



Sen. Jennifer Bertino-Tarrant

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1 AMENDMENT TO SENATE BILL 324

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 324 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Finance Authority Act is amended  
5 by 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

1 created by Section 805-15 and shall not constitute a debt or  
2 pledge of the full faith and credit of the State, the  
3 Authority, or any political subdivision thereof;

4 (b) to enter into insurance contracts, letters of credit or  
5 any other agreements or contracts with financial institutions  
6 with respect to the Fund and any bonds or loans insured  
7 thereunder. Any such agreement or contract may contain terms  
8 and provisions necessary or desirable in connection with the  
9 program, subject to the requirements established by this Act,  
10 including without limitation terms and provisions relating to  
11 loan documentation, review and approval procedures,  
12 origination and servicing rights and responsibilities, default  
13 conditions, procedures and obligations with respect to  
14 insurance contracts made under this Act. The agreements or  
15 contracts may be executed on an individual, group or master  
16 contract basis with financial institutions;

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

24 (d) to fix insurance premiums for the insurance of payments  
25 under the provisions of this Article. Such premiums shall be  
26 computed as determined by the Authority. Any premiums for the

1 insurance of loan payments under the provisions of this Act  
2 shall be payable by such person, in such amounts and at such  
3 times as the Authority shall determine, and the amount of the  
4 premiums need not be uniform among the various bonds or loans  
5 insured;

6 (e) to establish application fees and prescribe  
7 application, notification, contract and insurance forms, rules  
8 and regulations it deems necessary or appropriate;

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

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

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

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

25 (j) at the discretion of the Authority, to insure and make  
26 advance commitments to insure, and issue State Guarantees for,

1 all or any part of the payments required on the bonds issued or  
2 loans made to finance any agricultural facility, project,  
3 farmer, producer, agribusiness, qualified veteran-owned small  
4 business, or program under Article 830 or Article 835 of this  
5 Act upon such terms and conditions as the Authority may  
6 prescribe in accordance with this Article. The insurance and  
7 State Guarantees provided by the Authority may be payable from  
8 the Fund created by Section 805-15 and is in addition to and  
9 not in replacement of the Illinois Agricultural Loan Guarantee  
10 Fund and the Illinois Farmer and Agribusiness Loan Guarantee  
11 Fund created under Article 830 of this Act.

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

13 (20 ILCS 3501/830-30)

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

15 (a) The Authority is authorized to issue State Guarantees  
16 for farmers' existing debts held by a lender. For the purposes  
17 of this Section, a farmer shall be a resident of Illinois, who  
18 is a principal operator of a farm or land, at least 50% of  
19 whose annual gross income is derived from farming and whose  
20 debt to asset ratio shall not be less than 40%, except in those  
21 cases where the applicant has previously used the guarantee  
22 program there shall be no debt to asset ratio or income  
23 restriction. For the purposes of this Section, debt to asset  
24 ratio shall mean the current outstanding liabilities of the  
25 farmer divided by the current outstanding assets of the farmer.

1 The Authority shall establish the maximum permissible debt to  
2 asset ratio based on criteria established by the Authority.  
3 Lenders shall apply for the State Guarantees on forms provided  
4 by the Authority and certify that the application and any other  
5 documents submitted are true and correct. The lender or  
6 borrower, or both in combination, shall pay an administrative  
7 fee as determined by the Authority. The applicant shall be  
8 responsible for paying any fees or charges involved in  
9 recording mortgages, releases, financing statements, insurance  
10 for secondary market issues and any other similar fees or  
11 charges as the Authority may require. The application shall at  
12 a minimum contain the farmer's name, address, present credit  
13 and 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 bring the farmer's debt to a current status at  
18 the time the State Guarantee is provided and must also agree to  
19 charge a fixed or adjustable interest rate which the Authority  
20 determines to be below the market rate of interest generally  
21 available to the borrower. If both the lender and applicant  
22 agree, the interest rate on the State Guarantee Loan can be  
23 converted to a fixed interest rate at any time during the term  
24 of the loan. Any State Guarantees provided under this Section  
25 (i) shall not exceed \$500,000 per farmer, (ii) shall be set up  
26 on a payment schedule not to exceed 30 years, and shall be no

1 longer than 30 years in duration, and (iii) shall be subject to  
2 an annual review and renewal by the lender and the Authority;  
3 provided that only one such State Guarantee shall be  
4 outstanding per farmer at any one time. No State Guarantee  
5 shall be revoked by the Authority without a 90-day notice, in  
6 writing, to all parties. In those cases where the borrower has  
7 not previously used the guarantee program, the lender shall not  
8 call due any loan during the first 3 years for any reason  
9 except for lack of performance or insufficient collateral. The  
10 lender can review and withdraw or continue with the State  
11 Guarantee on an annual basis after the first 3 years of the  
12 loan, provided a 90-day notice, in writing, to all parties has  
13 been given.

