

With regards to the proposed changes to Customer Account Statements pursuant to NASD 2340, please consider the following thoughts:

1. I believe it would be prudent and I support better disclosure to clients of the Organizational & Offering expenses and how they are charged and how they could negatively affect the perceived value of the investment.
2. I think that trying to portray an estimated value in a statement, net of fees, would not be a feasible decision. These investments are non-listed and trying to determine a value is very difficult. If a REIT for example has 15% of Org. and Off expenses, so the statement would reflect an \$8.50 value per share, I don't believe that this is an accurate value. The REIT could still be sitting on a lot of cash that has yet to be deployed, meaning the value would most likely be less than \$8.50, or the REIT could have purchased a property(s) at a significant discount and the value could be more than \$8.50. I agree that this is the case in the current \$10.00 per share reflection as well. In addition, investors participating in the DRIP programs, in which REIT companies promote a discounted \$9.50 purchase price, it would be confusing to an investor to determine how that is valued net of fees and how to portray the overall value in this structure given some shares were purchased at \$10.00 and others at \$9.50. I would actually be a proponent of not indicating any kind of value (including the \$10.00 value), but simply having statements that indicate how much an investor contributed and what the determined share price was of those contributions but then disclosing that the share price is a "predetermined value and does not reflect the actual value of the REIT shares, which could fluctuate based upon factors including, but not limited to, the value of the underlying assets and the organizational and offering expense."
3. I believe that this issue is similar to that of an investor buying stock of a private company. The shares are not valued daily, they are not liquid, commissions are often paid to brokers and investors pay a predetermined share price, but they understand that that share price can be somewhat arbitrary as the company value could be fluctuating on a daily basis based upon the performance of the company. These investors understand that until the private stock liquidates through another private transaction or until it goes public, the value of those shares were based upon a predetermined amount and they hope that at liquidation that they are getting back more than that dollar amount. I agree that this too is a difficult scenario for investors as they want to know the value of their investment but that is difficult under certain structures and I think we need to do a better job of educating on those structures.
4. I would propose a statement that indicates the amount invested and the per share price paid for those shares and then perhaps another line in the same statement that indicates the per share price paid net of fees (so indicates two share prices on the statement). With both of those however, I think it is necessary to disclose that those values are arbitrary and predetermined.
5. Another thought is to not reflect a "value" in a statement, but reflect a dollar amount invested and a price per share paid for that dollar amount and then disclose in that statement, that the amount invested and share price paid could fluctuate based upon the performance of the underlying assets and the fees paid.
6. On the signature pages of most REIT paperwork, there are disclosures that investors initial before they sign. I would propose another disclosure that indicates that share prices do not necessarily reflect the value of the investment and that they are paying org. and off expenses that could be as high as 15% and could negatively affect the value of their shares. With this disclosure requiring investor initials in the sub docs, and then another disclosure in the actual quarterly or transaction statements, that indicates that the share value of \$10.00 per share my

not reflect the actual value of the shares, I believe we could address the concerns at hand and not negatively impact the industry.

I like the direction being taken with this proposed change, but I think it needs to be done more through disclosure format rather than trying to continue determining a value of shares. I do not think that is good for the industry, but I do believe that more needs to be done to educate investors on how REITs are valued (or not valued) and how their fees are structured and how they affect the overall return on the investments.

With regards to 09-09, I like the 18 month valuation as REIT's that are completed the initial offering period have less moving parts and a real valuation at that point can be closer had. I would propose this be done more frequently and perhaps be done annually as part of the annual filing of a REIT.

Thank you,

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