

Mr. Patrick Sharpe Federal Trade Commission Premerger Notification Office Sixth and Pennsylvania Avenue, Room 303 Washington, D.C. 20580

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Dear Mr. Sharpe:



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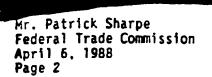
covered transaction where such transaction involves an acquisition of collateral or receivables in a bona fide credit transaction in the ordinary course of business and where such exemption is based on Premerger Rule §802.63. The facts surrounding the proposed transaction, as explained to you on March 30, 1988, are as follows:

Company A, or its affiliate, manufactures, finances dealers, and is directly and incompany A in the ordinary course of business. When Company B leases a consumer durable to an application of the contract of

Thus, Company B receives a stream of rentals from the consumer while at the same time Company B pays on a term note to Company A. Company A retains a constant in the consumer durable at all times. There are primarily biosed-end leases. At the end of the lease, company b, who has maintained title throughout the term of the lease, receives possession of the consumer durable. Company B then may dispose of the consumer durable, possibly making a profit.

Company A intends to restructure its financing arrangements with Company B with respect to outstanding leases at a specified date in the

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Company B will continue to service the leases. Company B will be at risk for any shortfalls and defaults as it was before pursuant to the recourse provisions in the transaction described above. As a result of the proposed transaction, Company A will receive title to the consumer goods, in replacement of its security interest.

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Company A uses an alternative method of financing which could have been used with Company B initially. Company A chose not to use this alternative for efficiency reasons. A dealer would purchase the consumer durable from the rest in the consumer durable. The dealer would then arrange a lease for a consumer durable to a consumer whereby Company A would finance the actual purchase of the consumer durable from the dealer and Company A retakes title (not merely a security interest) in the consumer durable. Company A is the lessor. The dealer (or Company A) would service the lease and would be at risk for any shortfalls. The dealer would not have title nor a security interest in the consumer durable. The effect of this transaction is the same as that proposed above, but is one lease at a time versus allowing the lease portfolio to build up for refinancing on a periodic basis.

We believe that the proposed transaction is exempt from filing as an new hide and the proposed transaction is exempt from filing as an new hide and the proposed for by §802.63. You indicated in our telephone call of April 1, 1988 that, after consultation with other personnel, you agree that the above transaction is exempt.

If the foregoing does not comport with your views, please notify me by April 11, 1988. If I do not receive any notification by that date, I will assume that the foregoing represents your views of the proper interpretation of the Wart-Scott Bading Act and Bramorgas Motification Bules under these facts.

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