

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 805-20, 830-30, 830-35, 830-45, and 830-55
6 and by adding Article 835 as follows:

7 (20 ILCS 3501/805-20)

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

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

20 (b) to enter into insurance contracts, letters of credit or
21 any other agreements or contracts with financial institutions
22 with respect to the Fund and any bonds or loans insured
23 thereunder. Any such agreement or contract may contain terms

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

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

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

25 (e) to establish application fees and prescribe
26 application, notification, contract and insurance forms, rules

1 and regulations it deems necessary or appropriate;

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

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

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

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

18 (j) at the discretion of the Authority, to insure and make
19 advance commitments to insure, and issue State Guarantees for,
20 all or any part of the payments required on the bonds issued or
21 loans made to finance any agricultural facility, project,
22 farmer, producer, agribusiness, qualified veteran-owned small
23 business, or program under Article 830 or Article 835 of this
24 Act upon such terms and conditions as the Authority may
25 prescribe in accordance with this Article. The insurance and
26 State Guarantees provided by the Authority may be payable from

1 the Fund created by Section 805-15 and is in addition to and
2 not in replacement of the Illinois Agricultural Loan Guarantee
3 Fund and the Illinois Farmer and Agribusiness Loan Guarantee
4 Fund created under Article 830 of this Act.

5 (Source: P.A. 96-897, eff. 5-24-10; 97-333, eff. 8-12-11.)

6 (20 ILCS 3501/830-30)

7 Sec. 830-30. State Guarantees for existing debt.

8 (a) The Authority is authorized to issue State Guarantees
9 for farmers' existing debts held by a lender. For the purposes
10 of this Section, a farmer shall be a resident of Illinois, who
11 is a principal operator of a farm or land, at least 50% of
12 whose annual gross income is derived from farming and whose
13 debt to asset ratio shall not be less than 40%, except in those
14 cases where the applicant has previously used the guarantee
15 program there shall be no debt to asset ratio or income
16 restriction. For the purposes of this Section, debt to asset
17 ratio shall mean the current outstanding liabilities of the
18 farmer divided by the current outstanding assets of the farmer.
19 The Authority shall establish the maximum permissible debt to
20 asset ratio based on criteria established by the Authority.
21 Lenders shall apply for the State Guarantees on forms provided
22 by the Authority and certify that the application and any other
23 documents submitted are true and correct. The lender or
24 borrower, or both in combination, shall pay an administrative
25 fee as determined by the Authority. The applicant shall be

1 responsible for paying any fees or charges involved in
2 recording mortgages, releases, financing statements, insurance
3 for secondary market issues and any other similar fees or
4 charges as the Authority may require. The application shall at
5 a minimum contain the farmer's name, address, present credit
6 and financial information, including cash flow statements,
7 financial statements, balance sheets, and any other
8 information pertinent to the application, and the collateral to
9 be used to secure the State Guarantee. In addition, the lender
10 must agree to bring the farmer's debt to a current status at
11 the time the State Guarantee is provided and must also agree to
12 charge a fixed or adjustable interest rate which the Authority
13 determines to be below the market rate of interest generally
14 available to the borrower. If both the lender and applicant
15 agree, the interest rate on the State Guarantee Loan can be
16 converted to a fixed interest rate at any time during the term
17 of the loan. Any State Guarantees provided under this Section
18 (i) shall not exceed \$500,000 per farmer, (ii) shall be set up
19 on a payment schedule not to exceed 30 years, and shall be no
20 longer than 30 years in duration, and (iii) shall be subject to
21 an annual review and renewal by the lender and the Authority;
22 provided that only one such State Guarantee shall be
23 outstanding per farmer at any one time. No State Guarantee
24 shall be revoked by the Authority without a 90-day notice, in
25 writing, to all parties. In those cases where the borrower has
26 not previously used the guarantee program, the lender shall not

1 call due any loan during the first 3 years for any reason
2 except for lack of performance or insufficient collateral. The
3 lender can review and withdraw or continue with the State
4 Guarantee on an annual basis after the first 3 years of the
5 loan, provided a 90-day notice, in writing, to all parties has
6 been given.

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

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

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

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

17 (iv) The lender is responsible for the first 15% of the
18 outstanding principal of the note for which the State
19 Guarantee has been applied.

