



Rep. C.D. Davidsmeyer

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09800HB4902ham001

LRB098 16532 HLH 58355 a

1 AMENDMENT TO HOUSE BILL 4902

2 AMENDMENT NO. _____. Amend House Bill 4902 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 830-20, 830-30, 830-35, and 830-45 as
6 follows:

7 (20 ILCS 3501/830-20)

8 Sec. 830-20. The Authority may not pass a resolution
9 authorizing the issuance of any notes or bonds in excess of
10 \$2,000,000 ~~\$450,000~~ for any one agricultural real estate
11 borrower. ~~In any calendar year after 2007, the \$450,000 amount~~
12 ~~shall be increased by an amount equal to such dollar amount~~
13 ~~multiplied by the inflation percentage determined under~~
14 ~~Section 305(c) of the federal Consolidated Farm and Rural~~
15 ~~Development Act (7 U.S.C. 1925) as of June 18, 2008. Any~~
16 ~~increase determined under the preceding sentence shall be~~

1 ~~rounded to the nearest multiple of \$100.~~ No proceeds from any
2 bonds issued by the Authority shall be loaned to any natural
3 person who has a net worth in excess of \$2,000,000 ~~\$500,000~~ for
4 the purchase of new depreciable agricultural property or to any
5 agribusiness that, including all affiliates and subsidiaries,
6 has more than 100 employees and a gross income exceeding
7 \$2,000,000 for the preceding calendar year; provided, however,
8 that the employee size and gross income limitations shall not
9 apply to any loans to agribusinesses for research and
10 development purposes, and provided further that the Authority
11 shall retain the power to waive such limitations for any
12 agribusiness that, at the time of application, does not operate
13 a facility within this State.

14 (Source: P.A. 96-531, eff. 8-14-09.)

15 (20 ILCS 3501/830-30)

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

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

1 ratio shall mean the current outstanding liabilities of the
2 farmer divided by the current outstanding assets of the farmer.
3 The Authority shall establish the maximum permissible debt to
4 asset ratio based on criteria established by the Authority.
5 Lenders shall apply for the State Guarantees on forms provided
6 by the Authority and certify that the application and any other
7 documents submitted are true and correct. The lender or
8 borrower, or both in combination, shall pay an administrative
9 fee as determined by the Authority. The applicant shall be
10 responsible for paying any fees or charges involved in
11 recording mortgages, releases, financing statements, insurance
12 for secondary market issues and any other similar fees or
13 charges as the Authority may require. The application shall at
14 a minimum contain the farmer's name, address, present credit
15 and financial information, including cash flow statements,
16 financial statements, balance sheets, and any other
17 information pertinent to the application, and the collateral to
18 be used to secure the State Guarantee. In addition, the lender
19 must agree to bring the farmer's debt to a current status at
20 the time the State Guarantee is provided and must also agree to
21 charge a fixed or adjustable interest rate which the Authority
22 determines to be below the market rate of interest generally
23 available to the borrower. If both the lender and applicant
24 agree, the interest rate on the State Guarantee Loan can be
25 converted to a fixed interest rate at any time during the term
26 of the loan. Any State Guarantees provided under this Section

1 (i) shall not exceed \$2,000,000 ~~\$500,000~~ per farmer, (ii) shall
2 be set up on a payment schedule not to exceed 30 years, and
3 shall be no longer than 30 years in duration, and (iii) shall
4 be subject to an annual review and renewal by the lender and
5 the Authority; provided that only one such State Guarantee
6 shall be outstanding per farmer at any one time. No State
7 Guarantee shall be revoked by the Authority without a 90-day
8 notice, in writing, to all parties. In those cases where the
9 borrower has not previously used the guarantee program, the
10 lender shall not call due any loan during the first 3 years for
11 any reason except for lack of performance or insufficient
12 collateral. The lender can review and withdraw or continue with
13 the State Guarantee on an annual basis after the first 3 years
14 of the loan, provided a 90-day notice, in writing, to all
15 parties has been given.

