

1 AN ACT concerning government.

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 805-5, 805-15, 805-20, 830-5, 830-35,
6 830-45, and 830-50 and by adding Section 830-55 as follows:

7 (20 ILCS 3501/805-5)

8 Sec. 805-5. Findings and Declaration of Policy. It is
9 hereby found and declared that a continuing need exists to
10 maintain and develop the State's economy; that there are
11 significant barriers in the capital markets inhibiting the
12 issuance by the Authority of industrial revenue bonds, loans,
13 and State Guarantees to assist in financing industrial
14 projects, farmers, and agribusiness in the State, particularly
15 for smaller firms; and that the establishment of the Industrial
16 Revenue Bond Insurance Fund and the exercise by the Authority
17 of the powers granted in this Article will promote economic
18 development by widening the market for the Authority's revenue
19 bonds, loans, and State Guarantees.

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

21 (20 ILCS 3501/805-15)

22 Sec. 805-15. Industrial Project Insurance Fund. There is

1 created the Industrial Project Insurance Fund, hereafter
2 referred to in Sections 805-15 through 805-50 of this Act as
3 the "Fund". The Treasurer shall have custody of the Fund, which
4 shall be held outside of the State treasury, except that
5 custody may be transferred to and held by any bank, trust
6 company or other fiduciary with whom the Authority executes a
7 trust agreement as authorized by paragraph (h) of Section
8 805-20 of this Act. Any portion of the Fund against which a
9 charge has been made, shall be held for the benefit of the
10 holders of the loans or bonds insured under Section 805-20 of
11 this Act or the holders of State Guarantees under Article 830
12 of this Act. There shall be deposited in the Fund such amounts,
13 including but not limited to:

14 (a) All receipts of bond and loan insurance premiums;

15 (b) All proceeds of assets of whatever nature received by
16 the Authority as a result of default or delinquency with
17 respect to insured loans or bonds or State Guarantees with
18 respect to which payments from the Fund have been made,
19 including proceeds from the sale, disposal, lease or rental of
20 real or personal property which the Authority may receive under
21 the provisions of this Article but excluding the proceeds of
22 insurance hereunder;

23 (c) All receipts from any applicable contract or agreement
24 entered into by the Authority under paragraph (b) of Section
25 805-20 of this Act;

26 (d) Any State appropriations, transfers of appropriations,

1 or transfers of general obligation bond proceeds or other
2 monies made available to the Fund. Amounts in the Fund shall be
3 used in accordance with the provisions of this Article to
4 satisfy any valid insurance claim payable therefrom and may be
5 used for any other purpose determined by the Authority in
6 accordance with insurance contract or contracts with financial
7 institutions entered into pursuant to this Act, including
8 without limitation protecting the interest of the Authority in
9 industrial projects during periods of loan delinquency or upon
10 loan default through the purchase of industrial projects in
11 foreclosure proceedings or in lieu of foreclosure or through
12 any other means. Such amounts may also be used to pay
13 administrative costs and expenses reasonably allocable to the
14 activities in connection with the Fund and to pay taxes,
15 maintenance, insurance, security and any other costs and
16 expenses of bidding for, acquiring, owning, carrying and
17 disposing of industrial projects which were financed with the
18 proceeds of insured bonds or loans. In the case of a default in
19 payment with respect to any loan, mortgage or other agreement
20 so insured, the amount of the default shall immediately, and at
21 all times during the continuance of such default, and to the
22 extent provided in any applicable agreement, constitute a
23 charge on the Fund. Any amounts in the Fund not currently
24 needed to meet the obligations of the Fund may be invested as
25 provided by law in obligations designated by the Authority, and
26 all income from such investments shall become part of the Fund.

1 In making such investments, the Authority shall act with the
2 care, skill, diligence and prudence under the circumstances of
3 a prudent person acting in a like capacity in the conduct of an
4 enterprise of like character and with like aims. It shall
5 diversify such investments of the Authority so as to minimize
6 the risk of large losses, unless under the circumstances it is
7 clearly not prudent to do so. Amounts in the Fund may also be
8 used to satisfy State Guarantees under Article 830 of this Act.

9 (Source: P.A. 93-205, eff. 1-1-04; 94-91, eff. 7-1-05.)