20 (c) There is hereby created outside of the State treasury a
21 special fund to be known as the Illinois Agricultural Loan
22 Guarantee Fund. The State Treasurer shall be custodian of this
23 Fund. Any amounts in the Illinois Agricultural Loan Guarantee
24 Fund not currently needed to meet the obligations of the Fund
25 shall be invested as provided by law, and all interest earned
26 from these investments shall be deposited into the Fund until

1 the Fund reaches the maximum amount authorized in this Act;
2 thereafter, interest earned shall be deposited into the General
3 Revenue Fund. After September 1, 1989, annual investment
4 earnings equal to 1.5% of the Fund shall remain in the Fund to
5 be used for the purposes established in Section 830-40 of this
6 Act. The Authority is authorized to transfer to the Fund such
7 amounts as are necessary to satisfy claims during the duration
8 of the State Guarantee program to secure State Guarantees
9 issued under this Section, provided that amounts to be paid
10 from the Industrial Project Insurance Fund created under
11 Article 805 of this Act may be paid by the Authority directly
12 to satisfy claims and need not be deposited first into the
13 Illinois Agricultural Loan Guarantee Fund. If for any reason
14 the General Assembly fails to make an appropriation sufficient
15 to meet these obligations, this Act shall constitute an
16 irrevocable and continuing appropriation of an amount
17 necessary to secure guarantees as defaults occur and the
18 irrevocable and continuing authority for, and direction to, the
19 State Treasurer and the Comptroller to make the necessary
20 transfers to the Illinois Agricultural Loan Guarantee Fund, as
21 directed by the Governor, out of the General Revenue Fund.
22 Within 30 days after November 15, 1985, the Authority may
23 transfer up to \$7,000,000 from available appropriations into
24 the Illinois Agricultural Loan Guarantee Fund for the purposes
25 of this Act. Thereafter, the Authority may transfer additional
26 amounts into the Illinois Agricultural Loan Guarantee Fund to

1 secure guarantees for defaults as defaults occur. In the event
2 of default by the farmer, the lender shall be entitled to, and
3 the Authority shall direct payment on, the State Guarantee
4 after 90 days of delinquency. All payments by the Authority
5 ~~shall be made from the Illinois Agricultural Loan Guarantee~~
6 ~~Fund~~ to satisfy claims against the State Guarantee shall be
7 made, in whole or in part, from any of the following funds in
8 such order and in such amounts as the Authority shall
9 determine: (1) the Industrial Project Insurance Fund created
10 under Article 805 of this Act (if the Authority exercises its
11 discretion under subsection (j) of Section 805-20); (2) the
12 Illinois Agricultural Loan Guarantee Fund; or (3) the Illinois
13 Farmer and Agribusiness Loan Guarantee Fund. The Illinois
14 Agricultural Loan Guarantee Fund shall guarantee receipt of
15 payment of the 85% of the principal and interest owed on the
16 State Guarantee Loan by the farmer to the guarantee holder,
17 provided that payments by the Authority to satisfy claims
18 against the State Guarantee shall be made in accordance with
19 the preceding sentence. It shall be the responsibility of the
20 lender to proceed with the collecting and disposing of
21 collateral on the State Guarantee under this Section, Section
22 830-35, Section 830-45, Section 830-50, Section 830-55, or
23 Article 835 within 14 months of the time the State Guarantee is
24 declared delinquent; provided, however, that the lender shall
25 not collect or dispose of collateral on the State Guarantee
26 without the express written prior approval of the Authority. If

1 the lender does not dispose of the collateral within 14 months,
2 the lender shall be liable to repay to the State interest on
3 the State Guarantee equal to the same rate which the lender
4 charges on the State Guarantee; provided, however, that the
5 Authority may extend the 14-month period for a lender in the
6 case of bankruptcy or extenuating circumstances. The Fund from
7 which a payment is made shall be reimbursed for any amounts
8 paid from that Fund under this Section, Section 830-35, Section
9 830-45, Section 830-50, Section 830-55, or Article 835 upon
10 liquidation of the collateral. The Authority, by resolution of
11 the Board, may borrow sums from the Fund and provide for
12 repayment as soon as may be practical upon receipt of payments
13 of principal and interest by a farmer. Money may be borrowed
14 from the Fund by the Authority for the sole purpose of paying
15 certain interest costs for farmers associated with selling a
16 loan subject to a State Guarantee in a secondary market as may
17 be deemed reasonable and necessary by the Authority.

