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WHITE PAPER 1

506(c) Offerings

No Loss of Exemption if Reasonable Steps Fail to Find Nonaccredited Investors

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Executive Director's Letter

By John Harrison, *DBA*

Executive Director, ADISA

Investing in the Future

Have you ever "backcasted?" That is, do you look back at your past predictions to see how accurate you were? It's forecasting in reverse and is especially a wise thing to do for most investors. Write down a potential investment decision (say to buy or sell) and then check back later to see what the results would have been of your proposed action. I recently backcasted some predictions I had been hired to make for an industry almost 30 years ago. I got three out of four, and the one I missed was a doozy.

In the mid 1990's, the paper industry was still rocking and rolling and reaching new heights. Its high margin segment, writing grades of paper (copy paper, notebook paper, letterhead, etc.) was continuing to grow—more computer use meant more paper use—but a few executives were wondering about the future of that correlation. I was brought in to head up some predictions for the year 2015, some 20 years down the road. My predictions were so unpopular that they had to be published in Europe, outside the usual readership of most in that industry.

The three predictions that turned out to be 100% right: 1) writing grades would fall drastically as a result of computer activity, replacing paper-based activity (indeed, the US went from 1,000 paper mills to 300; this was a contentious prediction because theretofore computers had only spurred the growth of copy paper), 2) the internet would cause a huge increase in packaging grades (this was all before Amazon's success; we predicted the commerce and the resulting shipping), and 3) hygiene grades (tissue, napkins, diapers, etc.) would become volatile but highly correlated to GDP. Consequently, investors like superstar Michael Jordan invested directly in corrugated box plants and skipped buying stock in famous paper companies.

Then we futurists made a sidebar prediction for the sake of that industry's advocacy direction: the US would politically drift toward the center, with only one effective political party politely claiming the centrist third of the voters in the middle. This wasn't so outrageous since the US for much of her history had remained true to her voting makeup when founded: the country was roughly a third for staying British, a third for independence, and a third in the middle (the swing vote). Our prediction, drawn with the help of political scientists and technology historians saw no reason the internet would do anything but expand the centrist middle.

Today's backcasting on that prediction shows that we got it entirely wrong—I would like to think, unpredictably wrong; however, the writing may have been on the wall (or screen) as soon as social media appeared, and I base this on Professor JE Smith's work this year (at the University of Paris). Dr. Smith puts it this way: suppose we are duck hunters, and our success is measured not just in collecting dead ducks, but in the contemplative and destinationless experience of paying close attention in nature—of enervating our several senses with input for which we have for millennia evolved.

Away from that contemplative part, perhaps the same dopamine-inducing moment of that hunting exercise now exists on the internet and is gamified with "the promise of accumulating more points of some currency (likes, faves, followers, up-votes, not to mention also—with the rise of "meme stocks" and cryptocurrency exchanges—real money)…it is as if we have had imposed on ourselves a gadget that does nothing more than count the number of ducks we have killed, broadcast that number to the entire world, rank us with that number alongside all other duck hunters, and invite all of them, as well as whatever interlopers feel so inclined, to praise, criticize, or mock us for our ranking." (JE Smith)

Such a system—and I believe the causality research bears me out—can lead to distress and poor decision making, especially in younger minds or perhaps minds of any age raised in such environs. It is bound to have effects on future investor behavior. I have already published research indicating on-screen reading of financial material leads to riskier decision making than reading the same material on paper. My bet is that future investors will turn increasingly back toward human advisors to maximize their reward, or perhaps for no other reason than a voice of calm reason in the storm (there is already evidence from robo-advisors that such is the case)—or like a duck call in a marsh. ▲

506(c) Offerings: No Loss of Exemption if Reasonable Steps Fail to Find Nonaccredited Investor(s)

By Sean Raft, *CAO and General Counsel, Urban Catalyst*
In collaboration with the *506(c) Working Group*

WHITE PAPER 1

The 506(c) Working Group Best Practices White Paper Series
Article No. 1 | September 1, 2022

One of the concerns voiced by some members within the broker-dealer community for the last few years is over the question of whether there is or should be a preference between the 506(b) versus 506(c) offering. While consensus among attorneys and industry leaders regarding the application of the 506(c) offering appears to be building, there remain those that continue to express trepidation.

One of the more significant questions contributing to this fear is whether an issuer of a 506(c) offering, who takes measured, reasonable steps to verify the accreditation status of its investors, would nevertheless lose its Regulation D exemption if it later turned out one of those investors was not in fact accredited?

Let's start with the rule itself. Paragraph (c)(2)(ii) of Section 506 of SEC Regulation D (17 C.F.R § 230.506) provides that (1) investors in a 506(c) offering must all be accredited and (2) the issuer must take "reasonable steps" to "verify" that each of its investors is accredited. This subdivision further states that "[t]he issuer shall be deemed to take reasonable steps to verify if the issuer uses, at its option, one of the following non-exclusive and non-mandatory methods" provided.

One of the "non-exclusive and non-mandatory methods" described in subdivision 506(c)(2)(ii)(C) permits an issuer to obtain a written confirmation from an authorized third-party verifying the investor's accredited status.[1] Utilizing this method would "deem" the issuer to have satisfied the "reasonable steps" requirement, as articulated in subdivision (c)(2)(ii).

This is an important point worth repeating: should the issuer follow this step correctly, it is "deemed" to have satisfied the requirement for verifying the investor's accredited investor status, *regardless of whether the investor actually was accredited.* The burden on the issuer, therefore, is only to demonstrate it

One of the "non-exclusive and non-mandatory methods" described in subdivision 506(c)(2)(ii)(C) permits an issuer to obtain a written confirmation from an authorized third-party verifying the investor's accredited status.

took “reasonable steps;” there is no requirement the issuer itself make any representation that the investor is or was, in fact, accredited. Likewise, the burden of verifying an investor’s accredited status is borne specifically by the third-party verifying the investor’s accredited status, not the issuer.

So, given our understanding of the rule, what happens when an investor is “verified” as accredited by an approved third-party at the time of investment but, later, turns out not to be actually accredited?

With respect to the issuer, the test would most likely be focused on the reasonableness of the issuer’s reliance on the third-party confirmation of verification. If, for example, the confirmation appears legitimate on its face, and was procured through one of the expressly authorized verifiers, then the issuer would have satisfied its legal requirements under Rule 506(c)(2). On the other hand, if verification by the third party were procured through a non-authorized source, or was otherwise defective, then the issuer may be at risk of having violated its requirements under Rule 506(c)(2).[2]

Therefore, an issuer should not lose its exemption under Regulation D if it took “reasonable steps” to verify the accreditation status of its investors, even if it was later discovered that one or more of those investors was not, in fact, accredited.

Indeed, the foregoing analysis is supported by the answer to Question 260.06 of the Compliance and Disclosure Interpretations (“C&DIs”) on the SEC website:

Question 260.06

Question: An issuer takes reasonable steps to verify the accredited investor status of a purchaser and forms a reasonable belief that the purchaser is an accredited investor at the time of the sale of securities. Subsequent to the sale, it becomes known that the purchaser did not meet the financial or other criteria in the definition of “accredited investor” at the time of sale. Assuming that the other conditions of Rule 506(c) were met, is the exemption available to the issuer for the offer and sale to the purchaser?

Answer: Yes. An issuer does not lose the ability to rely on Rule 506(c) for an offering if a person who does not meet the criteria for any category of accredited investor purchases securities in the offering, so long as the issuer took reasonable steps to verify that the purchaser was an accredited investor and had a reasonable belief that such purchaser was an accredited investor at the time of the sale of securities. [Nov. 13, 2013]

The above, of course, requires the issuer to ensure it is taking reasonable steps to verify the purchaser was an accredited investor, such as obtaining written confirmation of verification of accredited investor status from an authorized third-party, as discussed above. In addition, best practices for issuers, as well as for broker-dealers and registered investment advisors, should be considered to help protect against potential problems. Such considerations may include, among other things, precisely who within the broker-dealer or registered investment advisor should be authorized to sign off on the accredited investor verification.

