160 — 25.27.220 at the time of application.

Sec. 44.33.970. Special account established.

- (a) The foreclosure expense account is established as a special account in the Alaska microloan revolving loan fund.
- (b) The department may expend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans granted under AS 44.33.960 or to defray expenses incurred during foreclosure proceedings after an obligor defaults.

Sec. 44.33.975. Default.

If the borrower defaults on a note, the department shall notify the borrower of the default and the consequences of default by mailing a notice to the borrower's most recent address provided to the department by the borrower or obtained by the department.

Sec. 44.33.980. Disposal of property acquired after default.

The department shall dispose of property acquired through default of a loan made under AS 44.33.950 — 44.33.990. Disposal must be made in a manner that serves the best interest of the state and may include the amortization of payments over a period of years.

Sec. 44.33.990. Definitions.

In AS 44.33.950 — 44.33.990,

- (1) “commissioner” means the commissioner of commerce, community, and economic development;
- (2) “department” means the Department of Commerce, Community, and Economic Development.

CHAPTER 74

ALASKA MICROLOAN REVOLVING LOAN FUND

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3 AAC 74.010. Application process.

(a) To apply for a loan under AS 44.33.950 - 44.33.990 for working capital, equipment, construction, or other commercial purposes, the applicant shall file with the department

- (1) a completed application for a microloan revolving loan, on a form provided by the department;
- (2) a completed residency questionnaire, on a form provided by the department;
- (3) a letter of intent stating the amount requested and intended use consistent with AS 44.33.950 - 44.33.990 of the proposed loan money, on a form provided by the department;
- (4) a schedule of acceptable collateral, including collateral now owned and other collateral to be acquired with the loan proceeds, on a form provided by the department;
- (5) an individual financial statement consisting of a current balance sheet and a profit and loss statement, on a form provided by the department;
- (6) a statement of projected income and expenses for the following year's operating plan, on a form provided by the department;
- (7) a signed credit authorization, on a form provided by the department;
- (8) a consent to release information, on a form provided by the department;
- (9) copies of the applicant's federal income tax returns for the preceding three years, and for additional years if necessary to establish eligibility;
- (10) copies of purchase agreements, estimates, invoices, or other documentation regarding the intended use of loan proceeds;
- (11) the application fee required by 3 AAC 74.055(b); and
- (12) any other information requested by the department needed to process the loan application.

(b) The department may process loan requests without the information described in (a) of this section if the department determines that the information is not necessary for making the lending decision.

Authority: AS 44.33.955

3 AAC 74.015. Examination.

(a) The materials described in 3 AAC 74.010 will be processed and evaluated by a loan officer. The loan officer will evaluate the applicant's eligibility, financial and credit history, experience, ability to repay, and proposed collateral.

(b) On the basis of the evaluation, the loan officer will either

- (1) inactivate the application due to
 - (A) lack of information required under 3 AAC 74.010; or
 - (B) ineligibility of the applicant; or

(2) recommend proposed action on the loan request to the appropriate loan committee; however, the recommendation of a loan officer is not binding on a loan committee.

Authority: AS 44.33.955

3 AAC 74.020. Loan committee.

- (a) A loan committee consists of one or more persons appointed by the director to act on a loan request.
- (b) A loan committee may approve, deny, or modify a loan request, or may table a loan request subject to obtaining additional information.
- (c) A loan committee may impose reasonable conditions on the approval of a loan, including
 - (1) additional collateral to secure the loan;
 - (2) additional guarantors; and
 - (3) subordination of prior lien holders' rights to the interests of the state.
- (d) A loan committee shall consider the applicant's eligibility for a loan, financial and credit record, ability to repay, experience, and the adequacy of collateral offered to secure the loan. A loan committee may also consider the recommendations of the loan officer assigned to process the application and any other relevant information.
- (e) A loan committee may fix, within the limitations set by AS 44.33.965, the term of a loan and repayment schedule.
- (f) If a loan request is denied or significantly modified by a loan committee, the loan committee shall provide the applicant with a statement of the reasons for the action and the information relied on.
- (g) A material misstatement or omission of fact made by an applicant constitutes grounds for denial of a loan request.

