



Future Equity Agreement

Locked home equity

Real estate investments are one of the largest asset classes in the United States. However, in contrast to stocks and bonds, investments in real estate are not very liquid. In other words, homeowners who hold a large percentage of their wealth in their homes are not diversified and are very sensitive to a decline in property value. Therefore, homeowners are unable to leverage their home equity without taking on more debt.



Receive interest-free cash today

IRESE offers a **Future Equity Agreement** to provide interest-free cash today in exchange for a share in the future equity of the property. Consider these reasons to choose this agreement:

- Typical homeowners hold about 30% of their net worth in their homes through equity with no possibilities for diversification and limited options for liquidity;
- To unlock the home's equity, a homeowner is required to sell their home prematurely, or take out expensive reverse mortgages or home equity loans.

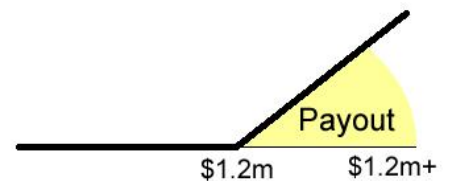
By signing a Future Equity Agreement, property owners can unlock the future value of their homes today and receive immediate cash with no payments.

How does the Future Equity Agreement work?

The owner of a \$1 million home in La Jolla, CA, which was sold on June 1st, 2009, would like to leverage the future equity in his home today, in order to send his daughter to college.

IRESE writes an Agreement based on the property address, last sale price and date of sale, future payout date, expected property value, and percentage share. The homeowner enters into the Agreement for 5 years, the property value is expected to increase to \$1.2 million (17%), and he is willing to share 50% appreciation above that. In this example, the homeowner would receive \$30,160 today, interest-free.

In 5 years, the homeowner payout is based on an observed price of the property, which is determined from publicly available price index data. If the observed price is above \$1.2 million, the homeowner pays 50% of the difference. In our example, if the price is \$1.3 million, the homeowner pays \$50,000 (50% of \$1.3 less \$1.2 million). If the observed price is below the \$1.2 million, the homeowner pays nothing and the agreement is ended.



About IRESE

IRESE operates a patent pending private electronic market for real estate finance.

Property owners can access innovative real estate finance products through our national network of brokers.

Mortgage bankers and brokers can:

- Finance mortgages at competitive rates with investors bidding down an interest rate
- Protect homeowners against home equity loss through Home Equity Protection Plan
- Leverage real estate equity through Future Equity Agreement

Investors profit from fixed income returns, real estate price volatility and portfolio diversification with Real Estate Notes and Real Estate Options.