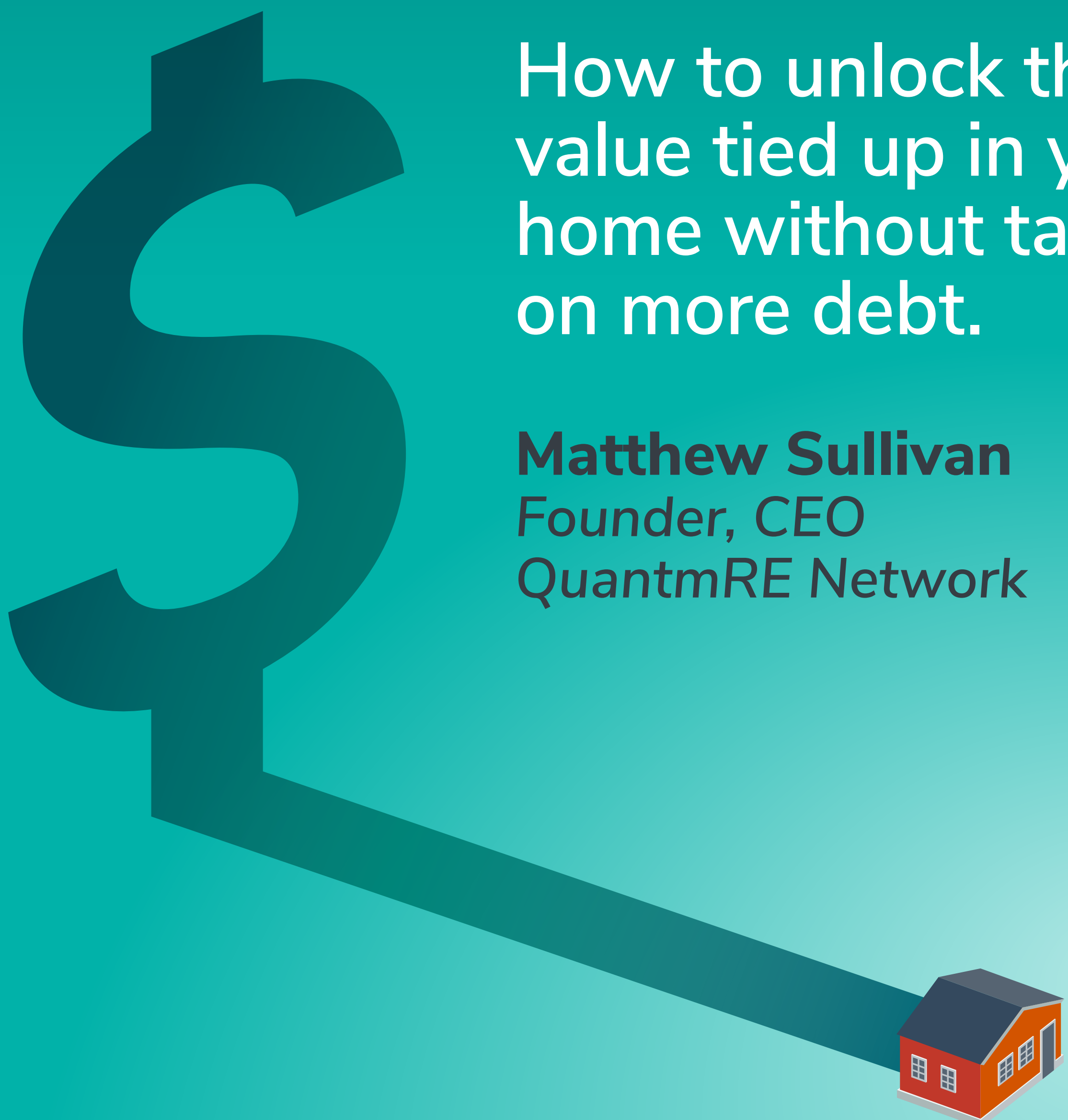
# Equity Freedom

How to unlock the value tied up in your home without taking on more debt.



