



November 21, 1986

Patrick Sharpe, Esquire
Premerger Notification Office
Room 503
Federal Trade Commission
Washington, DC 20580

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Dear Mr. Sharpe:

I am writing to confirm advice received in our telephone conversation concerning applicability of Section 802.1 to the following transaction. The acquiring party intends to acquire all of the stock of a residential real estate development corporation which, together with all subsidiaries included within that entity, has assets consisting solely of cash, undeveloped land, construction in progress of residential real estate, residences which have been constructed but not yet sold and mortgage obligations relating to those developed residential properties, which mortgages are ultimately sold to unrelated financial institutions. None of the real estate owned by any of these entities produces any rental income.

My understanding, based on our telephone conversation, is that, under Section 802.1(a) this acquisition would be treated as an acquisition of real estate and that, because the real estate does not produce income, the exemption would apply and the acquisition would not be reportable. If this understanding is incorrect, please notify me immediately, as the parties need to proceed with the transaction in a very short period of time.

Sincerely,



I concur
Patrick K Sharpe
called
11-25-86

upon later review - it appears that this is an incorrect interpretation. This appears to be an acquisition of a home builder company and not an acquisition of exempt real property.
Wayne E Koller 3/10/87