

Date Received: September 12, 2016

Mr. Stewart,

While I appreciate NASAA's desire to protect investors through regulating REIT guidelines by state, I believe the current proposals are inappropriate and will harm investors rather than help them.

The current proposals suffer from many deficiencies. A SHORT list is provided below.

- Solve a problem that has already been addressed by SEC and FINRA changes.
- Market distortion will grow. We are already seeing products develop using inferior structures in attempt to avoid current and planned limitations on non-traded REITs and BDCs.
- Represent vast overreach. Regulators are proposing highly arbitrary and restrictive rules to a single product category because they can, not because they should.
- The current limitations are poorly constructed and present advisors perverse incentives. Currently, the liquid net worth definition encourages individuals to invest the maximum allowable amount into these products immediately when their liquidity is the highest according to your definitions. A more appropriate structure would encourage gradual adoption over time.

The justifying rationale I have heard by regulators repeatedly for applying these rules is deeply flawed, and if applied to all products would essentially limit investors to guaranteed bank CDs. Fortunately, states lack the authority to oversee all products and investors still have freedom to make their own choices with most of their assets. But, states' current authority in this single area does not justify them abusing their position.

Thanks for your consideration.

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