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QuantmRE™

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# Introduction

Money-related worries are nothing new for American families. Back in 2016, The Atlantic reported that nearly 50% of all Americans would find it difficult to come up with just $400 for an emergency. Fast forward to the end of 2017 and the beginning of 2018, and we find NBC reporting that 65% of Americans are actually losing sleep over money.

It's an all too common story. We work and scrimp and save, and for what? So that we can essentially live paycheck to paycheck? So that we can pay hundreds of thousands of dollars for our homes, tens of thousands of dollars for our vehicles, but have no liquidity to show for all of our efforts?

It doesn't have to be that way. If you own your home, whether outright or you're still paying on the mortgage, you actually have a major source of financial stability at your fingertips. The equity in that home is cash that you own. It's yours. You should be able to use it as you see fit to pay for things like emergency car repairs or to fund your child's college education. The problem is getting at your money. In most instances, it's locked up and inaccessible.

- For those still paying on their mortgage, the lender controls your purse strings.
- For those who've paid off their home, that money is tied up in shingles and siding, screws and flooring.

The only way to get money out of your home is to take on yet more debt, right?

Wrong. There's another solution – a new spin on a time-honored financial tool. We're talking about an equity share release, which provides homeowners with access to the wealth they already own.

Not sure how you can tap into wealth in your home if the mortgage isn't paid off? Unsure how you can get at this money without going even deeper into debt? This book was written to show you just how simple it can be to find financial stability and peace of mind.

# Chapter 1
## Tapping into Your Largest Asset

Are you one of the millions of Americans struggling to make ends meet? Perhaps you've got your daily living costs covered, but you're stressed out about how you will help your children get through school, or how you'll be able to afford to buy a car for your teen driver.

Most average Americans have money worries, and they really shouldn't, because most of them also have a very valuable asset that can help with financial liquidity. The challenge is that they lack the means to exploit the wealth they already own.

### The Value of Your Home

For most of us, our homes are the single largest investments we will ever make. Chances are good that you've got a mortgage for at least a couple hundred thousand dollars, and possibly several hundred thousand. You may think that until your home is paid off, it's a debt, not an asset, too, but that's actually not the case.

Your home is a valuable financial asset as soon as you start paying on that mortgage. Every penny you pay the lender can build equity in your home. Of course, to really understand this, we need to give equity a better definition than what many people use.

So, what's equity? In conventional terms, it is the value that you have built in your home by making regular payments on the mortgage. And that's correct, but we need to take it a step or two further.

You can think of equity as the percentage of the home that you actually own. Let's take an example. When your mortgage is brand new, the bank owns 100% of the home. You own 0%. With each monthly payment, your ownership percentage increases just a little bit. Eventually, you'll reach 100% ownership and the bank will be out of the picture.

So, equity is an indication of ownership, as well as an indication of value. For most of us, it never goes any further than that. The value we're building stays locked up in our homes. We can't get at it very easily.

Yes, there are plenty of ways that you can tap into your home's equity. Home equity lines of credit (HELOCs), are quite common ways to do this. You might even be able to refinance and get a lower monthly payment thanks to the equity that you have built up, and if you were to choose to sell the home, the amount you were paid above the payoff amount for the mortgage would go to you.

Wait – there's a problem here. If you've been paying attention, you might have already spotted it, as well.

All of these methods that promise you can tap into the value you've built in your home, to gain access to money that already belongs to you, are actually doing nothing more than increasing your debt.

There is a better way, though. There is a way to gain access to the money that you've built through regular mortgage payments that does not involve digging your financial hole any deeper. QuantmRE allows you to tap into your largest financial asset without incurring any additional debt.

But what about the whole "good debt" argument? Isn't some debt worth the expense? Don't economists recommend carrying some types of debt? We'll delve into that question in the next chapter.

# Chapter 2
## No Debt Is Good Debt

Chances are good that you've heard of "good debt" and "bad debt". One is something that you can take on as part of a savvy plan to help you build wealth. The other is something that you should avoid because it drags down your financial liquidity, reduces your wealth, and mires you in a never-ending series of financial payments.

