



## 95TH GENERAL ASSEMBLY

### State of Illinois

### 2007 and 2008

#### HB1414

Introduced 2/21/2007, by Rep. Kurt M. Granberg

#### SYNOPSIS AS INTRODUCED:

20 ILCS 3501/801-10  
20 ILCS 3501/830-20  
20 ILCS 3501/830-35

Amends the Illinois Finance Authority Act. Includes ethanol and bio-energy production within the meaning of an agribusiness. Authorizes issuance of notes and bonds up to \$340,000,000 for all ethanol and bio-energy businesses in the aggregate. Authorizes State Guarantees up to \$10,000,000 for any energy-related agribusiness and up to \$20,000,000 for any bio-diesel agribusiness.

LRB095 09802 RCE 30012 b

FISCAL NOTE ACT  
MAY APPLY

STATE DEBT  
IMPACT NOTE ACT  
MAY APPLY

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Finance Authority Act is amended by  
5 changing Sections 801-10, 830-20, and 830-35 as follows:

6 (20 ILCS 3501/801-10)

7 Sec. 801-10. Definitions. The following terms, whenever  
8 used or referred to in this Act, shall have the following  
9 meanings, except in such instances where the context may  
10 clearly indicate otherwise:

11 (a) The term "Authority" means the Illinois Finance  
12 Authority created by this Act.

13 (b) The term "project" means an industrial project, housing  
14 project, public purpose project, higher education project,  
15 health facility project, cultural institution project,  
16 agricultural facility or agribusiness, and "project" may  
17 include any combination of one or more of the foregoing  
18 undertaken jointly by any person with one or more other  
19 persons.

20 (c) The term "public purpose project" means any project or  
21 facility including without limitation land, buildings,  
22 structures, machinery, equipment and all other real and  
23 personal property, which is authorized or required by law to be

1 acquired, constructed, improved, rehabilitated, reconstructed,  
2 replaced or maintained by any unit of government or any other  
3 lawful public purpose which is authorized or required by law to  
4 be undertaken by any unit of government.

5 (d) The term "industrial project" means the acquisition,  
6 construction, refurbishment, creation, development or  
7 redevelopment of any facility, equipment, machinery, real  
8 property or personal property for use by any instrumentality of  
9 the State or its political subdivisions, for use by any person  
10 or institution, public or private, for profit or not for  
11 profit, or for use in any trade or business including, but not  
12 limited to, any industrial, manufacturing or commercial  
13 enterprise and which is (1) a capital project including but not  
14 limited to: (i) land and any rights therein, one or more  
15 buildings, structures or other improvements, machinery and  
16 equipment, whether now existing or hereafter acquired, and  
17 whether or not located on the same site or sites; (ii) all  
18 appurtenances and facilities incidental to the foregoing,  
19 including, but not limited to utilities, access roads, railroad  
20 sidings, track, docking and similar facilities, parking  
21 facilities, dockage, wharfage, railroad roadbed, track,  
22 trestle, depot, terminal, switching and signaling or related  
23 equipment, site preparation and landscaping; and (iii) all  
24 non-capital costs and expenses relating thereto or (2) any  
25 addition to, renovation, rehabilitation or improvement of a  
26 capital project or (3) any activity or undertaking which the

1 Authority determines will aid, assist or encourage economic  
2 growth, development or redevelopment within the State or any  
3 area thereof, will promote the expansion, retention or  
4 diversification of employment opportunities within the State  
5 or any area thereof or will aid in stabilizing or developing  
6 any industry or economic sector of the State economy. The term  
7 "industrial project" also means the production of motion  
8 pictures.

9 (e) The term "bond" or "bonds" shall include bonds, notes  
10 (including bond, grant or revenue anticipation notes),  
11 certificates and/or other evidences of indebtedness  
12 representing an obligation to pay money, including refunding  
13 bonds.