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

1 transfers to the Illinois Agricultural Loan Guarantee Fund, as  
2 directed by the Governor, out of the General Revenue Fund.  
3 Within 30 days after November 15, 1985, the Authority may  
4 transfer up to \$7,000,000 from available appropriations into  
5 the Illinois Agricultural Loan Guarantee Fund for the purposes  
6 of this Act. Thereafter, the Authority may transfer additional  
7 amounts into the Illinois Agricultural Loan Guarantee Fund to  
8 secure guarantees for defaults as defaults occur. In the event  
9 of default by the farmer, the lender shall be entitled to, and  
10 the Authority shall direct payment on, the State Guarantee  
11 after 90 days of delinquency. All payments by the Authority  
12 ~~shall be made from the Illinois Agricultural Loan Guarantee~~  
13 ~~Fund~~ to satisfy claims against the State Guarantee shall be  
14 made, in whole or in part, from any of the following funds in  
15 such order and in such amounts as the Authority shall  
16 determine: (1) the Industrial Project Insurance Fund created  
17 under Article 805 of this Act (if the Authority exercises its  
18 discretion under subsection (j) of Section 805-20); (2) the  
19 Illinois Agricultural Loan Guarantee Fund; or (3) the Illinois  
20 Farmer and Agribusiness Loan Guarantee Fund. The Illinois  
21 Agricultural Loan Guarantee Fund shall guarantee receipt of  
22 payment of the 85% of the principal and interest owed on the  
23 State Guarantee Loan by the farmer to the guarantee holder,  
24 provided that payments by the Authority to satisfy claims  
25 against the State Guarantee shall be made in accordance with  
26 the preceding sentence. It shall be the responsibility of the



1 lender to proceed with the collecting and disposing of  
2 collateral on the State Guarantee under this Section, Section  
3 830-35, Section 830-45, Section 830-50, Section 830-55, or  
4 Article 835 within 14 months of the time the State Guarantee is  
5 declared delinquent; provided, however, that the lender shall  
6 not collect or dispose of collateral on the State Guarantee  
7 without the express written prior approval of the Authority. If  
8 the lender does not dispose of the collateral within 14 months,  
9 the lender shall be liable to repay to the State interest on  
10 the State Guarantee equal to the same rate which the lender  
11 charges on the State Guarantee; provided, however, that the  
12 Authority may extend the 14-month period for a lender in the  
13 case of bankruptcy or extenuating circumstances. The Fund from  
14 which a payment is made shall be reimbursed for any amounts  
15 paid from that Fund under this Section, Section 830-35, Section  
16 830-45, Section 830-50, Section 830-55, or Article 835 upon  
17 liquidation of the collateral. The Authority, by resolution of  
18 the Board, may borrow sums from the Fund and provide for  
19 repayment as soon as may be practical upon receipt of payments  
20 of principal and interest by a farmer. Money may be borrowed  
21 from the Fund by the Authority for the sole purpose of paying  
22 certain interest costs for farmers associated with selling a  
23 loan subject to a State Guarantee in a secondary market as may  
24 be deemed reasonable and necessary by the Authority.

25 (d) Notwithstanding the provisions of this Section 830-30  
26 with respect to the farmers and lenders who may obtain State

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

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

9 (20 ILCS 3501/830-35)

