

comment on the regulatory treatment of Farm Credit System (FCS or System) loan syndication transactions. The FCA has received requests to provide guidance about the scope of System institutions' authorities to engage in syndications that non-System lenders originate, and the FCA seeks input from the public before it responds.

**DATES:** Please send your comments to the FCA by February 18, 2003.

**ADDRESSES:** You may send comments by electronic mail to [reg-comm@fca.gov](mailto:reg-comm@fca.gov) or through the Pending Regulations section of FCA's Web site, <http://www.fca.gov>. You may also send comments to Thomas G. McKenzie, Director, Regulation and Policy Division, Office of Policy and Analysis, Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102-5090 or by facsimile to (703) 734-5784. You may review copies of all comments we receive at our office in McLean, Virginia.

**FOR FURTHER INFORMATION CONTACT:**

Dennis K. Carpenter, Senior Policy Analyst, Office of Policy and Analysis, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4498, TTY (703) 883-4434; or Richard A. Katz, Senior Attorney, Office of General Counsel, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4020, TTY (703) 883-2020.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

System institutions have asked the FCA to provide guidance on the regulatory treatment of loan syndications that they enter into with non-System lenders. The FCA Board recognizes the importance of funding to agriculture and rural America through multilender transactions, including loan syndications and participations.

The Board acknowledges that System institutions may desire to engage in loan syndications for many different reasons, some of which would include:

- Diversification of an institution's portfolio, which is often concentrated in certain industries or geographic regions;
- Diversification of an institution's portfolio relative to loan size and risk exposure limits;
- Increased revenue and in many cases, cooperative patronage arising from lower cost of credit delivery;
- Networking—strengthening cooperation and relationships between FCS institutions and non-System lenders;
- Increased knowledge of specific industries;
- Support for existing and potential customer bases; and

- Expanded opportunities to provide complementary services such as appraisal services, industry expertise, loan origination and payment collection expertise, and administrative capacity.

Several System institutions have suggested that loan syndications should be treated as part of their participation authority. However, we have previously indicated that loan syndication transactions come within the System's direct loan authorities. If loan syndications were treated as within the System's direct loan authority, the System's share of a loan syndication would be subject to the stock purchase, borrower rights, and territorial concurrence requirements of the Farm Credit Act of 1971, as amended (Act) and applicable regulations. In addition, Farm Credit banks operating under title I of the Act that have transferred their direct lending authority to their affiliated associations would not be authorized to enter into loan syndications. Finally, System institutions would not be authorized to purchase assignments of loan syndications from outside the System.

**II. Questions**

We recognize that the financial markets and the funding needs of agriculture continue to evolve. We support the need of the System to evolve with agriculture and the financial markets. Therefore, we seek your comments on the following:

1. What is the proper regulatory treatment of loan syndications?
2. Assuming syndication transactions are within the System's loan-making authority, should the FCA consider regulatory changes that allow: (a) Borrowers to waive borrower rights in syndication transactions; and (b) associations to take part in syndications to eligible borrowers who are located in the chartered territories of other associations without consent?
3. If the FCA would choose to recommend legislative changes to Congress regarding the System's authority to engage in various types of multilender transactions with non-System lenders, what specifically should the FCA include in its recommendation?

Dated: January 14, 2003.

**Jeanette C. Brinkley,**  
Secretary, Farm Credit Administration Board.  
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**FEDERAL DEPOSIT INSURANCE CORPORATION**

**Notice of Agency Meeting**

Pursuant to the provisions of the "Government in the Sunshine Act" (5 U.S.C. 552b), notice is hereby given that at 9:35 a.m. on Tuesday, January 14, 2003, the Board of Directors of the Federal Deposit Insurance Corporation met in closed session to consider matters relating to the Corporation's corporate activities.

In calling the meeting, the Board determined, on motion of Director James E. Gilleran (Director, Office of Thrift Supervision), seconded by Vice Chairman John M. Reich, concurred in by Chairman Donald E. Powell, that Corporation business required its consideration of the matters on less than seven days' notice to the public; that no earlier notice of the meeting was practicable; that the public interest did not require consideration of the matters in a meeting open to public observation; and that the matters could be considered in a closed meeting by authority of subsections (c)(2) and (c)(10) of the "Government in the Sunshine Act" (5 U.S.C. 552b(c)(2) and (c)(10)).

The meeting was held in the Board Room of the FDIC Building located at 550—17th Street, NW., Washington, DC.

Dated: January 15, 2003.

Federal Deposit Insurance Corporation:

**Valerie J. Best,**

*Assistant Executive Secretary.*

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**FEDERAL EMERGENCY MANAGEMENT AGENCY**

**[FEMA-1450-DR]**

**Arkansas; Major Disaster and Related Determinations**

**AGENCY:** Federal Emergency Management Agency (FEMA).

**ACTION:** Notice.

**SUMMARY:** This is a notice of the Presidential declaration of a major disaster for the State of Arkansas (FEMA-1450-DR), dated January 6, 2003, and related determinations.

**EFFECTIVE DATE:** January 6, 2003.

**FOR FURTHER INFORMATION CONTACT:** Magda Ruiz, Response and Recovery Directorate, Federal Emergency Management Agency, Washington, DC 20472, (202) 646-2705 or [Magda.Ruiz@fema.gov](mailto:Magda.Ruiz@fema.gov).