

IFA Agriculture Programs

The Illinois Finance Authority (IFA) is a self-financed, state authority principally engaged in issuing taxable and tax-exempt bonds, making loans and investing capital for businesses, non-profit corporations, agriculture and local government units statewide.

Beginning Farmer Bond Program

This program provides affordable financing to farmers by using federally tax-exempt bonds ("Aggie Bonds") to reduce the interest rate on a loan to purchase farmland. This program can be used between a buyer and his/her local lender or between a buyer and the seller for a contract purchase. The lender or contract seller make all credit decisions for the loan. Loans may be used to purchase capital assets including farmland, new or used farm improvements or buildings, new equipment and used equipment when purchased with farmland. Loan proceeds may not be used to finance a residence. The maximum loan size is \$250,000.

Eligibility requirements include:

- Must be an Illinois resident at least 18 years old
- Have a net worth of less than \$500,000
- Borrower will be the principal user of the capital item
- Have not owned a significant amount of farmland

State Guarantee Program for Restructuring Agricultural Debt

This loan program allows a farmer to consolidate existing debt and spread the payments out over a longer term. Loans are made through a local lender and the lender will receive an 85 percent guarantee on the principal and interest of the loan. The maximum loan size is \$500,000, and 30 years is the longest term available. The interest rate can be variable or fixed and must be less than the market rate of interest generally available to the borrower.

Eligibility requirements include:

- Must be an Illinois resident at least 18 years old
- Must be the principal operator of a farm who derives at least 50 percent of gross income from farming
- Have a debt/assets ratio between 40 and 65 percent on a current balance sheet
- Have adequate cash flow and collateral for the loan

Specialized Livestock Guarantee Program

This program is designed to provide family-sized livestock operations the access to capital needed to enter, upgrade or expand their livestock business. Local lenders receive an 85 percent guarantee of the principal and interest on the loan. Loan proceeds may be used for the purchase of capital assets used in livestock production. This includes construction, purchase or

IFA Agriculture Programs

remodeling of livestock facilities and the purchase of equipment and/or breeding livestock. Purchases cannot be made more than six months prior to IFA loan approval. The maximum loan size is \$1,000,000, and the maximum term is 15 years. The interest rate can be variable or fixed, and the interest rate must be less than the market rate of interest generally available to the borrower.

Eligibility requirements include:

- Borrower or the owner of a partnership or corporation must be an Illinois resident at least 18 years old
- Applicant must be the principal operator and materially involved in the operation
- Debt/asset ratio of borrower generally should not exceed 70 percent after the project is considered unless risk reduction measures are undertaken
- Cash flow and collateral must be adequate for the loan

Value-Added Stock Purchase

These loans are made by local lenders who receive an 85 percent guarantee on the principal and interest of loans to Illinois farmers planning to purchase stock in value-added entities that further process their commodities. Loan proceeds are used to purchase stock in a value-added entity. In conjunction with a purchase, debt may be refinanced to improve lien position or financial structure, up to the amount of the purchase. A portion of the stock can be used as collateral for this loan. The maximum loan size is \$100,000, and maximum term is 10 years. The interest rate can be variable or fixed and must be less than the market rate of interest generally available to the borrower.

Eligibility requirements include:

- Borrower or the owner of a partnership or corporation must be an Illinois resident at least 18 years old
- Applicant must be the principal operator and materially involved in the operation
- Debt/asset ratio of borrower generally should not exceed 70 percent after the project is considered unless risk reduction measures are undertaken
- Cash flow and collateral must be adequate for the loan

Young Farmer Guarantee Program

This program allows farmers to make capital purchases that will expand or upgrade their operation. Loans are made by local lenders who receive an 85 percent guarantee of the principal and interest on the loan. The loan proceeds may be used for the purchase of farm related capital assets including farmland, machinery and breeding livestock. The maximum loan size is \$500,000, and the maximum term is 15 years. The interest rate can be variable or fixed and must be less than the market rate of interest generally available to the borrower.

IFA Agriculture Programs

Eligibility requirements include:

- Must be an Illinois resident at least 18 years old
- Must be the principal operator of a farm who derives at least 50 percent of gross income from farming
- Must have a net worth of at least \$10,000
- Debt/asset ratio of borrower cannot exceed 70 percent after the project is considered
- Cash flow and collateral must be adequate for the loan.

State Guarantee Program for Agri-Industries

This program is designed for farmers and agribusinesses that wish to diversify into new enterprises or to further process existing crops or livestock. Loans can be made to farmers or agribusinesses to purchase new or used property, equipment or other capital items that will be used for one of the following purposes:

1. Growth and development of new crops or livestock not customarily grown in Illinois
2. The further processing of grain or livestock grown in the state

Loans are made through a local lender who receives an 85 percent guarantee on the principal and interest of the loan. The interest rate can be variable or fixed and must be less than the market rate of interest generally available to the borrower.

Eligibility requirements include:

- Must be an Illinois resident at least 18 years old
- Must be the principal operator of a farm or land
- Must have at least 50 percent of gross income come from farming
- Must have a gross income of at least \$20,000 based on previous years tax return
- Must have a net worth less than \$500,000
- An agribusiness must be located in Illinois, and the products used must be or will soon be grown in Illinois
- Must have a cash flow and collateral adequate for the loan

For more information, please contact the EDC at (309) 661-6332.