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The prospectus contained in the registration statement for the Second Offering also contains a description of the terms of the Share Redemption Program. In general, these terms are the same as those contained in the registration statement for the Initial Offering, with the following modifications:

- the administrative fee that the REIT will charge with respect to a Uniform Commercial Code search that is used to determine whether there are any liens held against the shares to be redeemed has been changed from \$250 to the lesser of \$250 or 4% of the original purchase price of the shares to be redeemed (any additional costs in conducting the search will be borne by the REIT);
- the administrative fee will be waived if the redemption occurs upon the death of a stockholder or if the REIT's advisor, in its sole discretion, determines that the redeeming stockholder has suffered an economic hardship;
- the REIT may waive the one-year holding requirement for the redemption of shares in the event of a stockholder's bankruptcy;
- during any calendar year, the REIT will not redeem in excess of 3% of the weighted average number of shares outstanding during the prior calendar year, provided, however, that shares subject to a redemption requested upon the death of stockholder will not be subject to such cap; and
- if the REIT is unable to purchase all shares presented for redemption in any quarter, based upon insufficient cash available or the limit on the number of shares that the REIT may redeem during any calendar year, the REIT may give priority to the redemption of a deceased stockholder's shares, rather than attempting to honor all redemption requests on a pro rata basis.

The REIT believes that these modifications are consistent with the terms of other share redemption programs that have been granted exemptive relief by the Commission under Rule 102(e) of Regulation M, and in any event, are not material modifications to the terms of the Share Redemption Program that was granted exemptive relief by the Commission on May 24, 2005. As a result, and on behalf of the REIT, we request that the Division of Market Regulation grant the REIT an exemption from the prohibitions of Rule 102(a) of Regulation M promulgated under the Securities Exchange Act of 1934, as amended, with respect to redemptions by the REIT of shares of its common stock pursuant to terms of the Share Redemption Program contained in the registration statement of the Second Offering.



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
MARKET REGULATION

May 24, 2005

SECURITIES AND EXCHANGE COMMISSION
MAY 24 2005
DIVISION OF MARKET REGULATION

Lauren Burnham Prevost
Morris, Manning & Martin, LLP
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326-1044

Re: Cole Credit Property Trust II, Inc.
Request for Exemptive Relief under Rule 102 of Regulation M

Dear Ms. Prevost:

In your letter dated May 6, 2005, as supplemented by conversations with the staff, you request that the Commission grant an exemption from Rule 102 of Regulation M to permit Cole Credit Property Trust II, Inc. (the "REIT") to effect redemptions of shares of its common stock pursuant to its proposed Share Redemption Program. We have attached a copy of your letter to this response to avoid reciting the facts. Unless otherwise noted, terms in this letter have the same meaning as in your letter.

Response:

As a consequence of the continuous offerings of the REIT's shares of common stock, the REIT will be engaged in a distribution of shares of its common stock pursuant to Rule 102 of Regulation M. As a result, bids for or purchases of shares of its common stock or any reference security by the REIT or any affiliated purchaser of the REIT are prohibited during the restricted period specified in Rule 102, unless specifically excepted by or exempted from Rule 102.

On the basis of your representations and the facts presented, but without necessarily concurring in your analysis, the Commission hereby grants an exemption from Rule 102 of Regulation M to permit the REIT to repurchase shares of its common stock under its Share Redemption Program while the REIT is engaged in a distribution of shares of common stock. In granting this exemption, we considered the following facts, among others:

- shareholders of the REIT must have held the shares of common stock in the REIT for at least one year to participate in the Share Redemption Program;
- there is no trading market for the REIT's common stock;

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The REIT has no current plan to cause its shares of common stock to be listed for trading on any national securities exchange or for quotation on The Nasdaq Stock Market, nor does it anticipate that such shares will be the subject of bona fide quotes on any inter-dealer quotation system or electronic communication network. To provide stockholders with limited liquidity for their common stock, under certain circumstances, the REIT intends to adopt the Share Redemption Program. If a secondary trading market does develop, however, the REIT will terminate the Share Redemption Program.