### What Is Good Debt?

So, what is "good debt", anyway? Why would so many people be willing to take on this type of debt? Technically speaking, good debt is any type of debt that allows you to generate income, or that increases your net worth.

For example, as a business owner, purchasing new equipment incurs a debt. However, that debt allows you to serve your customers better, increasing your profitability at the same time. For consumers, buying a home is similar – it might be debt, but it is a valuable asset that ultimately increases your net worth.

Another example of "good debt" for consumers would be school loans needed to pay for a college education, or the auto loan needed to buy a car so you can get back and forth to work and earn a paycheck.

Those are all examples of so-called good debt. So, what's bad debt, then?

## What Is Bad Debt?

Like good debt, there are plenty of great examples of bad debt. Technically, these are all situations in which there is no real payoff, or in which your net worth either remains stagnant or decreases due to the debt.

For consumers, a great example would be buying a brand new car. While buying a vehicle to get to and from work is an example of good debt, a brand new car is never a worthwhile investment simply due to the amount of depreciation that occurs the second you drive it off the lot. A used car would be a much better investment (but most of us can't avoid being suckers for new cars).

Another great example of bad debt would be credit cards. Sure, they're technically supposed to help increase your buying power, but what they really do is shackle you to debt. You're paying through the nose in terms of interest (far more than what you'd pay on a conventional bank loan), and you keep having to make payments, which decreases your net worth.

So, is there any truth to the notion that some types of debt are good, while some types of debt are bad? Not really. Debt is debt is debt.

## The Lie of Good Debt

Writing for The Washington Post, columnist Michelle Singletary wrote, "Hate debt. If debt were a person, I'd slap it." She admits that her views are contrary to those held by most Americans, even by many economists who still believe the lie of good debt and bad debt.

She goes on to say, "I know my views are extreme, almost un-American, in a nation that relies so heavily personally and politically on borrowing money. But when it comes to money, what you tell yourself matters."

"Student loans and mortgages," she writes, "are marketed as good debt. But having credit card debt is considered bad. The conventional wisdom is that it's okay to take on debt that has the potential to either increase your net worth or boost your earnings potential. Yet, are the forms of debt really that different emotionally?"

No, they're not. Singletary strikes a chord that resonates with most of us when the veneer of homeownership begins to wear off, and we start to see the ugly truth behind the lie of good debt.

- You build up wealth in your home over time, but the structure of your debt means that you cannot access it.
- Gaining access to the equity you actually own within your home requires that you take on even more debt, further compounding your financial problems.
- Large debt, such as a home mortgage, prevents you from using your wealth for other things, such as making sure your children get a good education.

The real issue here is that all types of so-called good debt involve what's called hyperbolic discounting. That is, when we are presented with a situation in which we are presented with a choice between future happiness and immediate gratification, we automatically discount the future in favor of the present.

Our present happiness is almost always preferable to our future happiness. That is the underlying concept that makes 30-year mortgages attractive. Yes, ultimately, you might end up paying somewhere around $250,000 for that $180,000 home, but since your payments right now are affordable, it's an acceptable trade-off. It only takes a few years of paying into that mortgage to realize the lie.

No debt is good debt.

Think about it this way. If you wanted to unlock the wealth that is trapped in your home equity, but were unable to access it directly, what would you need to do?

- You could consider taking out a home equity line of credit, or HELOC. However, this must be repaid over time, with interest.
- You could consider taking out a second mortgage. However, again, this must be repaid over time, with interest.

Both second mortgages and lines of credit are debt instruments. They promise you access to the money that you own in your home, but the truth is that they only mean you owe more at the end of the day.

Then there are additional complications. Even so-called “good debt” causes stress and anxiety. It can keep you up at night with worry and even outright fear. In fact, a study reported on by Forbes just a few years ago found that fears revolving around money were more prevalent than even the fear of death.

Some of the most common fears to affect homeowners specifically revolve around their income, their debt, and their ability to meet their financial obligations (service their debt), including:

- The fear that an economic catastrophe will wipe out your bank account/financial reserves.
- The fear that your life savings will be wiped out by stock market fluctuations.
- The fear that you will lose your job and be unable to make your mortgage payments.
- The fear that you will drain what little financial reserves you have and end up in foreclosure if you are unable to work.
- Unexpected repairs to your home will drain your financial reserves, causing the need for new debt to make necessary repairs.

