

**ILLINOIS FINANCE AUTHORITY
GUARANTEED LOAN PROGRAMS**

LENDER'S AGREEMENT

The purpose of this Lender's Agreement (the "Agreement") is to establish Lender as an approved participant in the guaranteed loan programs of the Illinois Finance Authority under the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as amended from time to time (the "Act"). This Agreement provides the terms and conditions for originating and servicing such loans. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Guidelines for Illinois State Guarantee Program of the Illinois Finance Authority (the "Guidelines"). **Provide the requested information, read this Agreement in its entirety and sign in the space on the last page. Your signature indicates consent and agreement to be bound by this Agreement. Capitalized terms used herein but not otherwise defined herein shall have the meaning ascribed to such terms as provided in the Guidelines.**

Part A - Background Information
1. Lender's Name and Mailing Address
2. This Agreement establishes the above Lender as a participant in each of the Authority's Loan Guarantee Programs.

3. The following suboffices of Lender are covered under this Agreement:

- _____
- All Offices

Part B – Duties and Responsibilities of the Authority

1. **Payment of Claims** - The Authority, as a body politic and corporate of the State of Illinois, agrees to make payment on claims under any guarantees it issues to Lender on specific loans, in accordance with the terms of the Authority's guarantees, the Act, the Authority's Regulations and Guidelines, and this Agreement. The maximum loss payment may not exceed the amount determined in the guarantee and the Authority's Regulations and Guidelines, which limits recovery to eighty-five percent (85%) of principal and unpaid interest accrued for 120 days after any uncured Defaults. The guarantee shall not extend to any guaranteed portion of the loan once repaid, even if reborrowed. The Authority shall not have outstanding at any one time guarantees in an aggregate principal amount exceeding \$160,000,000, or such additional amount as may be authorized by the Illinois legislature, in the aggregate for guarantees covered by the Illinois Agricultural Loan Guarantee Fund, and \$75,000,000, or such additional amount as may be authorized by the Illinois legislature, in the aggregate for guarantees covered by the Illinois Farmer and Agri-Business Loan Guarantee Fund. Late charges of any kind, including, without limitation, default charges and default interest, protective advances, and costs of enforcement and collection of guaranteed loans, are not covered by the Authority's guarantees. Guarantees for Debt Restructuring Loans shall not exceed a term of 30 years, and for all other loans (except Renewal Loans) a term of 15 years.

Part C - General Requirements of Lender

1. **Eligibility to Participate** - Lender must meet the requirements contained in the Authority's Regulations and Guidelines, complete, sign and return this Agreement and be approved by the Authority to be a participant in the Authority's guarantee loan programs. The Authority's execution of this Agreement does not in any way obligate the Authority to issue its guarantee on any particular loan for which Lender submits a guarantee request. The Authority reserves the right to approve each loan guarantee request on its own merits on a case by case basis. Approval by the Authority of a loan guarantee request is not evidence that the documents submitted complied with the Act, the Regulations, the Guidelines or this Agreement.
2. **Knowledge of Program Requirements** - Lender is required to obtain and keep itself informed of all program Regulations and Guidelines, including all amendments and revisions. The Authority's regulations and guidelines are available to Lender for review upon request and, the regulations are also available on the Internet at www.ilga.gov under the Administrative Code icon, Title 8, Part 1400 (to be recodified at Title 74, Part 1100, Subpart G).
3. **Notification** - Lender shall immediately notify the Authority in writing of each of the following events, which may constitute grounds for termination of Lender's participation in Authority's loan guarantee programs. Lender:
 - a. Becomes insolvent;
 - b. Has filed for or had filed against it any type of bankruptcy or receivership protection, has been forced into involuntary bankruptcy, or has requested an assignment for the benefit of creditors;
 - c. Has taken any action to cease operations, or to discontinue servicing or liquidating any or all of its portfolio guaranteed by the Authority;
 - d. Has changed its name, location, address, or corporate structure;
 - e. Has been debarred, suspended or sanctioned in connection with its participation in any private, State or Federal guarantee program or any Federal or State licensing or certification authority; or
 - f. Has been charged civilly or criminally with fraud, theft, misappropriation or other similar acts of intentional wrongdoing.

