



(IFA USE ONLY)

Loan Number _____

Application Fee Received _____

VALUE-ADDED STOCK PURCHASE APPLICATION

\$300 application fee

For Loans Made by Lending Institutions

(Please print or type)

Part I - REPRESENTATION OF APPLICANT(S)

(To be Completed by Applicant(s))

Full Legal Name Type your information into the gray boxes _____ Year of Birth _____

Full Legal Name Use Tab or mouse to proceed to the next box _____ Year of Birth _____

Address _____

City/State/Zip _____ Phone _____

County Where Project will be Located _____

1. Please list the amount of the loan request, rounded to the nearest thousand; there is a \$100,000 maximum for stock purchases; however, the total loan may exceed \$100,000 if other debt is refinanced.
\$ _____

2. Please provide the name and a brief description of the value-added entity and your purchase in terms of the number of shares and price per share. _____

3. If any existing debt is being refinanced, please detail the amount of the loan and the current interest rate. Debt may be refinanced to improve lien position and/or financial structure.

4. Please list the collateral that will be pledged to secure the loan.

5. Please attach your last three years **balance sheets** including a current balance sheet, a **cash flow statement** of your farm operation, and three years of **income history** (tax returns or other records).

6. Please explain how this project will assist your farming operation. _____



7. Each applicant understands and agrees that:

- a. with significant down payments of 30% ,40% or 50%, respectively, loans may be fully secured by stock according to the schedule below:

<u>Loan for Stock Purchase</u>	<u>Max. Loan Secured by Stock Only</u>
<i>\$40,000 or less</i>	<i>70% of stock cost</i>
<i>\$41,000 to \$70,000</i>	<i>60% of stock cost</i>
<i>\$71,000 to \$100,000</i>	<i>50% of stock cost</i>

- b. if a significant cash down payment is not made as above, for collateral purposes, the stock will be valued at 70%, 60%, or 50% of cost commensurate with loan size as shown above and additional collateral will be requested. Generally, the loan should not exceed 80% of the total collateral value;
- c. the total closing fee for this loan is 1.0% of the gross loan. A nonrefundable \$300 application fee will be paid at the time of application. This application fee will be deducted from the 1.0% fee at closing. The minimum fee is \$300;
- d. the interest rate shall be adjusted annually on the anniversary date unless written with a fixed or longer term variable rate;
- e. I will pay all fees that may arise from this loan such as: appraisals, credit reports, lien searches, title work, and document recording;
- f. there is a \$100,000 maximum loan total per farming operation for stock purchases in value-added entities; credit underwriting standards will generally be more stringent for larger loans. I may use the program more than once as long as the original amounts of the loans for stock purchases do not exceed \$100,000 in total;
- g. the loan for stock purchases will mature in fifteen years or less;
- h. the projected cash flow must adequately service the debt of the farm operation;
- i. all of my debts must be current at the time the loan is closed;
- j. IFA and my lender will have the final approval of this loan request. Submitting this application does not ensure that my loan request will be approved; and
- k. if IFA and my lender approve this loan request, this approval is not transferable to another lender without written consent of this lender and IFA.

8. Each applicant hereby certifies that:

- a) I am a resident of the State of Illinois;
- b) I am the principal operator and/or materially involved in a farm operation;
- c) The value-added entity is located in Illinois or products from my farm operation will be delivered to the value-added entity;
- d) I have reviewed the value-added entity prospectus, company bylaws, and the feasibility study;
- e) I understand the risks involved in a value-added entity and that I could lose part or all of my investment; and
- f) **I understand that I am personally liable for this loan.**

9. I hereby certify that I have read the "Program Summary for the State of Illinois Value-Added Stock Purchase Program" and that I meet all of the eligibility requirements for the program. I understand all the terms and stipulations of the program and I agree to adhere to all of IFA's guidelines, rules and regulations required of me to secure and keep intact, or otherwise apply, a guaranteed loan. I further certify that I have reviewed the entire application including those portions completed by my lender and that all information on the application, including the financial statements attached, is true and correct.

Date: _____

Signature of Applicant

Signature of Applicant



Part II - REPRESENTATION OF LENDER

(To be Completed by Lender)

Name of Lender _____

Address _____ Phone _____

City/State/Zip _____ Fax _____

Contact Person _____ E-mail _____

1. Please list the amount of the loan request rounded to the nearest thousand. \$ _____
Only \$100,000 may be for stock purchases; however, the request may exceed \$100,000 if other debt is refinanced.

2. Please provide a designation of the proposed interest rate to be charged to the borrower for the loan and, if a variable rate, what index would be used; a designation of what the interest rate would be without the guaranteed loan; and the conversion features, if any, from a fixed interest rate to a variable interest rate.

3. Generally, stock purchase loans will be set up with an "interest only" payments during the first year followed by principal and interest payments in the remaining nine years. Principal payments on this loan must be commensurate with the useful life of the collateral. The maximum length of the guaranteed loan is 15 years.

- a. Principal payments shall be based upon: (denote 1, 2, 3 or 4 and the number of years)
 - 1. Stock program of 10 years with interest only the first year and then a nine year amortization;
 - 2. Amortized payments of interest and principal over _____ years;
 - 3. Equal principal payments of \$ _____ plus interest over _____ years; or
 - 4. Other special repayment plan _____.

b. The frequency of payment shall be annually, semi-annually, quarterly, or monthly.

4. The applicant(s) and I have reviewed the prospectus of the value-added entity issuing the stock, company bylaws, and feasibility study and we are aware of the risks involved. Yes No

5. Please attach the applicant's last three years **balance sheets** including a current balance sheet, a **cash flow statement** of the farm operation, three years of **income history** (tax returns or other records) and a copy of their **credit bureau report(s)**. You may use your own cash flow statement or the one from the IFA website.

