

(e) To invest more than 5% of its total assets in foreign securities as to which the fund pays interest equalization tax (see page ___).

(f) In relation to 85% of its total assets, to invest more than 5% of such assets in any one issuer (see page ___).”

History: Cr. Register, December, 1977, No. 264, eff. 1-1-78; r. (7), Register, December, 1979, No. 288, eff. 1-1-80; am. (5) and (6), Register, December, 1980, No. 300, eff. 1-1-81.

SEC 3.11 Real estate programs. (1) Except as provided in sub. (2), the offer or sale of interests in a limited partnership which will engage in real estate syndications may be deemed unfair and inequitable to purchasers unless the offering complies with the provisions of the North American Securities Administrators Association Statement of Policy regarding real estate programs, adopted April 15, 1980, as amended effective March 30, 1982, including comments therein. Copies of the Statement of Policy are available from the commissioner's office for a prepaid fee of \$4. The Statement of Policy is published in Volume 1 of the Commerce Clearing House Blue Sky Law Reporter and is on file at the offices of the Wisconsin secretary of state and the revisor of statutes.

(2) (a) In addition to the provisions of subsection I.B.14. of the Statement of Policy relating to the definition of Investment in Properties, in the case of a specified property program filed with the Administrator prior to July 1, 1983 where the property is located in Wisconsin and the sponsor has its principal office in Wisconsin, the investment in properties consists of the amount of capital contributions actually paid or allocated to the purchase, development, construction or improvement of properties acquired by the program (including the purchase of properties, working capital reserves allocable thereto and other cash payments such as interest and taxes but excluding front-end fees).

(b) In addition to the provisions of subsection III.B. of the Statement of Policy relating to Sales of Appropriate Persons, in the case of a specified property program filed with the Administrator prior to July 1, 1983 where the property is located in Wisconsin and the sponsor has its principal office in Wisconsin, participants shall have a minimum annual gross income of \$20,000 and a net worth of \$20,000, or in the alternative, a net worth of \$75,000. Except for the minimum annual gross income and net worth levels, all other provisions of subsection III.B.4. of the Statement of Policy shall apply to specified property programs.

(c) In addition to the provisions of subsection IV.C.1. of the Statement of Policy relating to Investment In Properties, in the case of a specified property program filed with the Administrator prior to July 1, 1983 where the property is located in Wisconsin and the sponsor has its principal office in Wisconsin, all front-end fees may be paid to the sponsor from the first installment so long as the front-end fees do not exceed the permitted percentage the sponsor would be entitled to receive if there were no installment payments.

(d) In addition to the provisions of section VIII.(C) of the Statement of Policy relating to disclosure of Forecasts, the use of projections is permitted as follows:

1. In the case of a specified property program filed with the Administrator prior to July 1, 1983 where the property is located in Wisconsin and the sponsor has its principal office in Wisconsin, the

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presentation of predicted future results of operations ("projections") of real estate programs shall be permitted but not required for a specified property program investing primarily in improved property and shall be prohibited for non-specified property programs or specified property programs investing primarily in unimproved land. The front cover of the prospectus must contain in boldface language one of the following statements:

a. For specified property programs: "PROJECTIONS ARE CONTAINED IN THIS PROSPECTUS (OFFERING CIRCULAR). ANY PREDICTIONS AND REPRESENTINGS, WRITTEN OR ORAL, WHICH DO NOT CONFORM TO THOSE CONTAINED IN THE PROSPECTUS (OFFERING CIRCULAR) SHALL NOT BE PERMITTED."

b. For non-specified property and unimproved land programs: "THE USE OF PROJECTIONS IN THIS OFFERING IS PROHIBITED. ANY REPRESENTATIONS TO THE CONTRARY AND ANY PREDICTIONS, WRITTEN OR ORAL, AS TO THE AMOUNT OR CERTAINTY OF ANY PRESENT OR FUTURE CASH BENEFIT OR TAX CONSEQUENCE WHICH MAY FLOW FROM AN INVESTMENT IN THIS PROGRAM ARE NOT PERMITTED."