18 (d) Notwithstanding the provisions of this Section 830-30
19 with respect to the farmers and lenders who may obtain State
20 Guarantees, the Authority may promulgate rules establishing
21 the eligibility of farmers and lenders to participate in the
22 State guarantee program and the terms, standards, and
23 procedures that will apply, when the Authority finds that
24 emergency conditions in Illinois agriculture have created the
25 need for State Guarantees pursuant to terms, standards, and
26 procedures other than those specified in this Section.

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

2 (20 ILCS 3501/830-35)

3 Sec. 830-35. State Guarantees for loans to farmers and
4 agribusiness; eligibility.

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

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

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

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

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

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

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

24 (iv) The lender is responsible for the first 15% of the
25 outstanding principal of the note for which the State
26 Guarantee has been applied.

1 (c) There is hereby created outside of the State treasury a
2 special fund to be known as the Illinois Farmer and
3 Agribusiness Loan Guarantee Fund. The State Treasurer shall be
4 custodian of this Fund. Any amounts in the Fund not currently
5 needed to meet the obligations of the Fund shall be invested as
6 provided by law, and all interest earned from these investments
7 shall be deposited into the Fund until the Fund reaches the
8 maximum amounts authorized in this Act; thereafter, interest
9 earned shall be deposited into the General Revenue Fund. After
10 September 1, 1989, annual investment earnings equal to 1.5% of
11 the Fund shall remain in the Fund to be used for the purposes
12 established in Section 830-40 of this Act. The Authority is
13 authorized to transfer such amounts as are necessary to satisfy
14 claims from available appropriations and from fund balances of
15 the Farm Emergency Assistance Fund as of June 30 of each year
16 to the Illinois Farmer and Agribusiness Loan Guarantee Fund to
17 secure State Guarantees issued under this Section, ~~and~~ Sections
18 830-30, 830-45, 830-50, and 830-55, and Article 835 of this
19 Act. Amounts to be paid from the Industrial Project Insurance
20 Fund created under Article 805 of this Act may be paid by the
21 Authority directly to satisfy claims and need not be deposited
22 first into the Illinois Farmer and Agribusiness Loan Guarantee
23 Fund. If for any reason the General Assembly fails to make an
24 appropriation sufficient to meet these obligations, this Act
25 shall constitute an irrevocable and continuing appropriation
26 of an amount necessary to secure guarantees as defaults occur

1 and the irrevocable and continuing authority for, and direction
2 to, the State Treasurer and the Comptroller to make the
3 necessary transfers to the Illinois Farmer and Agribusiness
4 Loan Guarantee Fund, as directed by the Governor, out of the
5 General Revenue Fund. In the event of default by the borrower
6 on State Guarantee Loans under this Section, Section 830-45,
7 Section 830-50, or Section 830-55, the lender shall be entitled
8 to, and the Authority shall direct payment on, the State
9 Guarantee after 90 days of delinquency. All payments by the
10 Authority ~~shall be made from the Illinois Farmer and~~
11 ~~Agribusiness Loan Guarantee Fund~~ to satisfy claims against the
12 State Guarantee shall be made, in whole or in part, from any of
13 the following funds in such order and in such amounts as the
14 Authority shall determine: (1) the Industrial Project
15 Insurance Fund created under Article 805 of this Act (if the
16 Authority exercises its discretion under subsection (j) of
17 Section 805-20); (2) the Illinois Farmer and Agribusiness Loan
18 Guarantee Fund; or (3) the Illinois Farmer and Agribusiness
19 Loan Guarantee Fund. It shall be the responsibility of the
20 lender to proceed with the collecting and disposing of
21 collateral on the State Guarantee under this Section, Section
22 830-45, Section 830-50, or Section 830-55 within 14 months of
23 the time the State Guarantee is declared delinquent. If the
24 lender does not dispose of the collateral within 14 months, the
25 lender shall be liable to repay to the State interest on the
26 State Guarantee equal to the same rate that the lender charges

1 on the State Guarantee, provided that the Authority shall have
2 the authority to extend the 14-month period for a lender in the
3 case of bankruptcy or extenuating circumstances. The Fund shall
4 be reimbursed for any amounts paid under this Section, Section
5 830-30, Section 830-45, Section 830-50, ~~or~~ Section 830-55, or
6 Article 835 upon liquidation of the collateral. The Authority,
7 by resolution of the Board, may borrow sums from the Fund and
8 provide for repayment as soon as may be practical upon receipt
9 of payments of principal and interest by a borrower on State
10 Guarantee Loans under this Section, Section 830-30, Section
11 830-45, Section 830-50, ~~or~~ Section 830-55, or Article 835.
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 830-30, Section 830-45, Section
16 830-50, ~~or~~ Section 830-55, or Article 835 in a secondary market
17 as may be deemed reasonable and necessary by 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. 96-897, eff. 5-24-10.)

