

AGREEMENT TO FOSTER NEW BUSINESS LENDING IN RURAL AREAS

USDA Rural Development and Colson Services Corp. Enter into Agreement

WASHINGTON, April 9, 2002 - Under Secretary for Rural Development Thomas Dorr today announced that USDA Rural Development has entered into a Memorandum of Agreement with Colson Services Corp., a subsidiary of JPMorgan Chase Bank. The agreement will provide greater opportunity for rural lenders to participate in USDA Rural Development's Business and Industry (B&I) guaranteed loan program.

"This agreement streamlines the monitoring and selling of business guaranteed loans on the secondary market and increases the opportunity for small rural lenders to participate in USDA Rural Development's business guaranteed loan program," said Dorr. "It is about strengthening our rural economy and supporting the development of new lending tools to create business and employment opportunities in rural areas."

Under the agreement, USDA will issue certificates to investors who purchase guaranteed portions of Rural Development business loans. The certificates will be available to investors who appoint Colson as a registrar and paying agent for the guaranteed portions of B&I loans purchased in the secondary market. Current Rural Development regulations and documentation support the sale of guaranteed portions in the secondary market, but there is currently no regulatory authority for a mandatory central agent to facilitate the process.

"We are pleased to enter into this agreement with USDA Rural Development, as investors have voiced their interest in receiving a certificate issued by the USDA evidencing their ownership in B&I loans they purchase," said Suzanne Hansen, President of Colson Services Corp. "This arrangement is advantageous to investors as it reduces custody costs, makes the transfer of ownership between investor easier, and establishes one central point for the pass-through of principal and interest payments from the selling lenders."

While the agreement with Colson is non-exclusive and the use of its services by investors is voluntary, Dorr said that this agreement brings Rural Development one step closer to a mandatory central agent concept for the B&I Program, which would enable USDA to monitor secondary market sale activity and increase market efficiency. Greater investor interest in the B&I secondary market program can mean increased loan originations, as a secondary market brings liquidity to the lenders and provides an opportunity for them to profit from selling their loans.

The B&I Guaranteed Loan Program helps create jobs and stimulates rural economies by providing financial backing for rural businesses. The program provides guarantees of up to 90 percent on loans made by commercial lenders. Further information is available on USDA's web site at <http://www.rurdev.usda.gov/>.

Colson Services Corp. is a wholly owned non-bank subsidiary of JPMorgan Chase Bank. More information about Colson is available at www.colsonservices.com. J.P. Morgan Chase & Co. is a leading global financial services firm with assets of \$759 billion and operations in more than 50 countries. The firm is a leader in investment banking, asset management, private banking, private equity, custody and transaction services and retail and middle market financial services. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumer customers and the world's most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the internet at www.jpmorganchase.co

Pictured: (right to left) John Rosso, Administrator, USDA Rural Business-Cooperative Service, Nicholas Scarabino, Senior Vice President, JPMorgan, Suzanne Hansen, President, Colson Services Corp.