2. Projections for specified property programs filed with the Administrator prior to July 1, 1983 shall be included in the prospectus, offering circular or sales material of the program only if they comply with the following requirements:

a. General. Projections shall be realistic in their predictions and shall clearly identify the assumptions made with respect to all material features of the presentation. Projections shall be compiled by an independent certified public accountant and that person or firm shall be identified in the prospectus or offering circular as being responsible for the compilation of the projections. The general partners shall state their opinion in the prospectus or offering circular of the most probable projected resale result. No projections shall be permitted in any sales literature which do not appear in the prospectus or offering circular. If any projections are included in the sales literature, all projections must be presented.

b. Material information. Projections shall include the standards set forth in sections VIII.C.1.b. (1) to (3) and (5) to (9) of the Statement of Policy, the required occupancy rate in order to meet debt service and all expenses, and rental revenue shall also be predicted based on occupancy rates 10% below the break-even occupancy rate.

c. Presentation. Projections shall include all the standards set forth in sections VIII.C.1.c. (1) to (4) of the Statement of Policy and the following: The presentation of projections proposed in accordance with these standards shall be coupled with a summary of predicted results in the event of a material adverse change in one or more significant economic factors. These factors include the effect on partnership cash flow and rate of return of revenues of rental projects at rates 10% to 15% less than expected and the effect of a level of operating expenses 10% to 15% greater than anticipated in the primary projections. A break-even point with respect to occupancy and expenses should be disclosed together with other relevant financial ratios.

d. Additional Disclosures and Limitations. Projections shall include all standards set forth in VIII.C.1.d. (1) to (4) of the Statement of Policy with the word "projections" substituted for the word "forecasts" and the word "projected" substituted for the word "forecasted."

e. Unimproved land. Projections shall not be allowed for unimproved land. Instead, a table of deferred payments specifying the various holding costs, such as interest, taxes, and insurance shall be inserted. However, where the program intends to develop and sell the land as its primary business, a detailed cash flow statement showing the timing of expenditures and anticipated revenues shall be required. In addition, the consequences of a delayed selling program shall be shown.

History: Cr. Register, December, 1977, No. 264, eff. 1-1-78; am. Register, December, 1980, No. 300, eff. 1-1-81; renum. to be (1) and am., cr. (2), Register, April, 1982, No. 316, eff. 5-1-82.

SEC 3.12 Oil and gas programs. The offer or sale of interests in a limited partnership which will engage in oil or gas programs may be deemed unfair and inequitable to purchasers unless the offering complies with the provisions of the North American Securities Administrators Association Guidelines for the Registration of Oil and Gas Programs, adopted September 22, 1976, as amended October 12, 1977 and October 31, 1979. Copies of the Guidelines are available from the commissioner's office for a prepaid fee of \$4. The Guidelines are published in Volume 1 of the Commerce Clearing House Blue Sky Law Reporter and are on file at the offices of the Wisconsin secretary of state and the revisor of statutes.

History: Cr. Register, December, 1977, No. 264, eff. 1-1-78; am. Register, December, 1980, No. 300, eff. 1-1-81.

SEC 3.13 Cattle feeding programs. The offer or sale of interests in a limited partnership which will engage in cattle feeding operations may be deemed unfair and inequitable unless the offering complies with the provisions of the North American Securities Administrators Association Guidelines for the Registration of Publicly Offered Cattle Feeding Programs, adopted September 17, 1980. Copies of the Guidelines are available from the commissioner's office for a prepaid fee of \$4. The Guidelines are published in Volume 1 of the Commerce Clearing House Blue Sky Law Reporter and are on file at the offices of the Wisconsin secretary of state and the revisor of statutes.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81.

