

1 AN ACT concerning farm development.

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

4 Section 5. The Illinois Farm Development Act is amended
5 by changing Sections 2, 12.1, 12.2, 12.4, and 12.5 as
6 follows:

7 (20 ILCS 3605/2) (from Ch. 5, par. 1202)

8 Sec. 2. As used in this Act: (a) "Affiliate" means, with
9 respect to any Lender, any person, firm or corporation
10 controlled by, or under common control with, such Lender, and
11 any person, firm or corporation controlling such Lender.

12 (b) "Agricultural Facility" means land, any building or
13 other improvement thereon or thereto, and any personal
14 properties deemed necessary or suitable for use, whether or
15 not now in existence, in farming, ranching, the production of
16 agricultural commodities (including, without limitation, the
17 products of aquaculture, hydroponics and silviculture) or the
18 treating, processing or storing of such agricultural
19 commodities when such activities are customarily engaged in
20 by farmers as a part of farming.

21 (c) "Authority" means the Illinois Farm Development
22 Authority created in this Act.

23 (d) "Board" means the governing body of the Authority.

24 (e) "Bonds" means and shall include bonds, notes,
25 certificates, bond, grant or revenue anticipation notes or
26 any other evidence of indebtedness representing an obligation
27 to pay money.

28 (f) "Lender" means any federal or State chartered bank,
29 Federal Land Bank, Production Credit Association, Bank for
30 Cooperatives, federal or State chartered savings and loan
31 association or building and loan association, Small Business

1 Investment Company or any other institution qualified within
2 this State to originate and service loans, including, but
3 without limitation to, insurance companies, credit unions and
4 mortgage loan companies. "Lender" also means a wholly owned
5 subsidiary of a manufacturer, seller or distributor of goods
6 or services that makes loans to businesses or individuals,
7 commonly known as a "captive finance company".

8 (g) "Person" means, unless limited to a natural person
9 by the context in which it is used, a person, corporation,
10 association, trust, partnership or cooperative.

11 (h) "State" means the State of Illinois.

12 (i) "Agribusiness" means any sole proprietorship,
13 limited partnership, copartnership, joint venture,
14 corporation or cooperative which operates or will operate a
15 facility located within the State of Illinois that is related
16 to the processing of agricultural commodities (including,
17 without limitation, the products of aquaculture, hydroponics
18 and silviculture) or the manufacturing, production or
19 construction of agricultural buildings, structures,
20 equipment, implements, and supplies, or any other facilities
21 or processes used in agricultural production. Agribusiness
22 includes but is not limited to the following:

23 (1) grain handling and processing, including grain
24 storage, drying, treatment, conditioning, milling and
25 packaging;

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

27 (3) fruit and vegetable processing, including
28 preparation, canning and packaging;

29 (4) processing of livestock and livestock products,
30 dairy products, poultry and poultry products, fish or
31 apiarian products, including slaughter, shearing, collecting,
32 preparation, canning and packaging;

33 (5) fertilizer and agricultural chemical manufacturing,
34 processing, application and supplying;

1 (6) farm machinery, equipment and implement
2 manufacturing and supplying;

3 (7) manufacturing and supplying of agricultural
4 commodity processing machinery and equipment, including
5 machinery and equipment used in slaughter, treatment,
6 handling, collecting, preparation, canning or packaging of
7 agricultural commodities;

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

10 (9) construction, manufacturing, implementation,
11 supplying or servicing of irrigation, drainage and soil and
12 water conservation devices or equipment;

13 (10) fuel processing and development facilities that
14 produce fuel from agricultural commodities or by-products;

15 (11) facilities and equipment for processing and
16 packaging agricultural commodities specifically for export;

17 (12) facilities and equipment for forestry product
18 processing and supplying, including sawmilling operations,
19 wood chip operations, timber harvesting operations, and
20 manufacturing of prefabricated buildings, paper, furniture or
21 other goods from forestry products;

22 (13) facilities and equipment for research and
23 development of products, processes and equipment for the
24 production, processing, preparation or packaging of
25 agricultural commodities and by-products.

26 (j) "Fund" means the Illinois Agricultural Loan
27 Guarantee Fund established pursuant to Section 12.1 of this
28 Act.

29 (k) "State Guarantee" means a note held by a person for
30 which the State of Illinois shall be liable for 90% 85% of
31 the total principal and interest of the note as determined by
32 the Authority.