Authority: AS 44.33.955 AS 44.33.965

3 AAC 74.025. Residency requirements.

- (a) In determining if an applicant fulfills the 12 consecutive month residency requirements under AS 44.33.960, the loan committee may consider any information that would indicate the applicant's residency, including where the applicant
 - (1) is registered to vote;
 - (2) maintains a permanent place of abode;
 - (3) files tax returns, and the address that is listed on the returns;
 - (4) registers or licenses personal property, including cars, boats, trucks, and trailers;
 - (5) is licensed to drive;
 - (6) maintains bank accounts, savings accounts, lines of credit, and other financial relationships;
 - (7) has claimed or received benefits as a resident;
 - (8) has received permanent fund dividends; and
 - (9) owns real property.
- (b) If two or more individuals apply jointly or as a partnership or corporation, all parties to the application must establish residency.

Authority: AS 44.33.955 AS 44.33.960

3 AAC 74.030. Financial and credit record.

- (a) The department may consider the following factors in evaluating an applicant's financial and credit record:
 - (1) existing and prior debts;
 - (2) credit reports obtained from creditors and private credit reporting services;
 - (3) prior loan history with the department;
 - (4) timeliness in making payments on loans and other debts;
 - (5) existence of tax liens;
 - (6) judgments and foreclosures;
 - (7) financial and credit reputation.
- (b) Information establishing unacceptable credit will be more heavily weighed by the department if it has occurred not later than the past 10 years from the date of application.

Authority: AS 44.33.955

3 AAC 74.035. Ability to repay.

The department may consider the following factors in evaluating an applicant's ability to repay:

- (1) income history, including present income;
- (2) prospects for future income;
- (3) assets;
- (4) liabilities;
- (5) reasonableness of the projected profit and loss statement;
- (6) other relevant information or experience.

Authority: AS 44.33.955

3 AAC 74.040. Collateral.

A loan must be secured by collateral acceptable to the department, which may include a mortgage or other security instrument in real property, equipment, buildings or other tangible assets.

Authority: AS 44.33.955 AS 44.33.965

3 AAC 74.045. Lending practices.

- (a) The proceeds of the loan may be used by the borrower for working capital, equipment, construction, or other commercial purposes relating to the borrower's business.
- (b) A loan will not be approved for refinancing long-term debt. Interim or construction financing is not considered long-term debt if the term is less than the longer of 12 months or the length of actual construction and the earliest promissory note or other document evidencing the creation of the debt was executed less than six months before receipt of the application by the department.
- (c) Loan proceeds may not be used to reimburse an applicant for purchases more than six months before receipt of the application by the department.
- (d) The department will set the interest rate for loans under this chapter on the first day of each calendar quarter. The interest rate set for a quarter remains in effect until the department changes the rate, will not exceed the maximum or minimum interest allowed under AS 44.33.965(b)(2), and will be established at the nearest one-quarter point. The interest rate will be based on the prime rate, as defined in AS 44.88.599, during the previous quarter.
- (e) The interest rate for a loan is the interest rate in effect at the time the loan commitment is made. The interest rate for a loan will be at a fixed rate for the term of the loan.

Authority: AS 44.33.955 AS 44.33.965

3 AAC 74.050. Disbursement of loan money.

Loan money will be disbursed when

- (1) the state has perfected a security interest in the collateral;
- (2) requirements of the department as specified by the loan committee have been met; and
- (3) the borrower is in compliance with provisions of the loan documents, AS 44.33.950 - 44.33.990, and this chapter.

Authority: AS 44.33.955 AS 44.33.965

3 AAC 74.055. Costs and fees.

- (a) All expenses incurred by the department in processing an application must be paid by the applicant. These expenses include the cost of title reports and insurance, recording fees, appraisals, surveys, travel, and other direct costs.
- (b) A nonrefundable application fee of \$100 is due to the department at the time an application for a loan is submitted to the department under this chapter.
- (c) An origination fee of one percent of the total loan amount or an assumption fee of one percent of the loan balance is due from the borrower when provisions of this chapter have been met.
- (d) A late fee not to exceed five percent of the payment amount will be charged to a borrower for each loan payment that is received more than 15 days after the due date for the payment.