The burden on the issuer is only to demonstrate it took “reasonable steps;” there is no requirement the issuer itself make any representation that the investor is or was, in fact, accredited. Likewise, the burden of verifying an investor’s accredited status is borne specifically by the third-party verifying the investor’s accredited status, not the issuer.

Incidentally, broker-dealers that are correctly performing suitability analysis for their investors may already be independently satisfying the requirements under Rule 506. We will address these and other issues in future installments of this series. For now, the good news is that an issuer should not lose its exemption under Regulation D if it took “reasonable steps” to verify the accreditation status of its investors, even if an investor ends up not being actually accredited. And, that’s a nice first step. ▲

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For those interested in joining the 506(c) Working Group,
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1 — Subdivision 506(c)(2)(ii)(C) provides that an issuer may be deemed to have taken “reasonable steps” to verify that an investor is accredited if it “obtain[s] a written confirmation from one of the following persons or entities that such person or entity has taken reasonable steps to verify that the purchaser is an accredited investor within the prior three months and has determined that such purchaser is an accredited investor:

(1) A registered broker-dealer;

(2) An investment advisor registered with the Securities and Exchange Commission;

(3) A licensed attorney who is in good standing under the laws of the jurisdictions in which he or she is admitted to practice law; or

(4) A certified public accountant who is duly registered and in good standing under the laws of the place of his or her residence or principal office; . . . .”

2 — Although this article deals primarily with the issue of third-party verification, Rule 506(c)(2) itself does not require accredited investor verification to be completed by an authorized third-party. While subdivision 506(c)(2)(ii) provides a list of possible methods an issuer may utilize to satisfy the “reasonable steps” requirement for accredited investor verification, it also expressly disclaims that the list it is providing is “non-exclusive and nonmandatory.”

Rule 506(C)
Separating Fact From Fiction in the Broker-Dealer Industry

By Darryl Steinhause, *DLA Piper*

Steinhause has more than 30 years of experience in highly technical securities and tax transactions. He has structured securities offerings for a wide variety of significant clients across the country, acting as lead counsel on several billion dollars of fund, debt, tenant in common (TIC), Delaware statutory trust (DST), real estate investment trust (REIT) and other offerings. Steinhause also serves as ADISA's volunteer legal counsel.

The Jumpstart Our Business Startups (JOBS) Act added a non-public offering exemption under Rule 506(c) that allows for general solicitation in a private placement subject to proper accreditation and verification of investors. Prior to enactment of Rule 506(c), issuers were prohibited from engaging in general solicitation efforts under Rule 506(b). Notwithstanding the ten-year period since enactment, Rule 506(c) has not been actively used in the broker-dealer industry. Two of the major objections include (i) that the broker-dealers will have significant special additional obligations in a Rule 506(c) offering and (ii) that if just one non-accredited investor is inadvertently sold securities in the offering, the securities exemption would be lost.

In General

To qualify for the Rule 506(c) exemption and utilize general solicitation, an issuer must only sell the securities to accredited investors. More specifically, Rule 506(c) requires that all investors be "accredited investors" and the issuer must also undertake "reasonable steps to verify that purchasers of securities sold in any offering under paragraph (c) of this section are accredited investors."[1]

Rule 506(c) provides certain enumerated verification processes[2] that, if completed, will be considered a safe harbor that the issuer has taken "reasonable steps" to verify that the investor is accredited.

Rule 506(c) provides certain enumerated verification processes that, if completed, will be considered a safe harbor that the issuer has taken "reasonable steps" to verify that the investor is accredited.

1.The safe harbors include:

1. Income verification. An issuer may review an investor's tax filings for the prior two years to confirm the investor's income complies with the definition of an accredited investor under Rule 501(a), further provided that the issuer also obtain a written representation from the investor that it reasonably expects to maintain its accredited status in the current year.

2. Net worth qualification. An issuer may review certain documentation dated no more than 3 months prior to the sale to confirm whether an investor is appropriately accredited, including with respect to assets, bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments and appraisal reports issued by independent third parties, and with respect to liabilities, it may include a consumer report from at least one of the nationwide consumer reporting agencies.

3. Written confirmation by a broker-dealer. An issuer may obtain a written confirmation from a registered broker-dealer that such broker-dealer has undertaken reasonable steps to verify that the purchaser is an accredited investor within the prior 3 months and has determined that such purchaser is an accredited investor.

4. Written confirmation by a SEC-registered investment adviser. An issuer may obtain written confirmation from a United States Securities and Exchange Commission ("SEC") registered investment adviser that such investment adviser has undertaken reasonable steps to verify that the purchaser is an accredited investor within the prior 3 months and has determined that such purchaser is an accredited investor.

5. Written confirmation by a licensed attorney. An issuer may obtain written confirmation from a licensed attorney who is in good standing under the laws of the jurisdictions in which the attorney is admitted to practice that such attorney has undertaken reasonable steps to verify that the purchaser is an accredited investor within the prior 3 months and has determined that such purchaser is an accredited investor.

6. Written confirmation by a certified public accountant. An issuer may obtain written confirmation from a certified public accountant who is duly registered and in good standing under the laws of the place of his or her residence or principal office that such accountant has undertaken reasonable steps to verify that the purchaser is an accredited investor within the prior 3 months and has determined that such purchaser is an accredited investor.

7. Written certification from investor in a prior 506(b) offering. An issuer may obtain written certification from an investor that has previously invested in the issuer's 506(b) offering as an accredited investor prior to September 23, 2013, and continues to hold the securities, which certifies that the investor still meets the accreditation standards at the time of sale in the 506(c) offering, or

8. Written representation from a previously verified investor. An issuer may obtain a written representation from an investor of accredited status at the time of sale if the issuer had already undertaken reasonable verification steps and the issuer is not otherwise aware of information to the contrary. Verification of this type will be valid for a period of 5 years from the date the investor was previously verified as an accredited investor.

An issuer may also satisfy its verification requirements through other means of reasonable inquiry. The foregoing safe harbors are neither mandatory nor exclusive.[3]

The SEC stated in its final rules effective March 15, 2021 that:

"we are reaffirming and updating the Commission's prior guidance with respect to the principles-based method for verification, and in particular what may be considered "reasonable steps" to verify an investor's accredited investor status, in order to reduce concerns that an issuer's method of verification may be second guessed by regulators or other market participants without regard to the analysis performed by the issuer in making the determination and to encourage more issuers to rely on additional verification methods tailored to their specific facts and circumstances. The principles-based method was intended to provide issuers with significant flexibility in deciding the steps needed to verify a person's accredited investor status and to avoid requiring them to follow uniform verification methods that may be ill-suited or unnecessary to a particular offering or purchaser in light of the facts and circumstances. The Commission has previously indicated, and we continue to believe, that the following factors are among those an issuer should consider when using this principles-based method of verification:

- The nature of the purchaser and the type of accredited investor that the purchase claims to be;
- The amount and type of information that the issuer has about the purchaser, and
- The nature of the offering, such as the matter in which the purchaser was solicited to participate in the offering, and the terms of the offering, such as a minimum investment amount.