33 (l) "Asset" shall include, but not be limited to the
34 following: cash crops or feed on hand; livestock held for

1 sale; breeding stock; marketable bonds and securities;
2 securities not readily marketable; accounts receivable; notes
3 receivable; cash invested in growing crops; net cash value of
4 life insurance; machinery and equipment; cars and trucks;
5 farm and other real estate including life estates and
6 personal residence; value of beneficial interests in trusts;
7 government payments or grants; and any other assets.

8 (m) "Liability" shall include, but not be limited to the
9 following: accounts payable; notes or other indebtedness owed
10 to any source; taxes; rent; amounts owed on real estate
11 contracts or real estate mortgages; judgments; accrued
12 interest payable; and any other liability.

13 (Source: P.A. 85-293.)

14 (20 ILCS 3605/12.1) (from Ch. 5, par. 1212.1)

15 Sec. 12.1. State Guarantees for existing debt.

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

30 Lenders shall apply for the State Guarantees on forms
31 provided by the Authority and certify that the application
32 and any other documents submitted are true and correct. The
33 lender or borrower, or both in combination, shall pay an

1 administrative fee as determined by the Authority. The
2 applicant shall be responsible for paying any fees or charges
3 involved in recording mortgages, releases, financing
4 statements, insurance for secondary market issues and any
5 other similar fees or charges as the Authority may require.
6 The application shall at a minimum contain the farmer's name,
7 address, present credit and financial information, including
8 cash flow statements, financial statements, balance sheets,
9 and any other information pertinent to the application, and
10 the collateral to be used to secure the State Guarantee. In
11 addition, the lender must agree to bring the farmer's debt to
12 a current status at the time the State Guarantee is provided
13 and must also agree to charge a fixed or adjustable interest
14 rate which the Authority determines to be below the market
15 rate of interest generally available to the borrower. If
16 both the lender and applicant agree, the interest rate on the
17 State Guarantee Loan can be converted to a fixed interest
18 rate at any time during the term of the loan.

19 Any State Guarantees provided under this Section (i)
20 shall not exceed \$500,000 per farmer, (ii) shall be set up on
21 a payment schedule not to exceed 30 years, and shall be no
22 longer than 30 years in duration, and (iii) shall be subject
23 to an annual review and renewal by the lender and the
24 Authority; provided that only one such State Guarantee shall
25 be outstanding per farmer at any one time. No State
26 Guarantee shall be revoked by the Authority without a 90 day
27 notice, in writing, to all parties. In those cases where the
28 borrower has not previously used the guarantee program, the
29 lender shall not call due any loan during the first 3 years
30 for any reason except for lack of performance or insufficient
31 collateral. The lender can review and withdraw or continue
32 with the State Guarantee on an annual basis after the first 3
33 years of the loan, provided a 90 day notice, in writing, to
34 all parties has been given.

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

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

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

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

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

14 (c) There is hereby created outside of the State
15 Treasury a special fund to be known as the Illinois
16 Agricultural Loan Guarantee Fund. The State Treasurer shall
17 be custodian of this Fund. Any amounts in the Illinois
18 Agricultural Loan Guarantee Fund not currently needed to meet
19 the obligations of the Fund shall be invested as provided by
20 law, and all interest earned from these investments shall be
21 deposited into the Fund until the Fund reaches the maximum
22 amount authorized in this Act; thereafter, interest earned
23 shall be deposited into the General Revenue Fund. After
24 September 1, 1989, annual investment earnings equal to 1.5%
25 of the Fund shall remain in the Fund to be used for the
26 purposes established in Section 12.3 of this Act.

27 The Authority is authorized to transfer to the Fund such
28 amounts as are necessary to satisfy claims during the
29 duration of the State Guarantee program to secure State
30 Guarantees issued under this Section. If for any reason the
31 General Assembly fails to make an appropriation sufficient to
32 meet these obligations, this Act shall constitute an
33 irrevocable and continuing appropriation of an amount
34 necessary to secure guarantees as defaults occur and the

1 irrevocable and continuing authority for, and direction to,
2 the State Treasurer and the Comptroller to make the necessary
3 transfers to the Illinois Agricultural Loan Guarantee Fund,
4 as directed by the Governor, out of the General Revenue Fund.

5 Within 30 days after November 15, 1985, the Authority may
6 transfer up to \$7,000,000 from available appropriations into
7 the Illinois Agricultural Loan Guarantee Fund for the
8 purposes of this Act. Thereafter, the Authority may transfer
9 additional amounts into the Illinois Agricultural Loan
10 Guarantee Fund to secure guarantees for defaults as defaults
11 occur.