If a home mortgage was truly a "good" thing, then those fears would be less common. It would be a more secure place to be, and not filled with such stress and worry.

When it is all said and done, there is no such thing as good debt. There is only debt, plain and simple. The use of positive adjectives like "good" to describe debt only serves to obscure the financial chains that tie you down, to hide the state of "financial bondage it creates", to quote Singletary once more.

So, what is a homeowner to do? As mentioned in the first chapter, QuantmRE offers the answer to this conundrum. Our innovative solution allows homeowners just like you to tap into the value you've built in your largest financial asset without taking on more debt. That means no interest, no monthly payments and you can then use that money for whatever you want, including:

- Paying for your children's college education
- Improving your home
- Taking a dream vacation
- Traveling the world

It's your money, so it's up to you. And, there is no new debt created.

# Chapter 3

## Understanding the QuantmRE Process

Homeownership is the American dream. The problem is that, all too often, that dream can turn into a nightmare. QuantmRE's unique process solves that issue in an innovative way that offers a win for everyone involved.

Imagine this scenario:

You've owned your home for some years now and have faithfully paid on your mortgage every month. However, you've become worried that if you were out of work for an extended period, whether due to an injury or illness, because your employer shut down, or due to layoffs, you would not be able to continue making your house payments.

To get around that fear, you decide that building a bigger nest egg is the best option. Of course, few investment methods offer fast enough growth that it would offset your financial worries, which means that 401(k)s, IRAs, stocks, bonds and other conventional investment vehicles are of little use for this particular purpose.

Instead, you turn to the very asset that is causing your financial fears – your home. As mentioned, you've paid on that mortgage loan for quite some time. During that period, you've built up a good chunk of equity (value that you own) in the home. Tapping into that equity allows you to access cash that you can then set aside to hold in reserve, or it could be spent in ways that might offset your financial risk down the road.

In your quest to determine how to proceed, you learn that you have a couple of options – one of those is to take out a second mortgage. The other is to take out a home equity line of credit. Both seem to offer financial security, but here's the problem – they're both new debt. That means you're not really improving your financial situation. Instead, it's the opposite - you're just increasing your mortgage payments every month.

There's also the chance that you might not qualify for either a second mortgage or a home equity line of credit due to economic factors, your personal credit score, and other issues. Other homeowners might be prevented from going this route by rising interest rates, which would make their payments too high to be affordable.

You could consider a reverse mortgage in that case - a situation in which you sell your home to a lender, with the ownership passing to them years down the road, and with you receiving money for the home in the meantime. However, many homeowners simply don't qualify for reverse mortgages.

Where will you turn in that case?

The answer is QuantmRE's shared equity program. Our solution does not involve you taking on yet more debt. In addition, it does not hinge on your creditworthiness or the vagaries of the banking industry. So, how does the process work, and what can you expect?

## An Overview of the QuantmRE Process

In a nutshell, the process works like this:

- You realize that taking on new debt is a bad idea and contact us.
- For qualifying customers, we will pay you to share in your home's equity while you're still living there. It's called "Shared Equity" and our financial partners have already helped owners like you release millions of dollars of the equity value in their homes without taking on any extra debt.
- Typically we'll enable you to access a 5-20% slice of the value of your home. And the best part is that this is not a loan. That means no monthly payments, no interest payments and no added debt.

- Depending on the program, we will share in a portion of the appreciation or depreciation of your home. Think of us a silent partner.

That's it. It's a very simple process that ensures both parties benefit, without the risks and problems inherent with conventional lending options. Of course, there's more that you'll need to know about how our program operates, so we will break it down into easily digestible chunks.

## What Is Shared Equity?

First, let's begin with the concept of shared equity. It's what we buy when we purchase a part of your home. Merriam-Webster defines equity as:

- *The money value of a property or of an interest in a property in excess of claims or liens against it*

Equity is, simply put, the percentage of the home that you own, versus the percentage that the bank owns.

