



(916) 445-4588

July 11, 1980

In your letter of June 2, you state that you are of the opinion that in a sale leaseback agreement where property is simultaneously sold and leased back for 35 years or more and the operating ownership is the same, this transaction would not constitute a change in ownership.

In my opinion, the answer to the foregoing turns upon the fact of whether the sale and leaseback agreement is a financing arrangement or a true sale. In order to give you a definite answer to your specific question, I would have to see the documents evidencing the transaction.

As a general rule, it is my opinion that if the property was sold and immediately leased back to the former owner and under the terms of the agreement the property did not revert to the lessee upon the final lease payment or the lessee did not have the option to purchase the property for a nominal amount at the end of the lease term, the transaction would constitute a change in ownership.

If you would like to send me a copy or an example of such a proposed arrangement, I would be more than happy to give you a definite answer on your particular situation.

Very truly yours,

Glenn L. Rigby  
Assistant Chief Counsel

GLR:sfg