4. **Employee Qualifications** - Lender shall maintain a staff that is well trained and experienced in origination and loan servicing functions for agricultural loans, as necessary to ensure the capability of performing all the acts required by this Agreement and the Authority's Act, Regulations and Guidelines.
5. **Conflict of Interest** - When Lender applies for a guaranteed loan, Lender will inform the Authority in writing of any relationships which could result in a conflict of interest or the appearance of a conflict of interest. Reportable relationships include:
 - a. Lender or its officers, directors, principal stockholders, or other principal owners having a financial interest in the loan applicant or Borrower.
 - b. The loan applicant or Borrower, a relative of the loan applicant or Borrower, anyone residing in the household of the loan applicant or Borrower, any officer, director, stockholder or other owner of the loan applicant or Borrower holds any stock or other evidence of ownership in Lender.
 - c. The officers, directors, principal stockholders, or other principal owners of Lender having substantial business dealings (other than in the normal course of business) with the loan applicant or borrower.
 - d. Lender or its officers, directors, principal stockholders, or other principal owners have substantial business dealings with an Authority employee.

Part D – Underwriting Requirements

1. Responsibility

Lender is responsible for originating, servicing, and collecting all guaranteed loans in accordance with this Agreement and the Authority's Act, Regulations and Guidelines. Any transfer of servicing requires the Authority's express prior written consent.

2. Origination Process

- a. General Eligibility. Lender shall make a preliminary determination whether loan applicants meet the general eligibility requirements in the Authority's Act, Regulations and Guidelines. The Authority will make the final determination.
 - b. Delinquency on Existing Debt. Lender shall determine whether the loan applicant is delinquent on any private, State or Federal debt. Lender shall use credit reports, loan application information and any other credit history available to it in making this determination. If the loan applicant is delinquent on or a judgment debtor on any private, State or Federal debt, the Authority shall be so notified, and processing of the application may only continue in accordance with the Authority's Act, Regulations and Guidelines.
 - c. Appraisals of Collateral. Lender shall ensure that the value of any collateral property or property to be purchased or refinanced is determined by a qualified appraiser, including a certified appraiser when required by law or regulation.
 - d. Change in Borrower's Condition. Before the Authority issues a loan guarantee, Lender will certify that there has been no adverse change in the borrower's condition, financial or otherwise, since submission of the application for the guaranteed loan.
3. **Loan Closing** - All loans guaranteed by the Authority shall be closed by attorneys, escrow companies, lending institutions, or other persons or entities skilled and experienced in conducting loan closings. Lender shall:
- a. Ensure funds for the particular loan will be used only for the purposes authorized in the Authority's Act, Regulations and Guidelines and as contained in the conditional commitment;

- b. Ensure that documents, including the mortgage and any security agreements, chattel mortgages or equivalent documents relating to it have been properly signed, are valid and contain terms enforceable by Lender;
- c. Ensure that all security with appropriate lien priorities is obtained in accordance with the conditional commitment and the Authority's Act, Regulations and Guidelines;
- d. Ensure that all closing documents required to be recorded are recorded accurately, in the appropriate offices, and in a timely and accurate manner;
- e. Ensure that security interests are properly filed and perfected in collateral;
- f. Ensure that all required hazard insurance will be obtained in accordance with prudent lending practices;
- g. Collect all fees and costs due and payable by the borrower in the course of the loan transaction and disburse payment directly to the parties for services rendered or to the Authority, as the case may be;
- h. Ensure that construction, relocation, repairs, or development will be complete in accordance with applicable drawings and specifications;
- i. Ensure the borrower has marketable title to security property now owned, and will obtain such title to any additional property to be acquired with loan funds, subject only to the instruments securing the loan to be guaranteed and any other exceptions set forth in the Authority's Act, Regulations and Guidelines;
- j. The entire loan will be secured equally with the same security and the same lien priority for both the guaranteed and unguaranteed portions of the loan, and the unguaranteed portion of the loan will not be paid first nor given priority over the guaranteed portion of the loan;
- k. Submit the required application and guarantee fees with the application and guaranteed loan closing report as applicable.
- l. Designate an Anniversary Date in order for the Authority to conduct its annual review and renewal of the loan.

