



[Just In: SEC Proposed Rules Re Accredited Investor Definition](#)

By [Joe Wallin](#) – January 25, 2011

You can find the rules [here](#).

From the proposed rules:

In addition, our proposed amendments would add, after the Dodd-Frank statutory language, the phrase “calculated by subtracting from the estimated fair market value of the property the amount of debt secured by the property, up to the estimated fair market value of the property.” As so amended, the accredited investor net worth standards in the relevant rules would define as an accredited investor:

“Any natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of purchase, exceeds \$1,000,000, excluding the value of the primary residence of such natural person, calculated by subtracting from the estimated fair market value of the property the amount of debt secured by the property, up to the estimated fair market value of the property.”

The purpose of adding the phrase introduced by the words “calculated by” is to clarify that net worth is calculated by excluding only the investor’s net equity in the primary residence.

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