

1 AN ACT concerning government.

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

4 Section 5. The Illinois Finance Authority Act is amended by  
5 changing Sections 805-5, 805-15, 805-20, 830-5, 830-35,  
6 830-45, and 830-50 and by adding Section 830-55 as follows:

7 (20 ILCS 3501/805-5)

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

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

21 (20 ILCS 3501/805-15)

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

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

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

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

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

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

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

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

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

10 (20 ILCS 3501/805-20)

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

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

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

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

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

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

26 (e) To establish application fees and prescribe

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

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

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

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

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

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

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

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

7 (20 ILCS 3501/830-5)

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

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

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

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

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

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

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

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

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

4 (20 ILCS 3501/830-35)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (20 ILCS 3501/830-45)

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (20 ILCS 3501/830-50)

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

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

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

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

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

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

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

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

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

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

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

5 (20 ILCS 3501/830-55 new)

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

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

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

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

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

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

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

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

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

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

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

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

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

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