10 (20 ILCS 3501/805-20)

11 Sec. 805-20. Powers and Duties; Industrial Project
12 Insurance Program. The Authority has the power:

13 (a) To insure and make advance commitments to insure all or
14 any part of the payments required on the bonds issued or a loan
15 made to finance any environmental facility under the Illinois
16 Environmental Facilities Financing Act or for any industrial
17 project upon such terms and conditions as the Authority may
18 prescribe in accordance with this Article. The insurance
19 provided by the Authority shall be payable solely from the Fund
20 created by Section 805-15 and shall not constitute a debt or
21 pledge of the full faith and credit of the State, the
22 Authority, or any political subdivision thereof;

23 (b) To enter into insurance contracts, letters of credit or
24 any other agreements or contracts with financial institutions
25 with respect to the Fund and any bonds or loans insured

1 thereunder. Any such agreement or contract may contain terms
2 and provisions necessary or desirable in connection with the
3 program, subject to the requirements established by this Act,
4 including without limitation terms and provisions relating to
5 loan documentation, review and approval procedures,
6 origination and servicing rights and responsibilities, default
7 conditions, procedures and obligations with respect to
8 insurance contracts made under this Act. The agreements or
9 contracts may be executed on an individual, group or master
10 contract basis with financial institutions;

11 (c) To charge reasonable fees to defray the cost of
12 obtaining letters of credit or other similar documents, other
13 than insurance contracts under paragraph (b). Any such fees
14 shall be payable by such person, in such amounts and at such
15 times as the Authority shall determine, and the amount of the
16 fees need not be uniform among the various bonds or loans
17 insured;

18 (d) To fix insurance premiums for the insurance of payments
19 under the provisions of this Article. Such premiums shall be
20 computed as determined by the Authority. Any premiums for the
21 insurance of loan payments under the provisions of this Act
22 shall be payable by such person, in such amounts and at such
23 times as the Authority shall determine, and the amount of the
24 premiums need not be uniform among the various bonds or loans
25 insured;

26 (e) To establish application fees and prescribe

1 application, notification, contract and insurance forms, rules
2 and regulations it deems necessary or appropriate;

3 (f) To make loans and to issue bonds secured by insurance
4 or other agreements authorized by paragraphs (a) and (b) of
5 this Section 805-20 and to issue bonds secured by loans that
6 are guaranteed by the federal government or agencies thereof;

7 (g) To issue a single bond issue, or a series of bond
8 issues, for a group of industrial projects, a group of
9 corporations, or a group of business entities or any
10 combination thereof insured by insurance or backed by any other
11 agreement authorized by paragraphs (a) and (b) of this Section
12 or secured by loans that are guaranteed by the federal
13 government or agencies thereof;

14 (h) To enter into trust agreements for the management of
15 the Fund created under Section 805-15 of this Act; and

16 (i) To exercise such other powers as are necessary or
17 incidental to the powers granted in this Section and to the
18 issuance of State Guarantees under Article 830 of this Act
19 foregoing.

20 (j) At the discretion of the Authority, to insure and make
21 advance commitments to insure, and issue State Guarantees for,
22 all or any part of the payments required on the bonds issued or
23 loans made to finance any agricultural facility, project,
24 farmer, producer, agribusiness, or program under Article 830 of
25 this Act upon such terms and conditions as the Authority may
26 prescribe in accordance with this Article. The insurance and

1 State Guarantees provided by the Authority may be payable from
2 the Fund created by Section 805-15 and is in addition to and
3 not in replacement of the Illinois Agricultural Loan Guarantee
4 Fund and the Illinois Farmer and Agribusiness Loan Guarantee
5 Fund created under Article 830 of this Act.