14 (f) The terms "lease agreement" and "loan agreement" shall  
15 mean: (i) an agreement whereby a project acquired by the  
16 Authority by purchase, gift or lease is leased to any person,  
17 corporation or unit of local government which will use or cause  
18 the project to be used as a project as heretofore defined upon  
19 terms providing for lease rental payments at least sufficient  
20 to pay when due all principal of, interest and premium, if any,  
21 on any bonds of the Authority issued with respect to such  
22 project, providing for the maintenance, insuring and operation  
23 of the project on terms satisfactory to the Authority,  
24 providing for disposition of the project upon termination of  
25 the lease term, including purchase options or abandonment of  
26 the premises, and such other terms as may be deemed desirable

1 by the Authority, or (ii) any agreement pursuant to which the  
2 Authority agrees to loan the proceeds of its bonds issued with  
3 respect to a project or other funds of the Authority to any  
4 person which will use or cause the project to be used as a  
5 project as heretofore defined upon terms providing for loan  
6 repayment installments at least sufficient to pay when due all  
7 principal of, interest and premium, if any, on any bonds of the  
8 Authority, if any, issued with respect to the project, and  
9 providing for maintenance, insurance and other matters as may  
10 be deemed desirable by the Authority.

11 (g) The term "financial aid" means the expenditure of  
12 Authority funds or funds provided by the Authority through the  
13 issuance of its bonds, notes or other evidences of indebtedness  
14 or from other sources for the development, construction,  
15 acquisition or improvement of a project.

16 (h) The term "person" means an individual, corporation,  
17 unit of government, business trust, estate, trust, partnership  
18 or association, 2 or more persons having a joint or common  
19 interest, or any other legal entity.

20 (i) The term "unit of government" means the federal  
21 government, the State or unit of local government, a school  
22 district, or any agency or instrumentality, office, officer,  
23 department, division, bureau, commission, college or  
24 university thereof.

25 (j) The term "health facility" means: (a) any public or  
26 private institution, place, building, or agency required to be

1 licensed under the Hospital Licensing Act; (b) any public or  
2 private institution, place, building, or agency required to be  
3 licensed under the Nursing Home Care Act; (c) any public or  
4 licensed private hospital as defined in the Mental Health and  
5 Developmental Disabilities Code; (d) any such facility  
6 exempted from such licensure when the Director of Public Health  
7 attests that such exempted facility meets the statutory  
8 definition of a facility subject to licensure; (e) any other  
9 public or private health service institution, place, building,  
10 or agency which the Director of Public Health attests is  
11 subject to certification by the Secretary, U.S. Department of  
12 Health and Human Services under the Social Security Act, as now  
13 or hereafter amended, or which the Director of Public Health  
14 attests is subject to standard-setting by a recognized public  
15 or voluntary accrediting or standard-setting agency; (f) any  
16 public or private institution, place, building or agency  
17 engaged in providing one or more supporting services to a  
18 health facility; (g) any public or private institution, place,  
19 building or agency engaged in providing training in the healing  
20 arts, including but not limited to schools of medicine,  
21 dentistry, osteopathy, optometry, podiatry, pharmacy or  
22 nursing, schools for the training of x-ray, laboratory or other  
23 health care technicians and schools for the training of  
24 para-professionals in the health care field; (h) any public or  
25 private congregate, life or extended care or elderly housing  
26 facility or any public or private home for the aged or infirm,

1 including, without limitation, any Facility as defined in the  
2 Life Care Facilities Act; (i) any public or private mental,  
3 emotional or physical rehabilitation facility or any public or  
4 private educational, counseling, or rehabilitation facility or  
5 home, for those persons with a developmental disability, those  
6 who are physically ill or disabled, the emotionally disturbed,  
7 those persons with a mental illness or persons with learning or  
8 similar disabilities or problems; (j) any public or private  
9 alcohol, drug or substance abuse diagnosis, counseling  
10 treatment or rehabilitation facility, (k) any public or private  
11 institution, place, building or agency licensed by the  
12 Department of Children and Family Services or which is not so  
13 licensed but which the Director of Children and Family Services  
14 attests provides child care, child welfare or other services of  
15 the type provided by facilities subject to such licensure; (l)  
16 any public or private adoption agency or facility; and (m) any  
17 public or private blood bank or blood center. "Health facility"  
18 also means a public or private structure or structures suitable  
19 primarily for use as a laboratory, laundry, nurses or interns  
20 residence or other housing or hotel facility used in whole or  
21 in part for staff, employees or students and their families,  
22 patients or relatives of patients admitted for treatment or  
23 care in a health facility, or persons conducting business with  
24 a health facility, physician's facility, surgicenter,  
25 administration building, research facility, maintenance,  
26 storage or utility facility and all structures or facilities

1 related to any of the foregoing or required or useful for the  
2 operation of a health facility, including parking or other  
3 facilities or other supporting service structures required or  
4 useful for the orderly conduct of such health facility.

