



HomeBuyer

*Down payment funding
- without debt.*



INTRODUCING THE
**REX HOMEBUYER
AGREEMENT**

REX HomeBuyer provides down payment funding to creditworthy home buyers.

It's A Great Time To Buy But It Can Be A Challenge

Historically low interest rates have made owning a home more affordable than it's been in decades. But buying even an average-priced home in a desirable area typically requires a large down payment. For some, the down payment requirement can be an insurmountable hurdle between them and their dream home. Others have the money but may not be comfortable committing it all to a home purchase, leaving nothing for furnishing, remodeling or a cash cushion. Now, with REX HomeBuyer, families like yours can get into the home they want and can responsibly afford, today.

REX HomeBuyer Changes That

The REX HomeBuyer Agreement offers a game-changing solution. In a typical transaction, you and FirstREX share a 20% down payment on a home 50/50, and you get a mortgage for the remaining 80%. You purchase the home and become the homeowner. FirstREX is strictly a co-investor, with no ownership or occupancy rights. You enjoy all the benefits of home ownership (rights of occupancy and tax benefits) and assume the obligations (monthly mortgage payments, property taxes, property insurance, and maintenance). The REX HomeBuyer Agreement is not a loan, so you pay no interest and you make no monthly payments to FirstREX - EVER.



Key Facts

- FirstREX can help you purchase a home by providing up to 50% of the required down payment.
- REX HomeBuyer is not a government program or other form of subsidized assistance. FirstREX is a private real estate investment company that invests in homes alongside responsible and creditworthy consumers.
- The cash we provide is not a loan. It is an equity investment in your home. We don't charge interest, and we don't receive monthly payments. Except for a transaction fee, you typically don't pay FirstREX a penny until you decide to sell your home, up to 30 years later.
- We earn a return on our investment by sharing in the price movement of your home - up OR down. Depending on the future value of your home, we can make a profit or incur a loss. When we make a profit, you also make a profit.

Qualifying

- You must qualify for and obtain a mortgage loan from a participating lender in accordance with their credit standards.
- REX HomeBuyer down payment funding is available on single-family detached homes and some townhomes and condos.
- The property must be typical for the neighborhood and otherwise meet FirstREX's investment criteria.
- Owner-occupancy is preferred, but some rental properties and second homes may qualify.
- Some multi-family dwellings (2-4 units) may qualify if one unit will be owner-occupied.
- REX HomeBuyer down payment funding is available exclusively from FirstREX.

If you have wealthy and generous relatives to help you with your down payment, you are lucky. The rest of us have REX HomeBuyer.

The perfect home is within reach **today** with the REX HomeBuyer Agreement.



The Smiths can bridge the down payment gap and get into the home they really want.



The Challenge

The Smith family is eager to buy their first home. Their \$150,000 household income qualifies them for a good sized loan, but they have only \$100,000 saved up for the down payment, and this is severely limiting their options. Without REX HomeBuyer they could buy now, but it may have to be outside of the school district they want for their children and mean a long commute to work for each of them. Or they could wait, likely for years, to save up the rest of the down payment, but they're concerned about where interest rates might be by then.

The Solution

The Smith family had \$100,000 available to invest in a home. Assuming a 20% down payment, without REX HomeBuyer they were limited to homes priced at no more than \$500,000. With REX HomeBuyer, the Smiths were able to consider homes priced as high as \$880,000. They decided on a beautiful home in a great neighborhood priced at \$750,000. The required down payment was 20%, or \$150,000. FirstREX provided \$75,000, so the Smiths only had to invest \$75,000, leaving them with a comfortable cash cushion after closing.

If you have good credit and income sufficient to qualify for a mortgage loan, but you're limited by your available cash, REX HomeBuyer could be a great solution for you. With REX HomeBuyer you can:

- Stop saving for a down payment and become a homeowner - now.
- Stop paying rent, start building home equity, and start getting the tax benefits of home ownership - today.
- Live in the home and the neighborhood you really want, with financing you can comfortably afford.
- Buy now, while interest rates are at historic lows.

