MARYLAND COOPERATIVE EXTENSION
UNIVERSITY OF MARYLAND
COLLEGE PARK•EASTERN SHORE

Fact Sheet

Fact Sheet 225

Applying for a Fishing Loan

One of the most frustrating experiences for a waterman can be a loan interview. A seemingly insurmountable amount of paperwork stands between the waterman and that much needed money for a new workboat, engine or truck.

When preparing for a loan interview, you should provide some basic information concerning your fishing operations and your ability to repay the loan. The purpose of this fact sheet is to assist you in preparing for a loan interview. Following a few simple guidelines can prove helpful not only in getting a loan application approved, but to help you obtain the best loan terms for your specific situation.

Remember, you are the expert concerning your fishing operations. You have the day-to-day experience that gives you the ability to determine your financial needs. By putting this knowledge in a form a loan officer understands, you can be your best asset during a loan interview.

Regardless of where you seek financial assistance, you should be prepared to provide the following information:

1. A resume containing references and a summary of your fishing experience.
2. A statement of your present financial situation including assets (vessel, gear, home, property, savings accounts, etc.) and liabilities (mortgage on your house, loans, etc.).
3. A summary of your profit and loss situation for the past three years (income tax returns, production records, etc.).
4. A profit and loss forecast, costs and projected income on new boat compared with those for old boat.
5. A detailed description of your new boat and gear.
6. Insurance information.

These information should be typed and put together in a folder or manilla envelope. Let's look at the preparation of the above information in more detail.

1. Waterman's Resume

Lending institutions are interested in your experience in the fishing industry. A summary of your work experience on the water might look like the sample resume in Figure 1.

You can word the work experience summary any way you like. The important thing is that you are showing the loan officer your experience on the water. You should list as references at least three persons who will vouch for your experience as a waterman, your character and financial responsibility.

Figure 1. Waterman's Resume

Personal Information
Name
Address
Telephone Number

Work Experience

1970-Present.	Own and operate a 32-foot workboat used for oystering in the fall and winter and for crabbing during spring and summer. Have two deckhands as needed during the year.
1967-1970.	Owned and operated a 24-foot workboat used for oystering and crabbing. Did some eel potting for one year. Had one deckhand on a permanent basis.
1963-1967.	Worked on several workboats out of Tilghman Island as a deckhand.

References
1. Name and address
2. Name and address
3. Name and address

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2. Present Financial Situation

To prepare your net worth statement (often called a balance sheet), list all your assets (boats, equipment, cash), then subtract your liabilities (what you owe). This will give you your net worth. A sample net worth statement is shown in Figure 2.

Figure 2. Net Worth Statement.

ASSETS Money you have:	
1. Cash and checking accounts	____________
2. Saving accounts	____________
3. Money owed to you this year	____________
4. Inventory	____________
5. Total Current Assets (sum of lines 1-4)	____________
6. Land	____________
7. Buildings, furniture	____________
8. Vessels and gear	____________
9. Life insurance	____________
10. Auto, trucks	____________
11. Mortgages you hold on others	____________
12. Other long term assets	____________
13. Total long term assets (sum of lines 6-12)	____________
14. TOTAL ASSETS (sum of lines 5 and 13)	____________
LIABILITES Money you owe this year to:	
15. Suppliers	____________
16. Banks	____________
17. Others	____________
18. Total Current Liabilities (sum of lines 15-17)	____________
19. Mortgages	____________
20. Other long-term debts	____________
21. Total long-term liabilities (sum of lines 19 and 20)	____________
22. TOTAL LIABILITIES (sum of lines 18 and 21)	____________
Net Worth	
23. Net Worth—Total Assets (line 14) MINUS Total Liabilities (line 22)	____________

3. Profit and Loss Summary

This is a record of your past fishing business success (or failure). It can be shown through the use of production records and income tax returns. A sample profit and loss summary is shown in Figure 3.