5 (k) The term "participating health institution" means a  
6 private corporation or association or public entity of this  
7 State, authorized by the laws of this State to provide or  
8 operate a health facility as defined in this Act and which,  
9 pursuant to the provisions of this Act, undertakes the  
10 financing, construction or acquisition of a project or  
11 undertakes the refunding or refinancing of obligations, loans,  
12 indebtedness or advances as provided in this Act.

13 (l) The term "health facility project", means a specific  
14 health facility work or improvement to be financed or  
15 refinanced (including without limitation through reimbursement  
16 of prior expenditures), acquired, constructed, enlarged,  
17 remodeled, renovated, improved, furnished, or equipped, with  
18 funds provided in whole or in part hereunder, any accounts  
19 receivable, working capital, liability or insurance cost or  
20 operating expense financing or refinancing program of a health  
21 facility with or involving funds provided in whole or in part  
22 hereunder, or any combination thereof.

23 (m) The term "bond resolution" means the resolution or  
24 resolutions authorizing the issuance of, or providing terms and  
25 conditions related to, bonds issued under this Act and  
26 includes, where appropriate, any trust agreement, trust



1 indenture, indenture of mortgage or deed of trust providing  
2 terms and conditions for such bonds.

3 (n) The term "property" means any real, personal or mixed  
4 property, whether tangible or intangible, or any interest  
5 therein, including, without limitation, any real estate,  
6 leasehold interests, appurtenances, buildings, easements,  
7 equipment, furnishings, furniture, improvements, machinery,  
8 rights of way, structures, accounts, contract rights or any  
9 interest therein.

10 (o) The term "revenues" means, with respect to any project,  
11 the rents, fees, charges, interest, principal repayments,  
12 collections and other income or profit derived therefrom.

13 (p) The term "higher education project" means, in the case  
14 of a private institution of higher education, an educational  
15 facility to be acquired, constructed, enlarged, remodeled,  
16 renovated, improved, furnished, or equipped, or any  
17 combination thereof.

18 (q) The term "cultural institution project" means, in the  
19 case of a cultural institution, a cultural facility to be  
20 acquired, constructed, enlarged, remodeled, renovated,  
21 improved, furnished, or equipped, or any combination thereof.

22 (r) The term "educational facility" means any property  
23 located within the State constructed or acquired before or  
24 after the effective date of this Act, which is or will be, in  
25 whole or in part, suitable for the instruction, feeding,  
26 recreation or housing of students, the conducting of research

1 or other work of a private institution of higher education, the  
2 use by a private institution of higher education in connection  
3 with any educational, research or related or incidental  
4 activities then being or to be conducted by it, or any  
5 combination of the foregoing, including, without limitation,  
6 any such property suitable for use as or in connection with any  
7 one or more of the following: an academic facility,  
8 administrative facility, agricultural facility, assembly hall,  
9 athletic facility, auditorium, boating facility, campus,  
10 communication facility, computer facility, continuing  
11 education facility, classroom, dining hall, dormitory,  
12 exhibition hall, fire fighting facility, fire prevention  
13 facility, food service and preparation facility, gymnasium,  
14 greenhouse, health care facility, hospital, housing,  
15 instructional facility, laboratory, library, maintenance  
16 facility, medical facility, museum, offices, parking area,  
17 physical education facility, recreational facility, research  
18 facility, stadium, storage facility, student union, study  
19 facility, theatre or utility.

20 (s) The term "cultural facility" means any property located  
21 within the State constructed or acquired before or after the  
22 effective date of this Act, which is or will be, in whole or in  
23 part, suitable for the particular purposes or needs of a  
24 cultural institution, including, without limitation, any such  
25 property suitable for use as or in connection with any one or  
26 more of the following: an administrative facility, aquarium,

1 assembly hall, auditorium, botanical garden, exhibition hall,  
2 gallery, greenhouse, library, museum, scientific laboratory,  
3 theater or zoological facility, and shall also include, without  
4 limitation, books, works of art or music, animal, plant or  
5 aquatic life or other items for display, exhibition or  
6 performance. The term "cultural facility" includes buildings  
7 on the National Register of Historic Places which are owned or  
8 operated by nonprofit entities.