3 (20 ILCS 3501/830-45)

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

5 (a) The Authority is authorized to issue State Guarantees
6 to lenders for loans to finance or refinance debts of young
7 farmers. For the purposes of this Section, a young farmer is a
8 resident of Illinois who is at least 18 years of age and who is
9 a principal operator of a farm or land, who derives at least
10 50% of annual gross income from farming, whose net worth is not
11 less than \$10,000 and whose debt to asset ratio is not less
12 than 40%. For the purposes of this Section, debt to asset ratio
13 means current outstanding liabilities, including any debt to be
14 financed or refinanced under this Section 830-45, divided by
15 current outstanding assets. The Authority shall establish the
16 maximum permissible debt to asset ratio based on criteria
17 established by the Authority. Lenders shall apply for the State
18 Guarantees on forms provided by the Authority and certify that
19 the application and any other documents submitted are true and
20 correct. The lender or borrower, or both in combination, shall
21 pay an administrative fee as determined by the Authority. The
22 applicant shall be responsible for paying any fee or charge
23 involved in recording mortgages, releases, financing
24 statements, insurance for secondary market issues, and any
25 other similar fee or charge that the Authority may require. The

1 application shall at a minimum contain the young farmer's name,
2 address, present credit and financial information, including
3 cash flow statements, financial statements, balance sheets,
4 and any other information pertinent to the application, and the
5 collateral to be used to secure the State Guarantee. In
6 addition, the borrower must certify to the Authority that, at
7 the time the State Guarantee is provided, the borrower will not
8 be delinquent in the repayment of any debt. The lender must
9 agree to charge a fixed or adjustable interest rate that the
10 Authority determines to be below the market rate of interest
11 generally available to the borrower. If both the lender and
12 applicant agree, the interest rate on the State guaranteed loan
13 can be converted to a fixed interest rate at any time during
14 the term of the loan. State Guarantees provided under this
15 Section (i) shall not exceed \$500,000 per young farmer, (ii)
16 shall be set up on a payment schedule not to exceed 30 years,
17 but shall be no longer than 15 years in duration, and (iii)
18 shall be subject to an annual review and renewal by the lender
19 and the Authority. A young farmer may use this program more
20 than once provided the aggregate principal amount of State
21 Guarantees under this Section to that young farmer does not
22 exceed \$500,000. No State Guarantee shall be revoked by the
23 Authority without a 90-day notice, in writing, to all parties.

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

26 (i) The lender pays a fee equal to 25 basis points on

1 the loan to the Authority on an annual basis.

2 (ii) The application provides collateral acceptable to
3 the Authority that is at least equal to the State
4 Guarantee.

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

8 (iv) The lender is at risk for the first 15% of the
9 outstanding principal of the note for which the State
10 Guarantee is provided.

11 (c) The Illinois Agricultural Loan Guarantee Fund, ~~and~~ the
12 Illinois Farmer and Agribusiness Loan Guarantee Fund, and the
13 Industrial Project Insurance Fund may be used to secure State
14 Guarantees issued under this Section as provided in Section
15 830-30, ~~and~~ Section 830-35, and subsection (j) of Section
16 805-20, respectively. All payments by the Authority to satisfy
17 claims against the State Guarantee shall be made, in whole or
18 in part, from any of the following funds in such order and in
19 such amounts as the Authority shall determine: (1) the
20 Industrial Project Insurance Fund (if the Authority exercises
21 its discretion under subsection (j) of Section 805-20); (2) the
22 Illinois Agricultural Loan Guarantee Fund; or (3) the Illinois
23 Farmer and Agribusiness Loan Guarantee Fund.

24 (d) Notwithstanding the provisions of this Section 830-45
25 with respect to the young farmers and lenders who may obtain
26 State Guarantees, the Authority may promulgate rules

1 establishing the eligibility of young farmers and lenders to
2 participate in the State Guarantee program and the terms,
3 standards, and procedures that will apply, when the Authority
4 finds that emergency conditions in Illinois agriculture have
5 created the need for State Guarantees pursuant to terms,
6 standards, and procedures other than those specified in this
7 Section.