The Joneses can buy the home they want, WITHOUT using all of their cash.



The Challenge

The Jones family is looking to move up to a great home in a nice location with the lifestyle and community they've always dreamed of. They've found the perfect home, have the credit history and income to qualify for the mortgage, and have enough cash for the required down payment, but they're not really comfortable having to invest that much in order to buy the home. They'd like to keep some money in hand to furnish their new home, make a few improvements, and just for a "rainy day."

The Solution

The Jones family did not want to put more than \$200,000 of their cash into a home purchase. Without REX HomeBuyer they would have been limited to homes priced at no more than \$1,000,000. With REX HomeBuyer, the Joneses were able to consider homes priced as high as \$1,600,000. They purchased their dream home for \$1,400,000. The required down payment was 25%, or \$350,000. The Joneses put \$175,000 down and got the remaining \$175,000 from FirstREX. The cash they reserved was more than enough to furnish their new home and add the pool and patio they had always wanted.



The REX HomeBuyer Agreement is issued as part of a home purchase transaction. You apply to FirstREX for down payment funding and you apply to a lender for a mortgage.

Start

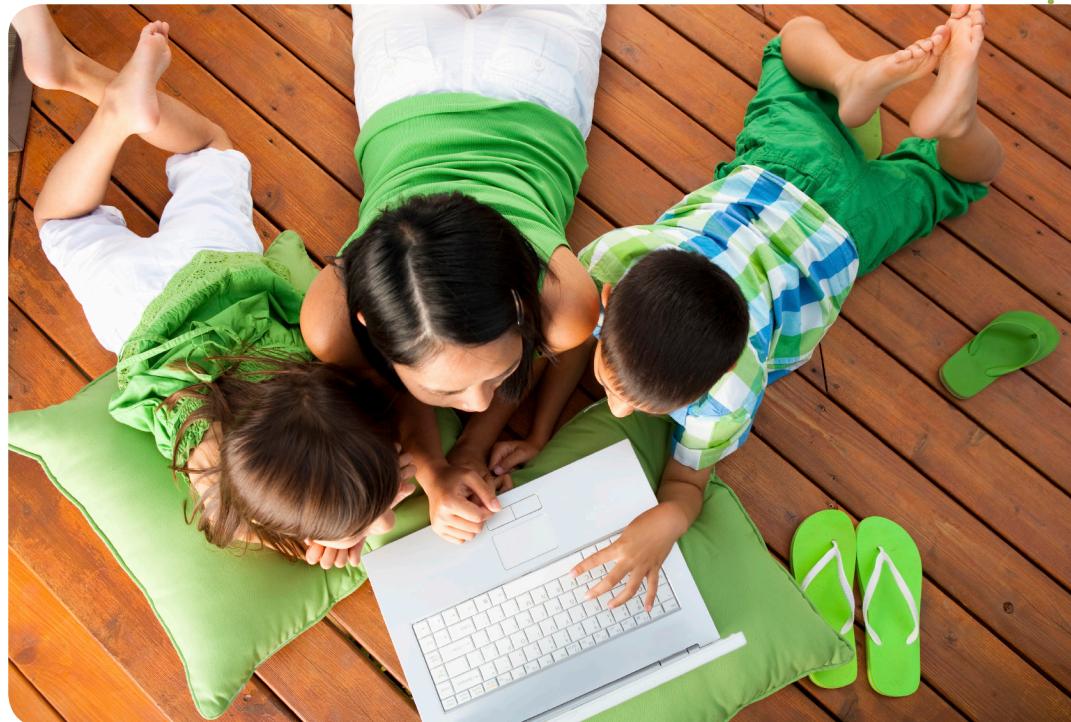
At the start of the REX HomeBuyer Agreement, we help you buy a home by providing a portion (typically 50%) of the down payment. The amount of funding we provide is called the REX Down Payment. In exchange for providing the REX Down Payment, we will earn a return on our investment equal to a specified share of the change in value of your home, up OR down, when you sell in the future.

