

(916) 445-4588

December 9, 1981

Dear Mr. W :

Pursuant to your request, we have reviewed the B partnership agreement to determine if it has a continuing life clause therein. As I related to you, if it does, the sale on January 1, 1979, of a portion of the two partners' interests (less than 50%) to a third person would not cause the dissolution of the partnership and thereby constitute a change in ownership of the real property owned by the partnership.

Paragraph III of the partnership agreement provides that the partnership was to continue unless terminated for specific reasons outlined in the agreement.

Although paragraph X of the agreement allows a partner(s) to sell all or any part of their interest to a third party, there is no provision which states that if such a sale occurs, the partnership will be dissolved or terminated. Because of the lack of any specific termination language and because of the provisions of paragraph III, it is clear that the partnership is to continue even if a partner sells all or a portion of his or her interest to a third party.

Based on these paragraphs, it is our opinion that the transfer of the partnership interest in 1979 did not constitute a change in ownership.

I do, however, have one comment. This involves the exchange of two parcels of property between B partnership and C partnership on December 12, 1980. As you stated, we concluded that the exchange would be excluded under Section

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62(a) based on the assumption the fair market value of the two parcels were identical and the partners' interests in the two partnerships were identical. However, my problem is whether the partners' interests were identical since in 1979 the third party became a partner of B - was he already a partner of C ?

We can discuss this point if you deem necessary.

Very truly yours,

Glenn L. Rigby  
Assistant Chief Counsel

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