We are of the view that, in some circumstances, the reasonable steps determination may not be substantially different from an issuer's development of a "reasonable belief" for Rule 506(b) purposes. *For example, an issuer's receipt of a representation from an investor as to his or her accredited status could meet the "reasonable steps" requirement if the issuer reasonably takes into consideration a prior substantive relationship with the investor or other facts that make apparent the accredited status of the investor."* [4]

In its final rules, the SEC reminded issuers that "they are not required to use any of the methods set forth in the non-exclusive list and can apply the reasonableness standard directly to the specific facts and circumstances presented by the offering and the investors."[5]

These reasonable steps determinations are specific obligations of the issuer. As long as the issuer complies with the requirements in Rule 506(c) regarding "reasonable steps" there should be compliance because the issuer "shall be deemed to take reasonable steps to verify if the issuer uses, at its option, one of the… non-exclusive and non-mandated methods." Thus, the receipt of the confirmation by the issuer is sufficient to meet the requirements under Rule 506(c) so long as the issuer reasonably believes the

The principles-based method was intended to provide issuers with significant flexibility in deciding the steps needed to verify a person's accredited investor status and to avoid requiring them to follow uniform verification methods that may be ill-suited or unnecessary to a particular offering or purchaser in light of the facts and circumstances.

confirmation was proper and the issuer does not have knowledge that the proposed investor is not an accredited investor. It does not impute any further obligation or liability upon broker-dealers or other qualified third parties giving the confirmation.

Application to Broker-Dealers

When an issuer sells through a broker-dealer, the issuer will be expected to obtain a written confirmation from a registered broker-dealer that such broker-dealer has undertaken reasonable steps to verify that the purchaser is an accredited investor within the prior 3 months and has determined that such purchaser is an accredited investor.

The SEC indicated that an issuer's receipt of a representation from an investor as to his or her accredited status could meet the "reasonable steps" requirement "if the issuer reasonably takes into consideration a *prior substantive relationship* with the investor."

As a result, if a broker-dealer (i) has a prior substantiative relationship, and (ii) receives a certification from the investor, the requirements of Rule 506(c) should be complied with.

Prior to making an investment recommendation to a customer, registered broker-dealers must comply with existing suitability obligations prescribed by FINRA. FINRA noted in Regulatory Notice 12-25 that Rule 506(c) "removes certain marketing impediments but not a broker-dealer's suitability obligations."[6]

2. These suitability obligations under FINRA Rule 2111 include "reasonable diligence" to:

1. Perform adequate review of a particular offering and its issuer so that the broker-dealer believes that a recommendation to invest in the offering could be suitable for some of its investors.

2. Assess each potential investor's suitability to a particular investment, including a determination of an investor's investment profile, which includes data such as an investor's "age, other investments, financial situation and needs, risk tolerance and any other information the customer may disclose to the member or associated person in connection with such recommendation," and

As was the case with respect to last year's budget proposal, the Administration's 2023 proposal seeks to greatly reduce the use of conservation easements within most syndicated real estate partnerships.

3. "have a reasonable basis for believing that a series of recommended transactions, even if suitable when viewed in isolation, is not excessive and unsuitable for the customer when taken together in light of the customer's investment profile".[7]

3. FINRA stated in Notice to Members 03-71 that:

"Members and their associated persons must reasonably believe that the product is a suitable investment prior to making a recommendation to a particular customer. To ensure that a particular investment is suitable for a specific customer, members and their registered persons must examine: (1) the customer's financial status; (2) the customer's tax status; (3) the customer's investment objectives; and (4) such other information used or considered to be reasonable by such member or registered representative in making recommendations to the customer."[8]

4. In Regulatory Notice 10-22, FINRA indicated that:

"The BD must make reasonable efforts to gather and analyze information about the customer's other holdings, financial situation and needs, tax status, investment objectives and such other information that would enable the firm to make its suitability determination."

FINRA stated in Notice to Members 05-18 (particularly discussing tenant-in-common securities interests which it identified as a non-conventional investment) that before making a recommendation "members must have a clear understanding of the investment goals and current financial status of the investor" further noting "[a]n *adequate pre-existing relationship* will enable the member to evaluate the potential TIC investor's sophistication and financial circumstances."[9]

5. Notice to Members 05-18 goes on to further state:

"Moreover, in addition to meeting these conditions, the other requirements under Regulation D also must be met, including establishing an adequate, substantive and pre-existing relationship with the investor (emphasis added) and completing a suitability analysis prior to offering TICs to an investor."

Consequently, if a broker-dealer complies with Rule 2111 and the applicable FINRA Notices as part of its suitability analysis and establishes a substantive relationship with the investor, which the broker-dealer is required to do, the broker-dealer should be in compliance with the requirements of Rule 506(c) with a certification from the investor.

Consequences of a Sale to a Non-Qualifying Investor

If a non-accredited investor inadvertently is admitted to an offering, is the exemption lost? The test whether the issuer retains its securities exemption under Rule 506(c) is not based on whether the investors are, in fact, accredited investors but rather if the issuer took reasonable steps to verify the accreditation of the investors and reasonably believed that the investors were accredited.

The SEC stated that, in its view, the mandate to remove the general solicitation prohibition "does not represent a Congressional intent to eliminate the existing reasonable belief standard in Rule 501(a) or for Rule 506 offerings."[10] "We note that the definition of accredited investor remains unchanged with the enactment of the JOBS Act and includes persons that come within any of the listed categories of accredited investors, *as well as persons that the issuer reasonably believes come within any such category.*"[11]

The Commission stated "we continue to recognize that a person could provide false information or documentation to an issuer in order to purchase securities in an offering made under new Rule 506(c). Thus, even if an issuer has taken reasonable steps to verify that a purchaser is an accredited investor, it is possible that a person nevertheless could circumvent those measures. If a person who does not meet the criteria for any category of accredited investor purchases securities in a Rule 506(c) offering, *we believe that the issuer will not lose the ability to rely on Rule 506(c) for that offering, so long as the issuer took reasonable steps to verify that the purchaser was an accredited investor and had a reasonable belief that such purchaser was an accredited investor at the time of sale.*"[12]

Since, as discussed above, an issuer is deemed to have taken reasonable steps and may rely on a reasonable belief that a purchaser is an accredited investor at the time of sale if the issuer obtains a written confirmation from a registered broker-dealer that such broker-dealer has undertaken reasonable steps within the prior 3 months to verify that the purchaser is an accredited investor and determined that such purchaser is an accredited investor,[13] the fact that an investment was sold to a non-accredited investor should not cause the issuer to lose its exemption. ▲

1 — 17 CFR §230.506(c)(2)(ii).

2 — 17 CFR 230.506(c)(2)(ii)(A)-(E).

3 — 17 CFR 230.50 6(c)(2)(ii) instructions.

4 — SEC Release Nos. 33-10884; 34-90300; IC-34082; File No. S7-05-20.

5 — SEC Release Nos. 33-10884; 34-90300; IC-34082; File No. S7-05-20.

6 — Regulatory Notice 12-25, A5.

7 — FINRA Rule 2111 superseded the former NASD Rule 2310. Note that institutional investors are generally exempt from Rule 2111 customer-specific suitability requirements.

8 — FINRA Notice to Member 03-71.

