NASAA,

PROPOSED REVISIONS TO NASAA STATEMENT OF POLICY REGARDING REAL ESTATE INVESTMENT TRUSTS

Per Proposed Revision #2 - Income and Net Worth Adjustment:
I believe these changes to the investor net worth and income guidelines are overdue and will be a benefit to clients.

Per Proposed Revision #4 - Gross Offering Proceeds Prohibited as Distribution Source:
Advisors should already be educating clients about these products as they act in a fiduciary manner. The clients should already be reading prospectus's and signing off that they understand how the investment works before the REITs are purchased.

Instead of prohibiting certain ways that the REIT sends its distributions or limiting the verbiage advisors can use to describe the mechanics of the fund, I would consider better reporting requirements for the REIT company. The company should be filing a form 89-37 with the IRS (Report of Organizational Actions Affecting Basis of Securities) - These forms report what percentage of client distributions for the year are return of principle. They come out retroactively after all the distributions have been sent out for the year and are very difficult to find for certain companies. Some don't list the form directly on their website, or when you call the companies for this form, the employees are not able to locate the document. It would be more convenient for client transparency and performance reporting if they were to announce the amount of principle-return at the beginning of the year (before distributions are sent out) or as each distribution gets sent.

Thank you!
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