9 (t) "Private institution of higher education" means a  
10 not-for-profit educational institution which is not owned by  
11 the State or any political subdivision, agency,  
12 instrumentality, district or municipality thereof, which is  
13 authorized by law to provide a program of education beyond the  
14 high school level and which:

15 (1) Admits as regular students only individuals having  
16 a certificate of graduation from a high school, or the  
17 recognized equivalent of such a certificate;

18 (2) Provides an educational program for which it awards  
19 a bachelor's degree, or provides an educational program,  
20 admission into which is conditioned upon the prior  
21 attainment of a bachelor's degree or its equivalent, for  
22 which it awards a postgraduate degree, or provides not less  
23 than a 2-year program which is acceptable for full credit  
24 toward such a degree, or offers a 2-year program in  
25 engineering, mathematics, or the physical or biological  
26 sciences which is designed to prepare the student to work

1 as a technician and at a semiprofessional level in  
2 engineering, scientific, or other technological fields  
3 which require the understanding and application of basic  
4 engineering, scientific, or mathematical principles or  
5 knowledge;

6 (3) Is accredited by a nationally recognized  
7 accrediting agency or association or, if not so accredited,  
8 is an institution whose credits are accepted, on transfer,  
9 by not less than 3 institutions which are so accredited,  
10 for credit on the same basis as if transferred from an  
11 institution so accredited, and holds an unrevoked  
12 certificate of approval under the Private College Act from  
13 the Board of Higher Education, or is qualified as a "degree  
14 granting institution" under the Academic Degree Act; and

15 (4) Does not discriminate in the admission of students  
16 on the basis of race or color. "Private institution of  
17 higher education" also includes any "academic  
18 institution".

19 (u) The term "academic institution" means any  
20 not-for-profit institution which is not owned by the State or  
21 any political subdivision, agency, instrumentality, district  
22 or municipality thereof, which institution engages in, or  
23 facilitates academic, scientific, educational or professional  
24 research or learning in a field or fields of study taught at a  
25 private institution of higher education. Academic institutions  
26 include, without limitation, libraries, archives, academic,

1 scientific, educational or professional societies,  
2 institutions, associations or foundations having such  
3 purposes.

4 (v) The term "cultural institution" means any  
5 not-for-profit institution which is not owned by the State or  
6 any political subdivision, agency, instrumentality, district  
7 or municipality thereof, which institution engages in the  
8 cultural, intellectual, scientific, educational or artistic  
9 enrichment of the people of the State. Cultural institutions  
10 include, without limitation, aquaria, botanical societies,  
11 historical societies, libraries, museums, performing arts  
12 associations or societies, scientific societies and zoological  
13 societies.

14 (w) The term "affiliate" means, with respect to financing  
15 of an agricultural facility or an agribusiness, any lender, any  
16 person, firm or corporation controlled by, or under common  
17 control with, such lender, and any person, firm or corporation  
18 controlling such lender.

19 (x) The term "agricultural facility" means land, any  
20 building or other improvement thereon or thereto, and any  
21 personal properties deemed necessary or suitable for use,  
22 whether or not now in existence, in farming, ranching, the  
23 production of agricultural commodities (including, without  
24 limitation, the products of aquaculture, hydroponics and  
25 silviculture and the production of ethanol and bio-energy) or  
26 the treating, processing or storing of such agricultural

1 commodities when such activities are customarily engaged in by  
2 farmers as a part of farming.

3 (y) The term "lender" with respect to financing of an  
4 agricultural facility or an agribusiness, means any federal or  
5 State chartered bank, Federal Land Bank, Production Credit  
6 Association, Bank for Cooperatives, federal or State chartered  
7 savings and loan association or building and loan association,  
8 Small Business Investment Company or any other institution  
9 qualified within this State to originate and service loans,  
10 including, but without limitation to, insurance companies,  
11 credit unions and mortgage loan companies. "Lender" also means  
12 a wholly owned subsidiary of a manufacturer, seller or  
13 distributor of goods or services that makes loans to businesses  
14 or individuals, commonly known as a "captive finance company".