8 (Source: P.A. 96-897, eff. 5-24-10.)

9 (20 ILCS 3501/830-55)

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

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

23 For the purposes of this Section, an eligible farmer,
24 producer, or agribusiness is a resident of Illinois who is at
25 least 18 years of age and who is a principal operator of a farm

1 or land, who derives at least 50% of annual gross income from
2 farming, and whose debt to asset ratio is not less than 40%.
3 For the purposes of this Section, debt to asset ratio means
4 current outstanding liabilities, including any debt to be
5 financed or refinanced under this Section 830-55, divided by
6 current outstanding assets. The Authority shall establish the
7 maximum permissible debt to asset ratio based on criteria
8 established by the Authority. Lenders shall apply for the State
9 Guarantees on forms provided by the Authority and certify that
10 the application and any other documents submitted are true and
11 correct. The lender or borrower, or both in combination, shall
12 pay an administrative fee as determined by the Authority. The
13 applicant shall be responsible for paying any fee or charge
14 involved in recording mortgages, releases, financing
15 statements, insurance for secondary market issues, and any
16 other similar fee or charge that the Authority may require. The
17 application shall at a minimum contain the borrower's name,
18 address, present credit and financial information, including
19 cash flow statements, financial statements, balance sheets,
20 and any other information pertinent to the application, and the
21 collateral to be used to secure the State Guarantee. In
22 addition, the borrower must certify to the Authority that, at
23 the time the State Guarantee is provided, the borrower will not
24 be delinquent in the repayment of any debt. The lender must
25 agree to charge a fixed or adjustable interest rate that the
26 Authority determines to be below the market rate of interest

1 generally available to the borrower. If both the lender and
2 applicant agree, the interest rate on the State guaranteed loan
3 can be converted to a fixed interest rate at any time during
4 the term of the loan. State Guarantees provided under this
5 Section (i) shall not exceed \$250,000 per borrower, (ii) shall
6 be repaid annually, and (iii) shall be subject to an annual
7 review and renewal by the lender and the Authority. The State
8 Guarantee may be renewed annually, for a period not to exceed 3
9 total years per State Guarantee, if the borrower meets
10 financial criteria and other conditions, as established by the
11 Authority. A farmer or agribusiness may use this program more
12 than once provided the aggregate principal amount of State
13 Guarantees under this Section to that farmer or agribusiness
14 does not exceed \$250,000 annually. No State Guarantee shall be
15 revoked by the Authority without a 90-day notice, in writing,
16 to all parties.

17 (b) The Authority shall provide a State Guarantee to a
18 lender if:

19 (i) The borrower pays to the Authority a fee equal to
20 100 basis points on the loan.

21 (ii) The application provides collateral acceptable to
22 the Authority that is at least equal to the State
23 Guarantee.

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

1 (iv) The lender is at risk for the first 15% of the
2 outstanding principal of the note for which the State
3 Guarantee is provided.

4 (c) The Illinois Agricultural Loan Guarantee Fund, ~~and~~ the
5 Illinois Farmer and Agribusiness Loan Guarantee Fund, ~~and~~ the
6 Industrial Project Insurance Fund may be used to secure State
7 Guarantees issued under this Section as provided in Section
8 830-30, ~~and~~ Section 830-35, ~~and~~ subsection (j) of Section
9 805-20, respectively. If the Authority exercises its
10 discretion under subsection (j) of Section 805-20 to secure a
11 State Guarantee with the Industrial Project Insurance Fund and
12 also exercises its discretion under this subsection to secure
13 the same State Guarantee with the Illinois Agricultural Loan
14 Guarantee Fund, the Illinois Farmer and Agribusiness Loan
15 Guarantee Fund, or both, all payments by the Authority to
16 satisfy claims against the State Guarantee shall be made from
17 the Industrial Project Insurance Fund, the Illinois
18 Agricultural Loan Guarantee Fund, or the Illinois Farmer and
19 Agribusiness Loan Guarantee Fund, as applicable, in such order
20 and in such amounts as the Authority shall determine.

