

different than Senator Hoagland in that I do understand a little bit about the need of this program, but I would have a few questions about the way the bill is drafted, and just to get a little bit of intent perhaps from you. On page 5 I noticed in the definition section it talks about what a second mortgage is and that it shall mean a lien on the property and so...or a lien, and I assume that that means a lien on the property. Is that correct? A lien on the property that the project might be built on?

SENATOR SCHMIT: That is correct, Senator.

SENATOR VICKERS: Now, I also have not been able to find the language in the bill that would indicate who would be eligible for these projects. Would this...in your opinion, would this fund...or these dollars go to the Natural Resources Districts and then if I was eligible under the existing ASCS Natural Resource or NRD guidelines, then I could get the project through the NRD. Is that the way it would work?

SENATOR SCHMIT: The Natural Resource District would participate only to the extent that the...first of all, one member of the Board of Directors would be from each individual Natural Resource District. The Board of Directors would approve the loans. The NRD may participate or may not participate in the project as is also true with ASCS funds. But the principal loan would be made to the individual landowner and the individual landowner would be required to repay the loan. It is not a grant program and it is not a subsidized program except for the low rates of interest. It is a direct loan to the individual landowner.

SENATOR VICKERS: Well, Senator Schmit, could you point out to me what section in the bill might give that language that it goes directly to the landowner? I noticed it says that part of the...on page 11 where it is talking about the powers granted to the corporation and it talks about entering into contracts with departments, agencies and so forth, now I assume that would be like ASCS and NRDs. Does it also talk about entering into contracts with individuals?

SENATOR SCHMIT: The bill provides, Senator Vickers, for the direct loans to the individual. The participation by the Natural Resource Districts, as I pointed out, is only on the basis of whatever funds they might want to commit or to the extent that the Natural Resource Districts are involved in the operation of the corporation. But the loan is to the individual and it can be made to any individual who owns land.

SENATOR VICKERS: The determination being made by the Board.