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

7 (20 ILCS 3501/830-5)

8 Sec. 830-5. The Authority shall have the following powers:

9 (a) To loan its funds to one or more persons to be used by
10 such persons to pay the costs of acquiring, constructing,
11 reconstructing or improving Agricultural Facilities, soil or
12 water conservation projects or watershed areas, such loans to
13 be on such terms and conditions, and for such period of time,
14 and secured or evidenced by such mortgages, deeds of trust,
15 notes, debentures, bonds or other secured or unsecured
16 evidences of indebtedness of such persons as the Board may
17 determine;

18 (b) To loan its funds to any agribusiness which operates or
19 will operate a facility located in Illinois for those purposes
20 permitted by rules and regulations issued pursuant to the
21 Internal Revenue Code of 1954, as amended, relating to the use
22 of moneys loaned from the proceeds from the issuance of
23 industrial development revenue bonds; such loans shall be on
24 terms and conditions, and for periods of time, and secured or
25 evidenced by mortgages, deeds of trust, notes, debentures,

1 bonds or other secured or unsecured evidences of indebtedness
2 of such agribusiness as the Board may require;

3 (c) To purchase, or to make commitments to purchase, from
4 lenders notes, debentures, bonds or other evidences of
5 indebtedness secured by mortgages, deeds of trust, or security
6 devices, or unsecured, as the Authority may determine, or
7 portions thereof or participations therein, which notes,
8 bonds, or other evidences of indebtedness shall have been or
9 will be executed by the obligors thereon to obtain funds with
10 which to acquire, by purchase, construction, or otherwise,
11 reconstruct or improve Agricultural Facilities;

12 (d) To contract with lenders or others for the origination
13 of or the servicing of the loans made by the Authority pursuant
14 to this Section or represented by the notes, bonds, or other
15 evidences of indebtedness which it has purchased pursuant to
16 this Section; provided that such servicing fees shall not
17 exceed one percent per annum of the principal amount
18 outstanding owed to the Authority; and

19 (e) To enter into a State Guarantee with a lender or a
20 person holding a note and to sell or issue such State
21 Guarantees, bonds or evidences of indebtedness in a primary or
22 a secondary market and to make payment on a State Guarantee
23 from available sources, including but not limited to, the
24 Illinois Agricultural Loan Guarantee Fund and the Illinois
25 Farmer and Agribusiness Loan Guarantee Fund created under
26 Section 830-30 and Section 830-35, respectively, and the

1 Industrial Project Insurance Fund created under Article 805 of
2 this Act.

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

4 (20 ILCS 3501/830-35)

5 Sec. 830-35. State Guarantees for loans to farmers and
6 agribusiness; eligibility.

7 (a) The Authority is authorized to issue State Guarantees
8 to lenders for loans to eligible farmers and agribusinesses for
9 purposes set forth in this Section. For purposes of this
10 Section, an eligible farmer shall be a resident of Illinois (i)
11 who is principal operator of a farm or land, at least 50% of
12 whose annual gross income is derived from farming, (ii) whose
13 annual total sales of agricultural products, commodities, or
14 livestock exceeds \$20,000, and (iii) whose net worth does not
15 exceed \$500,000. An eligible agribusiness shall be that as
16 defined in Section 801-10 of this Act. The Authority may
17 approve applications by farmers and agribusinesses that
18 promote diversification of the farm economy of this State
19 through the growth and development of new crops or livestock
20 not customarily grown or produced in this State or that
21 emphasize a vertical integration of grain or livestock produced
22 or raised in this State into a finished agricultural product
23 for consumption or use. "New crops or livestock not customarily
24 grown or produced in this State" shall not include corn,
25 soybeans, wheat, swine, or beef or dairy cattle. "Vertical

1 integration of grain or livestock produced or raised in this
2 State" shall include any new or existing grain or livestock
3 grown or produced in this State. Lenders shall apply for the
4 State Guarantees on forms provided by the Authority, certify
5 that the application and any other documents submitted are true
6 and correct, and pay an administrative fee as determined by the
7 Authority. The applicant shall be responsible for paying any
8 fees or charges involved in recording mortgages, releases,
9 financing statements, insurance for secondary market issues
10 and any other similar fees or charges as the Authority may
11 require. The application shall at a minimum contain the
12 farmer's or agribusiness' name, address, present credit and
13 financial information, including cash flow statements,
14 financial statements, balance sheets, and any other
15 information pertinent to the application, and the collateral to
16 be used to secure the State Guarantee. In addition, the lender
17 must agree to charge an interest rate, which may vary, on the
18 loan that the Authority determines to be below the market rate
19 of interest generally available to the borrower. If both the
20 lender and applicant agree, the interest rate on the State
21 Guarantee Loan can be converted to a fixed interest rate at any
22 time during the term of the loan. Any State Guarantees provided
23 under this Section (i) shall not exceed \$500,000 per farmer or
24 an amount as determined by the Authority on a case-by-case
25 basis for an agribusiness, (ii) shall not exceed a term of 15
26 years, and (iii) shall be subject to an annual review and

