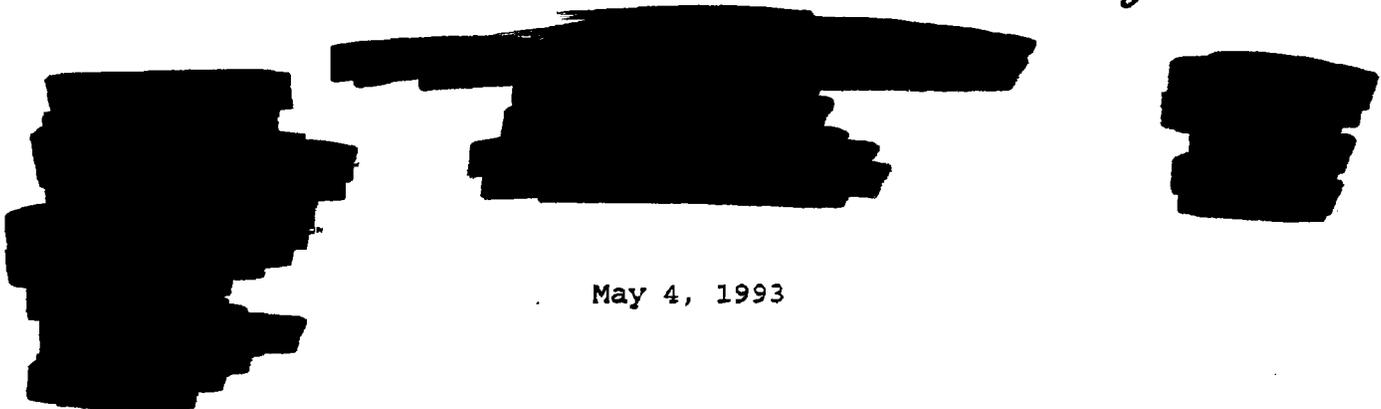


802.1



May 4, 1993

VIA TELECOPY (202) 326-2050
Federal Trade Commission
Hart-Scott-Rodino Division
Washington, D.C.
Attn: Hy David Rubenstein

RE: Exempt Residential Property
12 CFR §802.1

Dear Mr. Rubenstein:

Pursuant to 12 CFR §803.30, we are requesting your informal advice on the application of the exemptive provisions of 12 CFR §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 the 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 operators during such time.

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.

The Homestead is fenced and used by Individual as his principal residence. The improvements on the Homestead consist of a 4 bedroom, 6,572 square foot main house, pool, pool cabaña, guest house, tennis courts, garage, stables [for personal use, other

[REDACTED]

Federal Trade Commission
May 4, 1993
Page 2

stables exist for ranching operations] and gardener/caretaker quarters. Although Individual maintains a secondary residence in 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.

You may call either [REDACTED] or [REDACTED] at the above number. Thank you for your consideration.

Very truly yours,
[REDACTED]

[REDACTED]

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