21 (d) Notwithstanding the provisions of this Section 830-55
22 with respect to the borrowers and lenders who may obtain State
23 Guarantees, the Authority may promulgate rules establishing
24 the eligibility of borrowers and lenders to participate in the
25 State Guarantee program and the terms, standards, and
26 procedures that will apply, when the Authority finds that

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

4 (Source: P.A. 96-897, eff. 5-24-10.)

5 (20 ILCS 3501/Art. 835 heading new)

6 ARTICLE 835. VETERANS ASSISTANCE

7 (20 ILCS 3501/835-5 new)

8 Sec. 835-5. Legislative findings. The General Assembly
9 hereby finds and declares the following: (i) that there is an
10 inadequate supply of funds available in this State at rates
11 sufficiently low to enable veterans to own and operate small
12 businesses successfully in this State; (ii) such an inadequate
13 supply of funds makes the transition of veterans from service
14 in the armed forces of the United States to civilian life more
15 difficult and results in increased unemployment of veterans and
16 its attendant problems; (iii) that there have been recurrent
17 shortages of funds available to small businesses owned and
18 operated by veterans in this State from private market sources
19 at reasonable interest rates; and (iv) that the ordinary
20 operations of private enterprise have not in the past corrected
21 these conditions.

22 (20 ILCS 3501/835-10 new)

23 Sec. 835-10. Definitions. As used or referred to in this

1 Article 835, the following words and terms shall have the
2 following meanings, except where the context clearly requires
3 otherwise:

4 "Fund" means one or more of the Industrial Project
5 Insurance Fund, the Illinois Agricultural Loan Guarantee Fund,
6 or the Illinois Farmer and Agribusiness Loan Guarantee Fund, as
7 applicable.

8 "Illinois Agricultural Loan Guarantee Fund" means the
9 Illinois Agricultural Loan Guarantee Fund created under
10 Section 830-30(c) of this Act.

11 "Illinois Farmer and Agribusiness Loan Guarantee Fund"
12 means the Illinois Farmer and Agribusiness Loan Guarantee Fund
13 created under Section 830-35(c) of this Act.

14 "Industrial Project Insurance Fund" means the Industrial
15 Project Insurance Fund created under Section 805-15 of this
16 Act.

17 "Qualified veteran-owned small business" has the meaning
18 provided in subsection (e) of Section 45-57 of the Illinois
19 Procurement Code.

20 (20 ILCS 3501/835-15 new)

21 Sec. 835-15. Powers and duties. The Authority may enter
22 into a State Guarantee with a lender, or a person holding a
23 note, of a loan or loans to a qualified veteran-owned small
24 business and may make payment, in whole or in part, on a State
25 Guarantee from any of the following funds in such order and in

1 such amounts as the Authority shall determine: (1) the
2 Industrial Project Insurance Fund (if the Authority exercises
3 its discretion under subsection (j) of Section 805-20); (2) the
4 Illinois Agricultural Loan Guarantee Fund; or (3) the Illinois
5 Farmer and Agribusiness Loan Guarantee Fund.

6 (20 ILCS 3501/835-20 new)

7 Sec. 835-20. State Guarantees for loans to qualified
8 veteran-owned small businesses.

9 (a) The Authority is authorized to issue State Guarantees
10 to lenders for loans to qualified veteran-owned small
11 businesses for the general corporate purposes of those
12 qualified veteran-owned small businesses. Lenders shall apply
13 for the State Guarantees on forms provided by the Authority,
14 certify that the application and any other documents submitted
15 are true and correct, and pay an administrative fee as
16 determined by the Authority. The applicant shall be responsible
17 for paying any fees or charges involved in recording mortgages,
18 releases, and financing statements, and any other similar fees
19 or charges as the Authority may require. The application shall,
20 at a minimum, contain the name, address, present credit and
21 financial information, including cash flow statements,
22 financial statements, and balance sheets, of the qualified
23 veteran-owned small business, any other information pertinent
24 to the application, and the collateral to be used to secure the
25 State Guarantee.

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

26 (b) The Authority shall provide or renew a State Guarantee

1 to a lender if:

2 (1) a fee equal to 25 basis points on the loan is paid
3 to the Authority on an annual basis by the lender;

4 (2) the application provides collateral acceptable to
5 the Authority that is at least equal to the State's portion
6 of the Guarantee to be provided;

7 (3) the lender assumes all responsibility and costs for
8 pursuing legal action on collecting any loan that is
9 delinquent or in default; and

10 (4) the lender is responsible for the first 15% of the
11 outstanding principal of the note for which the State
12 Guarantee has been applied.