The Share Redemption Program

The REIT's board of directors has approved the Share Redemption Program for the REIT, the terms of which are fully disclosed in the prospectus included in the registration statement described above. The REIT's board of directors has delayed the implementation of the Share Redemption Program until the earlier of the (1) completion of the Offering (approximately two years from the effective date of the Offering) or (2) receipt of the relief requested by this letter.

During the term of Offering, the redemption price per share will depend on the length of time the stockholder has held such shares. After one year from the purchase date, the redemption price per share will be 92.5% of the amount the stockholder paid for each share. This percentage will increase to 95.0% after two years from the purchase date, then to 97.5% after three years from the purchase date and to 100.0% of the purchaser price after four years from the purchase date (in each case, as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to the REIT's common stock). At any time the REIT is engaged in an offering of shares, the per share price for shares purchased under the Share Redemption Plan will always be equal to or lower than the applicable per share offering price. Thereafter the per share redemption price will be based on the then-current net asset value of the shares (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to our common stock). The REIT's board of directors will announce any redemption price adjustment and the time period of its effectiveness as a part of its regular communications with our stockholders. At any time the redemption price is determined by any method other than the net asset value of the shares, if the REIT has sold property and has made one or more special distributions to the stockholders of all or a portion of the net proceeds from such sales, the per share redemption price will be reduced by the net sale proceeds per share distributed to investors prior to the redemption date as a result of the sale of such property in the special distribution. The board of directors will, in its sole discretion, determine which distributions, if any, constitute a special distribution. While the REIT's board of directors does not have specific criteria for determining a special distribution, it is anticipated that a special distribution will only occur upon the sale of a property and the subsequent distribution of the net sale proceeds. Subject to the waiver of the one-year holding period requirement, shares required to be redeemed in

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connection with the death of a stockholder may be repurchased without the one-year activity period requirement, at a purchase price equal to the price actually paid for the shares.

Prior to the time the REIT's shares are listed on a national securities exchange or for quotation on The Nasdaq Stock Market and pursuant to the terms of the Share Redemption Program, a stockholder who has held shares of common stock for at least one year may, with appropriate notice, present all or a portion consisting of at least 25% of such stockholder's shares for repurchase, subject to the requirements described below.

During each calendar year, the REIT will not redeem in excess of 3.0% of the weighted average number of shares outstanding during the prior calendar year. The cash available for redemption will be limited to the proceeds from the sale of shares pursuant to the Reinvestment Plan.

The REIT will redeem shares on a quarterly basis. If the REIT does not have sufficient funds set aside to accommodate all of the redemption requests made during any quarter, or the REIT has reached the limit on the number of shares it may redeem during any calendar year, then the REIT will attempt to honor all requests on a pro-rata basis. The unsatisfied portion of any redemption request will be treated as a request for redemption the following quarter. The requestor may (1) withdraw its request for redemption at any time prior to the last day of the new quarter or (2) ask that the redemption request be honored at such time, if, any, when sufficient funds are available and the REIT has not reached its calendar year redemption limit. Such pending requests will generally be honored on a pro rata basis.

The REIT's redeemed shares will become authorized but unissued shares of the REIT's common stock. The REIT does not intend to reissue the shares without registration under the Securities Act or an exemption therefrom. The Share Redemption Program will terminate upon the development of a trading market for the REIT's shares of common stock. In addition, the board of directors may choose to amend, suspend or terminate the Share Redemption Program upon 30 days notice at any time and will be required to discontinue sales of shares under the Reinvestment Plan on the earlier of (i) two years following the date the Offering is declared effective, or (ii) the date the REIT has sold 5,000,000 shares under the Reinvestment Plan, unless the REIT has filed a new registration statement with the Securities and Exchange Commission and applicable states. Because the redemption of shares will be funded with the net proceeds the REIT receives from the sale of shares under the Reinvestment Plan, the discontinuance or termination of the Reinvestment Plan will adversely affect the REIT's ability to redeem shares under the Share Redemption Plan. The REIT will notify the stockholders of such developments (i) in its annual or quarterly reports or (ii) by means of a separate mailing, accompanied by disclosure in a current or periodic report under the Exchange Act. During the Offering, the REIT will also include this information in a prospectus supplement or post-effective amendment to the registration statement, as required under federal securities laws.

