

7A(c)(a); 7A(c)(1)

FEDERAL TRADE  
COMMISSION  
PREMERGER NOTIFICATION  
OFFICE

SEP 24 3 51 PM '98  
September 24, 1998

Federal Trade Commission  
Sixth Street and Pennsylvania Avenue N.W.  
Washington, D.C. 20580

Freedom of Information Act

Dear Mr. Smith:

This request for an informal interpretation of Clayton Act §7A(c)(1) and (2) and HSR rule 802.1 involves our client's sale of a 70% participation in a loan portfolio.

Our client, a large insurance company, has loan portfolios in the billions of dollars.

that is, loans to farmers secured by real estate mortgages. At present our client's Agri-Finance loan portfolio is approximately \$300 million. Our client continues to make agricultural business loans ("Agri-Business loans"), that is, loans to agriculture related borrowers made on credit-based analyses

Business loans is somewhat fuzzy because many of the latter involve real estate as security as do all of the former. Although, as indicated above, our client does not currently make Agri-Finance loans, it may resume that type of lending in the future.

Our client's personnel who handle receipt of payments, accounting, and issuance of financial reports do so for both types of agricultural loans. At present our client has only two field service

Richard B. Smith, Esquire

September 24, 1998

farmer's request, talk about pre-payments, waivers with regard to sale of collateral, refinancing, and the hike.

In the contemplated transaction, our client will sell a 70% participation interest in its Agri-Finance loan portfolio for about \$210 million to a lender engaged nationwide in making loans to farmers. None of our client's Agri-Business loan portfolio is being sold. Our client will continue to handle payments, accounting, and financial reporting for the entire Agri-Finance loan portfolio. Our

Our client believes that the transaction described above is exempt under Clayton Act §7(c) from HSR reporting as a sale "of bonds, mortgages, deeds of trust, or other obligations which are not voting securities" and as a sale "in the ordinary course of business" in which our client will not be selling "all or substantially all the assets of an operating unit" within the meaning of §802.1 (a) of the

assets of an operating unit even if there were one.

Sincerely yours

[Redacted signature block]

constitute the transfer of a 70% interest in mortgage loans and, as such, not subject to HSR Act. 9/24/98