15 (z) The term "agribusiness" means any sole proprietorship,  
16 limited partnership, co-partnership, joint venture,  
17 corporation or cooperative which operates or will operate a  
18 facility located within the State of Illinois that is related  
19 to the processing of agricultural commodities (including,  
20 without limitation, the products of aquaculture, hydroponics  
21 and silviculture and the production of ethanol and bio-energy)  
22 or the manufacturing, production or construction of  
23 agricultural buildings, structures, equipment, implements, and  
24 supplies, or any other facilities or processes used in  
25 agricultural production. Agribusiness includes but is not  
26 limited to the following:

1           (1) grain handling and processing, including grain  
2 storage, drying, treatment, conditioning, mailing and  
3 packaging;

4           (2) seed and feed grain development and processing;

5           (3) fruit and vegetable processing, including  
6 preparation, canning and packaging;

7           (4) processing of livestock and livestock products,  
8 dairy products, poultry and poultry products, fish or  
9 apiarian products, including slaughter, shearing,  
10 collecting, preparation, canning and packaging;

11          (5) fertilizer and agricultural chemical  
12 manufacturing, processing, application and supplying;

13          (6) farm machinery, equipment and implement  
14 manufacturing and supplying;

15          (7) manufacturing and supplying of agricultural  
16 commodity processing machinery and equipment, including  
17 machinery and equipment used in slaughter, treatment,  
18 handling, collecting, preparation, canning or packaging of  
19 agricultural commodities;

20          (8) farm building and farm structure manufacturing,  
21 construction and supplying;

22          (9) construction, manufacturing, implementation,  
23 supplying or servicing of irrigation, drainage and soil and  
24 water conservation devices or equipment;

25          (10) fuel processing and development facilities that  
26 produce fuel from agricultural commodities or byproducts;

1           (11) facilities and equipment for processing and  
2 packaging agricultural commodities specifically for  
3 export;

4           (12) facilities and equipment for forestry product  
5 processing and supplying, including sawmilling operations,  
6 wood chip operations, timber harvesting operations, and  
7 manufacturing of prefabricated buildings, paper, furniture  
8 or other goods from forestry products;

9           (13) facilities and equipment for research and  
10 development of products, processes and equipment for the  
11 production, processing, preparation or packaging of  
12 agricultural commodities and byproducts; and -

13           (14) facilities and equipment for the production of  
14 ethanol and bio-energy.

15           (aa) The term "asset" with respect to financing of any  
16 agricultural facility or any agribusiness, means, but is not  
17 limited to the following: cash crops or feed on hand; livestock  
18 held for sale; breeding stock; marketable bonds and securities;  
19 securities not readily marketable; accounts receivable; notes  
20 receivable; cash invested in growing crops; net cash value of  
21 life insurance; machinery and equipment; cars and trucks; farm  
22 and other real estate including life estates and personal  
23 residence; value of beneficial interests in trusts; government  
24 payments or grants; and any other assets.

25           (bb) The term "liability" with respect to financing of any  
26 agricultural facility or any agribusiness shall include, but



1 not be limited to the following: accounts payable; notes or  
2 other indebtedness owed to any source; taxes; rent; amounts  
3 owed on real estate contracts or real estate mortgages;  
4 judgments; accrued interest payable; and any other liability.

5 (cc) The term "Predecessor Authorities" means those  
6 authorities as described in Section 845-75.

7 (dd) The term "housing project" means a specific work or  
8 improvement undertaken to provide residential dwelling  
9 accommodations, including the acquisition, construction or  
10 rehabilitation of lands, buildings and community facilities  
11 and in connection therewith to provide nonhousing facilities  
12 which are part of the housing project, including land,  
13 buildings, improvements, equipment and all ancillary  
14 facilities for use for offices, stores, retirement homes,  
15 hotels, financial institutions, service, health care,  
16 education, recreation or research establishments, or any other  
17 commercial purpose which are or are to be related to a housing  
18 development.

19 (Source: P.A. 93-205, eff. 1-1-04; 93-1101, eff. 3-31-05.)

20 (20 ILCS 3501/830-20)

21 Sec. 830-20. The Authority may not pass a resolution  
22 authorizing the issuance of any notes or bonds in excess of  
23 \$250,000 for any one agricultural real estate borrower, except  
24 that limit may not exceed \$340,000,000 for all ethanol or  
25 bio-energy businesses in the aggregate. No proceeds from any

1 bonds issued by the Authority shall be loaned to any natural  
2 person who has a net worth in excess of \$500,000 for the  
3 purchase of new depreciable agricultural property or to any  
4 agribusiness that, including all affiliates and subsidiaries,  
5 has more than 100 employees and a gross income exceeding  
6 \$2,000,000 for the preceding calendar year; provided, however,  
7 that the employee size and gross income limitations shall not  
8 apply to any loans to agribusinesses for research and  
9 development purposes, and provided further that the Authority  
10 shall retain the power to waive such limitations for any  
11 agribusiness that, at the time of application, does not operate  
12 a facility within this State.