Part E – Servicing Requirements

1. **Responsibilities** - Lender will service the entire loan as mortgagee and secured party of record in a reasonable and prudent manner.
2. **Supervision** - Lender's responsibilities regarding borrower supervision include, but are not limited to, the following:
 - a. Ensure loan funds are not used for any unauthorized purpose.
 - b. Ensure borrower compliance with the covenants and provisions provided in the note, loan agreement, security instruments, any other agreements, and the Authority's Act, Regulations and Guidelines.
 - c. Perform an annual analysis of the borrower's financial condition to determine the borrower's progress when required by the Authority's Act, Regulations and Guidelines.
 - d. Account for all collateral.
 - e. Discuss any observations about the farm business and collateral with the borrower and the Authority.
 - f. Ensure that the borrower and any party liable for the loan is not released from liability for all or any part of the loan, except in accordance with the Authority's Act, Regulations and Guidelines or pursuant to the Authority's express written consent.

3. **Annual Fees; Secondary Market Fees; Additional Fees** - Lender shall pay to the Authority an annual fee equal to: (i) **for guarantees approved by the Authority's Board of Directors before July 1, 2007**, one fourth of one percent (1/4 of 1%) of the outstanding principal amount of the loan regardless of whether the borrower is in default; or (ii) **for guarantees approved by the Authority's Board of Directors on or after July 1, 2007**, one half of one percent (1/2 of 1%) of the outstanding principal amount of the loan regardless of whether the borrower is in default. Lender may not pass the cost of this fee on to the borrower under any circumstances.

For guarantees approved by the Authority's Board of Directors before July 1, 2007 that are sold pursuant to the Authority's Secondary Market Program, commencing at the time of sale of the loan and corresponding guarantee and annually thereafter, Lender agrees to pay to the Authority an additional annual fee equal to one fourth of one percent (1/4 of 1%) of the outstanding principal amount of the loan regardless of whether the borrower is in default. Lender may not pass the cost of this fee on to the borrower under any circumstances.

Lender further agrees to pay to the Authority any other necessary and ordinary administrative fees as expressly provided by the Act, the Guidelines and the Regulations.

4. **Reporting Requirements** - Lender recognizes that the Authority, as guarantor, has a vital interest in ensuring that all acts performed by Lender regarding the subject loans are performed in compliance with this Agreement and the Authority's Act, Regulations and Guidelines. Information on the status of guaranteed loans is necessary for this purpose, as well as to satisfy budget and accounting reporting requirements. Lender agrees to provide the Authority with all the data required under the Authority's Act, Regulations and Guidelines, policies and any additional information necessary to monitor the status of its guaranteed loan portfolio, and to satisfy reporting requirements the Authority now or hereafter may request of Lender. Lender also agrees to provide to the Authority upon request copies of audited financial statements, reports on internal controls, copies of compliance audits, notices of defaults and such other information that may be required by the Authority to monitor Lender's or the borrower's performance.
5. **Negligent Servicing** - The guarantee cannot be enforced by Lender to the extent a loss results from a violation of usury laws or negligent servicing regardless of when the Authority discovers such violation or negligence. Negligent servicing is defined as the failure to perform services which a reasonably prudent Lender would perform in servicing its own portfolio of loans that are not guaranteed. The term includes both a failure to act and not acting in a timely manner to include actions taken up to the time of loan maturity or until final loss is paid.
6. **Payments** - Payments from the borrower shall be reviewed by Lender and processed upon receipt according to the Authority's Act, Regulations and Guidelines or, if the guarantee is sold pursuant to the Authority's Secondary Market Program, the Secondary Market Participation Guarantee and Certification Agreement or other agreement with the Lender and Authority relating to the Secondary Market Program, and may include escrow premiums for hazard insurance and real estate taxes. Lender shall promptly disburse to any holder or participant the holder's or the participant's pro rata share according to their respective interests in the loan, less only Lender's servicing fee.
7. **Collateral**
- a. **Insurance.** Lender shall ensure that adequate insurance is maintained on the collateral for the guarantee loan on the borrower's business, including the maintenance of property, casualty, flood, and hazard insurance containing a loss payable clause in favor of Lender as the mortgagee or secured party.
 - b. **Escrow Accounts.** Lender may establish separate escrow accounts. All escrow accounts must meet applicable Federal and State laws and regulations, and must be fully insured by the FDIC or cross collateralized with unencumbered government securities.
 - c. **Inspection.** Lender shall inspect the collateral as often as necessary to properly service the loan and ensure the collateral is being properly maintained.
 - d. **Taxes.** Lender shall ensure that taxes, assessments, or ground rents against or affecting collateral are paid.