1 renewal by the lender and the Authority; provided that only one
2 such State Guarantee shall be made per farmer or agribusiness,
3 except that additional State Guarantees may be made for
4 purposes of expansion of projects financed in part by a
5 previously issued State Guarantee. No State Guarantee shall be
6 revoked by the Authority without a 90-day notice, in writing,
7 to all parties. The lender shall not call due any loan for any
8 reason except for lack of performance, insufficient
9 collateral, or maturity. A lender may review and withdraw or
10 continue with a State Guarantee on an annual basis after the
11 first 5 years following closing of the loan application if the
12 loan contract provides for an interest rate that shall not
13 vary. A lender shall not withdraw a State Guarantee if the loan
14 contract provides for an interest rate that may vary, except
15 for reasons set forth herein.

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

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

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

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

26 (iv) The lender is responsible for the first 15% of the

1 outstanding principal of the note for which the State
2 Guarantee has been applied.

3 (c) There is hereby created outside of the State treasury a
4 special fund to be known as the Illinois Farmer and
5 Agribusiness Loan Guarantee Fund. The State Treasurer shall be
6 custodian of this Fund. Any amounts in the Fund not currently
7 needed to meet the obligations of the Fund shall be invested as
8 provided by law, and all interest earned from these investments
9 shall be deposited into the Fund until the Fund reaches the
10 maximum amounts authorized in this Act; thereafter, interest
11 earned shall be deposited into the General Revenue Fund. After
12 September 1, 1989, annual investment earnings equal to 1.5% of
13 the Fund shall remain in the Fund to be used for the purposes
14 established in Section 830-40 of this Act. The Authority is
15 authorized to transfer such amounts as are necessary to satisfy
16 claims from available appropriations and from fund balances of
17 the Farm Emergency Assistance Fund as of June 30 of each year
18 to the Illinois Farmer and Agribusiness Loan Guarantee Fund to
19 secure State Guarantees issued under this Section and Sections
20 830-45, ~~and~~ 830-50, and 830-55. If for any reason the General
21 Assembly fails to make an appropriation sufficient to meet
22 these obligations, this Act shall constitute an irrevocable and
23 continuing appropriation of an amount necessary to secure
24 guarantees as defaults occur and the irrevocable and continuing
25 authority for, and direction to, the State Treasurer and the
26 Comptroller to make the necessary transfers to the Illinois

1 Farmer and Agribusiness Loan Guarantee Fund, as directed by the
2 Governor, out of the General Revenue Fund. In the event of
3 default by the borrower on State Guarantee Loans under this
4 Section, Section 830-45, ~~or~~ Section 830-50, or Section 830-55,
5 the lender shall be entitled to, and the Authority shall direct
6 payment on, the State Guarantee after 90 days of delinquency.
7 All payments by the Authority shall be made from the Illinois
8 Farmer and Agribusiness Loan Guarantee Fund to satisfy claims
9 against the State Guarantee. It shall be the responsibility of
10 the lender to proceed with the collecting and disposing of
11 collateral on the State Guarantee under this Section, Section
12 830-45, ~~or~~ Section 830-50, or Section 830-55 within 14 months
13 of the time the State Guarantee is declared delinquent. If the
14 lender does not dispose of the collateral within 14 months, the
15 lender shall be liable to repay to the State interest on the
16 State Guarantee equal to the same rate that the lender charges
17 on the State Guarantee, provided that the Authority shall have
18 the authority to extend the 14-month period for a lender in the
19 case of bankruptcy or extenuating circumstances. The Fund shall
20 be reimbursed for any amounts paid under this Section, Section
21 830-45, ~~or~~ Section 830-50, or Section 830-55 upon liquidation
22 of the collateral. The Authority, by resolution of the Board,
23 may borrow sums from the Fund and provide for repayment as soon
24 as may be practical upon receipt of payments of principal and
25 interest by a borrower on State Guarantee Loans under this
26 Section, Section 830-45, ~~or~~ Section 830-50, or Section 830-55.