Our share of the change in value of your home, called the Investor Percentage, will be based on the amount of the REX Down Payment and other factors. The Investor Percentage typically ranges from 40% to 50%.

Since the REX HomeBuyer Agreement is based on the change in value of your home, we need to establish an agreed value at the outset. We call this the Original Agreed Value. The Original Agreed Value is typically equal to the purchase price for the home that you and the seller agree to.

Think of the REX HomeBuyer Agreement as having three stages: Start, During, and End.

When you are approved for a REX HomeBuyer Agreement, we present you with a written offer detailing the proposed terms and conditions and stating our commitment to provide down payment funds. You also obtain a loan commitment from the lender, and your purchase transaction is scheduled to close.



During

During the term of the REX HomeBuyer Agreement, you live in your home, pay the mortgage, property taxes and property insurance, and maintain your home in good condition. FirstREX has no ownership or occupancy rights in your property, and you make no monthly payments to FirstREX of any kind.

End

The REX HomeBuyer Agreement typically ends when you decide to sell your home, the Agreement reaches its term, or you and your spouse both pass away. When this occurs, our return on our investment is calculated based on the value of your home at that time. That value, which we call the Ending

Agreed Value, is typically equal to the sale price when you sell your home. The change in value of your home during the term of the REX HomeBuyer Agreement is equal to the difference between the Ending Agreed Value and the Original Agreed Value. Our return on our investment is determined by the change in value of your home.

Our return on our investment can be positive or negative. If your home increases in value during the term of the REX HomeBuyer Agreement, we will make money on our investment. If your home decreases in value during the term of the REX HomeBuyer Agreement, we will typically lose money on our investment. The maximum amount that we can lose is the amount of the REX Down Payment, which is the investment we made at the start.

Once we receive our return on investment at the end of the REX HomeBuyer Agreement, we have no further interest in your property, and the REX HomeBuyer Agreement ends.

REX HomeBuyer creates possibilities, not payments.



Many REX HomeBuyer transaction structures are possible. We present the two most common as examples. Both assume that you purchase a home for \$1,000,000, and decide to sell ten years later.

Start

EXAMPLE 1

20% Down

- You get an **80%, \$800,000** mortgage from a lender.
- A **20%, \$200,000** down payment is required.
- You provide **50%** of the down payment by investing **\$100,000** in your home.
- FirstREX provides the other **50%** of the down payment by investing **\$100,000** in your home.
- In exchange, FirstREX will earn a return on its investment equal to a **40%** share of the change in value of your home, up OR down, when you sell.¹

EXAMPLE 2

25% Down

- You get a **75%, \$750,000** mortgage from a lender.
- A **25%, \$250,000** down payment is required.
- You provide **50%** of the down payment by investing **\$125,000** in your home.
- FirstREX provides the other **50%** of the down payment by investing **\$125,000** in your home.
- In exchange, FirstREX will earn a return on its investment equal to a **50%** share of the change in value of your home, up OR down, when you sell.¹

End

For each of the two examples, we present three possible outcomes when you sell.

- Your home increases in value. You and FirstREX share in the gain.
- Your home decreases in value. You and FirstREX share in the loss.
- Your home does not change in value. There is no gain or loss to share.

1. The actual Investor Percentage may vary from this example based on the size of the mortgage and other factors.

EXAMPLE 1**Start**

Purchase Price (Orginal Agreed Value)	\$1,000,000
Loan Amount	\$800,000
20% Down Payment	\$200,000
Your Investment	\$100,000
Our Investment (REX Down Payment)	\$100,000
Your Share Of Profit Or Loss	60%
Our Share Of Profit Or Loss (Investor Percentage)	40%

When we share a 20% down payment 50/50, we share the future profit or loss 60/40 in your favor.