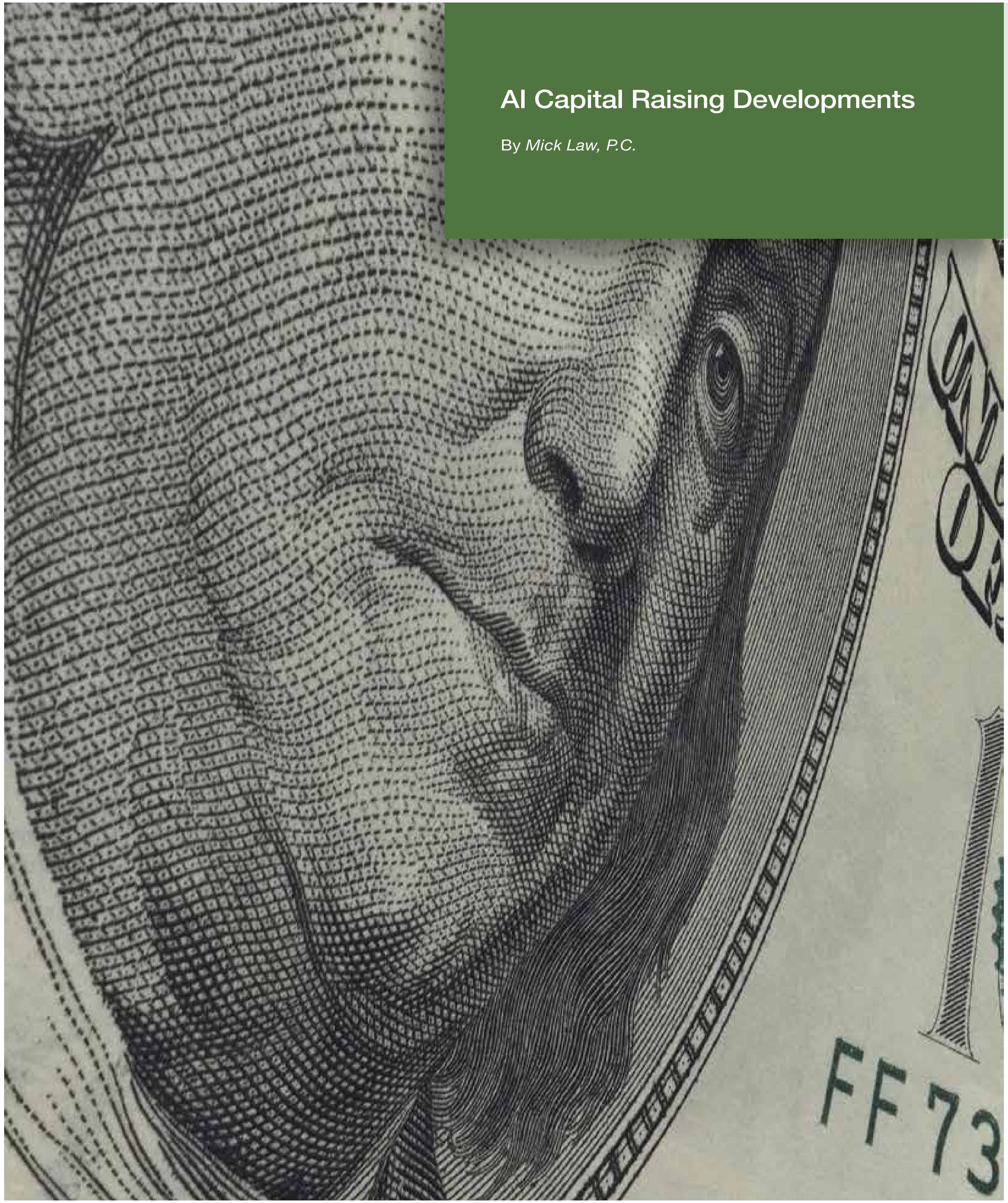
9 — FINRA Notice to Members 05-18.

10 — SEC Release Nos. 33-9415; 34-69959; IA-3624; File No. S7-07-12, Section II-C.

11 — Id.

12 — SEC Release Nos. 33-9415; 34-69959; IA-3624; File No. S7-07-12, Section II-C.

13 — 17 CFR 230.506(c)(2)(ii)(C)(1).



AI Capital Raising Developments

By *Mick Law, P.C.*

Mick Law, based in Omaha, Nebraska, is a specialty firm comprised of full-time and of-counsel attorneys who each possess a concentrated area of expertise and in-depth knowledge. In addition to their law school credentials, the attorneys also have professional and educational credentials, including MBAs, LLMs, and securities industry licenses.

August 30, 2022

As the U.S. economy recovers from the clutches of COVID, certain real estate and oil/gas product structures are beginning to attract more and more retail and institutional capital. We will summarize some of these developments as they relate to Internal Revenue Code *"1031"* real estate products, qualified opportunity funds, and oil and gas programs sold to retail investors.

1031 Product Developments

Mountain Dell Consulting ("**Mountain Dell**") released its Q2 2022 Report relating to securitized 1031 products. Through June 2022, roughly $5.264 billion was raised by 41 sponsors that closed 166 programs. On an annualized basis, this positions the 1031 product sector for growth in 2022 based upon last year's capital numbers (i.e., with the 1031 sector reporting $7.40 billion in raised capital and 265 funded programs last year).

For the first six months of 2022, leading the way for the 1031 product sector was Ares Real Estate Exchange (i.e., Black Creek Group) (18% of sales), which was followed closely by Inland Private Capital Corp. (15%). Other product sponsors with significant 1031 raises in 2022 included Capital Square Realty Advisors (8% of sales), Carter Exchange (6%), Cantor Fitzgerald Investors (5%), ExchangeRight Real Estate (5%), NexPoint Securities (5%), and Net Lease Capital Advisors (5%). As was the case in respect to 2021, multifamily properties accounted for the highest percentage of raised capital ($1.977 billion, 38%), with industrial ($1.308 billion, 25%), self-storage

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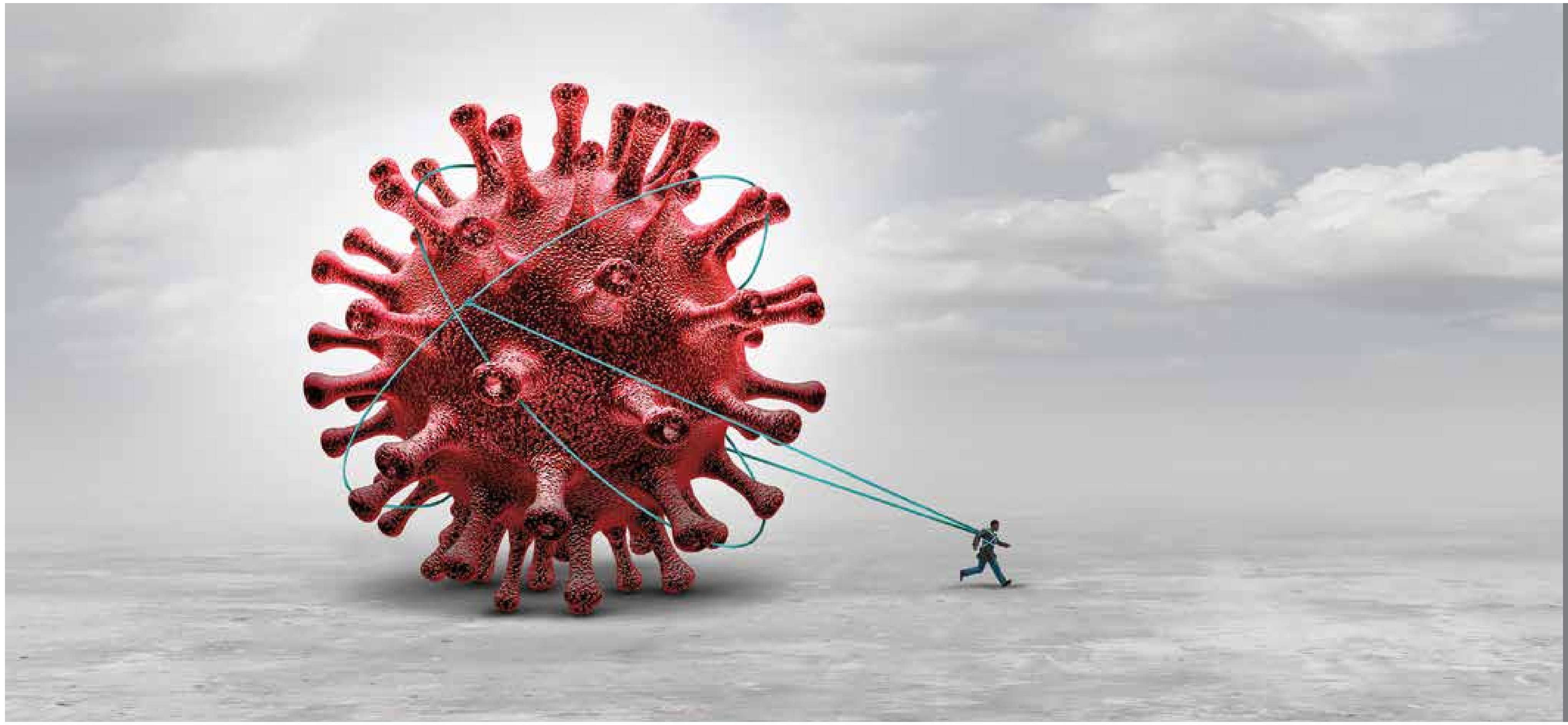

As was the case in 2020-2021, capital raises in hospitality, student housing, and energy 1031s continue to be challenged (i.e., collectively under 3% of the $5.264 billion). Notwithstanding the COVID headwinds that affected these sectors in 2020-2021, market fundamentals at the moment bode favorably for the oil/gas slice of the 1031 product market, with oil futures prices ranging about $85-$90 bbl for the next six months (Source: CME Crude Futures), and with global oil consumption returning to pre-COVID levels (i.e., 100.0 million bbls oil per day consumed). Additionally, and as COVID mask restrictions loosen throughout most of the U.S., we expect to see some indications of improvement in the hospitality sector going into later 2022 and 2023.

