

NAREIM

Real Estate Investment Managers

The Honorable Joseph Crowley
2404 Rayburn House Office Building
Washington, D.C. 20515

July 29, 2010

Dear Representative Crowley:

The National Association of Real Estate Investment Managers (NAREIM) supports significant changes to the Foreign Investment in Real Property Tax Act (FIRPTA) – up to and including its full repeal. It has been well-documented by the real estate industry, real estate investors and outside experts that this tax regime discourages non-U.S. investment in U.S. real estate.

We applaud and support your efforts to bring about comprehensive reform to the FIRPTA rules. H.R. 5901, the “Real Estate Jobs and Investment Act” is an important step towards reform in the publicly traded REIT sector and we support its enactment.

H.R. 5901 would allow foreign investors to increase their ownership stake in a publicly traded REIT from 5% to 10% without being subjected to FIRPTA. This is consistent with existing U.S. tax law rules concerning the purchase of U.S. debt by non-U.S. investors as well as the model U.S. tax treaty concerning dividend investments,

As you know, there are other significant steps needed as well to achieve comprehensive FIRPTA reform. In the public REIT sector, for instance, the 10% exception in H.R. 5901 should apply to non-traded public REITs as well as publicly traded REITs.

Furthermore, reform is urgently needed for foreign investment in direct, private real estate ownership. This form of real estate ownership is highly desired by foreign investors in order to achieve real estate investment diversification and a balanced real estate investment portfolio. Until FIRPTA reforms are made that affect this, much of the capital from foreign pension funds, insurance companies and investment funds will stay offshore.

We acknowledge that the challenges presented by the legislative environment and the PAYGO rules are making the enactment of comprehensive FIRPTA reform difficult. We share your frustration as the health of the U.S. real estate industry would benefit significantly by the foreign capital waiting to be invested in U.S. real estate but for the onerous FIRPTA rules.

Your continued efforts to reform FIRPTA are greatly appreciated. H.R. 5901 is a sensible change that will encourage investment of additional equity capital in certain

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publicly traded real estate companies during this period of ongoing turmoil in the credit markets.

Again, we support it and look forward to working with you to promote the continued health of the U.S. real estate industry.

Sincerely,



Stephen M. Renna
President

cc: Honorable Dave Camp