12 In the event of default by the farmer, the lender shall
13 be entitled to, and the Authority shall direct payment on,
14 the State Guarantee after 90 days of delinquency. All
15 payments by the Authority shall be made from the Illinois
16 Agricultural Loan Guarantee Fund to satisfy claims against
17 the State Guarantee. The Illinois Agricultural Loan
18 Guarantee Fund shall guarantee receipt of payment of the 90%
19 85% of the principal and interest owed on the State Guarantee
20 Loan by the farmer to the guarantee holder.

21 It shall be the responsibility of the lender to proceed
22 with the collecting and disposing of collateral on the State
23 Guarantee 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.
27 If the lender does not dispose of the collateral within 14
28 months, the lender shall be liable to repay to the State
29 interest on the State Guarantee equal to the same rate which
30 the lender charges on the State Guarantee; provided, however,
31 that the Authority may extend the 14 month period for a
32 lender in the case of bankruptcy or extenuating
33 circumstances. The Fund shall be reimbursed for any amounts
34 paid under this Section upon liquidation of the collateral.

1 The Authority, by resolution of the Board, may borrow sums
2 from the Fund and provide for repayment as soon as may be
3 practical upon receipt of payments of principal and interest
4 by a farmer. Money may be borrowed from the Fund by the
5 Authority for the sole purpose of paying certain interest
6 costs for farmers associated with selling a loan subject to a
7 State Guarantee in a secondary market as may be deemed
8 reasonable and necessary by the Authority.

9 (d) Notwithstanding the provisions of this Section 12.1
10 with respect to the farmers and lenders who may obtain State
11 Guarantees, the Authority may promulgate rules establishing
12 the eligibility of farmers and lenders to participate in the
13 State guarantee program and the terms, standards, and
14 procedures that will apply, when the Authority finds that
15 emergency conditions in Illinois agriculture have created the
16 need for State Guarantees pursuant to terms, standards, and
17 procedures other than those specified in this Section.

18 (Source: P.A. 90-325, eff. 8-8-97; 91-386, eff. 1-1-00.)

19 (20 ILCS 3605/12.2) (from Ch. 5, par. 1212.2)

20 Sec. 12.2. State Guarantees for loans to farmers and
21 agribusiness; eligibility.

22 (a) The Authority is authorized to issue State
23 Guarantees to lenders for loans to eligible farmers and
24 agribusinesses for purposes set forth in this Section. For
25 purposes of this Section, an eligible farmer shall be a
26 resident of Illinois (i) who is principal operator of a farm
27 or land, at least 50% of whose annual gross income is derived
28 from farming, (ii) whose annual total sales of agricultural
29 products, commodities, or livestock exceeds \$20,000, and
30 (iii) whose net worth does not exceed \$500,000. An eligible
31 agribusiness shall be that as defined in Section 2 of this
32 Act.

33 The Authority may approve applications by farmers and

1 agribusinesses that promote diversification of the farm
2 economy of this State through the growth and development of
3 new crops or livestock not customarily grown or produced in
4 this State or that emphasize a vertical integration of grain
5 or livestock produced or raised in this State into a finished
6 agricultural product for consumption or use. "New crops or
7 livestock not customarily grown or produced in this State"
8 shall not include corn, soybeans, wheat, swine, or beef or
9 dairy cattle. "Vertical integration of grain or livestock
10 produced or raised in this State" shall include any new or
11 existing grain or livestock grown or produced in this State.

12 Lenders shall apply for the State Guarantees on forms
13 provided by the Authority, certify that the application and
14 any other documents submitted are true and correct, and pay
15 an administrative fee as determined by the Authority. The
16 applicant shall be responsible for paying any fees or charges
17 involved in recording mortgages, releases, financing
18 statements, insurance for secondary market issues and any
19 other similar fees or charges as the Authority may require.
20 The application shall at a minimum contain the farmer's or
21 agribusiness' name, address, present credit and financial
22 information, including cash flow statements, financial
23 statements, balance sheets, and any other information
24 pertinent to the application, and the collateral to be used
25 to secure the State Guarantee. In addition, the lender must
26 agree to charge an interest rate, which may vary, on the loan
27 that the Authority determines to be below the market rate of
28 interest generally available to the borrower. If both the
29 lender and applicant agree, the interest rate on the State
30 Guarantee Loan can be converted to a fixed interest rate at
31 any time during the term of the loan.

32 Any State Guarantees provided under this Section (i)
33 shall not exceed \$500,000 per farmer or an amount as
34 determined by the Authority on a case-by-case basis for an

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

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

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

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

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

28 iv. The lender is responsible for the first 10% ~~15%~~
29 of the outstanding principal of the note for which the
30 State Guarantee has been applied.