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

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

1 emphasize a vertical integration of grain or livestock produced  
2 or raised in this State into a finished agricultural product  
3 for consumption or use. "New crops or livestock not customarily  
4 grown or produced in this State" shall not include corn,  
5 soybeans, wheat, swine, or beef or dairy cattle. "Vertical  
6 integration of grain or livestock produced or raised in this  
7 State" shall include any new or existing grain or livestock  
8 grown or produced in this State. Lenders shall apply for the  
9 State Guarantees on forms provided by the Authority, certify  
10 that the application and any other documents submitted are true  
11 and correct, and pay an administrative fee as determined by the  
12 Authority. The applicant shall be responsible for paying any  
13 fees or charges involved in recording mortgages, releases,  
14 financing statements, insurance for secondary market issues  
15 and any other similar fees or charges as the Authority may  
16 require. The application shall at a minimum contain the  
17 farmer's or agribusiness' name, address, present credit and  
18 financial information, including cash flow statements,  
19 financial statements, balance sheets, and any other  
20 information pertinent to the application, and the collateral to  
21 be used to secure the State Guarantee. In addition, the lender  
22 must agree to charge an interest rate, which may vary, on the  
23 loan that the Authority determines to be below the market rate  
24 of interest generally available to the borrower. If both the  
25 lender and applicant agree, the interest rate on the State  
26 Guarantee Loan can be converted to a fixed interest rate at any

1 time during the term of the loan. Any State Guarantees provided  
2 under this Section (i) shall not exceed \$500,000 per farmer or  
3 an amount as determined by the Authority on a case-by-case  
4 basis for an agribusiness, (ii) shall not exceed a term of 15  
5 years, and (iii) shall be subject to an annual review and  
6 renewal by the lender and the Authority; provided that only one  
7 such State Guarantee shall be made per farmer or agribusiness,  
8 except that additional State Guarantees may be made for  
9 purposes of expansion of projects financed in part by a  
10 previously issued State Guarantee. No State Guarantee shall be  
11 revoked by the Authority without a 90-day notice, in writing,  
12 to all parties. The lender shall not call due any loan for any  
13 reason except for lack of performance, insufficient  
14 collateral, or maturity. A lender may review and withdraw or  
15 continue with a State Guarantee on an annual basis after the  
16 first 5 years following closing of the loan application if the  
17 loan contract provides for an interest rate that shall not  
18 vary. A lender shall not withdraw a State Guarantee if the loan  
19 contract provides for an interest rate that may vary, except  
20 for reasons set forth herein.

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

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

25 (ii) The application provides collateral acceptable to  
26 the Authority that is at least equal to the State's portion

1 of the Guarantee to be provided.

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

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

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

1 Fund created under Article 805 of this Act may be paid by the  
2 Authority directly to satisfy claims and need not be deposited  
3 first into the Illinois Farmer and Agribusiness Loan Guarantee  
4 Fund. If for any reason the General Assembly fails to make an  
5 appropriation sufficient to meet these obligations, this Act  
6 shall constitute an irrevocable and continuing appropriation  
7 of an amount necessary to secure guarantees as defaults occur  
8 and the irrevocable and continuing authority for, and direction  
9 to, the State Treasurer and the Comptroller to make the  
10 necessary transfers to the Illinois Farmer and Agribusiness  
11 Loan Guarantee Fund, as directed by the Governor, out of the  
12 General Revenue Fund. In the event of default by the borrower  
13 on State Guarantee Loans under this Section, Section 830-45,  
14 Section 830-50, or Section 830-55, the lender shall be entitled  
15 to, and the Authority shall direct payment on, the State  
16 Guarantee after 90 days of delinquency. All payments by the  
17 Authority ~~shall be made from the Illinois Farmer and~~  
18 ~~Agribusiness Loan Guarantee Fund~~ to satisfy claims against the  
19 State Guarantee shall be made, in whole or in part, from any of  
20 the following funds in such order and in such amounts as the  
21 Authority shall determine: (1) the Industrial Project  
22 Insurance Fund created under Article 805 of this Act (if the  
23 Authority exercises its discretion under subsection (j) of  
24 Section 805-20); (2) the Illinois Farmer and Agribusiness Loan  
25 Guarantee Fund; or (3) the Illinois Farmer and Agribusiness  
26 Loan Guarantee Fund. It shall be the responsibility of the