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 10% ~~15%~~ of

1 the 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 Agricultural Loan
5 Guarantee Fund. The State Treasurer shall be custodian of this
6 Fund. Any amounts in the Illinois Agricultural Loan Guarantee
7 Fund not currently needed to meet the obligations of the Fund
8 shall be invested as provided by law, and all interest earned
9 from these investments shall be deposited into the Fund until
10 the Fund reaches the maximum amount authorized in this Act;
11 thereafter, interest earned shall be deposited into the General
12 Revenue Fund. After September 1, 1989, annual investment
13 earnings equal to 1.5% of the Fund shall remain in the Fund to
14 be used for the purposes established in Section 830-40 of this
15 Act. The Authority is authorized to transfer to the Fund such
16 amounts as are necessary to satisfy claims during the duration
17 of the State Guarantee program to secure State Guarantees
18 issued under this Section. If for any reason the General
19 Assembly fails to make an appropriation sufficient to meet
20 these obligations, this Act shall constitute an irrevocable and
21 continuing appropriation of an amount necessary to secure
22 guarantees as defaults occur and the irrevocable and continuing
23 authority for, and direction to, the State Treasurer and the
24 Comptroller to make the necessary transfers to the Illinois
25 Agricultural Loan Guarantee Fund, as directed by the Governor,
26 out of the General Revenue Fund. Within 30 days after November

1 15, 1985, the Authority may transfer up to \$7,000,000 from
2 available appropriations into the Illinois Agricultural Loan
3 Guarantee Fund for the purposes of this Act. Thereafter, the
4 Authority may transfer additional amounts into the Illinois
5 Agricultural Loan Guarantee Fund to secure guarantees for
6 defaults as defaults occur. In the event of default by the
7 farmer, the lender shall be entitled to, and the Authority
8 shall direct payment on, the State Guarantee after 90 days of
9 delinquency. All payments by the Authority shall be made from
10 the Illinois Agricultural Loan Guarantee Fund to satisfy claims
11 against the State Guarantee. The Illinois Agricultural Loan
12 Guarantee Fund shall guarantee receipt of payment of 90% ~~the~~
13 ~~85%~~ of the principal and interest owed on the State Guarantee
14 Loan by the farmer to the guarantee holder. It shall be the
15 responsibility of the lender to proceed with the collecting and
16 disposing of collateral on the State Guarantee within 14 months
17 of the time the State Guarantee is declared delinquent;
18 provided, however, that the lender shall not collect or dispose
19 of collateral on the State Guarantee without the express
20 written prior approval of the Authority. If the lender does not
21 dispose of the collateral within 14 months, the lender shall be
22 liable to repay to the State interest on the State Guarantee
23 equal to the same rate which the lender charges on the State
24 Guarantee; provided, however, that the Authority may extend the
25 14-month period for a lender in the case of bankruptcy or
26 extenuating circumstances. The Fund shall be reimbursed for any

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

10 (d) Notwithstanding the provisions of this Section 830-30
11 with respect to the farmers and lenders who may obtain State
12 Guarantees, the Authority may promulgate rules establishing
13 the eligibility of farmers and lenders to participate in the
14 State guarantee program and the terms, standards, and
15 procedures that will apply, when the Authority finds that
16 emergency conditions in Illinois agriculture have created the
17 need for State Guarantees pursuant to terms, standards, and
18 procedures other than those specified in this Section.

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

20 (20 ILCS 3501/830-35)

21 Sec. 830-35. State Guarantees for loans to farmers and
22 agribusiness; eligibility.

23 (a) The Authority is authorized to issue State Guarantees
24 to lenders for loans to eligible farmers and agribusinesses for
25 purposes set forth in this Section. For purposes of this

1 Section, an eligible farmer shall be a resident of Illinois (i)
2 who is principal operator of a farm or land, at least 50% of
3 whose annual gross income is derived from farming, (ii) whose
4 annual total sales of agricultural products, commodities, or
5 livestock exceeds \$20,000, and (iii) whose net worth does not
6 exceed \$2,000,000 ~~\$500,000~~. An eligible agribusiness shall be
7 that as defined in Section 801-10 of this Act. The Authority
8 may approve applications by farmers and agribusinesses that
9 promote diversification of the farm economy of this State
10 through the growth and development of new crops or livestock
11 not customarily grown or produced in this State or that
12 emphasize a vertical integration of grain or livestock produced
13 or raised in this State into a finished agricultural product
14 for consumption or use. "New crops or livestock not customarily
15 grown or produced in this State" shall not include corn,
16 soybeans, wheat, swine, or beef or dairy cattle. "Vertical
17 integration of grain or livestock produced or raised in this
18 State" shall include any new or existing grain or livestock
19 grown or produced in this State. Lenders shall apply for the
20 State Guarantees on forms provided by the Authority, certify
21 that the application and any other documents submitted are true
22 and correct, and pay an administrative fee as determined by the
23 Authority. The applicant shall be responsible for paying any
24 fees or charges involved in recording mortgages, releases,
25 financing statements, insurance for secondary market issues
26 and any other similar fees or charges as the Authority may