1 Money may be borrowed from the Fund by the Authority for the
2 sole purpose of paying certain interest costs for borrowers
3 associated with selling a loan subject to a State Guarantee
4 under this Section, Section 830-45, ~~or~~ Section 830-50, or
5 Section 830-55 in a secondary market as may be deemed
6 reasonable and necessary by the Authority.

7 (d) Notwithstanding the provisions of this Section 830-35
8 with respect to the farmers, agribusinesses, and lenders who
9 may obtain State Guarantees, the Authority may promulgate rules
10 establishing the eligibility of farmers, agribusinesses, and
11 lenders to participate in the State Guarantee program and the
12 terms, standards, and procedures that will apply, when the
13 Authority finds that emergency conditions in Illinois
14 agriculture have created the need for State Guarantees pursuant
15 to terms, standards, and procedures other than those specified
16 in this Section.

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

18 (20 ILCS 3501/830-45)

19 Sec. 830-45. Young Farmer Loan Guarantee Program.

20 (a) The Authority is authorized to issue State Guarantees
21 to lenders for loans to finance or refinance debts of young
22 farmers. For the purposes of this Section, a young farmer is a
23 resident of Illinois who is at least 18 years of age and who is
24 a principal operator of a farm or land, who derives at least
25 50% of annual gross income from farming, whose net worth is not

1 less than \$10,000 and whose debt to asset ratio is not less
2 than 40%. For the purposes of this Section, debt to asset ratio
3 means current outstanding liabilities, including any debt to be
4 financed or refinanced under this Section 830-45, divided by
5 current outstanding assets. The Authority shall establish the
6 maximum permissible debt to asset ratio based on criteria
7 established by the Authority. Lenders shall apply for the State
8 Guarantees on forms provided by the Authority and certify that
9 the application and any other documents submitted are true and
10 correct. The lender or borrower, or both in combination, shall
11 pay an administrative fee as determined by the Authority. The
12 applicant shall be responsible for paying any fee or charge
13 involved in recording mortgages, releases, financing
14 statements, insurance for secondary market issues, and any
15 other similar fee or charge that the Authority may require. The
16 application shall at a minimum contain the young farmer's name,
17 address, present credit and financial information, including
18 cash flow statements, financial statements, balance sheets,
19 and any other information pertinent to the application, and the
20 collateral to be used to secure the State Guarantee. In
21 addition, the borrower must certify to the Authority that, at
22 the time the State Guarantee is provided, the borrower will not
23 be delinquent in the repayment of any debt. The lender must
24 agree to charge a fixed or adjustable interest rate that the
25 Authority determines to be below the market rate of interest
26 generally available to the borrower. If both the lender and

1 applicant agree, the interest rate on the State guaranteed loan
2 can be converted to a fixed interest rate at any time during
3 the term of the loan. State Guarantees provided under this
4 Section (i) shall not exceed \$500,000 per young farmer, (ii)
5 shall be set up on a payment schedule not to exceed 30 years,
6 but shall be no longer than 15 years in duration, and (iii)
7 shall be subject to an annual review and renewal by the lender
8 and the Authority. A young farmer may use this program more
9 than once provided the aggregate principal amount of State
10 Guarantees under this Section to that young farmer does not
11 exceed \$500,000. No State Guarantee shall be revoked by the
12 Authority without a 90-day notice, in writing, to all parties.

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

15 (i) The lender pays a fee equal to 25 basis points on
16 the loan to the Authority on an annual basis.

17 (ii) The application provides collateral acceptable to
18 the Authority that is at least equal to the State
19 Guarantee.

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

23 (iv) The lender is at risk for the first 15% of the
24 outstanding principal of the note for which the State
25 Guarantee is provided.

26 (c) The Illinois Agricultural Loan Guarantee Fund and the

1 Illinois Farmer and Agribusiness Loan Guarantee Fund may be
2 used to secure State Guarantees issued under this Section as
3 provided in Section 830-30 and Section 830-35, respectively.