($0.563 billion, 11%), and retail programs ($0.554 billion, 10%) also reporting healthy levels of raised capital.

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Certain other findings from Mountain Dell's Q2 2022 Year-End report included the following:

- As of June 30, 2022, there were 53 open 1031 offerings targeting $2.518 billion of capital;
- Geographically, the oil producing states of Texas and Oklahoma accounted for heavy DST volumes through the first half of 2022, along with the Southeastern U.S. states of Alabama, Georgia, Carolinas, and Florida;
- While New York and California are the U.S. states with the highest U.S. populations, these states continue to account for a small share of the overall DST offerings (approx. 5%);
- Offerings structured as DSTs: 157 (95%);
- Offerings structured as TICs or direct title: 9 (5%);
- Offerings registered as 506(b): 144 (87%);
- Offerings registered as 506(c): 22 (13%);
- Avg. year one cash-on-cash (all 1031 programs): 4.14%;
- Sectors with the highest year one cash-on-cash: multi-manufactured housing (6.0%) and senior housing (5.45%);
- Sectors with the lowest year one cash-on-cash: multifamily (3.57%) and industrial (4.30%); and
- Avg. days on market: (82 days, with 74 days being the median).

As mentioned in a prior edition of AI Quarterly, President Biden's administration is again seeking to limit the gains that can be deferred under a like-kind exchange of real estate to $500,000 per year for individual taxpayers, and $1 million per year for married individuals filing jointly. The proposal does not apply to real estate investment trusts or C corporations, and as such, it appears that individuals would be unrestricted in their abilities to benefit from like-kind exchanges through investments in such entities.

On a cautionary note, we'll need to monitor developments concerning President Biden's proposal closely in the following months. Notwithstanding the uncertainty, the prospects for legislative change may arguably be a hard of a pill for leaders on both sides of the Congressional aisle to swallow based upon the economic damage that would follow from such legislation. On this point, a *Summary of Updated Macroeconomic Impact Data* published by Ernest & Young (*"2022 EY Study"*) underscored the need for the U.S. to continue tax deferred real estate exchanges into 2023 and future years. According to the 2022 EY Study, economic activity generated by 1031 transactions last year supported 976,000 jobs and $48.6 billion of labor income. Also, the 2022 EY Study reported that like-kind exchanges generated $97.4 billion in value added in the U.S. in 2021. According to EY, its "value added" statistic measured the contribution of like-kind exchanges to the U.S. gross domestic product (*"GDP"*). In an earlier study published in 2015, EY also found that a repeal of 1031 would slow economic growth, shrink investments, and ultimately reduce GDP.

On a final note, ADISA updated its 1031product best practices to provide a DST-focused securities compliance orientation. The older version of the best practices, TICA Alert 06-01, was published in 2006 to provide broker-dealers and RIAs with an educational resource that covered tenancy-in-common products in terms of their background, legal requirements, product structures, and securities requirements. A copy of ADISA's updated best practices can be procured by emailing ADISA's staff.

Opportunity Zones in 2022 and Beyond—Still in Play

As legislative developments unfold concerning the presentment of the *Opportunity Zones Transparency, Extension, and Improvement Act* (the *"QOZ Extension Act"*), we note that significant fundraising continues within the retail financial channel by sponsors of Qualified Opportunity Zone ("QOZ") programs. Novogradac reports that the entire QOZ fund sector raised $6.1 billion during the first half of 2022. Thus, despite the expiration of the 10/15% investment basis step-ups, the capital gains deferral through 2026 and the fair value basis step-up after a ten-year hold are continuing to drive deal flow for QOZ products.

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In respect to *retail-oriented QOZ* fundraising, AI Insight (i.e., iCapital) has tracked the offerings of several QOZ sponsors that utilize its service platform. As of August 30, 2022, AI Insight reported that 16 QOZ sponsors utilizing its platform had a collective target raise of $2.4 billion, with an aggregate actual raise of $544 million reported. The size of these retail QOZ programs varied from $3.9 million to $750 million, with an average offering target of $150 million reported for this group. In terms of strategies, the sector focus of the retail QOZ programs ranges from specific to broad and includes multifamily, hospitality, health science, and mixed-uses. Of six QOZ programs tracked by AI Insight that were funded and closed this year, the average market time for the programs was 408 days, with 82% of targeted capital raised.

Energy Fundraising Mid-Year 2022

We would be remiss not to mention capital raising developments in the oil/gas sector. Through mid-year 2022, the retail oil/gas sponsors we work with raised close to $500 million, which already reconciles with the capital raised by these sponsors last year (i.e., with $555 million raised by ten oil/gas sponsors last year). While drilling programs continue to account for most of the retail channel's oil/gas capital, in 2022 multiple investment strategies are being offered by this group (which include 1031-eligible royalty programs structured as TICs, mineral rights acquisition programs structured as partnerships, and programs concentrating on acquiring non-operated working interests in producing wells and undeveloped leaseholds). Collectively, the retail oil/gas sponsor group is targeting capital of about $1 billion in 2022. The geographic/basin coverage of the oil/gas sponsor group is diverse and covers West Texas and New Mexico (oil and liquids rich gas), Texas Panhandle (oil/gas), East Texas (oil/gas), Oklahoma's Anadarko Basin (oil and liquids rich gas), Tennessee (oil), and the Marcellus Shale Play of Pennsylvania (natural gas).

