

# NASAA ADOPTS AMENDMENTS TO STATEMENT OF POLICY FOR NON-TRADED REITS

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On Sept. 7, 2025, the North American Securities Administrators Association (NASAA) approved changes to the NASAA Statement of Policy Regarding Real Estate Investment Trusts (the REIT Guidelines). This is the first meaningful update to the REIT Guidelines since 2007, although multiple proposals have been issued for public comment in recent years.

In practice, NASAA Statements of Policy are automatically adopted or routinely incorporated in various jurisdictions and used by others during coordinated review of direct participation programs. The changes are effective as of Jan. 1, 2026. Issuers and distributors – usually broker-dealers – should monitor closely these updated requirements for the sale of non-traded REIT products in light of the effective date. This is especially important as individual jurisdictions take various approaches towards adoption of NASAA Statements of Policy. Furthermore, several jurisdictions have existing longstanding reliance on the existing REIT Guidelines.

## KEY TAKEAWAYS:

- Clarifies that existing conduct standards apply during the recommendation or sale of shares for the applicable regime: the U.S. Securities and Exchange Commission (SEC) Regulation Best Interest (Reg BI), requirements under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code of 1986, and/or federal or state fiduciary duties.
- Applies automatic adjustments to minimum income and net worth standards every five years, accounting for inflation.
- Implements a new, standardized concentration limit of 10% for non-accredited retail investors at the point of sale that includes the investor's aggregate investment in the REIT and other non-traded direct participation programs.

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**SUMMARY:**

The final Statement of Policy is available [here](#), with a comparison between the proposal and adopted language available [here](#). NASAA statements of policy are used by state securities administrators to provide uniform rules and guidance for the securities industry regardless of individual jurisdiction and as a basis for the coordinated review process.

The newly adopted REIT Guidelines include substantive updates from the previous statement of policy. We expect this will create operational complexity for broker-dealers and investment advisers, in addition to issuers. Below are key components of the amended Guidelines.

*Clarification around applicability of standards of conduct*

Individuals recommending, selling or providing investment advice related to shares of the REIT are subject to current standards of conduct including suitability obligations, Reg BI, the ERISA standard of conduct and state fiduciary duties, among others. This is a new provision in the REIT Guidelines and serves to codify various ongoing obligations under federal and state law.

*Implements an automatic inflation adjustment of income and net worth standards*

The new REIT Guidelines increase the minimum income and net worth standards for individuals to a minimum \$100,000 annual gross income (from \$70,000) and a minimum liquid net worth of \$100,000 (from \$70,000) or a minimum liquid net worth of \$350,000 (from \$250,000). These standards will be automatically updated every five years to account for inflation. This diverges from SEC regulations, which are not automatically adjusted for inflation and presents a medium-term consideration for broker-dealers and investment advisers.

*Creates uniformity with a 10% concentration limit*

As of Jan. 1, 2026, retail investors will be subject to a 10% aggregate concentration limit for shares of REITs and other non-traded direct participation programs. This limit would be applied at the point of sale and does not include shares received through a distribution reinvestment program. While certain states enforce a concentration limit, this will create a new, standardized national minimum concentration limit.

Accredited investors as defined in Rule 501(a) of Regulation D are not subject to the concentration limit. In the medium-term, firms should be considering any necessary updates as a result of the automatic inflation adjustments for minimum income and net worth standards.



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**RECOMMENDED NEXT STEPS:**

The REIT Guidelines are effective as of Jan. 1, 2026. Broker-dealers and investment advisers who recommend non-traded REITs should evaluate the adoption status for states in which they do business and applicability of coordinated review of direct participation programs to their platform. Immediate updates to written supervisory procedures and/or compliance manuals may be required to ensure compliance with the new concentration limit. Further, broker-dealers and investment advisers should consider the impact of future automatic inflation adjustments for minimum income and net worth standards.

For any further questions, please reach out to the authors or your regular Armstrong Teasdale lawyer.