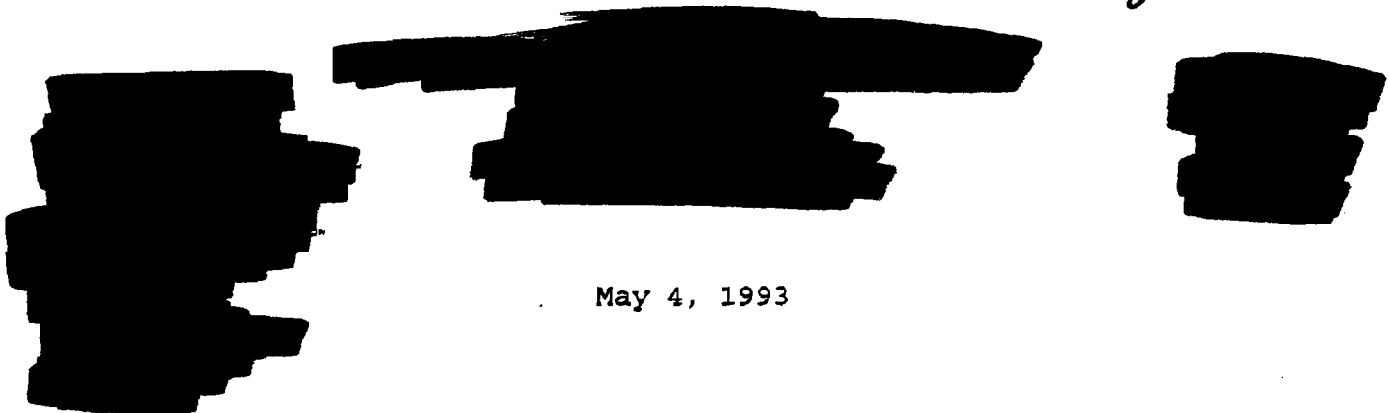


802.1



May 4, 1993

VIA TELECOPY (202) 326-2050  
Federal Trade Commission  
West South Region Division

RE: Exempt Residential Property

Dear Mr. Rubenstein:

Re: Exempt Residential Property

\$802.1 to a real estate transaction currently under negotiation.

We represent an individual ("Individual") and a Texas limited partnership ("Partnership"). Individual is the general partner of Partnership and, with family members, Individual owns all of the Partnership's limited partnership interests. Partnership owns approximately 66,000 acres (the "Ranch") and Individual owns approximately 300 acres (the "Homestead") in South Texas (collectively the "Property"). From 1959 to 1982, the Property was owned by Individual, and from 1982 to date the Ranch has been owned by Partnership and the Homestead has continued to be owned by Individual.

In the past, the Ranch has been operated as a cattle ranch, but since January 1, 1991, neither Individual nor Partnership, nor any of their affiliates, have used the Ranch for cattle operations, although the Ranch has been leased for grazing to other cattle

The Ranch is managed by a full-time foreman who lives in a residence on the Ranch. All improvements relating to ranching operations are located on the Ranch, and not on the Homestead.

house, tennis courts, garage, stables (for personal use, other

[REDACTED]

Federal Trade Commission  
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San Antonio, Texas, Individual has claimed the Homestead as his homestead under Texas law, and Individual has for more than 30 years filed appropriate homestead designations for the Homestead.

Individual has used the Homestead for his personal use only. The Homestead has not been used to produce income from ranching operations or otherwise. He maintains records on the Homestead separate from any records maintained for any other business, including the Partnership's business. Moreover, Individual has not taken any deductions on his U.S. income tax returns for depreciation on the Homestead, nor has he taken deductions for any expenses relating to the Homestead, such as for utilities or maintenance.

The aggregate purchase price to be paid for the Property, exceeds \$15 million; however, if the value that the parties have contractually assigned to the Homestead (which is less than \$1 million) is excluded, the value of the Ranch is below \$15 million.

It is our view that the exemption in 12 CFR §802.1 applies to the Homestead, as it is residential real estate. Please call us at your convenience as to whether you concur in our conclusion that the value of the Homestead may be excluded for purposes of determining whether the \$15 million threshold notification requirement under Hart-Scott-Rodino has been triggered.

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Very truly yours,

[REDACTED]

[REDACTED]

5-10-93 Called [REDACTED] agreed with letter RS also agrees.