8. **Delinquent Accounts**

- a. If the borrower has not made a payment when due or has suffered an impairment of collateral, Lender may declare the loan and all other outstanding indebtedness due and payable with interest thereon. Except for extraordinary events such as a bankruptcy, foreclosure by another creditor on the collateral, receivership, abandonment, serious impairment of collateral, or a prohibited transfer, a guaranteed loan must be in default for any applicable cure period or extended cure period or waiver period as Lender, in the exercise of its prudent lending judgment, determines appropriate in order for Lender to declare the loan due and payable. If the borrower has not made a payment when due or has suffered an impairment of collateral, Lender shall declare the loan and all other outstanding indebtedness due and payable with interest thereon no later than 90 days after the occurrence thereof unless the Authority otherwise consents in writing. Lender will notify the Authority in writing within 45 days from the date of default.
- b. Lender may take actions to correct the default as provided in the Authority's Act, Regulations and Guidelines or, if the Act, Regulations or Guidelines are silent, in accordance with prudent lending practices.

9. **Sales or Participation**

- a. Guaranteed loans may be sold, assigned, transferred or participated only with the Authority's written approval. The purchaser, assignee, transferee or participant must agree that guaranteed loans are subject to the Authority's Act, Regulations and Guidelines and the terms of this Agreement. A transfer fee may be charged by the Authority. If guaranteed loans are sold pursuant to the Secondary Market Program, the Authority, Lender, the Authority's fiscal transfer agent and the third party purchaser of the guaranteed loan shall execute a Secondary Market Participation Guarantee and Certification Agreement which will govern the sale of the guaranteed loan, as supplemented by the Regulations and Guidelines.
- b. Lender must service the guaranteed loan and cannot delegate servicing responsibilities without the Authority's written approval.

10. **Default/Liquidation**

- a. Protective Advances. Protective advances should constitute a debt of the borrower to Lender and be secured by the security instruments. Written authorization from the Authority is not required for protective advances, but they are not guaranteed by the Authority and must be made by Lender to preserve and protect the collateral.
- b. Time for Recovery. Unless the Authority otherwise expressly consents in writing, Lender must enforce, collect and recover on any guaranteed loan within fourteen (14) months from the date a default is declared.
- c. Recoveries. Any recovery from liquidation of the loan, collections or enforcement of rights, must be paid to the Authority for the principal paid by the Authority to Lender on its guarantee, then to Lender's percentage interest in the remaining unpaid principal amount of the loan (which percentage interest may not be less than 15%), then to unpaid interest which will be pro-rated between the Authority and Lender for 120 days after the occurrence of an uncured event of default.
- d. Bankruptcy. Lender is responsible for protecting the guaranteed loan debt and all collateral securing the loan in bankruptcy proceedings. Loss payments in bankruptcy cases will be processed according to the terms described in the Authority's Act, Regulations and Guidelines, policies and other applicable law.
- e. Liquidation. Liquidations and foreclosure on collateral must receive prior written authorization from the Authority, which authorization will not be unreasonably withheld.
- f. Loss Claims. Lender will submit an estimated loss claim to the Authority no earlier than ninety (90) days after Lender declares a default and accelerates the loan. Claims for payment will be processed in accordance with the terms described in the Authority's Act, Regulations.

- g. Authority's Guidelines. The Authority's Act, Regulations and Guidelines provide further terms and requirements for defaults and liquidation. Their provisions are a part of this Agreement and the terms of every guaranteed loan and loan guarantee.

Part F – Authority Reviews of Lender's Operations

The Authority may conduct reviews, including on-site reviews, of Lender's operations and the operations of any agent of Lender, for the purpose of verifying compliance with this Agreement and the Authority's Act, Regulations and Guidelines. These reviews may include, but are not limited to, audits of case files; interviews with owners, managers, and staff; audits of collateral; and inspections of Lender's and its agents underwriting, servicing, and liquidation guidelines. Lender and its agents shall provide access to all pertinent information to allow the Authority, or any party authorized by the Authority, to conduct such reviews.

