

DATE: June 17, 1983

TO : Review Staff
FROM : Diana J. Lee *djl*
RE : Capital Gains Transfer Tax

If an offering plan attempts to pass along the capital gains transfer tax to purchasers, require the following disclosures:

1. Special risk the pass-along.
2. Disclose the actual dollar amount payable by purchaser.
3. Disclose that such amount is in addition to other closing costs and total all closing costs (inclusive of the tax).
4. Disclose that closing costs are not usually financeable by mortgage (i.e., purchaser must pay cash).
5. Disclose whether purchasers are entitled to a tax deduction for this tax (probably not).
6. Disclose sponsor's "hard-costs" in project (i.e., basis upon which tax is calculated).

If you have any questions, speak to me or Jean Gallancy who developed these guidelines.

D.J.L.

DJL:ml