As you pay on your home mortgage, your equity increases – you own more and more of your home over time, and the bank owns less and less. Eventually, you will pay off the mortgage and own 100% of the home, and the bank will no longer be involved.

Shared equity is nothing more than an agreement whereby another party offers cash so they can share in the change in value of the home over time. It's actually been around for a very long time, although it has been an informal process.

For instance, in any case where a parent or other family member paid a part of a down payment, or covered closing costs, in exchange for the promise to repay the money plus a share of the increased value of the home down the road, this is a shared equity agreement.

So, the key to understanding in the QuantmRE process is that we buy a stake in the equity of your home. We'll pay you for a percentage of your home's ownership and share in the change in value of your home over time.  When you sell or move, we'll receive our share and you'll receive your share of that changed value.

## How Much of Your Home Do We Buy?

Some homeowners might worry that with QuantmRE investing in a percentage of their equity, it could lead to you being a minority owner – similar to a situation in which a business owner sells a majority of shares, becoming a minority owner, and gives the new buyers the ability to make decisions and chart the course of the company.

This is not the case at all. With the QuantmRE solution, there is no change of ownership and you as the homeowner retain all rights and privileges of ownership. You control how much equity you want to share.  If you want to share as little as 5% or as much as 20%, you're in charge.

For the sake of argument, let's say that the value of your home right now is $500,000. You've had your mortgage for quite some time and have paid it down to around half. That means you have 50% of the home's value technically available to you. That's where we can help.

Depending on the situation, we can invest an amount that's equal to between 5% and 20% of your home's current value. In the situation described above, this could result in as much as $100,000 in your pocket. What could you do with $100,000? That money is yours – it's part of the value that you have already built in the home. You can use it for whatever you like. What's more, that money comes with no interest due, and there are no monthly payments, ever. The $100,000 you have received is our equity investment - it is not new debt that you have taken on. Our investment is not a loan, it's not a HELOC and it's not a reverse mortgage.

How much of your particular home might we decide to invest? That's depending on a number of factors, including the home's age, amortization of the mortgage, location, and more.

## How Does Our Program Differ from Other Financing Methods?

If we realize a profit on our purchase of a portion of your home's equity, doesn't that make our offering a loan? No, it does not. It is an investment in which both parties benefit. To help clear things up, let's discuss how the QuantmRE model differs from the various lending options out there.

### *Conventional Loan*

Our process differs significantly from conventional lending. It is not a loan, which means that you are not incurring new debt. There is also no need to worry that your debt-to-income ratio will be increased, or that your credit score will automatically be impacted (although based on the level of equity you decide to release, minimum credit scores will apply).

### *Home Equity Lines of Credit*

A home equity line of credit promises to allow you to tap into the equity that you have built in your home, but this comes at a cost. In fact, you're not really using the equity in your home. You're just taking on more debt.

A home equity line of credit, or HELOC, is very similar to how a credit card works. You're offered a maximum amount of money that can be borrowed (borrowing is the key concept here), with a specific time limit (the life of the loan). Any money you spend out of that principal amount must be repaid. Eventually, you'll pay off the amount, and you can do it all again – for a cost. There are no similarities between an equity share release (the technical name for the QuantmRE process) and a home equity line of credit. Again, we give you access to money that you already own. There are no monthly payments, and there is no interest charged.

### *Reverse Mortgages*

Our process is decidedly different from reverse mortgages, although they sound similar superficially. In a reverse mortgage, you technically take out an equity loan that is ultimately repaid when you sell the home, or when the last qualifying occupant dies.

Like our program, there are no monthly payments to make. However, there are high debt-based fees involved with the reverse mortgage process. They're simply tacked onto the loan, and some might say hidden in the paperwork, making them almost invisible.

Moreover, with a reverse mortgage you are still taking on additional debt. There is also the fact that a reverse mortgage ultimately culminates in the loss of your home. The loan is usually made for the entire value of the home, and in order to pay that amount, you'll need to sell it, or it will need to be sold by your heirs or estate after you die.