Part G – Conformance to Standards

1. **Standards** - Lender shall conform and comply with the standards and criteria outlined in this Agreement and the Authority's Act, Regulations and Guidelines for participation in the Authority's guaranteed loan program.
2. **Determination of Non-Conformance** - Lender has the authority to exercise reasonable judgment in performing acts within its authority. However, the Authority reserves the right to question any act performed or conclusion drawn that is inconsistent with this Agreement or the Authority's Act, Regulations or Guidelines or prudent lending practices.
3. **Authority Action** - If Lender is determined to be in non-conformance with any Federal or State law or the Authority's Act, Regulations or Guidelines, or the terms of this Agreement, the Authority may take action in accordance with the Act and the Authority's Regulations and Guidelines, including refusing to issue further guarantees to Lender or in clear cases of misrepresentation, conflict of interest or serious or repeated nonconformance to the terms of this Agreement or for violations of the Authority's Act, Regulations or Guidelines, terminate or void the Authority's guarantee of particular loans affected.

Part H - List of Authority Regulations and Guidelines and Designation of Lender Authority To Perform Certain Acts

1. **List of Authority Regulations** - The Authority's guaranteed loan programs are administered under 8 IL Admin. Code 1400 (to be recodified at 74 IL Admin. Code 1100). Lender is required to comply with these Regulations as well as any future amendments and Authority Guidelines not inconsistent with this Agreement or the Authority's Act and Regulations.
2. **Authority Guidelines** - The Authority's Guidelines are available upon request.
3. **Authority To Perform Certain Acts** – This Agreement, the guarantee and the Authority's Act, Regulations and Guidelines describe the responsibilities for Lenders with respect to the guaranteed loans. Lender will process applications for and service guaranteed loans approved by the Authority in accordance with the Authority's Act, Regulations and Guidelines, this Agreement, the guarantee and the loan documents evidencing the loan.

Part I – Duration and Modification

1. **Duration and Termination**
 - a. **Duration and Agreement** - This Agreement is valid and will remain in effect unless terminated by Lender or the Authority as described below or revoked according to the Authority's Act, Regulations or Guidelines.

- b. **Modification of Agreement** - This Agreement may be modified or extended only in writing and by written consent of all parties or by 30 days prior written notice by the Authority mailed to Lender, provided that (1) the change is applicable to Lenders generally participating in the Authority's guarantee programs and (2) the change does not impair Lender's percentage amount of recovery from the Authority's guarantees in effect at the time of the amendment.
 - c. **Termination by Authority** - This Agreement may be terminated by the Authority in accordance with the Authority's Act, Regulations or Guidelines or due to Lender's material breach of its terms.
 - d. **Termination by Lender** - This Agreement may be terminated by Lender by providing 90 days written notice to the Authority.
 - e. **Effect of Termination on Responsibilities and Liabilities** – Lender's responsibilities or liabilities that existed before the termination of this Agreement with regard to outstanding guarantees will continue to exist after termination unless the Authority expressly releases Lender from such responsibilities or liabilities in writing. Lender shall remain obligated to service and liquidate the guaranteed loans remaining in its portfolio unless and until the Authority or Lender with the Authority's prior written consent, transfers the loans. These requirements concerning loan management by Lender and rights of the Authority under this Agreement shall remain in effect whether this Agreement is terminated by Lender or the Authority.
 - f. **Revocation by Authority** - If the Authority revokes this Agreement as to Lender, loans made while Lender held this status must continue to be serviced under this Agreement and according to the Authority's Act, Regulations and Guidelines, unless the Authority designates a substitute loan servicer.
2. **Governing Law** - This Agreement along with any attachments shall be governed by the laws of the State of Illinois excluding its choice of law provisions.
 3. **Entire Agreement** - This Agreement, Parts A through K inclusive along with any attachments, the Act, the Authority's Regulations and Guidelines incorporated by reference, the terms of any application, the Authority's guarantees issued to Lender and, if all or any portion of a guaranteed loan is sold pursuant to the Authority's Secondary Market Program, the Secondary Market Participation Guarantee and Certification Agreement and any other documents related thereto shall constitute the entire agreement for a loan guarantee. There are no other agreements, written or oral, regarding the terms in this Agreement which are or shall be binding on the parties.

Part J – Certification

I certify that I have read and understand the requirements in this Agreement, and in the Authority's Act, Regulations and Guidelines, and agree to the participation requirements and other provisions of this Agreement.

1. Name and Title of Lender Representative	2. Authorized Lender Representative Signature	Date
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Part K - Authority Use Only

1. Name and Title of Authority's Representative	2. Authority's Representative Signature	Date
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