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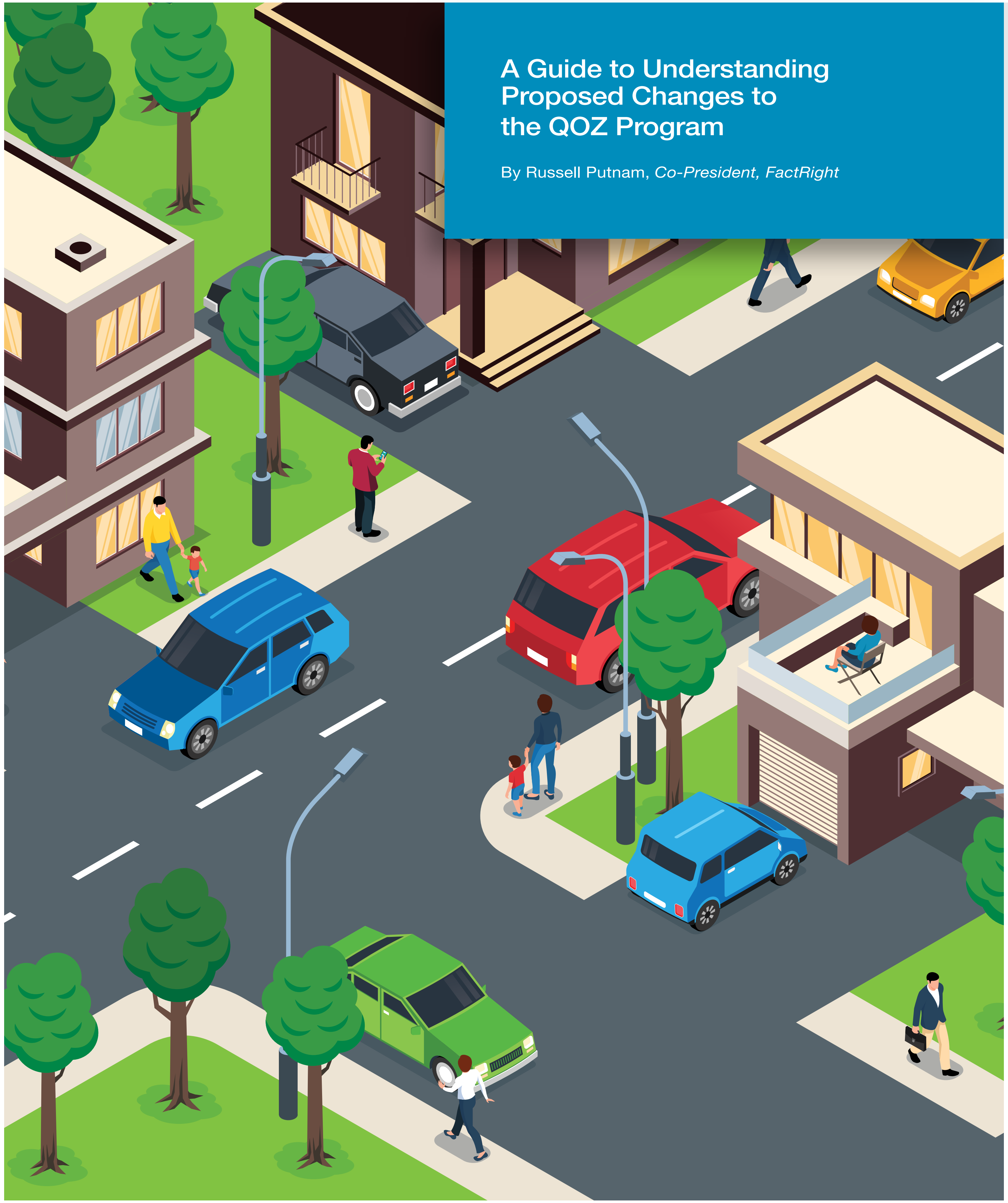
Despite the fast start to 2022 for some sponsors, oil price movements have cooled off over the past few months due to (i) recessionary concerns and (ii) the fact that Russia continues to find a market for its oil despite the economic reprisals announced by the U.S. and others. While oil prices have regressed from a high of $130 bbl in March 2022 to $85-90 bbl currently, market fundamentals for oil/gas appear to be favorable throughout the remainder of 2022. In a recent podcast relating to oil/gas markets (August 20, 2022), Dan Steffens of the Energy Prospectus Group advised that the tightness of oil/gas supplies could keep WTI oil at or above $90/bbl and natural gas at $8-9/mcf for the remainder of 2022. Due to an expected shortage of natural gas going into winter 2023, Mr. Steffens also mentioned the opportunities for natural gas operators to lock in prices that exceed historic prices observed pre-COVID (with natural gas futures quotes of $5.75-$6.00/mcf observed for deliveries occurring in the second half of 2023). Assuming these market sentiments play out, the oil/gas sector of the retail channel should see an up-tick in capital raising throughout 2022.

Conclusion

Despite recent recessionary forces and tax policy uncertainty, capital raising continues to increase for sponsors of real estate and oil/gas-oriented products. Despite the favorable capital raising numbers in 2022, however **we remind our constituents of their need to be vigilant in their sourcing and due diligence of real estate and oil/gas products, which is required by the SEC's Regulation Best Interest standard (2019) and FINRA's Conduct Rules pertaining to suitability.** *Cautious* optimism is needed. ▲



A Guide to Understanding Proposed Changes to the QOZ Program

By Russell Putnam, *Co-President, FactRight*

Putnam's work experience in the financial services industry, and as an attorney, make him uniquely qualified to provide due diligence services on alternative investments. Putnam contributes as a due diligence analyst for FactRight to ensure that broker-dealers have identified key risks in alternative investments. Putnam works with broker-dealers and product sponsors to provide clear analysis of complex strategies, governance provisions, fee structures, regulatory matters, and tax benefits and consequences.

In 2017, Congress created the qualified opportunity zone (QOZ) program to encourage long-term investment in economically distressed communities by providing investors with three tax incentives to help drive private capital to lower-income areas throughout the country. Since then, FactRight has reviewed several qualified opportunity funds (QOFs) that focus on real estate development located in QOZs. Over the last year, we've received a number of questions from broker-dealers and RIAs regarding whether any changes to the QOZ program are on the horizon, and it looks like the answer might be yes.

On April 7, 2022, U.S. Senators Cory Booker and Tim Scott and U.S. Representatives Ron Kind and Mike Kelly introduced a bipartisan bill in the Senate and the House proposing changes to the QOZ program, the Opportunity Zones Transparency, Extension, and Improvement Act (the QOZ Extension Act), which would improve the current QOZ tax benefits and re-emphasize the focus on low-income areas. As of the publishing of this article, the bill had not passed in the Senate or the House and was referred to the Senate Finance committee. This article examines the proposed changes in the QOZ Extension Act and how they would impact QOF investors and product sponsors.

Extension of the Deferred Tax Payment Date

One of the primary tax benefits of the QOZ program is the temporary deferral of capital gains, which allows investors to defer capital gains that are reinvested into a QOF until December 31, 2026 (the 2026 Cut-Off Date). Capital gains tax on the invested amount is then due with the first filing following the 2026 Cut-Off date in April 2027. If passed, the QOZ Extension Act would extend the deferral period two years from December 2026 to December 2028 (the 2028 Cut-Off Date), with deferred taxes being due in April 2029.

In addition to promoting further investment in QOFs, the extension would provide QOFs with additional flexibility. For example, most of the QOFs we've reviewed intend to use refinancing proceeds, once properties are completed and stabilized, to make tax-free distributions to investors, so they have the liquidity to pay the deferred tax liability prior to the 2026 Cut-Off Date. However, recently we've covered a number of QOFs that are developing projects with longer timelines that have targeted completion and stabilization dates in 2026. In these instances, if the QOF experiences any delays in completing, stabilizing, and/or refinancing the property, it is unlikely that the QOF will be able to provide investor distributions before the deferred tax is due in April 2027. The proposed extension would provide QOFs with longer development timelines, and future QOFs, with more flexibility to complete, stabilize, and refinance their projects allowing them to provide distributions to investors before the deferred taxes would be due in April 2029 as opposed to April 2027.

The Internal Revenue Code provides QOF investors with a 10% increase in the cost basis of their deferred capital gains if they maintain their QOF investment for at least five years prior to the 2026 Cut-Off Date, or a 15% increase if they maintain their investment for at least seven years prior to the 2026 Cut-Off Date.

Reinstatement of the 10% and 15% Step-Up in Basis

The Internal Revenue Code provides QOF investors with a 10% increase in the cost basis of their deferred capital gains if they maintain their QOF investment for at least five years prior to the 2026 Cut-Off Date, or a 15% increase if they maintain their investment for at least seven years prior to the 2026 Cut-Off Date. This means that an investor who invested $1 million in a QOF prior to the end of 2019 would only pay capital gains tax on $850,000 in 2026 and an investor who invested $1 million in a QOF prior to 2021 would only pay capital gains tax on $900,000 in 2026. However, under the current QOZ rules, the partial step-ups are no longer available to new QOF investors because they will not be able to meet the five-year or seven-year holding period prior to the 2026 Cut-Off Date.