- (e) A fee not to exceed \$100 will be charged to a borrower to process a loan extension application.
- (f) The department will not charge the late fee described in (d) of this section if
 - (1) the department receives from the borrower a loan extension application or a payment not more than 15 days after the due date for the payment;
 - (2) the department approves the loan extension application or payment plan; and
 - (3) one or more of the following occurs:
 - (A) the borrower meets all conditions for the loan extension or the payment plan;
 - (B) the department receives payment during its review of the loan extension application or payment plan.

Authority: AS 44.33.955

3 AAC 74.060. Assumptions.

- (a) A request for permission to assume the obligations and benefits of a loan made under AS 44.33.950 - 44.33.990 and this chapter will be processed in the same manner as an application for a loan.
- (b) A loan committee may permit an assumption if the applicant meets eligibility requirements under AS 44.33.960 and this chapter, is a good financial risk, and the security of the state's investment is preserved.
- (c) Wraparound financing that includes a loan made under AS 44.33.950 - 44.33.990 and this chapter is prohibited and constitutes a default on the loan.

Authority: AS 44.33.955 AS 44.33.960

3 AAC 74.070. Modifications.

- (a) A request for a modification to a loan made under AS 44.33.950 - 44.33.990 and this chapter will be processed in the same manner as an application for a loan. The department will require the applicant to file one or more of the items specified in 3 AAC 74.010 if information on those items has changed since they were previously filed, or if the department needs additional information not appearing in the previously filed items in order to review the request for modification.
- (b) A loan committee may permit a loan modification only if the security of the state and the state's investment is preserved.

Authority: AS 44.33.955

3 AAC 74.080. Reconsideration of a loan request.

- (a) If a loan request is denied, inactivated, or significantly modified by the department, an applicant may file a written request for reconsideration not later than 30 days after receipt of notice of the decision of the department.
- (b) The department will reconsider the request on a showing by the applicant that
 - (1) There has been a substantial change in the circumstances leading to the decision of the department;
 - (2) additional relevant information that was not initially available can be provided to the department; or
 - (3) administrative errors were made by the department.

Authority: AS 44.33.955 AS 44.33.960

3 AAC 74.090. Confidentiality of loan information.

- (a) The following information is not confidential and is available for public inspection upon request:
 - (1) a document that is already a public record, including a deed of trust, financing statement, limited entry permit, quota share, warranty deed, bill of sale, mortgage, lien, vehicle title, or vessel documentation;
 - (2) general information regarding loans, including the original loan amount, loan terms, personal guarantees, and disbursement and repayment schedules;
 - (3) insurance matters, including title insurance policies and correspondence with insurance companies or borrowers regarding losses, accident reports, and nonpayment of premiums;
 - (4) foreclosure and default proceedings.
- (b) The following information is confidential and is not subject to public disclosure:

(1) personal and financial information, including income tax returns, financial statements, business income statements, pro forma profit and loss statements, credit information obtained from banks and other creditors, reports from consumer reporting agencies, processor statements, and commercial fish tickets;

(2) loan committee memoranda and minutes containing information relating to creditworthiness of an applicant;

(3) the payment history on a loan, unless the loan is in default.

(c) Information not described in (a) or (b) of this section may be subject to public disclosure. Requests for disclosure must be made, and will be determined, in accordance with 2 AAC 96. On receipt of a request for disclosure, the department will notify the loan applicant and other persons with a privacy interest in the request to permit them to present reasons why the requested information should not be disclosed.

Authority: Art. I, sec. 22 AS 40.25.110 AS 44.33.955
Ak Const. AS 44.25.120

3 AAC 74.900. Definitions.

In this chapter, unless the context requires otherwise,

(1) "director" means the director of the division assigned economic development functions or its successor agency in the department;

(2) "wraparound financing" means a contract that includes the balance due on an existing debt and an additional amount to cover the difference between the selling price and the existing debt.

Authority: AS 44.33.955