End (Assumes 10 years later)			Share of Change in Value		From the Sale Proceeds		
Outcome	Sale Price	Change in Value	FirstREX	You	Payment to Lender ²	Payment to FirstREX	Balance to You ³
Increase In Value	\$1,100,000	Increase of \$100,000	+\$40,000	+\$60,000	\$630,000	\$140,000	\$330,000
Decrease In Value	\$900,000	Decrease of \$100,000	-\$40,000	-\$60,000	\$630,000	\$60,000	\$210,000
No Change In Value	\$1,000,000	\$0	\$0	\$0	\$630,000	\$100,000	\$270,000

2. When you sell your home you will be responsible for repaying any outstanding balance on your mortgage in full when you sell, from your portion of the sales proceeds. The REX HomeBuyer Agreement has no impact on this - you would have to pay these expenses whether you have a REX HomeBuyer Agreement or not. In both examples we assume a 30 year loan, 4% interest rate, and ten year holding period, and we round to the nearest \$10,000. In Example 1 above, making ten years of monthly loan payments brings the loan balance down by \$170,000, to \$630,000. In Example 2 (on the following page), ten years of monthly loan payments brings the loan balance down by \$160,000, to \$590,000.
3. When you sell your home you will also be responsible for paying all selling costs, including brokerage commissions, which can typically amount to 6-9% of the sale price, from your portion of the sales proceeds. Selling costs are not shown in the examples. The REX HomeBuyer Agreement has no impact on this - you would have to do this whether you have a REX HomeBuyer Agreement or not. If the sales proceeds are not sufficient to pay the mortgage balance, whatever amount is due to FirstREX, and the selling costs, you will be required to make up any shortfall.

EXAMPLE 2**Start**

Purchase Price (Orginal Agreed Value)	\$1,000,000
Loan Amount	\$750,000
20% Down Payment	\$250,000
Your Investment	\$125,000
Our Investment (REX Down Payment)	\$125,000
Your Share Of Profit Or Loss	50%
Our Share Of Profit Or Loss (Investor Percentage)	50%

When we share a 25% down payment 50/50, we share the future profit or loss 50/50.

End (Assumes 10 years later)			Share of Change in Value		From the Sale Proceeds		
Outcome	Sale Price	Change in Value	FirstREX	You	Payment to Lender ²	Payment to FirstREX	Balance to You ³
Increase In Value	\$1,100,000	Increase of \$100,000	+\$50,000	+\$50,000	\$590,000	\$175,000	\$335,000
Decrease In Value	\$900,000	Decrease of \$100,000	-\$50,000	-\$50,000	\$590,000	\$75,000	\$235,000
No Change In Value	\$1,000,000	\$0	\$0	\$0	\$590,000	\$125,000	\$285,000

2. See footnote 2 on previous page.
3. See footnote 3 on previous page.

In every case you benefit:

- REX HomeBuyer helps you buy the home you want.
- You make no payments to FirstREX until you sell.
- If the value of your home does not change, we make no profit, so you benefit from the use of our money at no cost.
- If the value of your home decreases, you benefit even more, because we incur a loss on our investment.
- If the value of your home increases, we make a profit, and you do too.

Better neighborhoods, better schools, an easy commute, enough comfort and space. These things matter. REX HomeBuyer can make them possible.

How Much Of A Difference Can REX HomeBuyer Make?

The following page contains a sample Buying Power Estimate. It demonstrates the power REX HomeBuyer can have on the choices available to you when you are buying a home.

Challenge

Imagine that you have \$150,000 in household income and \$100,000 saved for a home purchase. Assuming a minimum 20% down payment, regardless of your income you are limited by the cash you have to homes valued at no more than \$500,000. Imagine that you currently rent in an area of high property values, where a maximum home price of \$500,000 severely limits your choices.