1 lender to proceed with the collecting and disposing of  
2 collateral on the State Guarantee under this Section, Section  
3 830-45, Section 830-50, or Section 830-55 within 14 months of  
4 the time the State Guarantee is declared delinquent. If the  
5 lender does not dispose of the collateral within 14 months, the  
6 lender shall be liable to repay to the State interest on the  
7 State Guarantee equal to the same rate that the lender charges  
8 on the State Guarantee, provided that the Authority shall have  
9 the authority to extend the 14-month period for a lender in the  
10 case of bankruptcy or extenuating circumstances. The Fund shall  
11 be reimbursed for any amounts paid under this Section, Section  
12 830-30, Section 830-45, Section 830-50, ~~or~~ Section 830-55, or  
13 Article 835 upon liquidation of the collateral. The Authority,  
14 by resolution of the Board, may borrow sums from the Fund and  
15 provide for repayment as soon as may be practical upon receipt  
16 of payments of principal and interest by a borrower on State  
17 Guarantee Loans under this Section, Section 830-30, Section  
18 830-45, Section 830-50, ~~or~~ Section 830-55, or Article 835.  
19 Money may be borrowed from the Fund by the Authority for the  
20 sole purpose of paying certain interest costs for borrowers  
21 associated with selling a loan subject to a State Guarantee  
22 under this Section, Section 830-30, Section 830-45, Section  
23 830-50, ~~or~~ Section 830-55, or Article 835 in a secondary market  
24 as may be deemed reasonable and necessary by the Authority.

25 (d) Notwithstanding the provisions of this Section 830-35  
26 with respect to the farmers, agribusinesses, and lenders who

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

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

10 (20 ILCS 3501/830-45)

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

12 (a) The Authority is authorized to issue State Guarantees  
13 to lenders for loans to finance or refinance debts of young  
14 farmers. For the purposes of this Section, a young farmer is a  
15 resident of Illinois who is at least 18 years of age and who is  
16 a principal operator of a farm or land, who derives at least  
17 50% of annual gross income from farming, whose net worth is not  
18 less than \$10,000 and whose debt to asset ratio is not less  
19 than 40%. For the purposes of this Section, debt to asset ratio  
20 means current outstanding liabilities, including any debt to be  
21 financed or refinanced under this Section 830-45, divided by  
22 current outstanding assets. The Authority shall establish the  
23 maximum permissible debt to asset ratio based on criteria  
24 established by the Authority. Lenders shall apply for the State  
25 Guarantees on forms provided by the Authority and certify that



1 the application and any other documents submitted are true and  
2 correct. The lender or borrower, or both in combination, shall  
3 pay an administrative fee as determined by the Authority. The  
4 applicant shall be responsible for paying any fee or charge  
5 involved in recording mortgages, releases, financing  
6 statements, insurance for secondary market issues, and any  
7 other similar fee or charge that the Authority may require. The  
8 application shall at a minimum contain the young farmer's name,  
9 address, present credit and financial information, including  
10 cash flow statements, financial statements, balance sheets,  
11 and any other information pertinent to the application, and the  
12 collateral to be used to secure the State Guarantee. In  
13 addition, the borrower must certify to the Authority that, at  
14 the time the State Guarantee is provided, the borrower will not  
15 be delinquent in the repayment of any debt. The lender must  
16 agree to charge a fixed or adjustable interest rate that the  
17 Authority determines to be below the market rate of interest  
18 generally available to the borrower. If both the lender and  
19 applicant agree, the interest rate on the State guaranteed loan  
20 can be converted to a fixed interest rate at any time during  
21 the term of the loan. State Guarantees provided under this  
22 Section (i) shall not exceed \$500,000 per young farmer, (ii)  
23 shall be set up on a payment schedule not to exceed 30 years,  
24 but shall be no longer than 15 years in duration, and (iii)  
25 shall be subject to an annual review and renewal by the lender  
26 and the Authority. A young farmer may use this program more

1 than once provided the aggregate principal amount of State  
2 Guarantees under this Section to that young farmer does not  
3 exceed \$500,000. No State Guarantee shall be revoked by the  
4 Authority without a 90-day notice, in writing, to all parties.

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

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

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

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

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

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

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

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

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

16 (20 ILCS 3501/830-55)

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

18 (a) The Authority is authorized to issue State Guarantees  
19 to lenders for loans to finance needed input costs related to  
20 and in connection with planting and raising agricultural crops  
21 and commodities in Illinois. Eligible input costs include, but  
22 are not limited to, fertilizer, chemicals, feed, seed, fuel,  
23 parts, and repairs. At the discretion of the Authority, the  
24 farmer, producer, or agribusiness must be able to provide the  
25 originating lender with a first lien on the proposed crop or

1 commodity to be raised and an assignment of Federal Crop  
2 Insurance sufficient to secure the Working Capital Loan.  
3 Additional collateral may be required as deemed necessary by  
4 the lender and the Authority.