4 (d) Notwithstanding the provisions of this Section 830-45
5 with respect to the young farmers and lenders who may obtain
6 State Guarantees, the Authority may promulgate rules
7 establishing the eligibility of young farmers and lenders to
8 participate in the State Guarantee program and the terms,
9 standards, and procedures that will apply, when the Authority
10 finds that emergency conditions in Illinois agriculture have
11 created the need for State Guarantees pursuant to terms,
12 standards, and procedures other than those specified in this
13 Section.

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

15 (20 ILCS 3501/830-50)

16 Sec. 830-50. Specialized Livestock Guarantee Program.

17 (a) The Authority is authorized to issue State Guarantees
18 to lenders for loans to finance or refinance debts for
19 specialized livestock operations that are or will be located in
20 Illinois. For purposes of this Section, a "specialized
21 livestock operation" includes, but is not limited to, dairy,
22 beef, and swine enterprises. For purposes of this Section, a
23 specialized livestock operation also includes livestock
24 operations using anaerobic digestors to generate electricity.

25 (b) Lenders shall apply for the State Guarantees on forms

1 provided by the Authority and certify that the application and
2 any other documents submitted are true and correct. The lender
3 or borrower, or both in combination, shall pay an
4 administrative fee as determined by the Authority. The
5 applicant shall be responsible for paying any fee or charge
6 involved in recording mortgages, releases, financing
7 statements, insurance for secondary market issues, and any
8 other similar fee or charge that the Authority may require. The
9 application shall, at a minimum, contain the farmer's name,
10 address, present credit and financial information, including
11 cash flow statements, financial statements, balance sheets,
12 and any other information pertinent to the application, and the
13 collateral to be used to secure the State Guarantee. In
14 addition, the borrower must certify to the Authority that, at
15 the time the State Guarantee is provided, the borrower will not
16 be delinquent in the repayment of any debt. The lender must
17 agree to charge a fixed or adjustable interest rate that the
18 Authority determines to be below the market rate of interest
19 generally available to the borrower. If both the lender and
20 applicant agree, the interest rate on the State guaranteed loan
21 can be converted to a fixed interest rate at any time during
22 the term of the loan.

23 (c) State Guarantees provided under this Section (i) shall
24 not exceed \$1,000,000 per applicant, (ii) shall be no longer
25 than 15 years in duration, and (iii) shall be subject to an
26 annual review and renewal by the lender and the Authority. An

1 applicant may use this program more than once, provided that
2 the aggregate principal amount of State Guarantees under this
3 Section to that applicant does not exceed \$1,000,000. A State
4 Guarantee shall not be revoked by the Authority without a
5 90-day notice, in writing, to all parties.

6 (d) The Authority shall provide or renew a State Guarantee
7 to a lender if: (i) The lender pays a fee equal to 25 basis
8 points on the loan to the Authority on an annual basis. (ii)
9 The application provides collateral acceptable to the
10 Authority that is at least equal to the State Guarantee. (iii)
11 The lender assumes all responsibility and costs for pursuing
12 legal action on collecting any loan that is delinquent or in
13 default. (iv) The lender is at risk for the first 15% of the
14 outstanding principal of the note for which the State Guarantee
15 is provided.

16 (e) The Illinois Agricultural Loan Guarantee Fund and the
17 Illinois Farmer and Agribusiness Loan Guarantee Fund may be
18 used to secure State Guarantees issued under this Section as
19 provided in Section 830-30 and Section 830-35, respectively.

20 (f) Notwithstanding the provisions of this Section 830-50
21 with respect to the specialized livestock operations and
22 lenders who may obtain State Guarantees, the Authority may
23 promulgate rules establishing the eligibility of specialized
24 livestock operations and lenders to participate in the State
25 Guarantee program and the terms, standards, and procedures that
26 will apply, when the Authority finds that emergency conditions

1 in Illinois agriculture have created the need for State
2 Guarantees pursuant to terms, standards, and procedures other
3 than those specified in this Section.

4 (Source: P.A. 95-697, eff. 11-6-07.)

