

SENATOR HARTNETT: Could I ask your some questions. I just don't understand it, and maybe if I could ask you questions and run a sequence for me, maybe...I'm a farmer, Rod. I need a loan. I'm going to start the crop year and I need \$10,000, \$20,000, something like that. How does it work then? I go make an application?

SENATOR R. JOHNSON: Well, Senator, this particular authority will not be giving out direct loans to farmers. There will not be a direct...this is a secondary market.

SENATOR HARTNETT: Okay.

SENATOR R. JOHNSON: So, no, the farmer will not, as I said in my opening, the benefits to agriculture will not be direct to, I guess, the farmer, but an indirect way in freeing up capital that may be used.

SENATOR HARTNETT: Then the bank would sell these loans, farm loans?

SENATOR R. JOHNSON: Yes.

SENATOR HARTNETT: Where are they going to sell them?

SENATOR R. JOHNSON: Well, they'll take them to this ag authority, and then try to sell them, I assuming, to them, or transfer them to this ag authority that the...that we are proposing to put together.

SENATOR HARTNETT: Is there anything backing these?

SENATOR R. JOHNSON: Yes, there are moral obligation bonds that will be sold, and that will be the backing.

SENATOR HARTNETT: Moral obligation on this body?

SENATOR R. JOHNSON: Right, by the state, yes.

SENATOR HARTNETT: By the state.

SENATOR R. JOHNSON: That's right. That's the truth.

SENATOR HARTNETT: So eventually maybe if these...this ag authority makes bad loans, will we end up with something like...I wasn't here, with Commonwealth?