13 (Source: P.A. 93-205, eff. 1-1-04.)

14 (20 ILCS 3501/830-35)

15 Sec. 830-35. State Guarantees for loans to farmers and  
16 agribusiness; eligibility.

17 (a) The Authority is authorized to issue State Guarantees  
18 to lenders for loans to eligible farmers and agribusinesses for  
19 purposes set forth in this Section. For purposes of this  
20 Section, an eligible farmer shall be a resident of Illinois (i)  
21 who is principal operator of a farm or land, at least 50% of  
22 whose annual gross income is derived from farming, (ii) whose  
23 annual total sales of agricultural products, commodities, or  
24 livestock exceeds \$20,000, and (iii) whose net worth does not  
25 exceed \$500,000. An eligible agribusiness shall be that as

1 defined in Section 801-10 of this Act. The Authority may  
2 approve applications by farmers and agribusinesses that  
3 promote diversification of the farm economy of this State  
4 through the growth and development of new crops or livestock  
5 not customarily grown or produced in this State or that  
6 emphasize a vertical integration of grain or livestock produced  
7 or raised in this State into a finished agricultural product  
8 for consumption or use. "New crops or livestock not customarily  
9 grown or produced in this State" shall not include corn,  
10 soybeans, wheat, swine, or beef or dairy cattle. "Vertical  
11 integration of grain or livestock produced or raised in this  
12 State" shall include any new or existing grain or livestock  
13 grown or produced in this State. Lenders shall apply for the  
14 State Guarantees on forms provided by the Authority, certify  
15 that the application and any other documents submitted are true  
16 and correct, and pay an administrative fee as determined by the  
17 Authority. The applicant shall be responsible for paying any  
18 fees or charges involved in recording mortgages, releases,  
19 financing statements, insurance for secondary market issues  
20 and any other similar fees or charges as the Authority may  
21 require. The application shall at a minimum contain the  
22 farmer's or agribusiness' name, address, present credit and  
23 financial information, including cash flow statements,  
24 financial statements, balance sheets, and any other  
25 information pertinent to the application, and the collateral to  
26 be used to secure the State Guarantee. In addition, the lender

1 must agree to charge an interest rate, which may vary, on the  
2 loan that the Authority determines to be below the market rate  
3 of interest generally available to the borrower. If both the  
4 lender and applicant agree, the interest rate on the State  
5 Guarantee Loan can be converted to a fixed interest rate at any  
6 time during the term of the loan. Any State Guarantees provided  
7 under this Section (i) shall not exceed \$500,000 per farmer or  
8 an amount as determined by the Authority on a case-by-case  
9 basis for an agribusiness, except that the State Guarantee may  
10 not exceed \$10,000,000 for any energy-related agribusiness or  
11 \$20,000,000 for any bio-diesel agribusiness, (ii) shall not  
12 exceed a term of 15 years, and (iii) shall be subject to an  
13 annual review and renewal by the lender and the Authority;  
14 provided that only one such State Guarantee shall be made per  
15 farmer or agribusiness, except that additional State  
16 Guarantees may be made for purposes of expansion of projects  
17 financed in part by a previously issued State Guarantee. No  
18 State Guarantee shall be revoked by the Authority without a  
19 90-day notice, in writing, to all parties. The lender shall not  
20 call due any loan for any reason except for lack of  
21 performance, insufficient collateral, or maturity. A lender  
22 may review and withdraw or continue with a State Guarantee on  
23 an annual basis after the first 5 years following closing of  
24 the loan application if the loan contract provides for an  
25 interest rate that shall not vary. A lender shall not withdraw  
26 a State Guarantee if the loan contract provides for an interest

1 rate that may vary, except for reasons set forth herein.

2 (b) The Authority shall provide or renew a State Guarantee  
3 to a lender if:

4 (i) A fee equal to 25 basis points on the loan is paid  
5 to the Authority on an annual basis by the lender.

