



Sen. Michael W. Frerichs

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LRB096 20392 RCE 37518 a

1 AMENDMENT TO SENATE BILL 3719

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 3719 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 805-5, 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

1 of the powers granted in this Article will promote economic  
2 development by widening the market for the Authority's revenue  
3 bonds, loans, and State Guarantees.

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

5 (20 ILCS 3501/805-15)

6 Sec. 805-15. Industrial Project Insurance Fund. There is  
7 created the Industrial Project Insurance Fund, hereafter  
8 referred to in Sections 805-15 through 805-50 of this Act as  
9 the "Fund". The Treasurer shall have custody of the Fund, which  
10 shall be held outside of the State treasury, except that  
11 custody may be transferred to and held by any bank, trust  
12 company or other fiduciary with whom the Authority executes a  
13 trust agreement as authorized by paragraph (h) of Section  
14 805-20 of this Act. Any portion of the Fund against which a  
15 charge has been made, shall be held for the benefit of the  
16 holders of the loans or bonds insured under Section 805-20 of  
17 this Act or the holders of State Guarantees under Article 830  
18 of this Act. There shall be deposited in the Fund such amounts,  
19 including but not limited to:

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

21 (b) All proceeds of assets of whatever nature received by  
22 the Authority as a result of default or delinquency with  
23 respect to insured loans or bonds or State Guarantees with  
24 respect to which payments from the Fund have been made,  
25 including proceeds from the sale, disposal, lease or rental of

1 real or personal property which the Authority may receive under  
2 the provisions of this Article but excluding the proceeds of  
3 insurance hereunder;

4 (c) All receipts from any applicable contract or agreement  
5 entered into by the Authority under paragraph (b) of Section  
6 805-20 of this Act;

7 (d) Any State appropriations, transfers of appropriations,  
8 or transfers of general obligation bond proceeds or other  
9 monies made available to the Fund. Amounts in the Fund shall be  
10 used in accordance with the provisions of this Article to  
11 satisfy any valid insurance claim payable therefrom and may be  
12 used for any other purpose determined by the Authority in  
13 accordance with insurance contract or contracts with financial  
14 institutions entered into pursuant to this Act, including  
15 without limitation protecting the interest of the Authority in  
16 industrial projects during periods of loan delinquency or upon  
17 loan default through the purchase of industrial projects in  
18 foreclosure proceedings or in lieu of foreclosure or through  
19 any other means. Such amounts may also be used to pay  
20 administrative costs and expenses reasonably allocable to the  
21 activities in connection with the Fund and to pay taxes,  
22 maintenance, insurance, security and any other costs and  
23 expenses of bidding for, acquiring, owning, carrying and  
24 disposing of industrial projects which were financed with the  
25 proceeds of insured bonds or loans. In the case of a default in  
26 payment with respect to any loan, mortgage or other agreement

1 so insured, the amount of the default shall immediately, and at  
2 all times during the continuance of such default, and to the  
3 extent provided in any applicable agreement, constitute a  
4 charge on the Fund. Any amounts in the Fund not currently  
5 needed to meet the obligations of the Fund may be invested as  
6 provided by law in obligations designated by the Authority, and  
7 all income from such investments shall become part of the Fund.  
8 In making such investments, the Authority shall act with the  
9 care, skill, diligence and prudence under the circumstances of  
10 a prudent person acting in a like capacity in the conduct of an  
11 enterprise of like character and with like aims. It shall  
12 diversify such investments of the Authority so as to minimize  
13 the risk of large losses, unless under the circumstances it is  
14 clearly not prudent to do so. Amounts in the Fund may also be  
15 used to satisfy State Guarantees under Article 830 of this Act.

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

17 (20 ILCS 3501/805-20)

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

20 (a) To insure and make advance commitments to insure all or  
21 any part of the payments required on the bonds issued or a loan  
22 made to finance any environmental facility under the Illinois  
23 Environmental Facilities Financing Act or for any industrial  
24 project upon such terms and conditions as the Authority may  
25 prescribe in accordance with this Article. The insurance

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

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

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

25 (d) To fix insurance premiums for the insurance of payments  
26 under the provisions of this Article. Such premiums shall be

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

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

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

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

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

23 (i) To exercise such other powers as are necessary or  
24 incidental to the powers granted in this Section and to the  
25 issuance of State Guarantees under Article 830 of this Act  
26 ~~foregoing.~~

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

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

14       (20 ILCS 3501/830-5)

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

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

25       (b) To loan its funds to any agribusiness which operates or

1 will operate a facility located in Illinois for those purposes  
2 permitted by rules and regulations issued pursuant to the  
3 Internal Revenue Code of 1954, as amended, relating to the use  
4 of moneys loaned from the proceeds from the issuance of  
5 industrial development revenue bonds; such loans shall be on  
6 terms and conditions, and for periods of time, and secured or  
7 evidenced by mortgages, deeds of trust, notes, debentures,  
8 bonds or other secured or unsecured evidences of indebtedness  
9 of such agribusiness as the Board may require;

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

19 (d) To contract with lenders or others for the origination  
20 of or the servicing of the loans made by the Authority pursuant  
21 to this Section or represented by the notes, bonds, or other  
22 evidences of indebtedness which it has purchased pursuant to  
23 this Section; provided that such servicing fees shall not  
24 exceed one percent per annum of the principal amount  
25 outstanding owed to the Authority; and

26 (e) To enter into a State Guarantee with a lender or a



1 person holding a note and to sell or issue such State  
2 Guarantees, bonds or evidences of indebtedness in a primary or  
3 a secondary market and to make payment on a State Guarantee  
4 from available sources, including but not limited to, the  
5 Illinois Agricultural Loan Guarantee Fund and the Illinois  
6 Farmer and Agribusiness Loan Guarantee Fund created under  
7 Section 830-30 and Section 830-35, respectively, and the  
8 Industrial Project Insurance Fund created under Article 805 of  
9 this Act.