5 (20 ILCS 3501/830-55 new)

6 Sec. 830-55. Working Capital Loan Guarantee Program.

7 (a) The Authority is authorized to issue State Guarantees
8 to lenders for loans to finance needed input costs related to
9 and in connection with planting and raising agricultural crops
10 and commodities in Illinois. Eligible input costs include, but
11 are not limited to, fertilizer, chemicals, feed, seed, fuel,
12 parts, and repairs. At the discretion of the Authority, the
13 farmer, producer, or agribusiness must be able to provide the
14 originating lender with a first lien on the proposed crop or
15 commodity to be raised and an assignment of Federal Crop
16 Insurance sufficient to secure the Working Capital Loan.
17 Additional collateral may be required as deemed necessary by
18 the lender and the Authority.

19 For the purposes of this Section, an eligible farmer,
20 producer, or agribusiness is a resident of Illinois who is at
21 least 18 years of age and who is a principal operator of a farm
22 or land, who derives at least 50% of annual gross income from
23 farming, and whose debt to asset ratio is not less than 40%.
24 For the purposes of this Section, debt to asset ratio means
25 current outstanding liabilities, including any debt to be

1 financed or refinanced under this Section 830-55, divided by
2 current outstanding assets. The Authority shall establish the
3 maximum permissible debt to asset ratio based on criteria
4 established by the Authority. Lenders shall apply for the State
5 Guarantees on forms provided by the Authority and certify that
6 the application and any other documents submitted are true and
7 correct. The lender or borrower, or both in combination, shall
8 pay an administrative fee as determined by the Authority. The
9 applicant shall be responsible for paying any fee or charge
10 involved in recording mortgages, releases, financing
11 statements, insurance for secondary market issues, and any
12 other similar fee or charge that the Authority may require. The
13 application shall at a minimum contain the borrower's name,
14 address, present credit and financial information, including
15 cash flow statements, financial statements, balance sheets,
16 and any other information pertinent to the application, and the
17 collateral to be used to secure the State Guarantee. In
18 addition, the borrower must certify to the Authority that, at
19 the time the State Guarantee is provided, the borrower will not
20 be delinquent in the repayment of any debt. The lender must
21 agree to charge a fixed or adjustable interest rate that the
22 Authority determines to be below the market rate of interest
23 generally available to the borrower. If both the lender and
24 applicant agree, the interest rate on the State guaranteed loan
25 can be converted to a fixed interest rate at any time during
26 the term of the loan. State Guarantees provided under this

1 Section (i) shall not exceed \$250,000 per borrower, (ii) shall
2 be repaid annually, and (iii) shall be subject to an annual
3 review and renewal by the lender and the Authority. The State
4 Guarantee may be renewed annually, for a period not to exceed 3
5 total years per State Guarantee, if the borrower meets
6 financial criteria and other conditions, as established by the
7 Authority. A farmer or agribusiness may use this program more
8 than once provided the aggregate principal amount of State
9 Guarantees under this Section to that farmer or agribusiness
10 does not exceed \$250,000 annually. No State Guarantee shall be
11 revoked by the Authority without a 90-day notice, in writing,
12 to all parties.

13 (b) The Authority shall provide a State Guarantee to a
14 lender if:

15 (i) The borrower pays to the Authority a fee equal to
16 100 basis points on the loan.

17 (ii) The application provides collateral acceptable to
18 the Authority that is at least equal to the State
19 Guarantee.

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

23 (iv) The lender is at risk for the first 15% of the
24 outstanding principal of the note for which the State
25 Guarantee is provided.

26 (c) The Illinois Agricultural Loan Guarantee Fund and the

1 Illinois Farmer and Agribusiness Loan Guarantee Fund may be
2 used to secure State Guarantees issued under this Section as
3 provided in Section 830-30 and Section 830-35, respectively.

4 (d) Notwithstanding the provisions of this Section 830-55
5 with respect to the borrowers and lenders who may obtain State
6 Guarantees, the Authority may promulgate rules establishing
7 the eligibility of borrowers and lenders to participate in the
8 State Guarantee program and the terms, standards, and
9 procedures that will apply, when the Authority finds that
10 emergency conditions in Illinois agriculture have created the
11 need for State Guarantees pursuant to terms, standards, and
12 procedures other than those specified in this Section.

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.