

AN ACT concerning government.

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

Section 5. The Illinois Finance Authority Act is amended by changing Sections 805-20, 830-30, 830-35, 830-45, and 830-55 and by adding Article 835 as follows:

(20 ILCS 3501/805-20)

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

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

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

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

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

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

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

and regulations it deems necessary or appropriate;

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

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

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

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

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

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

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

(20 ILCS 3501/830-30)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(20 ILCS 3501/830-35)

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

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

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

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

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

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

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

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

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

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

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

on the State Guarantee, provided that the Authority shall have the authority to extend the 14-month period for a lender in the case of bankruptcy or extenuating circumstances. The Fund shall be reimbursed for any amounts paid under this Section, Section 830-30, Section 830-45, Section 830-50, ~~or~~ Section 830-55, or Article 835 upon liquidation of the collateral. The Authority, by resolution of the Board, may borrow sums from the Fund and provide for repayment as soon as may be practical upon receipt of payments of principal and interest by a borrower on State Guarantee Loans under this Section, Section 830-30, Section 830-45, Section 830-50, ~~or~~ Section 830-55, or Article 835. Money may be borrowed from the Fund by the Authority for the sole purpose of paying certain interest costs for borrowers associated with selling a loan subject to a State Guarantee under this Section, Section 830-30, Section 830-45, Section 830-50, ~~or~~ Section 830-55, or Article 835 in a secondary market as may be deemed reasonable and necessary by the Authority.

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

in this Section.

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

(20 ILCS 3501/830-45)

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

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

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

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

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

the loan to the Authority on an annual basis.

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

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

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

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

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

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

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

(20 ILCS 3501/830-55)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(20 ILCS 3501/Art. 835 heading new)

ARTICLE 835. VETERANS ASSISTANCE

(20 ILCS 3501/835-5 new)

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

(20 ILCS 3501/835-10 new)

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

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

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

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

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

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

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

(20 ILCS 3501/835-15 new)

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

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

(20 ILCS 3501/835-20 new)

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

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

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

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

to a lender if:

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

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

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

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

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

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

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

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

(20 ILCS 3501/835-25 new)

Sec. 835-25. Authority administrative expenses. For fiscal years 2017 through 2019, the Authority is authorized to reimburse itself for the ordinary and necessary expenses of administering the State Guarantee program under this Article from amounts from time to time available in the Industrial

Project Insurance Fund in amounts not to exceed: (1) \$275,000 in fiscal year 2017; and (2) \$200,000 per fiscal year in fiscal years 2018 and 2019. Ordinary and necessary expenses of administering those State Guarantee programs include, without limitation, costs of general administration, staff, accounting and auditing services, legal services, judgments, loan servicing, realization upon collateral, communications with borrowers and lenders, and similar expenses, all to the extent reasonably allocable to such State Guarantee programs.

This Section is repealed on August 1, 2019.

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