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

11 (20 ILCS 3501/830-35)

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

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

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

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

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

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

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

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

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

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

1 830-45, ~~and~~ 830-50, and 830-55. If for any reason the General  
2 Assembly fails to make an appropriation sufficient to meet  
3 these obligations, this Act shall constitute an irrevocable and  
4 continuing appropriation of an amount necessary to secure  
5 guarantees as defaults occur and the irrevocable and continuing  
6 authority for, and direction to, the State Treasurer and the  
7 Comptroller to make the necessary transfers to the Illinois  
8 Farmer and Agribusiness Loan Guarantee Fund, as directed by the  
9 Governor, out of the General Revenue Fund. In the event of  
10 default by the borrower on State Guarantee Loans under this  
11 Section, Section 830-45, ~~or~~ Section 830-50, or Section 830-55,  
12 the lender shall be entitled to, and the Authority shall direct  
13 payment on, the State Guarantee after 90 days of delinquency.  
14 All payments by the Authority shall be made from the Illinois  
15 Farmer and Agribusiness Loan Guarantee Fund to satisfy claims  
16 against the State Guarantee. It shall be the responsibility of  
17 the lender to proceed with the collecting and disposing of  
18 collateral on the State Guarantee under this Section, Section  
19 830-45, ~~or~~ Section 830-50, or Section 830-55 within 14 months  
20 of the time the State Guarantee is declared delinquent. If the  
21 lender does not dispose of the collateral within 14 months, the  
22 lender shall be liable to repay to the State interest on the  
23 State Guarantee equal to the same rate that the lender charges  
24 on the State Guarantee, provided that the Authority shall have  
25 the authority to extend the 14-month period for a lender in the  
26 case of bankruptcy or extenuating circumstances. The Fund shall

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

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

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

25 (20 ILCS 3501/830-45)

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

2           (a) The Authority is authorized to issue State Guarantees  
3 to lenders for loans to finance or refinance debts of young  
4 farmers. For the purposes of this Section, a young farmer is a  
5 resident of Illinois who is at least 18 years of age and who is  
6 a principal operator of a farm or land, who derives at least  
7 50% of annual gross income from farming, whose net worth is not  
8 less than \$10,000 and whose debt to asset ratio is not less  
9 than 40%. For the purposes of this Section, debt to asset ratio  
10 means current outstanding liabilities, including any debt to be  
11 financed or refinanced under this Section 830-45, divided by  
12 current outstanding assets. The Authority shall establish the  
13 maximum permissible debt to asset ratio based on criteria  
14 established by the Authority. Lenders shall apply for the State  
15 Guarantees on forms provided by the Authority and certify that  
16 the application and any other documents submitted are true and  
17 correct. The lender or borrower, or both in combination, shall  
18 pay an 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. The  
23 application shall at a minimum contain the young farmer's name,  
24 address, present credit and financial information, including  
25 cash flow statements, financial statements, balance sheets,  
26 and any other information pertinent to the application, and the

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

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

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

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



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

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

7 (c) The Illinois Agricultural Loan Guarantee Fund and the  
8 Illinois Farmer and Agribusiness Loan Guarantee Fund may be  
9 used to secure State Guarantees issued under this Section as  
10 provided in Section 830-30 and Section 830-35, respectively.

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

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

22 (20 ILCS 3501/830-50)

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

24 (a) The Authority is authorized to issue State Guarantees  
25 to lenders for loans to finance or refinance debts for

1 specialized livestock operations that are or will be located in  
2 Illinois. For purposes of this Section, a "specialized  
3 livestock operation" includes, but is not limited to, dairy,  
4 beef, and swine enterprises. For purposes of this Section, a  
5 specialized livestock operation also includes livestock  
6 operations using anaerobic digestors to generate electricity.

7 (b) Lenders shall apply for the State Guarantees on forms  
8 provided by the Authority and certify that the application and  
9 any other documents submitted are true and correct. The lender  
10 or borrower, or both in combination, shall pay an  
11 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 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.

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

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

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

1 (f) Notwithstanding the provisions of this Section 830-50  
2 with respect to the specialized livestock operations and  
3 lenders who may obtain State Guarantees, the Authority may  
4 promulgate rules establishing the eligibility of specialized  
5 livestock operations and lenders to participate in the State  
6 Guarantee program and the terms, standards, and procedures that  
7 will apply, when the Authority finds that emergency conditions  
8 in Illinois agriculture have created the need for State  
9 Guarantees pursuant to terms, standards, and procedures other  
10 than those specified in this Section.

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

12 (20 ILCS 3501/830-55 new)

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

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

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

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

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

22 (i) The borrower pays to the Authority a fee equal to  
23 100 basis points on the loan.

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

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

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

7           (c) The Illinois Agricultural Loan Guarantee Fund and the  
8           Illinois Farmer and Agribusiness Loan Guarantee Fund may be  
9           used to secure State Guarantees issued under this Section as  
10          provided in Section 830-30 and Section 830-35, respectively.

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

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