



AMANDA L. SENN  
Director

STEPHEN P. FEAGA  
Chief Deputy

APRIL W. MCKAY  
Deputy Director  
Administration

LOUIS V. FRANKLIN, SR.  
Deputy Director  
Enforcement

## ALABAMA SECURITIES COMMISSION

445 DEXTER AVENUE, SUITE 12000  
MONTGOMERY, ALABAMA 36104

MAIL: POST OFFICE BOX 304700  
MONTGOMERY, AL 36130-4700

TELEPHONE (334) 242-2984  
1-800-222-1253  
FAX (334) 242-0240

E-MAIL [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov)

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Attorney at Law

### Policy Statement Regarding Suitability Standards for Direct Participation Programs

WHEREAS, the Alabama Securities Commission Director (Director) is charged with the administration of the Alabama Securities Act (the "Act", Code of Alabama 1975 Section 8-6) and the Rules of the Alabama Securities Commission; and

WHEREAS, Section 8-6-23 of the Act provides in part that "the Securities Commission may from time to time make, amend, and rescind such rules and prescribe such forms as are necessary and desirable to carry out the provision of this article..."; and

WHEREAS, Section 830-X-4-.21 of the Rules of the Alabama Securities Commission adopted certain North American Securities Administrators Association (NASAA) Guidelines concerning the registration of securities, including Direct Participation Program offerings, such as non-traded real estate investment trusts (REITs) and business development companies (BDCs) which have suitability standards establishing minimum income and net worth standards for the protection of potential investors; and

WHEREAS, the NASAA Statement of Policy Regarding Real Estate Investment Trusts was recently amended with changes to income and net worth standards and concentration limits for shareholders;

THEREFORE, IT IS HEREBY ORDERED, pursuant to Section 8-6-23 of the Act and Section 830-X-4-.21 of the Rules of the Alabama Securities Commission, that in addition to the updated income and net worth standards from the NASAA Statement of Policy Regarding Real Estate Investment Trusts, the following suitability standard shall be in all Direct Participation Program offerings:

"A person's aggregate investment in us and other non-traded direct participation programs shall not exceed 10% of the person's liquid net worth at the time of their investment in us. The concentration limit shall not apply to investments made as a result of participation in a distribution reinvestment program. This concentration limit shall not


apply to any person that is an accredited investor as defined in Rule 501(a) of Regulation D. For purposes of the Alabama suitability standard, "liquid net worth" is defined as that portion of net worth consisting of cash, cash equivalents, and readily marketable securities."

The updated income and net worth standard and Alabama suitability standard shall be implemented by all Direct Participation Programs offered in the state of Alabama by January 1, 2026.

This Policy Statement shall remain in effect until amended or rescinded by the Director.

Dated this the 19th day of December, 2025.

**ALABAMA SECURITIES COMMISSION**  
445 Dexter Avenue, Suite 12000  
Montgomery, AL 36104

  
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Amanda L. Senn  
Director