5 For the purposes of this Section, an eligible farmer,  
6 producer, or agribusiness is a resident of Illinois who is at  
7 least 18 years of age and who is a principal operator of a farm  
8 or land, who derives at least 50% of annual gross income from  
9 farming, and whose debt to asset ratio is not less than 40%.

10 For the purposes of this Section, debt to asset ratio means  
11 current outstanding liabilities, including any debt to be  
12 financed or refinanced under this Section 830-55, divided by  
13 current outstanding assets. The Authority shall establish the  
14 maximum permissible debt to asset ratio based on criteria  
15 established by the Authority. Lenders shall apply for the State  
16 Guarantees on forms provided by the Authority and certify that  
17 the application and any other documents submitted are true and  
18 correct. The lender or borrower, or both in combination, shall  
19 pay an administrative fee as determined by the Authority. The  
20 applicant shall be responsible for paying any fee or charge  
21 involved in recording mortgages, releases, financing  
22 statements, insurance for secondary market issues, and any  
23 other similar fee or charge that the Authority may require. The  
24 application shall at a minimum contain the borrower's name,  
25 address, present credit and financial information, including  
26 cash flow statements, financial statements, balance sheets,

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

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

26 (i) The borrower pays to the Authority a fee equal to

1 100 basis points on the loan.

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. If the Authority exercises its  
17 discretion under subsection (j) of Section 805-20 to secure a  
18 State Guarantee with the Industrial Project Insurance Fund and  
19 also exercises its discretion under this subsection to secure  
20 the same State Guarantee with the Illinois Agricultural Loan  
21 Guarantee Fund, the Illinois Farmer and Agribusiness Loan  
22 Guarantee Fund, or both, all payments by the Authority to  
23 satisfy claims against the State Guarantee shall be made from  
24 the Industrial Project Insurance Fund, the Illinois  
25 Agricultural Loan Guarantee Fund, or the Illinois Farmer and  
26 Agribusiness Loan Guarantee Fund, as applicable, in such order

1 and in such amounts as the Authority shall determine.

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

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

12 (20 ILCS 3501/Art. 835 heading new)

13 ARTICLE 835. VETERANS ASSISTANCE

14 (20 ILCS 3501/835-5 new)

15 Sec. 835-5. Legislative findings. The General Assembly  
16 hereby finds and declares the following: (i) that there is an  
17 inadequate supply of funds available in this State at rates  
18 sufficiently low to enable veterans to own and operate small  
19 businesses successfully in this State; (ii) such an inadequate  
20 supply of funds makes the transition of veterans from service  
21 in the armed forces of the United States to civilian life more  
22 difficult and results in increased unemployment of veterans and  
23 its attendant problems; (iii) that there have been recurrent  
24 shortages of funds available to small businesses owned and

1 operated by veterans in this State from private market sources  
2 at reasonable interest rates; and (iv) that the ordinary  
3 operations of private enterprise have not in the past corrected  
4 these conditions.

5 (20 ILCS 3501/835-10 new)

6 Sec. 835-10. Definitions. As used or referred to in this  
7 Article 835, the following words and terms shall have the  
8 following meanings, except where the context clearly requires  
9 otherwise:

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

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

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

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

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



1 (20 ILCS 3501/835-15 new)

2 Sec. 835-15. Powers and duties. The Authority may enter  
3 into a State Guarantee with a lender, or a person holding a  
4 note, of a loan or loans to a qualified veteran-owned small  
5 business and may make payment, in whole or in part, on a State  
6 Guarantee from any of the following funds in such order and in  
7 such amounts as the Authority shall determine: (1) the  
8 Industrial Project Insurance Fund (if the Authority exercises  
9 its discretion under subsection (j) of Section 805-20); (2) the  
10 Illinois Agricultural Loan Guarantee Fund; or (3) the Illinois  
11 Farmer and Agribusiness Loan Guarantee Fund.

12 (20 ILCS 3501/835-20 new)

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

15 (a) The Authority is authorized to issue State Guarantees  
16 to lenders for loans to qualified veteran-owned small business  
17 for the general corporate purposes of those qualified  
18 veteran-owned small businesses. Lenders shall apply for the  
19 State Guarantees on forms provided by the Authority, certify  
20 that the application and any other documents submitted are true  
21 and correct, and pay an administrative fee as determined by the  
22 Authority. The applicant shall be responsible for paying any  
23 fees or charges involved in recording mortgages, releases, and  
24 financing statements, and any other similar fees or charges as

1 the Authority may require. The application shall, at a minimum,  
2 contain the name, address, present credit and financial  
3 information, including cash flow statements, financial  
4 statements, and balance sheets, of the qualified veteran-owned  
5 small business, any other information pertinent to the  
6 application, and the collateral to be used to secure the State  
7 Guarantee.

