

idea corner

Cooperative Bank for Young Farmers

A recent front-page article in the *Anchorage Times*, Alaska's largest newspaper, had the following lead paragraph.

"The Board of Directors of the newest lending institution in town—The Young Alaska Farmers Financing Cooperative—has a combined age of 58."

The 4 decision makers, who are between 15 and 17 years old, took over their corporate duties with \$30,000 loaned by the Commercial Fishing and Agriculture Bank of Alaska.

The Young Alaska Farmers Financing Cooperative (YAFFCO) was created in 1981 through the efforts of local Extension agents and 4-H advisors working in conjunction with the Alaska Commercial Fishing and Agriculture Bank. The objective of the bank is to provide low-cost financial support for the projects of young Alaskan farmers involved in either 4-H or FFA.

YAFFCO is owned and operated by those young farmers who borrow from the bank. As a cooperative bank, young borrowing farmers will become members of the bank, with dividends payable to them in proportion to the amount of interest they pay annually. In addition to dividends, members have voting rights in the election of the Board of Directors.

Unlike most lending institutions, this bank doesn't require parental backing to secure a loan. Each borrower secures his/her loan with collateral, with the value determined by YAFFCO.

YAFFCO will give youth borrowing power and experience in seeking out financing. Those who sit on the Board of Directors also will learn how to manage large amounts of money and make management decisions that will affect the future growth of the bank.

Borrower-members also are eligible to purchase shares of stock, equal to 10% of their loan. On becoming members, young farmers are required to purchase 1 share of membership stock for \$5.00.

Loans are available for crop, livestock, poultry, forestry, and equipment financing. Loans are also available for youth involved in custom harvesting ventures.

YAFFCO will provide young people an opportunity to become familiar with the banking system and how it works. In time, this knowledge will help them move into other areas of financing.

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