Solution

With REX HomeBuyer you can double the cash you have available for a down payment to \$200,000, enabling you to take full advantage of your income and consider homes ranging up to \$880,000 in value. You're now able to buy the kind of home you want, live in a great school district, and have a commute you can manage. That's the power of REX HomeBuyer.

Outcome

After enjoying your beautiful home and neighborhood for 10 years, you decide to sell. We assume your home has increased in value by 3% per year. When you sell, even though you share a portion of the increase in value with FirstREX, you net more cash from the sale than you would have netted if you had originally purchased a \$500,000 home without REX HomeBuyer. How? Over 10 years, more home equity is created in the more valuable home versus the less valuable home. This more than offsets the profit shared with FirstREX.



While REX HomeBuyer can expand your range of home buying possibilities significantly, FirstREX does not suggest that anyone should use the product to purchase a more expensive home than is prudent. In many cases, however, and as in the example shown above, using a REX Down Payment to buy more home can in fact result in more home equity to you when you sell than if you had been limited to less expensive homes. This example also assumes that the home buyer was comfortable with the mortgage and other costs of owning the \$880,000 home. Your situation may be different, and you should consult with your advisors to determine what home prices are both comfortable and appropriate for you.



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Buying Power Estimate

Prepared For: Jane and John Doe

Combined Household Income _____

Total Cash Available For Purchase _____

Mortgage Loan _____

Maximum Home Purchase Price _____

Home Value At year 10 _____

Your Net Proceeds Upon Sale At Year 10 _____

Without REX HomeBuyer	With REX HomeBuyer
\$ 150,000	\$ 150,000
\$ 100,000	\$ 200,000
\$ 400,000	\$ 680,000
\$ 500,000	\$ 880,000

\$ 672,000	\$ 1,182,000
\$ 303,000	\$ 314,000

Note 1

Note 2

Note 3

Note 4

All numbers shown are estimates and calculations are rounded.

Note 1: Assumes you have additional cash available for reserves required by the lender and to pay fees and closing costs, including a transaction fee.

Note 2: Assumes minimum required down payment of 20%. With income of \$150,000, maximum mortgage loan is \$680,000, based on a 4% interest rate and 35% qualifying ratio. Without REX HomeBuyer, the buyer's available cash limits them to a \$500,000 home and a \$400,000 mortgage loan, regardless of their income. With REX HomeBuyer, the buyer can borrow the full \$680,000 and put down \$200,000 to purchase a home for \$880,000.

Note 3: Assumes average annual home price appreciation of 3% over 10-year period.

Note 4: Net of outstanding mortgage loan balance and 8% selling costs. With REX HomeBuyer the calculation also includes a payment to FirstREX equal to the REX Down Payment plus a 45% share of the increase in value.

To find out what REX HomeBuyer can do for you, call us at 1.800.760.5100 to receive a custom Buying Power Estimate.

You get full credit for any market value created by your home improvements.

Expenses You Pay When You Sell Your Home

When you sell your home, you are responsible for paying off your mortgage and any other amounts secured by your home. You are also responsible for paying all costs associated with the sale, including brokerage commissions. The REX HomeBuyer Agreement has no impact on this – you would have to pay these costs with or without a REX HomeBuyer Agreement. If the proceeds from the sale are not sufficient to pay all of these costs, plus whatever amount is due to FirstREX, you are required to make up any difference.

Requesting Special Termination

You have the right to end your REX HomeBuyer Agreement at any time before the end of its natural term without selling your property by requesting a Special Termination. To do this, a FirstREX-approved independent third-party appraisal firm determines the market value of your property. If your home has increased

in value, we calculate what FirstREX's profit would be if you were to sell your home at that time. You make a payment to FirstREX equal to the amount of the REX Down Payment, plus the profit, if any, FirstREX would have made if you had sold your home. Upon receiving the payment, the REX HomeBuyer Agreement ends and FirstREX has no further interest in your property.