In further effort to promote additional investment in QOFs, the QOZ Extension Act would reinstate and modify the step-ups. Under the proposed legislation, investors would be eligible for the 15% step-up if they invest in a QOF before the end of 2022 and hold their investment for at least six years prior to the proposed 2028 Cut-Off Date. Additionally, investors would be eligible for the 10% step-up if they invest before the end of 2023 and hold their investment for at least five years prior to the 2028 Cut-Off Date. Additionally, these changes would benefit current QOF investors who were not eligible for the full 15% or even the 10% step-up when they invested.

Addition of QOF Feeder Funds

Current QOZ rules require a QOF to invest at least 90% of its assets in QOZ property or a subsidiary/joint venture that qualifies as a QOZ business investing in QOZ property, however QOZ rules do not permit QOFs to invest in other QOFs. The QOZ Extension Act would allow QOFs to invest in other QOFs. The bill's authors believe the fund of fund structure could help raise capital for smaller projects. In addition, the fund of funds structure would allow QOF investors to spread their investment across a broader number of projects, asset classes, geographic locations, managers, and development partners.

While feeder funds could provide QOF investors with broader investment opportunities, broker-dealers and RIAs would need to consider a number of risks when evaluating a QOF feeder fund, including duplicative fees, joint venture and capital stack complexity, and investing in private companies that are illiquid and less transparent than public companies. In addition, QOZ compliance would be more complicated. For example, under the QOZ Extension Act, a feeder fund QOF would need to invest at least 95% of its assets in other qualifying QOFs. Based on the current QOZ regulations, the underlying QOFs would still be required to invest at least 90% of its assets in underlying QOZ businesses that hold at least 70% of its assets in the QOZ property. If one underlying QOZ business failed to qualify under QOZ rules, it could cause the underlying QOF to fail the 90% test, and in turn cause the Feeder Fund to fail the 95% test, which could potentially result in penalties.

Modification of QOZ Designations to Eliminate Higher-Income Zones

In 2018, the Treasury designated approximately 8,800 census tracts as QOZs, approximately 12% of the census tracts in the country. In order to qualify as a QOZ, a census tract was required to have a poverty rate of at least 20% or a median family income that does not exceed 80% of the statewide or metropolitan area median family income (based on the 2011-2015 American Communities Survey data). In addition, QOZ rules allowed states to nominate 5% of their QOZs from census tracts adjacent to other qualifying census tracts.

The Extension Act would terminate the QOZ status for census tracts with a median family income exceeding 130% of the national median family income, based on the most current census data. States would then be able to nominate additional qualifying census tracts to replace the census tracts that lost their QOZ designation.

So how would the disqualification of certain census tract effect existing programs? According to the proposed bill, certain investments in terminated QOZs would still constitute qualifying investments provided the QOF met one of the following conditions.

1. The QOF has prepared a PPM disclosing an intent to invest in a disqualified tract before the Extension Act has been signed into law,
2. The QOF has entered into a contract to invest at least $250,000 in a project that is located in a disqualified tract before the date when the Treasury publishes the list of disqualified zones, or
3. The IRS determines that the QOF relied on the designation of the disqualified tract as a QOZ, and that the termination caused the QOF to experience a loss.

We've seen a number of projects located in QOZs that would be slated to be phased out if the QOZ Extension Act goes forward. It should be interesting to see how QOF sponsors proceed if they are considering targeting projects in higher-income QOZs that could be slated for termination.

QOFs Going Forward Under the Proposed Extension Act

Novogradac recently reported that reporting *QOFs had raised a total of approximately $30.49 billion as of June 30, 2022.* The proposed QOZ Extension Act provides a number of improvements that would incentivize investors to continue making investments in QOZs and could also refocus QOFs on lower-income communities. Hopefully, Congress will be able to pass the proposed legislation in less than the two-year period it took the IRS to finalize the original regulations! ▲

Yield-Enhancement Strategies for DSTs: A Top 10 List

By Tim Witt, *President, 1031 Exchange/DST Products*
Peachtree PC Investors, LLC

Witt is President of Peachtree Group's newly launched 1031 Exchange Delaware Statutory Trust Program. He was formerly Chief Investment Officer of DAI Securities, and has more than 25 years of experience with a focus on alternative investments.

Generating attractive year-one cash-on-cash returns has never been more challenging for DST sponsors. Not many years ago, a five handle was considered the minimum expected by investors and their financial representatives. Four became the new five, and now three has become the new four. Once the mid-pandemic economy stabilized, helped by unprecedented government stimulus along with aggressive Fed actions to reduce interest rates, cap rates on popular DST asset classes—multifamily, necessity net lease, and self-storage—experienced further compression.

Investors, both domestic and foreign, have increasingly pursued these asset classes as they performed well over the past decade and appear to have longer-term tailwinds. Unfortunately, the moves to stimulate the economy, coupled with supply chain disruptions and supply/demand imbalances, are creating the highest inflation in four decades. With the Fed behind the curve, they are now taking and messaging aggressive actions to increase interest rates. Borrowing costs have jumped in a short timeframe. It seems like yesterday DSTs were being syndicated with interest rates on 10-year fixed rate debt of ~2.75%. Now, that same debt is closer to 5%. However, cap rates have been slow to follow interest rates higher.

With cap rates in the 3's for many high-quality assets, current mortgage interest rates can result in negative leverage (meaning, placing debt on the property reduces cash flow). A DST with reasonable leverage—45-50% on total capitalization—may have starting cash flows below 3% at market interest rates. This situation leads sponsors to a few potential strategies to navigate this environment: (1) lower LTVs, (2) debt-free DSTs, and/or (3) utilizing a number of yield-enhancing methods. The first two are expected and reasonable responses; the third can be problematic.

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The following is my top 10 list of methods I have observed. These are in no particular order although I have saved the worst for last. In conclusion, I will discuss the potential challenges and conflicts of these strategies.

1. Prepaying or reserving for normal expenses: Examples include property taxes, insurance, mortgage interest, and ongoing lender reserves. These are pretty easy to catch in a sponsor's pro forma. Look at each year-one expense category to check for amounts that are zero or dramatically less than later years. Using reserves to offset expenses is effectively returning investor capital.

2. Waiving or deferring asset management fees: Often, sponsors are giving up all or a portion of their asset management fees in the first year or two. This is one of the more acceptable methods as these fees are separate from the normal operations and NOI of a property. Check the fine print to see if the fees are waived or just deferred. Some are deferred to sale of the property. Waived is best for investors. (Some are beginning to waive property management fees also. This needs to be taken into consideration when calculating the purchase cap rate using "normalized" NOI.)

3. Purchasing assets that are of poor quality and/or located in unattractive markets: Usually, higher cap rates indicate higher risk, issues with asset quality, or a market considered less desirable by institutional investors. Examples of market conditions include out of balance supply/demand, low household incomes, and/or a lack of population and job growth. These higher cap rate properties may produce higher initial yields, but driving rent and NOI increases over the holding period could be challenging, leading to a less than optimal exit. In certain cases, the cap rate premium may justify the additional potential risk.

4. Underfunding upfront reserves: One lesson from the great recession is that syndicated 1031 offerings need a meaningful rainy-day fund. Forecasting robust economic growth every year for the next 10 years is not a reasonable assumption. In addition to expected repairs detailed in the property condition assessment, a property may need costly upgrades to finishes and amenities to remain competitive. This is especially true of new apartments with trendy finishes.

5. Purchasing a property with a tax abatement or other tax benefit: Benefits to NOI from taxing authorities typically result in a higher purchase cap rate. Conceptually, the purchase price in this situation has two components: (1) the value of the property assuming unabated (full) taxes and (2) the net present value (NPV) of the tax benefit. Usually, the discount rate used for the NVP calculation is higher than the market cap rate, resulting in an overall higher blended cap rate. However, a tax abatement has a finite life which likely will have less or no benefit to the next buyer. For a breakeven exit for the DST, the property must overcome not only the syndication load but also the additional purchase price paid for the tax abatement benefit.

6. Interest rate buy down: Obviously, this works to decrease the interest rate, but usually at a high cost which increases the overall load and raises the hurdle for a successful exit.