6. Currently, is the applicant(s) delinquent on any debt or has the applicant(s) been delinquent on any debt in the past three years? Yes No If yes, please identify the delinquency(s). _____

7. Has the applicant(s) filed for bankruptcy in the last seven years? Yes No
If yes, please indicate the year of filing. Year _____

8. Please state the strong and weak points of the applicant(s) and their farming operation and how this loan will assist the applicant(s). (Add additional page if needed or attach your internal loan narrative)



9. With significant down payments of 30% , 40% or 50%, respectively, loans may be fully secured by stock according to the schedule below:

<u>Amount of the Loan for Stock Purchases</u>	<u>Max. Loan Secured by Stock Only</u>
\$40,000 or less	70% of stock cost
\$41,000 to \$70,000	60% of stock cost
\$71,000 to \$100,000	50% of stock cost

If a significant cash down payment is not made as above, for collateral purposes, the stock will be valued at 70%, 60%, or 50% of cost commensurate with loan size as shown above and additional collateral will be requested. Generally, the loan should not exceed 80% of the total collateral value.

10. If applicable, what is the value of any additional collateral? \$ _____ (Please list and attach a copy of the appraisal if available.) _____

11. Please describe any existing liens that are now on the proposed collateral and indicate if any existing debt will be refinanced to improve the lien position and/or financial structure.

<u>Collateral</u>	<u>Lien Holder</u>	<u>Loan Amount</u>	<u>Terms & Interest Rate</u>	<u>Will be Paid with Loan</u>	
				Yes	No
_____	_____	_____	_____	Yes	No
_____	_____	_____	_____	Yes	No
_____	_____	_____	_____	Yes	No

12. The lender understands and agrees that:

- a. the guaranteed loan will mature in fifteen years or less;
- b. the interest rate must be less than a market rate of interest generally available to the borrower as determined by IFA and the interest rate shall be adjusted annually on the anniversary date unless written with a fixed or longer term variable rate;
- c. the applicant's debts must be current at the time the guaranteed loan is closed;
- d. my lending institution will pay IFA an annual fee equal to 1/4 of one percent of the principal balance of the loan calculated on each anniversary date;
- e. my lending institution will assume all responsibility and costs for pursuing legal action and collecting any loan that is delinquent or in default;
- f. collateral must be disposed of 14 months from the date the loan goes into default and reimburse the State from said sale. The lender also understands that if they have not reimbursed the state within this 14-month period, then my lending institution is liable to start paying interest on the loan equal to the same rate that would be due from the applicant if the loan was still intact;
- g. my lending institution must request written approval on the sale of all collateral on the guaranteed loans;
- h. my lending institution will be responsible for the first 15% loss of principal and interest on the loan; and
- i. any misrepresentation by lender or material misstatement of information on this application or otherwise in connection with this Loan can result in the Guarantee being revoked or terminated.

13. I hereby certify that I have read the "Program Summary for the State of Illinois Value-Added Stock Purchase Program" and that my lending institution meets all of the eligibility requirements for the program. I understand all the terms and stipulations of the program and I agree to adhere to the Lender's Agreement and all of IFA's guidelines, rules and regulations required to secure and keep intact, or which otherwise



apply to a guaranteed loan. I further certify that I have reviewed the entire application, including those portions completed by the applicant, and all information on the application, including the financial statements attached, is true and correct.

Date: _____

Signature of Lender



Thank you for completing the Value-Added Stock Purchase Program loan application. Please mail the application to the address below or you may submit the application electronically through our website. All applications may be printed from our website if you need additional forms. IFA Board meetings are usually scheduled for the third Tuesday of each month. Please try to submit your application before the end of the first week of the month to ensure time for us to review. If you have any questions regarding the application process, financial records, appraisals, or other loan terms and conditions, please call us at the number below.

Have you determined?

- The amount of the loan
- The number of years for the loan
- The interest rate for the loan.
- The interest rate index (if applicable)
- The collateral for the loan

Have you enclosed?

Application

- Application Part I** - Applicant's section pages 1 and 2
- Application Part II** - Lender's section pages 3 and 4
- Application Part III** - Environmental Survey page 5 (if real estate is collateral)
- \$300 Application Fee**

Financial Records

- 3 Years of Balance Sheets including a current year balance sheet
- 3 Years of Income History
- Projected cash flow statement
- Credit Bureau Report
- Appraisal(s) if available

The Illinois Finance Authority is an independent, self-funded state authority offering a variety of loan programs mutually beneficial to farmers and lenders. Contact us at the number below for more information on the Beginning Farmer Bond Program, Beginning Farmer Contract Bond Program, Debt Restructuring Loan Guarantee Program, Young Farmer Guarantee Program, Specialized Livestock Guarantee Program, Agri-Industries Loan Guarantee Program, and/or the Value-Added Stock Purchase Loan Guarantee Program.

Serving Illinois Agriculture One Family at a Time Since 1982

Offices of the Illinois Finance Authority

Chicago	180 N. Stetson Ave, #2555, Chicago, IL 60601	312.651.1300	312.651.1350 fax
Mt. Vernon	2929 Broadway, Suite 7B, Mt. Vernon, IL 62864	618.244.2424	618.244.2433 fax
Peoria	100 S. W. Water St., Peoria, IL 61602	309.495.5959	309.676.7534 fax
Springfield	620 E. Adams St., Third Floor, Springfield, IL 62701	217.782.5792	217.782.3989 fax

www.il-fa.com

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