1 require. The application shall at a minimum contain the
2 farmer's or agribusiness' name, address, present credit and
3 financial information, including cash flow statements,
4 financial statements, balance sheets, and any other
5 information pertinent to the application, and the collateral to
6 be used to secure the State Guarantee. In addition, the lender
7 must agree to charge an interest rate, which may vary, on the
8 loan that the Authority determines to be below the market rate
9 of interest generally available to the borrower. If both the
10 lender and applicant agree, the interest rate on the State
11 Guarantee Loan can be converted to a fixed interest rate at any
12 time during the term of the loan. Any State Guarantees provided
13 under this Section (i) shall not exceed \$2,000,000 ~~\$500,000~~ per
14 farmer or an amount as determined by the Authority on a
15 case-by-case basis for an agribusiness, (ii) shall not exceed a
16 term of 15 years, and (iii) shall be subject to an annual
17 review and renewal by the lender and the Authority; provided
18 that only one such State Guarantee shall be made per farmer or
19 agribusiness, except that additional State Guarantees may be
20 made for purposes of expansion of projects financed in part by
21 a previously issued State Guarantee. No State Guarantee shall
22 be revoked by the Authority without a 90-day notice, in
23 writing, to all parties. The lender shall not call due any loan
24 for any reason except for lack of performance, insufficient
25 collateral, or maturity. A lender may review and withdraw or
26 continue with a State Guarantee on an annual basis after the

1 first 5 years following closing of the loan application if the
2 loan contract provides for an interest rate that shall not
3 vary. A lender shall not withdraw a State Guarantee if the loan
4 contract provides for an interest rate that may vary, except
5 for reasons set forth herein.

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

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

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

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

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

19 (c) There is hereby created outside of the State treasury a
20 special fund to be known as the Illinois Farmer and
21 Agribusiness Loan Guarantee Fund. The State Treasurer shall be
22 custodian of this Fund. Any amounts in the Fund not currently
23 needed to meet the obligations of the Fund shall be invested as
24 provided by law, and all interest earned from these investments
25 shall be deposited into the Fund until the Fund reaches the
26 maximum amounts authorized in this Act; thereafter, interest

1 earned shall be deposited into the General Revenue Fund. After
2 September 1, 1989, annual investment earnings equal to 1.5% of
3 the Fund shall remain in the Fund to be used for the purposes
4 established in Section 830-40 of this Act. The Authority is
5 authorized to transfer such amounts as are necessary to satisfy
6 claims from available appropriations and from fund balances of
7 the Farm Emergency Assistance Fund as of June 30 of each year
8 to the Illinois Farmer and Agribusiness Loan Guarantee Fund to
9 secure State Guarantees issued under this Section and Sections
10 830-45, 830-50, and 830-55. If for any reason the General
11 Assembly fails to make an appropriation sufficient to meet
12 these obligations, this Act shall constitute an irrevocable and
13 continuing appropriation of an amount necessary to secure
14 guarantees as defaults occur and the irrevocable and continuing
15 authority for, and direction to, the State Treasurer and the
16 Comptroller to make the necessary transfers to the Illinois
17 Farmer and Agribusiness Loan Guarantee Fund, as directed by the
18 Governor, out of the General Revenue Fund. In the event of
19 default by the borrower on State Guarantee Loans under this
20 Section, Section 830-45, Section 830-50, or Section 830-55, the
21 lender shall be entitled to, and the Authority shall direct
22 payment on, the State Guarantee after 90 days of delinquency.
23 All payments by the Authority shall be made from the Illinois
24 Farmer and Agribusiness Loan Guarantee Fund to satisfy claims
25 against the State Guarantee. It shall be the responsibility of
26 the lender to proceed with the collecting and disposing of

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

23 (d) Notwithstanding the provisions of this Section 830-35
24 with respect to the farmers, agribusinesses, and lenders who
25 may obtain State Guarantees, the Authority may promulgate rules
26 establishing the eligibility of farmers, agribusinesses, and

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

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

8 (20 ILCS 3501/830-45)

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

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

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

1 farmer does not exceed \$2,000,000 ~~\$500,000~~. No State Guarantee
2 shall be revoked by the Authority without a 90-day notice, in
3 writing, to all parties.

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

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

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

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

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

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

21 (d) Notwithstanding the provisions of this Section 830-45
22 with respect to the young farmers and lenders who may obtain
23 State Guarantees, the Authority may promulgate rules
24 establishing the eligibility of young farmers and lenders to
25 participate in the State Guarantee program and the terms,
26 standards, and procedures that will apply, when the Authority

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

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

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.".