In contrast, our program only involves the purchase of a share of your potential future equity, not the equity you already own in your home. You retain ownership of the home itself. There is also no age restriction with our program. Most reverse mortgage loan programs are limited to older homeowners (62 and up) with shorter life expectancies, or who will be downsizing or moving into an assisted living facility in a short time.

## How Long Can You Remain in the Home?

While payment of the agreed-on value increase does hinge on you ultimately selling the home or refinancing the agreement, you are free to live in the home for up to 30 years without having to buy back the agreement, depending on the program.

This makes a shared equity release an ideal situation for any homeowner struggling with fears about money. If you have equity in your home, you have wealth available to you. It's simply locked up by your mortgage lender. We can help you unlock that capital, ensuring that you're able to use your assets as you see fit. Which is as it should be.

## How Does QuantmRE Make Money?

We make money based on your sale of the home and the current and anticipated future appreciation of your property between the time the contract is agreed and the time that you sell your home or our agreement comes to an end. To truly understand how we can be profitable without operating as a conventional lender, we'll need to dig into a few key concepts that underlie the entire process – the nuts and bolts of how everything works, so to speak.

- Investors: QuantmRE works on behalf of homeowners and investors. We bring you together with investors interested in the stability and gentle appreciation that can be found only in the world of real estate. It's an important benefit for investors wary of the significant volatility found in other markets.
- Initial Purchase: We can pay between 5% and 20% of the current value of your home. You decide how much money you want to raise, and how much appreciation you'd like to share. This amount is repaid to us when you sell your house. However, this is not a loan. It is an investment – we become partners based on this purchase and share in the ups (and potential downs) that affect your home's value.
- Lien: In order to memorialize and cement our purchase agreement, we will file a lien on your property with your county government. Note that ownership of your property will not change. The lien is simply in place as a way to secure your performance under our agreement and protect our interest in our investment.

- Appreciation or Depreciation: Because we are like your silent partners, we take a risk when it comes to home values over time. That is, while there is a good chance that values will climb, there is also the chance that values will drop.
- If there is an increase in value, the negotiated amount is added to our original investment amount. You pay us after you have been paid for your home. If there is depreciation, then we may share in some of the loss.

## 6 Simple Steps

Buying a home is a complicated, drawn out process with a lot of different hoops that you're required to jump through. A shared equity release, on the other hand, is refreshingly simple and straightforward. In fact, there are only six simple steps to follow through the entire process, no matter how much of an equity share we purchase.

Below, we'll discuss those steps and what you should know about each of them.

1. **Qualification** – Before we agree to invest in a share of the equity in your home, we must determine whether you qualify or not. Unlike with a conventional loan, this has much less to do with your credit score, or your ability to make payments. Rather, it has more to do with determining the amount of equity in your home at present and forecasting property appreciation or depreciation over time, amongst other things. It's just us doing our due diligence prior to signing a binding agreement and purchasing a share of your home's equity.

2. **Approval and Valuation** – The next step is to be approved. If you are approved to move forward, we'll need to conduct a valuation to determine exactly what your home is worth on the open market as is, at this time. We will send an appraiser who will do more than simply inspect your home. He or she will also investigate real estate trends in your area to help ensure the most informed decision possible is made.

3. **You Sign the Paperwork** – Once the valuation has been completed, we'll draw up the equity share release paperwork. This paperwork will be forwarded to you so you can read it, have it looked over by your choice of attorney or other advisor. Once signed, the process moves forward. We will place a lien on your property with your county government that evidences our agreement.
4. **You Get Paid** – Once the paperwork has been signed and filed, and everything is in order, you get paid. Once you are paid, that money is yours to do with as you wish. You can spend it any way you like. Or, don't spend it. Feel free to put it away in an interest-bearing account to use as a safety net down the road, as the beginnings of your retirement nest egg, or to pay for college for your children.
5. **Live Your Life** – Once you've been paid and have your money in hand, you are free to continue to live your life in your home as you want. It's your home. You retain ownership. You get to make all the decisions regarding what happens to it, what you do within it and to it, and more. Of course, there are a few limitations, and we'll discuss those shortly. The important thing to understand here is that you remain the owner of the property. We are a silent partner only.
6. **Selling Your Home** – Eventually, you will want to sell your home. Perhaps it's time to move to another area for work. Maybe you've lived there for decades, your kids are grown and out on their own and it's time to downsize.
   Selling the home is usually the final step in our process, although certain other events such as the owner's death can also cause the agreement to come to an end. Here's how the sale process works:
   - You sell your home. You get paid for the home.
   - Via the escrow process, you pay us the amount according to the terms we agreed in our Home Equity Agreement.

