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DA

File

60 December 2, 1986
Freedom of Information Act
release under the
Act

Mr. Dana Abrahamsen
Attorney at Law
Federal Trade Commission
6th Street at Pennsylvania Avenue, N.W.
Room 313
Washington, DC 20580

FEDERAL EXPRESS

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DEC 3 9 46 AM '86
FRIEDMAN
NOTIFICATION
OFFICE

RE: Section 7A(c)(2) Exemptions Under the Hart-Scott-Rodino
Antitrust Improvements Act (the "Act")

Dear Mr. Abrahamsen:

This letter will confirm our conversation of today in which we discussed the application of the Act's Section 7A(c)(2) exemptions to the acquisition of consumer finance account receivables exceeding \$15,000,000 secured exclusively by real estate mortgages or deeds of trust. In the transaction contemplated, the assets being acquired represent less than 5% of the seller's deeds of trust and a division or separate entity of the seller is not being acquired.

There are no Rules which specifically address the exemption of bonds, mortgages, deeds of trust, or other obligations which are not voting securities under Section 7A(c)(2) of the Act. We are limited to the usual and customary definitions of those terms and the legislative history of the Act to determine the Congressional intent. Senator Hart gave the clearest indication when he stated that it was the intention of the managers that this provision exempts consumer receivables and loans or other obligations which are not voting securities, which are traditional financing arrangements and which normally are sold to banks and other financing agencies and acquired in the normal course of business.

You concurred that an acquisition of mortgage or deed of trust secured consumer finance receivables as described in the first paragraph above would be exempt under Section 7A(c)(2) from the pre-merger notification filing and waiting period(s) of the Act.

If I have omitted or misstated any material portion of our conversation, please advise as we are relying on this interpretation to proceed with the transaction. If this letter conforms with your understanding of our conversation, please return to me an FTC file-stamped copy of the duplicate of this letter in the Federal Express envelope provided.

Thank you very much for your assistance in this matter.

Very truly yours,

[Redacted Signature]

Enclosure
Duplicate

DA
12-4-86
spoke with
W. K. He
has no problem
under (c)(1) and
thinks it's
probably ok
under (c)(2) since
the consumer loans
are typically generated by mortgage

our opinion, generated by mortgage