**Section 1100.715 Rules and Guidelines Applicable to the Interest Buy Down Program**

a) General Description of Program

1) The Interest Buy Down Program (IBD), which is used in conjunction with the State Guarantee Program for Restructuring Agricultural Debt (SGP), is designed to subsidize the interest cost on loans made to pork producers.

2) The State shall pay a portion of the interest on qualifying loans under the SGP:

A) The maximum principal amount on which the State will pay interest is $100,000.

B) The State will pay the interest calculated at a rate of 2.0% up to the maximum principal amount.

C) Payments will be made to the Lender annually.

b) Definitions

Words defined in the Illinois Finance Authority Act and in Section 1100.50 have the same meaning when used in this Subpart unless a more specific definition is prescribed in this Section. This Section establishes additional definitions for use in this Subpart only.

"Applicant" means a hog farmer whose application for an Interest Buy Down in conjunction with a State Guarantee for Restructuring Agricultural Debt has been submitted to the Authority by a lender.

"Fund" means the General Revenue Fund, which will be used for Interest Buy Down payments.

"IBD" is a payment from the State of Illinois to the lender of a portion of the borrower's interest on a loan.

"Loan" is a loan made under the State Guarantee Program for Restructuring Agricultural Debt for which the State of Illinois is providing an Interest Buy Down.

c) Eligible Farmers. To qualify for participation in the IBD, the applicant must:

1) be a resident of Illinois;

2) be a principal operator of a farm that produces hogs;

3) derive at least 50% of annual gross income from farming;

4) have a net worth of at least $10,000;

5) meet all other requirements of the State Guarantee Program for Restructuring Agricultural Debt as defined in Section 1100.725 of this Part.

d) Eligible Lenders. To qualify for participation in the IBD, the Lender must:

1) agree to fix the interest rate on the loan for at least five years;

2) agree not to penalize Borrower on account of receipt of an IBD from the State after the applicable anniversary date of the loan.

e) Limitations

1) The IBD shall last for five years. However, depending on the collateral, the loan may have a maturity of more than five years.

2) The IBD shall be allowed on a maximum of $100,000 of the loan balance.

3) The IBD shall be available until the earlier of June 30, 1999 or when $50 million of loans have been approved.

f) Application Procedures and Review

1) Lenders shall apply for the Interest Buy Down in conjunction with an application for the State Guarantee for Restructuring Agricultural Debt on forms provided by the Authority and shall certify that the application and any other documents submitted are true and correct. Applications shall be processed by the Authority on a first-come, first-served basis, based upon the receipt of all completed application documents by the Authority.

2) Review of applications and the approval process shall be in accordance with Section 1100.725 of this Part.

3) Upon approval of an application and receipt of the documentation necessary to prepare closing documents for the loan, a closing documents package, which includes the document to execute for the IBD, shall be prepared by the Authority and sent to the lender. Upon completion of all such forms and documents by the applicant, lender and Authority and after satisfaction of all closing requirements for the loan, the Interest Buy Down will be in effect.

g) Payment of Interest Buy Down to Lender. After the Borrower makes his anniversary payment, the Lender shall notify the Authority of the amount due on the IBD. The Authority shall direct payment to the Lender from the Fund.

(Source: Added at 23 Ill. Reg. 11703, effective September 3, 1999; recodified from 8 Ill. Adm. Code 1400.145 at 31 Ill. Reg. 12104)