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PRIVILEGED AND CONFIDENTIAL

FEDERAL TRADE COMMISSION
PREMERGER NOTIFICATION OFFICE
APR 24 2 43 PM '89

April 19, 1989

Federal Trade Commission

Washington, D.C. 20580

Re: **HSR Requirements for Specific Realty Acquisitions**

Dear Mr. Sharp:

The enclosed attachments were written for the purpose of summarizing your responses to my telephone inquiries of Friday, March 31, 1989, regarding the applicability of the

summary. Thank you for your kind attention to my questions.

Very truly yours,

[redacted]

[redacted]

Re: **Summary of Inquiry with Respect to HSR Requirements for Specific Asset Acquisitions**

(In Summary of our conversation of March 31, 1989)

[redacted]

the transaction tests are satisfied, a Hart-Scott-Rodino (HSR) [redacted]

2) The transfer constitutes more than 15% of the assets of the acquired person, except that rule 802.20 of the Act exempts asset acquisitions of more than 15% if the value of the assets is $15 million dollars or less.

(The acquired person with respect to asset [redacted] of the person filing notification, for our purposes, [redacted]

Assuming the threshold tests are satisfied, the general rule with respect to the transfer of the classes of assets listed below are:

A. Foreclosure Property - A creditors' acquisition of collateral or receivables, upon foreclosure or default, or in connection with the establishment of a lease financing, or a debt work-out, if made in a bonafide credit transaction entered into in the ordinary course of the creditors business is exempt from the reporting requirements (Rule 802.63 of the Act), This section exempts only the [redacted] the Reporting requirements.

B. Agri-Businesses (i.e. [redacted] - The rule with [redacted] transaction. The purchase or fair market price must meet the threshold size of the transaction test.

D. Mineral Rights - the transfer of land upon which lies [redacted] harvested or excavated. The premise upon which the FTC determines reportability is that with respect to such [redacted] remains the same.

The transfer of Vacant Lots, which have no independent [redacted] reporting requirements.

E. Accounts Receivable - the transfer of accounts receivable are reportable transactions if the receivables represent all of the accounts of a business or a division within a business being transferred. If the receivables are de minimis or incidental with respect to the transfer as a whole, the value of the receivables as assets does not require a filing. The FTC has labeled the transfer of receivables a gray area requiring consultation with the FTC before determining the applicability of the Act.

[redacted] business operations within office building structures must [redacted]

1) Square Footage Evaluation - The person filing determines the total square footage of the office building including the mixed-use property, and the fair market value or purchase price of each square foot. If the dollar value of the mixed-use square footage [redacted] revenues rather than the fair market value or purchase price of the assets being transferred. The revenues derived by the mixed-use business are determined for

the most recent year. The most recently prepared [redacted] filing is required.

The flexibility of the size of the transaction test with [redacted] conceivably result in manipulation of the true values of the [redacted] verify their filing status by calling or writing the FTC for an informal opinion.

G. Apartment Buildings and Condominium Complexes - The transfer of residential property is exempt, except that, the transfer of condominiums, in rare instances, may require a filing.