



STATE OF UTAH  
STATE CAPITOL  
SALT LAKE CITY 14, UTAH

DEPARTMENT OF  
BUSINESS REGULATION

DEPT. OF CONTRACTORS  
DEPT. OF REGISTRATION

PUBLIC SERVICE  
COMMISSION

TRADE  
COMMISSION

SECURITIES COMMISSION  
AND  
REAL ESTATE DEPT.  
902 TRIBUNE BUILDING

COMMISSIONERS: HAL S. BENNETT, CHAIRMAN — DONALD HACKING, JESSE R. S. BUDGE

REAL ESTATE INVESTMENT TRUSTS

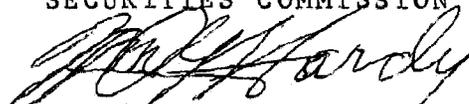
It is hoped this form letter may answer the many inquiries with reference to registering Real Estate Investment Trusts in Utah.

This type offering is new, therefore, the policies of today may be changed tomorrow. Through counseling with the Attorney General's Office, the following conclusions seem to be reliable.

1. The Utah law permits this type "association" to qualify to do business within the state.
2. Utah statute protects certain terms for use by banks and may not be used by institutions not under the supervision of the Banking Department. The word "trust" is one of these. Such words should not be used in the name of the association. The name may be followed by the qualifying statement, "A real estate investment trust"
3. The memberships or certificates of interest are securities as defined under 61-1-4 (1) of the Utah Code Annotated which, under definitions, in part provides, "Security . . . certificate of interest or participation or certificate of interest in a profit-sharing agreement; . . . collateral trust certificate, preorganization certificate, or preorganization subscription; . . ."
4. Registration of a preorganization offering is required because the federal act requires the association, among other things, consist of not less than 100 members. It would be impossible under the Utah Securities Act to solicit and obtain 100 subscriber members without violating the Act unless the offering is first registered.
5. Applications to register preorganization offerings should be made on our regular application forms showing it is a preorganization offering, for the purpose of organizing a real estate investment trust.
6. Escrow of funds will be required until at least two things have been accomplished: a. Not less than 100 subscribers or members. b. Sufficient funds are escrowed to reasonably assure a successful operation.
7. A statement will be required in the prospectus or offering circular calling subscriber's attention to the possibility of individual liability of holders of memberships or certificates of interest.

You are at liberty to write for further information if desired.

Very truly yours,  
SECURITIES COMMISSION

  
WM. G. HARDY, DIRECTOR