

## PRODUCT OVERVIEW

### Home Price Protection Product™ Overview

Buyers of the EquityLock Solutions Home Price Protection™ contract have a unique ability to hedge their largest asset – their home – against market downturns. Following is an overview of the key contract terms, including coverage, price and payout.

### The Need

Home prices fluctuate over time. Even in an appreciating market, buyers can experience significant increases and decreases in the value of their home. Since a home represents the largest asset for many individuals, a market drop can have devastating consequences.

With most investments, there are ways to hedge, or reduce risk, against loss. The Home Price

Protection™ contract is an innovative way to protect the value of your home regardless of market conditions.

### Contract Terms

The Home Price Protection™ contract is a financial agreement between you and EquityLock Solutions whereby you receive a cash payment at the time you sell your home, if your local housing market index has declined (regardless of whether you sold your home for more or less than the original purchase price). Because claims are based on a decline in the market index, not the value of any particular home, Home Price Protection™ is not an insurance policy. However, EquityLock Solutions has a reinsurance agreement with a licensed, regulated insurance company to cover claims.

*Following are some of the major features of this agreement:*

Coverage	Compensation to Homeowner at resale of the home to the extent that the local market index has declined since the original purchase
Price	Typically 1.5% to 3% of Home Value
Financing	1. Financing available from EquityLock Solutions 2. Builder/Seller may also finance on behalf of Homeowner
Coverage Period	15 Years
Waiting Period	24 Months
Exclusions/Limitations	Sales must be on arms' length terms to an unrelated party
Security of Funds	Contracts are reinsured with a U.S. licensed and regulated insurance company
Maximum Claim Amount	20% of Home Value
Home Index	Government issued FHFA (found at <a href="http://www.fhfa.gov">www.fhfa.gov</a> )

### Example

Assume Mr. Jones purchases a home in Orlando for \$300,000; at the same time the seller provides him with a contract for Home Price Protection™. The contract is issued with an area index value of 100. Assume that after living in the home for four years, Mr. Jones sells the home to an unrelated third party and at the completion of the sale the area index is at 90. The change in the index value from 100 to 90 represents a 10% drop in the index and will result in a payment to Mr. Jones of \$30,000 (10% of the original purchase price) regardless of the actual sale price.

Again, the contract pays out to a customer only to the extent of a drop in the relevant market index at the time the customer sells the house. It does not depend on whether the home price was actually sold for a gain or a loss.

### Pricing

Contracts are underwritten individually and are typically priced between 1.5% and 3% of the home value. The average contract price is 1.7%.

Each individual and market will determine the contract price. Various factors impact the price of a contract. These factors are based on individual considerations and geographic/market considerations. Individual considerations include prior home ownership history, employment history, family status, whether the home is the primary or secondary residence, owner occupied or not, etc. Geographic and market considerations are based on industry data and our proprietary analysis of the market. In addition, we may limit how many Home Price Protection™ contracts we allow in a specific area, or decline to make any sales at all in specific markets at certain times.

### Exclusion and Limitations

The contract owner is eligible to file a claim beginning 24 months after the contract date and ending 15 years after the contract date. The contract is not intended for pure speculators or 'flippers'. The contract owner will have the right to collect payment if 1) the full contract price has been paid, (2) the home is sold within the claim's eligibility period, and (3) on the day the home is sold the area index is less than 100% of the value of the index at the original contract date. Payment will not be made if the sale of the home is to a related party.

### Conclusion

The Home Price Protection™ contract through EquityLock Solutions is a revolutionary way for homeowners to hedge their primary investment against a cyclical market. By purchasing this contract, homeowners can protect the value of their home through any possible market downturn, and know that when they finally sell, they have Home Price Protection™ in place.

### Who We Are

EquityLock Solutions provides innovative solutions against real estate risk. Home Price Protection™ is a revolutionary contract that helps protect a homeowners' equity against market downturns by compensating them to the extent that the market has declined at the time of resale. To enhance buyers' security, EquityLock insures its obligation with a U.S. licensed and regulated insurance company which maintains reserves as required under state law.

### Other Products

We offer other products to protect homeowners against loss of income and real estate investors against tenant default. Please contact us for more information.