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

1 Guarantee on an annual basis after the first 5 years following  
2 closing of the loan application if the loan contract provides  
3 for an interest rate that does not vary. A lender shall not  
4 withdraw a State Guarantee if the loan contract provides for an  
5 interest rate that may vary, except for reasons set forth in  
6 this Section.

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

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

11 (2) 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 (3) the lender assumes all responsibility and costs for  
15 pursuing legal action on collecting any loan that is  
16 delinquent or in default; and

17 (4) 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) If, for any reason, the General Assembly fails to make  
21 an appropriation sufficient to meet the obligations under a  
22 State Guarantee, 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 Industrial

1 Project Insurance Fund, the Illinois Agricultural Loan  
2 Guarantee Fund, or the Illinois Farmer and Agribusiness Loan  
3 Guarantee Fund, or any combination of those funds, as directed  
4 by the Governor, out of the General Revenue Fund. In the event  
5 of a default by the borrower on a loan subject to a State  
6 Guarantee under this Section, Section 830-30, Section 830-35,  
7 Section 830-45, Section 830-50, or Section 830-55, the lender  
8 shall be entitled to, and the Authority shall direct payment  
9 on, the State Guarantee after 90 days of delinquency. Payments  
10 by the Authority to satisfy claims against the State Guarantee  
11 shall be made, in whole or in part, from any of the following  
12 funds in such order and in such amounts as the Authority shall  
13 determine: (1) the Industrial Project Insurance Fund created  
14 under Article 805 of this Act (if the Authority exercises its  
15 discretion under subsection (j) of Section 805-20); (2) the  
16 Illinois Farmer and Agribusiness Loan Guarantee Fund; or (3)  
17 the Illinois Agricultural Loan Guarantee Fund. It shall be the  
18 responsibility of the lender to proceed with collecting and  
19 disposing of collateral on the State Guarantee under this  
20 Section within 14 months after the State Guarantee is declared  
21 delinquent. If the lender does not dispose of the collateral  
22 within that 14-month period, the lender shall be liable to  
23 repay to the State interest on the State Guarantee at a rate  
24 equal to the same rate that the lender charges on the State  
25 Guarantee, provided that the Authority shall have the authority  
26 to extend the 14-month period for a lender in the case of

1 bankruptcy or extenuating circumstances. The applicable fund  
2 or funds shall be reimbursed for any amounts paid under this  
3 Section, Section 830-30, Section 830-35, Section 830-45,  
4 Section 830-50, or Section 830-55 upon liquidation of the  
5 collateral. The Authority, by resolution of the Board, may  
6 borrow sums from a fund or funds and provide for repayment as  
7 soon as may be practical upon receipt of payments of principal  
8 and interest by a borrower on loans subject to a State  
9 Guarantee under this Section, Section 830-30, Section 830-35,  
10 Section 830-45, Section 830-50, or Section 830-55. Money may be  
11 borrowed from the Fund by the Authority for the sole purpose of  
12 paying certain interest costs for borrowers associated with  
13 selling a loan subject to a State Guarantee under this Section,  
14 Section 830-30, Section 830-35, Section 830-45, Section  
15 830-50, or Section 830-55 in a secondary market as may be  
16 deemed reasonable and necessary by the Authority.

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

1 (20 ILCS 3501/835-25 new)

2 Sec. 835-25. Authority administrative expenses. The  
3 Authority is authorized to reimburse itself for the ordinary  
4 and necessary expenses of administering the State Guarantee  
5 programs under this Article and Article 830 from amounts from  
6 time to time available in the Industrial Project Insurance  
7 Fund, the Illinois Farmer and Agribusiness Loan Guarantee Fund,  
8 or the Illinois Agricultural Loan Guarantee Fund, in whole or  
9 in part, in such order and in such amounts as the Authority  
10 shall determine. Ordinary and necessary expenses of  
11 administering those State Guarantee programs include, without  
12 limitation, costs of general administration, staff, accounting  
13 and auditing services, legal services, judgments, loan  
14 servicing, realization upon collateral, communications with  
15 borrowers and lenders, and similar expenses, all to the extent  
16 reasonably allocable to such State Guarantee programs.

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