SEC 3.14 Debt securities issued by a church or congregation. The offer or sale of debt securities issued by a church or congregation, the proceeds of which are to be utilized to finance or refinance the purchase, construction or improvement of buildings or related facilities (including the underlying property) of the issuer may be deemed unfair and inequitable to purchasers unless the offering complies with the provisions of the North American Securities Administrators Association Guidelines for Offerings of Church Bonds, adopted October, 1979. Copies of the Guidelines are available from the commissioner's office for a prepaid fee of \$4. The Guidelines are published in Volume 1 of the Commerce Clearing House Blue Sky Law Reporter and are on file at the offices of the Wisconsin secretary of state and the revisor of statutes.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81.

Register, April, 1982, No. 316

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SEC 3.15 Finance company debt securities. The offer or sale by a finance company of its debt securities may be deemed unfair and inequitable to purchasers unless the offering complies with the provisions of the Central Securities Administrators Council Statement of Policy on Finance Company Debt Securities, adopted August 12, 1976. Copies of the Statement of Policy are available from the commissioner's office for a prepaid fee of \$4. The Statement of Policy is published in Volume 1 of the Commerce Clearing House Blue Sky Law Reporter and is on file at the offices of the Wisconsin secretary of state and the revisor of statutes.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81.

SEC 3.16 Loans to company officials. The offer or sale of securities by an issuer may be deemed unfair and inequitable to purchasers if the issuer or its affiliates have made, or may make, loans or forbearances that fail to comply with the Central Securities Administrators Council Statement of Policy on Loans to Company Officials, as amended April 22, 1978. Copies of the Statement of Policy are available from the commissioner's office for a prepaid fee of \$4. The Statement of Policy is published in Volume 1 of the Commerce Clearing House Blue Sky Law Reporter and is on file at the offices of the Wisconsin secretary of state and the revisor of statutes.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81.

SEC 3.17 Real estate investment trusts. The offer or sale of securities of a corporation, trust or association, other than a real estate syndication, engaged primarily in investing in equity interests in real estate, including fee ownership and leasehold interests, or in loans secured by real estate, or both, may be deemed unfair and inequitable to purchasers unless the offering complies with the provisions of the North American Securities Administrators Association Statement of Policy on Real Estate Investment Trusts, adopted April 28, 1981. Copies of the Statement of Policy are available from the commissioner's office for a prepaid fee of \$4. The Statement of Policy is published in Volume 1 of the Commerce Clearing House Blue Sky Law Reporter and is on file at the offices of the Wisconsin secretary of state and the revisor of statutes.

History: Cr. Register, December, 1981, No. 312, eff. 1-1-82.

SEC 3.20 Other causes for denial, suspension or revocation. (1) The enumeration of causes stated in ss. SEC 3.01 to 3.17, is not exclusive, and the commissioner may issue a stop order denying effectiveness to, or suspending or revoking the effectiveness of, any registration statement for any cause stated in s. 551.28(1), Stats., whether similar to or different from the causes enumerated in these sections, when necessary or appropriate in the public interest and for the protection of purchasers.

(2) The commissioner may issue a stop order denying effectiveness to, or suspending or revoking the effectiveness of, any registration statement filed pursuant to s. 551.26, Stats., if the sale of securities pursuant to the registration statement is or would be in violation of the securities act of 1933 or the investment company act of 1940.

History: Renum. from SEC 3.10 and 3.12 and am. Register, December, 1977, No. 264, eff. 1-1-78; renum. from SEC 3.13 and am. Register, December, 1980, No. 300, eff. 1-1-81; renum. from SEC 3.17 and am. (1), Register, December, 1981, No. 312, eff. 1-1-82.

Register, April, 1982, No. 316

SEC 3.21 Registration by coordination. A registration statement under s. 551.25, Stats., shall be submitted on Form U-1, shall contain the following information and be accompanied by the following documents, in addition to the information specified in ss. 551.25 (2) and 551.27 (2), Stats., and the consent to service of process on Form U-2 required by s. 551.65 (1), Stats.:

(1) Copies of the articles of incorporation and by-laws or their substantial equivalents currently in effect, any agreements with or among underwriters, any indenture or other instrument governing the issuance of the security to be registered, and a specimen of the security; and

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