6 (ii) The application provides collateral acceptable to  
7 the Authority that is at least equal to the State's portion  
8 of the Guarantee to be provided.

9 (iii) The lender assumes all responsibility and costs  
10 for pursuing legal action on collecting any loan that is  
11 delinquent or in default.

12 (iv) The lender is responsible for the first 15% of the  
13 outstanding principal of the note for which the State  
14 Guarantee has been applied.

15 (c) There is hereby created outside of the State treasury a  
16 special fund to be known as the Illinois Farmer and  
17 Agribusiness Loan Guarantee Fund. The State Treasurer shall be  
18 custodian of this Fund. Any amounts in the Fund not currently  
19 needed to meet the obligations of the Fund shall be invested as  
20 provided by law, and all interest earned from these investments  
21 shall be deposited into the Fund until the Fund reaches the  
22 maximum amounts authorized in this Act; thereafter, interest  
23 earned shall be deposited into the General Revenue Fund. After  
24 September 1, 1989, annual investment earnings equal to 1.5% of  
25 the Fund shall remain in the Fund to be used for the purposes  
26 established in Section 830-40 of this Act. The Authority is

1 authorized to transfer such amounts as are necessary to satisfy  
2 claims from available appropriations and from fund balances of  
3 the Farm Emergency Assistance Fund as of June 30 of each year  
4 to the Illinois Farmer and Agribusiness Loan Guarantee Fund to  
5 secure State Guarantees issued under this Section and Sections  
6 830-45 and 830-50. If for any reason the General Assembly fails  
7 to make an appropriation sufficient to meet these obligations,  
8 this Act shall constitute an irrevocable and continuing  
9 appropriation of an amount necessary to secure guarantees as  
10 defaults occur and the irrevocable and continuing authority  
11 for, and direction to, the State Treasurer and the Comptroller  
12 to make the necessary transfers to the Illinois Farmer and  
13 Agribusiness Loan Guarantee Fund, as directed by the Governor,  
14 out of the General Revenue Fund. In the event of default by the  
15 borrower on State Guarantee Loans under this Section, Section  
16 830-45 or Section 830-50, the lender shall be entitled to, and  
17 the Authority shall direct payment on, the State Guarantee  
18 after 90 days of delinquency. All payments by the Authority  
19 shall be made from the Illinois Farmer and Agribusiness Loan  
20 Guarantee Fund to satisfy claims against the State Guarantee.  
21 It shall be the responsibility of the lender to proceed with  
22 the collecting and disposing of collateral on the State  
23 Guarantee under this Section, Section 830-45 or Section 830-50  
24 within 14 months of the time the State Guarantee is declared  
25 delinquent. If the lender does not dispose of the collateral  
26 within 14 months, the lender shall be liable to repay to the

1 State interest on the State Guarantee equal to the same rate  
2 that the lender charges on the State Guarantee, provided that  
3 the Authority shall have the authority to extend the 14-month  
4 period for a lender in the case of bankruptcy or extenuating  
5 circumstances. The Fund shall be reimbursed for any amounts  
6 paid under this Section, Section 830-45 or Section 830-50 upon  
7 liquidation of the collateral. The Authority, by resolution of  
8 the Board, may borrow sums from the Fund and provide for  
9 repayment as soon as may be practical upon receipt of payments  
10 of principal and interest by a borrower on State Guarantee  
11 Loans under this Section, Section 830-45 or Section 830-50.  
12 Money may be borrowed from the Fund by the Authority for the  
13 sole purpose of paying certain interest costs for borrowers  
14 associated with selling a loan subject to a State Guarantee  
15 under this Section, Section 830-45 or Section 830-50 in a  
16 secondary market as may be deemed reasonable and necessary by  
17 the Authority.

18 (d) Notwithstanding the provisions of this Section 830-35  
19 with respect to the farmers, agribusinesses, and lenders who  
20 may obtain State Guarantees, the Authority may promulgate rules  
21 establishing the eligibility of farmers, agribusinesses, and  
22 lenders to participate in the State Guarantee program and the  
23 terms, standards, and procedures that will apply, when the  
24 Authority finds that emergency conditions in Illinois  
25 agriculture have created the need for State Guarantees pursuant  
26 to terms, standards, and procedures other than those specified

1 in this Section.

2 (Source: P.A. 93-205, eff. 1-1-04.)