Figure 3. Profit and Loss Summary.

	19-	19-	19-	19-	19-
1. Total Fishing Income					
2. Other Income					
3.Total Fishing Expenses					
4.Other Expenses (if already included in fishing expenses, leave blank)					
5.Net Cash Income (lines 1 and 2 minus line 3 and 4)					
6.Depreciation Expense					
7. Estimated Net Income (line 5 minus line 6)					

4. Profit and Loss Forecast

A profit and loss forecast is an estimate of future income and expenses when you will use the new boat or engine you plan to purchase with the loan. It is hard to predict how much income you will make, however, a rough estimate will assist the loan officer in evaluating your loan request.

Your projected income should justify the expense of the new boat or gear to be purchased. Figure 4 illustrates a profit and loss forecast.

5. Description of New Boat and Gear

Prepare a detailed description of the new boat or gear you are planning to purchase. List the initial cost as well as anticipated operating costs. Include a physical description of the item.

A workboat used for oystering and crabbing might be described as follows:

> *Description*—42-foot Chesapeake Bay oyster and crab boat; $24,000 market value; 42 feet by 14 feet; wood hull; 10-ton capacity; 450 cubic inch V8 gasoline engine; C.B. radio; 3 sets of hydraulic double-rigged patent tongs; 250 crab pots hydraulic pot puller; and 9 HP air-cooled auxiliary engine.

Explain how the new boat or gear will assist your fishing operations. Will the new boat reduce your operating costs? Perhaps a new type of fishing gear will reduce the time spent doing a particular task, thereby freeing you to work on other aspects of your fishing operations resulting in a larger catch and increased income.

If you are purchasing a 42-foot boat to be used for oystering and clamming, you might include the following information:

> *Description*—42-foot Chesapeake Bay oyster and clam boat; $28,000 market value; 42 feet by 14 feet; wood hull; 10-ton capacity; 450 cubic inch V8 engine; C.B. radio; hydraulic double-rigged patent tongs; and 36- by 2-foot clam elevator with hydraulic lift.

Figure 4. Profit and Loss Forecast.

	19-	19-	19-	19-	19-
1. Estimated Fishing Income					
2. Estimated Other Income					
3. Estimated Fishing Expenses					
4. Estimated Other Expenses (if already included in fishing expenses, leave blank)					
5. Estimated Net Cash Income (lines 1 and 2 minus line 3 and 4)					
6. Estimated Depreciation Expense					
7. Estimated Net Income (line 5 minus line 6)					

6. Insurance Information

Any lending institution will require at least enough hull and vessel insurance to cover the amount of the loan. In addition, a lender will require protection and indemnity (P&I) insurance that will cover you against liability claims resulting from any personal injury occurring on your boat.

All the insurance policies relating to a new vessel should be listed. Include the type of policy, insurance company, and dollar amounts of coverage. In other words, submit all insurance information on a new boat to the lending institution.

Summary

The loan information should be typed and put together in a folder or manila envelope. Be sure to keep a copy of each form for your business files. You may need to refer to the information at a later date.

Putting loan-related information together as suggested will not guarantee your application will be approved. However, it will help you to project a positive image of your fishing operations and your ability to manage your fishing business.

ADDITIONAL INFORMATION
You can obtain additional financial assistance Information by contacting your marine Extension agent.

For additional information from the Marine Advisory Service of the University of Maryland Sea Grant Program contact one of the following:

MARINE EXTENSION AGENT
University of Maryland
Center for Environmental and Estuarine Studies
Horn Point Environmental Laboratory
Box 775, Cambridge, Maryland 21613

MARINE EXTENSION AGENT
University of Maryland
Center for Environmental and Estuarine Studies
Marine Products Laboratory
Box351, Crisfield, Maryland

MARINE ECONOMICS SPECIALIST
Department of Agricultural and Resource Economics
Symons Hall
University of Maryland, College Park, Maryland 20742

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