As you can see, the process is actually very simple. There are no hidden pitfalls that might derail you, and no hidden costs tucked away that might eat into your profit. Our goal is to allow you to access dead money tied up in your home, plain and simple.

With all that being said, there are some important topics that need to be addressed that will further illustrate how our process works.

# Chapter 4

## Essential Considerations:
## Common Questions about the Shared Equity Release Process

While the concept of an informal shared equity investment is well understood, it becomes a bit more complex when formalized, which is what we at QuantmRE are doing. We are taking a time-honored, informal process and making it available to a much wider range of homeowners, all of whom could benefit from greater financial stability, peace of mind, and liquidity.

However, because of the increase in formality, we've found quite a few unique questions are asked by our potential partners. In this section, we will address some of the most important considerations to make and concepts that must be understood before deciding to pursue a shared equity partnership.

### Do I Need to Claim the Payment on My Income Taxes?

In most cases, you will not need to claim the money paid to you for a share of the equity in your home on your state or federal income taxes. Generally, this is something that will take place when you sell the home.

However, this should not be construed as any type of tax advice. Our recommendation is to discuss any potential tax liability with your own accountant or tax expert.

## Understanding the Ownership Situation

It is important to remember that we are not purchasing your home itself. We are purchasing a share of the equity in your home. This makes us partners, with you retaining full control over your home. You can think of us as a silent partner – offering you the means to get at the capital that's locked up in your home's value.

Because we will not be the owner of the home in any degree, we do not have any say in the decisions you make about the home, beyond what is stipulated in the initial contract you sign with us when embarking on the equity share release process.

## Any Home Can Become an Investment Opportunity

Many of our clients think immediately of how an equity share release can benefit their situation in regards to their primary home. That makes a lot of sense – your primary home is obviously your most pressing financial concern. It's also most probably your largest and most concentrated source of wealth.

Your home mortgage locks up decades of your income, keeping that money out of your hands and limiting your financial capabilities. However, our process works with many other types of homes, as well, including:

- Vacation homes
- Second or third homes
- Inherited family homes
- Investment properties
- Rental properties

Really, any home that you own could qualify for an equity share release. It does not need to be your primary home, nor does it need to be owner-occupied at any point during the year. This can allow you to leverage the value you've built in rentals and investment properties so you can continue building your wealth.

## Owners Maintain Standard Responsibilities

Again, an equity share release is not a transfer of ownership. Your name (i.e. the name of the actual owner) will remain on the title on file with the county, as well as any paperwork on file with your lender. Selling a share of your equity to QuantmRE in no way changes this situation. This means several things for property owners, including:

- You remain responsible for servicing your mortgage (making payments on time, etc.).
- You remain responsible for all upkeep of the home and the surrounding property.
- You remain responsible for repairing damage to the home or any system within the home (HVAC, roofing, foundation, etc.).
- You are responsible for maintaining insurance on the home throughout your period of ownership. Note that insurance will be stipulated in the contract signed with QuantmRE when agreeing to a shared equity release.
- You are responsible for paying taxes on the home and property, which will be assessed by your county and/or city government.

## Understanding the Lien Placed on Your Property

While QuantmRE will not become an owner of your property through our transaction, you do enter into a legally binding agreement with us. In exchange for a specific amount of money based on your equity in the home at the time of the contract, and the change in value of your property over time, you will need to repay the initial investment amount plus the agreed appreciation percentage.