31 (c) There is hereby created outside of the State
32 Treasury a special fund to be known as the Illinois Farmer
33 and Agribusiness Loan Guarantee Fund. The State Treasurer
34 shall be custodian of this Fund. Any amounts in the Fund not

1 currently needed to meet the obligations of the Fund shall be
2 invested as provided by law, and all interest earned from
3 these investments shall be deposited into the Fund until the
4 Fund reaches the maximum amounts authorized in this Act;
5 thereafter, interest earned shall be deposited into the
6 General Revenue Fund. After September 1, 1989, annual
7 investment earnings equal to 1.5% of the Fund shall remain in
8 the Fund to be used for the purposes established in Section
9 12.3 of this Act.

10 The Authority is authorized to transfer such amounts as
11 are necessary to satisfy claims from available appropriations
12 and from fund balances of the Farm Emergency Assistance Fund
13 as of June 30 of each year to the Illinois Farmer and
14 Agribusiness Loan Guarantee Fund to secure State Guarantees
15 issued under this Section and Sections 12.4 and 12.5. If for
16 any reason the General Assembly fails to make an
17 appropriation sufficient to meet these obligations, this Act
18 shall constitute an irrevocable and continuing appropriation
19 of an amount necessary to secure guarantees as defaults occur
20 and the irrevocable and continuing authority for, and
21 direction to, the State Treasurer and the Comptroller to make
22 the necessary transfers to the Illinois Farmer and
23 Agribusiness Loan Guarantee Fund, as directed by the
24 Governor, out of the General Revenue Fund.

25 In the event of default by the borrower on State
26 Guarantee Loans under this Section, Section 12.4, or Section
27 12.5, the lender shall be entitled to, and the Authority
28 shall direct payment on, the State Guarantee after 90 days of
29 delinquency. All payments by the Authority shall be made
30 from the Illinois Farmer and Agribusiness Loan Guarantee Fund
31 to satisfy claims against the State Guarantee.

32 It shall be the responsibility of the lender to proceed
33 with the collecting and disposing of collateral on the State
34 Guarantee under this Section, Section 12.4, or Section 12.5

1 within 14 months of the time the State Guarantee is declared
2 delinquent. If the lender does not dispose of the collateral
3 within 14 months, the lender shall be liable to repay to the
4 State interest on the State Guarantee equal to the same rate
5 that the lender charges on the State Guarantee, provided that
6 the Authority shall have the authority to extend the 14 month
7 period for a lender in the case of bankruptcy or extenuating
8 circumstances. The Fund shall be reimbursed for any amounts
9 paid under this Section, Section 12.4, or Section 12.5 upon
10 liquidation of the collateral.

11 The Authority, by resolution of the Board, may borrow
12 sums from the Fund and provide for repayment as soon as may
13 be practical upon receipt of payments of principal and
14 interest by a borrower on State Guarantee Loans under this
15 Section, Section 12.4, or Section 12.5. Money may be borrowed
16 from the Fund by the Authority for the sole purpose of paying
17 certain interest costs for borrowers associated with selling
18 a loan subject to a State Guarantee under this Section,
19 Section 12.4, or Section 12.5 in a secondary market as may be
20 deemed reasonable and necessary by the Authority.

21 (d) Notwithstanding the provisions of this Section 12.2
22 with respect to the farmers, agribusinesses, and lenders who
23 may obtain State Guarantees, the Authority may promulgate
24 rules establishing the eligibility of farmers,
25 agribusinesses, and lenders to participate in the State
26 Guarantee program and the terms, standards, and procedures
27 that will apply, when the Authority finds that emergency
28 conditions in Illinois agriculture have created the need for
29 State Guarantees pursuant to terms, standards, and procedures
30 other than those specified in this Section.

31 (Source: P.A. 90-325, eff. 8-8-97; 91-386, eff. 1-1-00.)

32 (20 ILCS 3605/12.4) (from Ch. 5, par. 1212.4)

33 Sec. 12.4. Young Farmer Loan Guarantee Program.

1 (a) The Authority is authorized to issue State
2 Guarantees to lenders for loans to finance or refinance debts
3 of young farmers. For the purposes of this Section, a young
4 farmer is a resident of Illinois who is at least 18 years of
5 age and who is a principal operator of a farm or land, who
6 derives at least 50% of annual gross income from farming,
7 whose net worth is not less than \$10,000 and whose debt to
8 asset ratio is not less than 40%. For the purposes of this
9 Section, debt to asset ratio means current outstanding
10 liabilities, including any debt to be financed or refinanced
11 under this Section, divided by current outstanding assets.
12 The Authority shall establish the maximum permissible debt to
13 asset ratio based on criteria established by the Authority.