Remodeling Adjustment

Remodeling can increase both the enjoyment of your home and its value. Many of our clients have used cash provided by FirstREX to pay for home improvements.

FirstREX's return on a REX HomeBuyer investment is based on the change in value of the home, but it would not be fair if FirstREX shared in value created by home improvements paid for by the homeowner. Therefore, the REX HomeBuyer Agreement allows you to get full credit for any increased market value created by your home improvements.



When you sell your home, if you have given us prior notice of your remodeling project, and it has increased your home's then-current value by \$2,500 or more, you can apply for a Remodeling Adjustment. The Remodeling Adjustment allocates 100% of the increase in home value to you at the end of the REX HomeBuyer Agreement, so that FirstREX does not share in the increase in value attributable to your remodeling in any way.

It is important to note that the cost of your remodeling project is not used to determine the amount of the Remodeling Adjustment. It is based on the portion of your home's value that is attributable to your remodeling project

at the time you sell. Remodeling projects frequently increase the value of your home by an amount that is substantially less than what the remodeling cost you. For example, adding a new bedroom and bath may increase the value of your home by 80% of the cost of the project. On the other hand, adding an in-ground pool might only increase the value by 10% of its cost. An appraisal by a FirstREX-approved independent third-party appraisal firm determines the amount of the Remodeling Adjustment.

A Remodeling Adjustment will be applied only if you sell your home or otherwise terminate the REX HomeBuyer Agreement after the third year anniversary date.

Deferred Maintenance Adjustment

During the term of the REX HomeBuyer Agreement, it is your responsibility to maintain your property in good condition, subject to normal wear-and-tear. If you do not, when the REX HomeBuyer Agreement ends the value of your property will most likely be less than it would have been if it had been properly maintained. When this is the case, a Deferred Maintenance Adjustment may apply. Since the loss in value would be due to your failure to maintain the property, the Deferred Maintenance Adjustment allocates that loss to you, so that we do not share in it. FirstREX is committed to a fair process to determine the appropriate adjustment. For example, if you decide to sell your home 10 years after entering into a REX HomeBuyer Agreement, and the value of the home is \$20,000 less than it should be due to extensive termite damage, we would have the right to make a Deferred Maintenance Adjustment. This adjustment would allocate the \$20,000 loss in value to you, since your action (or inaction) caused the loss in value, rather than market forces. The amount of the Deferred Maintenance Adjustment is determined by one or more independent third-party appraisals, inspections or repair estimates.

Not For Short-Term Buyers

The REX HomeBuyer Agreement is not intended to be a source of short-term financing for home buyers, and we do not recommend it for anyone that does not intend to own their home for at least three years. FirstREX hopes to earn a fair return on the investments it makes in properties with REX HomeBuyer Agreements. For this to happen, the values of those properties must rise, and it typically takes time for that to occur. Therefore, if you choose to end your REX HomeBuyer Agreement during the first three years, an adjustment will apply which will increase the amount payable to FirstREX.

Trusts & Wills

You can hold title to your property in the name of trustees of a revocable inter vivos family trust if all trustees reside in the home and all trustees sign the REX HomeBuyer Agreement. If the REX HomeBuyer Agreement is still in effect upon your (and your spouse's) passing, your heirs are required to end the REX HomeBuyer Agreement by selling the home or by otherwise settling the FirstREX investor interest based on the value of your home at that time.



Qualifying For REX HomeBuyer

You must qualify for the mortgage in accordance with the lender's standard guidelines.

The REX HomeBuyer program does not typically impose any additional credit requirements.

The property you want to purchase must be in good condition, typical for the neighborhood, and located in an area served by FirstREX.

Most townhomes and condominiums can qualify. Multi-family dwellings may qualify if one unit is owner-occupied. Some rental properties and vacation homes may qualify.