7. Loan structures other than 10-year, fixed-rate debt: A lower interest rate can be obtained by decreasing the loan term or utilizing variable-rate debt. However, this can significantly increase the risk to the DST investor. With shorter-term debt, there is less time to grow NOI to overcome the load. A recession occurring sometime during the next five years should not be ruled out. Properties may need time to go through an economic downturn and recover. In a rising interest rate environment, variable rate debt may not be a good bet. Until recently, the U.S. was in a declining interest rate environment since the 1980s. However, it is unknown if we are seeing a trend reversal or if we will just bounce along the bottom for years. It is impossible to remove the risk of owning real estate for the DST investor, but interest rate risk can be controlled through long-term, fixed rate debt.

8. Net lease strategy shifts: There are a few key strategies to finding higher cap rates on net lease assets. One is to pursue properties with less lease term. However, this reduces the period of expected consistent cash flows during the initial lease term while little remaining lease term upon disposition results in a higher cap rate (lower sales price). Another strategy is accepting a lower credit quality tenant—poor revenue growth, minimal to no profitability, low cash position, high debt, and/or poor industry outlook. This increases the probability that the tenant will default during the lease term. A tenant default on a leveraged, single-tenant DST will likely result in foreclosure.

9. Aggressive assumptions: This applies mostly to multi-tenant, multi-expenses-category asset classes such as multifamily, self-storage, senior living, hospitality, etc. (Net lease asset assumptions are typically a reflection of the contractual lease terms.) With strong recent rent growth, more than a decade since a real recession, and the need to increase returns, there is a temptation to use aggressive revenue growth assumptions. There is also a temptation to use historical inflation rates to project increases in expenses. If you expect a strong inflationary environment for an extended period, that should apply not only to revenues but also expenses.

10. Using offering reserves to supplement cash flow: This method has no benefit other than enabling the sponsor to show higher cash flows to more quickly raise equity. There is no economic substance to returning the investors own funds—loaded money—back. Further, there is practically no limit to the amount of yield enhancement that can be generated. A sponsor can buy a property with little current cash flow and use reserves to produce year-one returns in line with or higher than competing offerings. This may create a significant disparity in the actual performance of an asset compared to the return being forecasted. Sponsors utilizing this approach never mention its use in their marketing brochures, effectively admitting most investors would be turned off if they knew.

Two problems arise from engaging in the above. First, investors buying a DST with meaningful yield-enhancements may not fully understand and appreciate how the sponsor has structured the offering. When a certain cash-on-cash return is forecasted, investors often assume the return is being generated by the property's own operations, not by the aforementioned strategies. Investors should be able to clearly understand a property's true NOI and the relationship of NOI

The DST market has never been healthier. According to Mountain Dell Consulting, the industry raised over $8 billion last year, a new high-water mark and more than double the prior year. DSTs have become widely recognized as viable replacement-property options for 1031 investors wanting to transition from active to passive real estate ownership.

to forecasted cash returns. This understanding enables an investor to make a fully informed buying decision and better make an apples-to-apples comparison among competing DSTs.

Second, when a sponsor enhances a DST's yield, this is in some measure based on the belief, maybe hope, that the property will be able to grow into the forecasted distribution a few years down the road. Should the property not grow into the distribution as hoped, due to a recession, new competition, or other unforeseen circumstances, the distribution will need to be reduced. That is when many investors will first learn that the property was not producing the forecasted distribution on its own two feet from the start. This may lead to dissatisfied investors.

The DST market has never been healthier. According to Mountain Dell Consulting, the industry raised over $8 billion last year, a new high-water mark and more than double the prior year. DSTs have become widely recognized as viable replacement-property options for 1031 investors wanting to transition from active to passive real estate ownership. The market shift from the TIC to the DST structure has significantly reduced the risk of a rogue investor voting contrary to the super majority. The most popular DST asset class—multifamily—has a good risk profile for the DST investor and has performed well. Furthermore, a significant number of DSTs have gone fully cycle with positive returns.

All participants in the DST ecosystem can and should work together to keep the DST market healthy and attractive for 1031 investors for decades to come. Financial engineering increases the risk that the forecasted cash-on-cash returns will not be achieved, leading to unhappy investors and reputational risk for the entire DST market. ▲

Agenda-to-Date

(As of 9/20/2022)

Monday October 10

12:00-1:30 pm
Women's Initiative Reception & Luncheon

1:45-2:50 pm
(1) Fundamentals of Alts
(2) DSTs, 1031s and 721s: What Advisors Need to Know!
(3) Role of Liquidity in Product Creation

3:00-4:00 pm
(4) Impact Investing: A Case Study
(5) Aligning Portfolios to Deal with Sustained Inflation and Market Volatility
(6) Why is Arbitrating an Alternative Product Claim Like the Wild, Wild West?

4:40-5:00 pm
Conference Kick-Off

5:00-6:00 pm
General Session I: Industry Sector Reports

6:00-7:00 pm
Opening Cocktail Reception

Tuesday October 11

8:00-9:00 am
Breakfast & Exhibition

9:00-9:50 am
General Session II: Legislative & Regulatory Update

9:50-10:15 am
General Session III: CEO Panel—Current Environment of Product Creation

10:15-10:45 am
Break & Exhibition

10:45-11:35 am
(7) New Products/Strategies Session
(8) Is Real Estate the Best Way to Offset Liquidity? Do REITs Still Make Sense?
(9) How Does Cap Rate Become Cash Flow?

11:45 am-12:35 pm
(10) Adding New Products to Portfolios: Stay Up-to-Date!
(11) Offering Approaches: 506b vs. 506c
(12) Trends and Predictions on Impact/ESG

12:35-1:45 pm
Lunch & Exhibition

1:45-2:35 pm
(13) Speaking with Clients About Impact/ESG
(14) DST Underwriting Analysis: When is 3.5% Better than 6%?
(15) Deal Structuring: How to Spot a Good Deal

2:45-3:35 pm
(16) New DST Best Practices
(17) Investing in Crypto in Current Regulatory Environment
(18) Hiring with Caution: How One Bad Apple Can Spoil Your Business

3:35-4:00 pm
Break & Exhibition

4:00-4:50 pm
(19) Opportunity Zones: Maximizing the Opportunity (Plus Legislative Updates)
(20) Energy Market Investing in Today's Volatile Market
(21) Advertising: How to Stay Out of FINRA Jail

5:00-6:00 pm
Keynote Speaker Cal Ripken, Jr.

6:15-7:15 pm
Cocktail Reception & Exhibition
(sponsored by Trilogy Real Estate Group)

Wednesday October 12

7:30-9:00 am
Breakfast & Exhibition

9:00-10:00 am
General Session V: Personal Technology: How to Keep Up Without Being Swept Up

10:10-11:10 am
(22) Broker-Dealer Advisory Council
(23) RIA Advisory Council
(24) Sponsor Roundtable

11:10 am-12:00 pm
(25) Private Equity Basics
(26) Practice Management: Is Your KYC Compliant?
(27) Personal Technology Workshop

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Inland Real Estate Investment Corporation
SmartStop Self Storage REIT, Inc. ...The Smarter Way to Store!

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Moody National Companies
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Novu Residential Group
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Shopoff Realty Investments
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Silver Sponsors

Altidar by SK Research and Due Diligence
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Trilogy Real Estate Group
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Bronze Sponsors

Alternative Investment Exchange (AIX)
Belpointe
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CNB Custody
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Cottonwood
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Additional Sponsors

Pocket Agenda
Nelson Mullins

Lanyards
Baker Tilly

Mobile App
Realized

Notepads
Juniper Square

Coffee Break
Realized

Water Bottles
Orchard Securities

Tuesday Cocktail Reception
Trilogy Real Estate Group

Registration
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Exhibit Hall
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For more information on exhibit opportunities, including what your exhibit package includes, go to **adisa.org**

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