13 (c) If, for any reason, the General Assembly fails to make
14 an appropriation sufficient to meet the obligations under a
15 State Guarantee, this Act shall constitute an irrevocable and
16 continuing appropriation of an amount necessary to secure
17 guarantees as defaults occur and the irrevocable and continuing
18 authority for, and direction to, the State Treasurer and the
19 Comptroller to make the necessary transfers to the Industrial
20 Project Insurance Fund, the Illinois Agricultural Loan
21 Guarantee Fund, or the Illinois Farmer and Agribusiness Loan
22 Guarantee Fund, or any combination of those funds, as directed
23 by the Governor, out of the General Revenue Fund. In the event
24 of a default by the borrower on a loan subject to a State
25 Guarantee under this Section, Section 830-30, Section 830-35,
26 Section 830-45, Section 830-50, or Section 830-55, the lender

1 shall be entitled to, and the Authority shall direct payment
2 on, the State Guarantee after 90 days of delinquency. Payments
3 by the Authority to satisfy claims against the State Guarantee
4 shall be made, in whole or in part, from any of the following
5 funds in such order and in such amounts as the Authority shall
6 determine: (1) the Industrial Project Insurance Fund created
7 under Article 805 of this Act (if the Authority exercises its
8 discretion under subsection (j) of Section 805-20); (2) the
9 Illinois Farmer and Agribusiness Loan Guarantee Fund; or (3)
10 the Illinois Agricultural Loan Guarantee Fund. It shall be the
11 responsibility of the lender to proceed with collecting and
12 disposing of collateral on the State Guarantee under this
13 Section within 14 months after the State Guarantee is declared
14 delinquent. If the lender does not dispose of the collateral
15 within that 14-month period, the lender shall be liable to
16 repay to the State interest on the State Guarantee at a rate
17 equal to the same rate that the lender charges on the State
18 Guarantee, provided that the Authority shall have the authority
19 to extend the 14-month period for a lender in the case of
20 bankruptcy or extenuating circumstances. The applicable fund
21 or funds shall be reimbursed for any amounts paid under this
22 Section, Section 830-30, Section 830-35, Section 830-45,
23 Section 830-50, or Section 830-55 upon liquidation of the
24 collateral. The Authority, by resolution of the Board, may
25 borrow sums from a fund or funds and provide for repayment as
26 soon as may be practical upon receipt of payments of principal

1 and interest by a borrower on loans subject to a State
2 Guarantee under this Section, Section 830-30, Section 830-35,
3 Section 830-45, Section 830-50, or Section 830-55. Money may be
4 borrowed from the Fund by the Authority for the sole purpose of
5 paying certain interest costs for borrowers associated with
6 selling a loan subject to a State Guarantee under this Section,
7 Section 830-30, Section 830-35, Section 830-45, Section
8 830-50, or Section 830-55 in a secondary market as may be
9 deemed reasonable and necessary by the Authority.

10 (d) Notwithstanding the provisions of this Section with
11 respect to the qualified veteran-owned small businesses and
12 lenders who may obtain State Guarantees, the Authority may
13 adopt rules establishing the eligibility of qualified
14 veteran-owned small businesses and lenders to participate in
15 the State Guarantee program and the terms, standards, and
16 procedures that will apply, if the Authority finds that
17 emergency conditions in Illinois have created the need for
18 State Guarantees pursuant to terms, standards, and procedures
19 other than those specified in this Section.

20 (20 ILCS 3501/835-25 new)

21 Sec. 835-25. Authority administrative expenses. The
22 Authority is authorized to reimburse itself for the ordinary
23 and necessary expenses of administering the State Guarantee
24 programs under this Article and Article 830 from amounts from
25 time to time available in the Industrial Project Insurance

1 Fund, the Illinois Farmer and Agribusiness Loan Guarantee Fund,
2 or the Illinois Agricultural Loan Guarantee Fund, in whole or
3 in part, in such order and in such amounts as the Authority
4 shall determine. Ordinary and necessary expenses of
5 administering those State Guarantee programs include, without
6 limitation, costs of general administration, staff, accounting
7 and auditing services, legal services, judgments, loan
8 servicing, realization upon collateral, communications with
9 borrowers and lenders, and similar expenses, all to the extent
10 reasonably allocable to such State Guarantee programs.

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.