

[REDACTED]

IN RE
REF

August 26, 1988

BY FEDERAL EXPRESS

Mr. Patrick Sharpe
Compliance Specialist
Pre-Merger Department
Federal Trade Commission
Room 303
6th Street and Pennsylvania Avenue, N.W.
Washington, DC 20580

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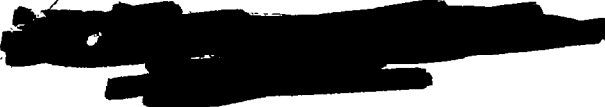
11/11/88

Re: Filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "Act")

Dear Mr. Sharpe:

Our office represents a large real estate developer, which is a domestically incorporated subsidiary of a foreign corporation. This developer has assets worth in excess of \$100,000,000. Not all of these assets can be characterized as real estate. The developer has made a decision to divest itself of its portfolio of residential real estate development projects. It has located a joint venturer for two and possibly three of these projects. Under the transaction currently contemplated, the joint venturer would purchase an undivided interest in two projects. The developer and the joint venturer would then contribute their undivided interest in each parcel of real estate into a limited partnership, one limited partnership for each project. One project involves a very large parcel of raw land, valued by the parties at \$180,000,000 for purposes of the transaction. The objective of the joint venture would be to develop the land for eventual sale. The land would be developed primarily as residential real estate, although a small amount of commercial property will also be developed. The second project involves the construction and sale of residential condominiums. The value of the second parcel of real estate is considerably lower than the first, but in the tens of millions of dollars. As mentioned, the joint venturer may elect to participate in a third joint venture in connection with the other two projects. This would be structured in a fashion basically similar to the other projects, and would involve the long term development of what is now essentially raw land, primarily for residential purposes.

*I find this vague.
Does this mean there may be commercial property.
Note: phone call to [REDACTED] clarified the fact that it is all raw land.*


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The issue has been raised as to the necessity for compliance with the filing and waiting period procedures applicable under the Act. In our phone conversation of August 26, 1988 you informed me that the Federal Trade Commission ("FTC") considers that transactions like those described above, which involve only raw or residential real estate, are exempt from the Act as being in the ordinary course of business. According to this policy, if the land has been developed for commercial usage, such as a factory or shopping center, then the exemption may not be applicable. However, if raw land is transferred which may in the future be developed as commercial property, the exemption would still be applicable. It is my understanding from our phone conversation that if a developer determined to divest itself of its portfolio of residential real estate projects, and implemented the divestiture in separate, unrelated transactions, each transaction would be viewed independently for purposes of compliance with the Act. It is also my understanding that the FTC would view these transactions as falling within the described exemption, provided that only raw or residential land is involved.

Our client will rely on the FTC's view and interpretation of the Act and its regulations, as explained to me in our phone conversation, and will not undertake any filing under the Act for the contemplated transactions discussed herein.

If anything in this letter does not accurately reflect the policy and views of the FTC, please contact me immediately. Thank you very much for your assistance.

Very truly yours,




As long as it is raw land,
Land that formerly and currently has no
business operations on it.
I concur,
called 8-31-88