14 Lenders shall apply for the State Guarantees on forms
15 provided by the Authority and certify that the application
16 and any other documents submitted are true and correct. The
17 lender or borrower, or both in combination, shall pay an
18 administrative fee as determined by the Authority. The
19 applicant shall be responsible for paying any fee or charge
20 involved in recording mortgages, releases, financing
21 statements, insurance for secondary market issues, and any
22 other similar fee or charge that the Authority may require.
23 The application shall at a minimum contain the young farmer's
24 name, address, present credit and financial information,
25 including cash flow statements, financial statements, balance
26 sheets, and any other information pertinent to the
27 application, and the collateral to be used to secure the
28 State Guarantee. In addition, the borrower must certify to
29 the Authority that, at the time the State Guarantee is
30 provided, the borrower will not be delinquent in the
31 repayment of any debt. The lender must agree to charge a
32 fixed or adjustable interest rate that the Authority
33 determines to be below the market rate of interest generally
34 available to the borrower. If both the lender and applicant

1 agree, the interest rate on the State guaranteed loan can be
2 converted to a fixed interest rate at any time during the
3 term of the loan.

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

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

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

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

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

25 (iv) The lender is at risk for the first 10% ~~15%~~ of
26 the outstanding principal of the note for which the State
27 Guarantee is provided.

28 (c) The Illinois Farmer and Agribusiness Loan Guarantee
29 Fund may be used to secure State Guarantees issued under this
30 Section as provided in Section 12.2.

31 (d) Notwithstanding the provisions of this Section 12.4
32 with respect to the young farmers and lenders who may obtain
33 State Guarantees, the Authority may promulgate rules
34 establishing the eligibility of young farmers and lenders to

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

7 (Source: P.A. 90-325, eff. 8-8-97; 91-386, eff. 1-1-00.)

8 (20 ILCS 3605/12.5)

9 Sec. 12.5. Specialized Livestock Guarantee Program.

10 (a) The Authority is authorized to issue State
11 Guarantees to lenders for loans to finance or refinance debts
12 for specialized livestock operations that are or will be
13 located in Illinois. For purposes of this Section, a
14 "specialized livestock operation" includes, but is not
15 limited to, dairy, beef, and swine enterprises.

16 (b) Lenders shall apply for the State Guarantees on
17 forms provided by the Authority and certify that the
18 application and any other documents submitted are true and
19 correct. The lender or borrower, or both in combination,
20 shall pay an administrative fee as determined by the
21 Authority. The applicant shall be responsible for paying any
22 fee or charge involved in recording mortgages, releases,
23 financing statements, insurance for secondary market issues,
24 and any other similar fee or charge that the Authority may
25 require. The application shall, at a minimum, contain the
26 farmer's name, address, present credit and financial
27 information, including cash flow statements, financial
28 statements, balance sheets, and any other information
29 pertinent to the application, and the collateral to be used
30 to secure the State Guarantee. In addition, the borrower
31 must certify to the Authority that, at the time the State
32 Guarantee is provided, the borrower will not be delinquent in
33 the repayment of any debt. The lender must agree to charge a

1 fixed or adjustable interest rate that the Authority
2 determines to be below the market rate of interest generally
3 available to the borrower. If both the lender and applicant
4 agree, the interest rate on the State guaranteed loan can be
5 converted to a fixed interest rate at any time during the
6 term of the loan.

7 (c) State Guarantees provided under this Section (i)
8 shall not exceed \$1,000,000 per applicant, (ii) shall be no
9 longer than 15 years in duration, and (iii) shall be subject
10 to an annual review and renewal by the lender and the
11 Authority. An applicant may use this program more than once,
12 provided that the aggregate principal amount of State
13 Guarantees under this Section to that applicant does not
14 exceed \$1,000,000. A State Guarantee shall not be revoked by
15 the Authority without a 90-day notice, in writing, to all
16 parties.

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

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

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

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

27 (iv) The lender is at risk for the first 10% ~~15%~~ of
28 the outstanding principal of the note for which the State
29 Guarantee is provided.

30 (e) The Illinois Farmer and Agribusiness Loan Guarantee
31 Fund may be used to secure State Guarantees issued under this
32 Section as provided in Section 12.2.

33 (f) Notwithstanding the provisions of this Section 12.5
34 with respect to the specialized livestock operations and

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

9 (Source: P.A. 91-386, eff. 1-1-00.)

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