STEP 2 Application & Pre-Approval

You submit your loan application to the lender and your REX HomeBuyer

Buying a home with REX HomeBuyer down payment financing is typically as fast and easy as buying without REX HomeBuyer.

STEP 1 Pre-Qualifying & Education

Prequalifying is quick and easy - just a brief phone call with a REX HomeBuyer Product Specialist who will ask you some basic questions about credit, down payment funds available, and the type and location of property you are looking to buy. The Product Specialist will also answer any preliminary questions you have about REX HomeBuyer. If you prequalify and choose to proceed, you will receive an Application Package including a REX HomeBuyer Product Guide, which contains a fully detailed description of the product. You will receive an introduction to a participating lender. Your Product Specialist will be available to help you with the application process.

Application to FirstREX. The participating lender will review your application and, if you qualify, issue a loan preapproval. From this point the lender will follow its standard procedures with respect to the processing of your loan.

Please note that participating lenders receive no fees from FirstREX for their participation and vice versa. The lender's decision to extend credit and any fees charged to you by the lender are entirely independent of FirstREX.

STEP 3 Shopping For A Home

As you shop for a home with your real estate agent, it is important to notify FirstREX about properties you are interested in to ensure they qualify for REX HomeBuyer. When you find a property you want, your agent will submit an offer to the seller.

STEP 4. Processing, Underwriting & Approval

When a seller accepts your offer, you will provide the lender and FirstREX with a copy of the ratified purchase contract and other documentation related to the sale. The lender will obtain a preliminary title report and property appraisal and you will provide the lender with any additional documentation they require.

FirstREX and the lender will each conduct their own underwriting but with your permission may coordinate the sharing of information to streamline the process. Upon approval, FirstREX and the lender will each provide you with a separate approval or commitment. FirstREX's commitment will consist of a formal offer outlining final terms and conditions of the REX HomeBuyer Agreement and containing an estimate of all fees associated with it that are to be paid at closing, including third-party title, settlement and escrow fees and a transaction fee payable to FirstREX. The lender will disclose their fees separately. To accept, you will review the package, and sign and return the offer.

STEP 5. Closing

Closing will occur with an escrow agent or closing attorney in accordance with the customary practice in your area. FirstREX and the lender will each deliver a package of closing documents and escrow instructions to the escrow agent. The escrow agent will schedule a signing appointment with you. At the signing you will receive final closing statements containing the exact dollar amounts involved in the transaction. You, FirstREX and the lender will deposit funds into the escrow account and the escrow agent will close the transaction.

The process described above may vary somewhat depending on the specific participating lender providing the loan.

What to do next.

Call 1-800-760-5100. There is no obligation, cost or sales pressure. FirstREX is committed to openness, transparency and honesty in all aspects of our business and with you.



REX HomeBuyer Education

Education is not a "step" but is essential and required for all home buyers. It is very important that you understand fully the terms and conditions of the REX HomeBuyer Agreement. Education includes reviewing the REX HomeBuyer Product Guide and legal documents and multiple conversations with a FirstREX Product Specialist. All buyers should speak with their financial, tax, estate planning and legal advisors, and family or other heirs, before obtaining REX HomeBuyer funding. Your Product Specialist will be happy to discuss REX HomeBuyer with them as well.

About FirstREX

Founded in 2004, FirstREX provides homeowners and homebuyers with smart new financing alternatives to home equity loans and mortgages. Neither a lender nor a bank, FirstREX makes long term investments in individual residential properties through two innovative home equity sharing products: REX HomeBuyer, which helps people purchase homes, and the REX Agreement, which allows current homeowners to tap their home equity without interest or monthly payments. FirstREX's consumer solutions have earned national recognition from prominent newspapers and magazines including the *Wall Street Journal*, *Business Week* and the *New York Times*.

**Learn more about
the REX HomeBuyer
Agreement and see
if it might be right
for you.**

Call 1-800-760-5100
to speak with a REX
HomeBuyer Agreement
Product Specialist.



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