



1031 Replacement Property Solutions

December 14, 2007

Office of the Chief Counsel
Attn: Nancy M. Morris
Division of Market Regulation
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-6628

Re: File No. S7-26-07

To Whom It May Concern:

I do not believe that the current draft exemption proposed by NAR appropriately addresses the needs of the industry or the investor. I am in agreement that some exemption needs to be in place to allow for the payment of fees to cooperating licensed real estate professionals who either refer clients to securities professionals or provide transactional advisory services that help clients with the analysis of prospective securitized real estate investment.

Investor Protection

Current protective regulations including, accreditation, contemplation, concentration, and suitability requirements provide a level of protection to the investor. The NAR exemption in its current form would dramatically weaken these protections while leaving a level of liability on the registered representative. With the current exemption a Real Estate professional could present numerous TIC investment opportunities to an investor and move them well down the sales path without meeting any of the current requirements that a registered rep would have to follow. The Real Estate professional could then shop for the registered rep that wants to just process the trade transaction.

Securitized real estate transactions (particularly TIC transactions) are highly complex; require specialized real estate knowledge and present additional risks to investors. The NAR exemption does not address the need for investors to have an advisor that can guide them through these additional complexities and risks not associated with traditional real estate transaction.

I urge you to consider modifying the exemption to maintain the current protections of Regulation D while allowing for cooperation between real estate professionals and registered reps.

Sincerely,

Eric S. Scaff
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