Note that if your property depreciates, that amount may be subtracted from the investment amount. Because we are entering into a binding consumer contract, we will place a lien on the property with your county's government. This lien does not entitle us to:

- Any control over your property not clearly stipulated in the initial contract
- Any control over when you choose to sell or the amount you must ask for the home at sale
- A direct ownership interest in your home
- Any interest on the money used to purchase equity in your home

The lien, or performance deed of trust, is in place to protect our interest and your performance under our agreement. To be clear, this is nothing more than the payment of the initial investment amount, plus the appreciation/depreciation that we agreed on when you signed the contract initially.

## Important Considerations for Remodeling

Depending on the program, there can be a maximum term of up to 30 years, and during that time we believe that you should be comfortable in and happy with your home – it should suit your needs and your lifestyle. Often, that means the need to remodel, upgrade, and improve your home over time.

However, we do need to protect our interests, as well as those of the investors working with us. Because of that need, there are a few additional steps and requirements involved in the remodeling process. Depending on the program, these include:

- Prior to remodeling, you must hire an appraiser to evaluate the property.
- After the remodeling project concludes, you will need to have another valuation done.
- The value of the property after the remodel cannot be lower than the value prior to the remodel.
- If the value of the home increases, this value will not be reflected in the amount paid to QuantmRE when you sell your home.

## Taking on Additional Debt

The entire point of an equity share release is to free up cash you own, but that is trapped in your home's value. It's about gaining access to the money you own but cannot use. In an ideal world, there would be no further need to leverage your home by taking on additional debt. It is never advisable to take on yet more debt, either.

However, we do understand that life can throw curveballs and that you need the flexibility to deal with those situations as they arise, in the best way possible. Because of this, we have a loan approval process that may allow additional loans to be taken out on the property as long as they are approved by us. We will not normally allow you to take out negatively amortizing loans. As a general rule, loans cannot eat into the equity cushion of the transaction and loan to value ratios must be maintained.

Not sure what these types of loans are, or why they might be prohibited?

## Negative Amortizing Loans

All loans come with strings attached, generally in the form of interest. However, all loans do not treat interest the same way. In a fully amortized mortgage loan, you pay the full amount of interest due with each payment. However, in a negative amortizing loan, you may not pay the full amount of interest due.

This may be due to your loan offering the choice of how much to pay each month, or something on the lender's part. Whatever the case, the unpaid interest does not vanish. Instead, it's added to the principle of what you owe.

Now, it's important to understand this – when interest is added to the principle, it does more than just increase the amount that you owe. It also increases the amount on which you are being charged interest. You end up paying interest on interest. Ultimately, this type of loan could cause you to owe more than your home is worth.

Obviously, this would jeopardize the equity that you have built in your home and the investment made by QuantmRE. Therefore, these types of loans are not allowed, and this will be specified in the contract you sign with us initially.

## Early Payment

While you are free to live in the home for the term of the agreement, and can sell it if you wish, you do not have to wait until you sell to repay the equity investment amount. You can do this at any time. For instance, if you were to come into a large lump sum through an inheritance, or you had a particularly good tax return, subject to an early termination charge if you sell the property before the second anniversary of our agreement, you could easily repay the investment amount without any complications.

However, do understand that the process hinges on the value of your home at the time you decide to repay the investment amount. This includes market factors that might be outside of anyone's control. Due to this, there are specific clauses in the contract you sign initially that ensure we do not take an unnecessary loss on equity.

## Understanding Risks Involved

To be clear, there are some risks that apply to you, the homeowner, when taking advantage of an equity share release.  The primary risk is that your property will appreciate and you will see less profit from the sale than you would otherwise due to the agreement with QuantmRE.

There is a chance that you will receive less from the sale of your home in the end than you would had you not agreed to sell an equity share in the first place. However, if you did not sell any equity, your money would still be locked in the mortgage, inaccessible to you unless you chose to take on yet more debt to access it. Ultimately, our equity share release program is designed to be a win for everyone involved.

In addition, you, the owner, are not the only one facing risks in this scenario. QuantmRE also faces significant risks, as well. While the contract and lien help to safeguard our interests, those risks are still present, such as:

- Depreciation – The most common risk we face is that your property will actually depreciate over time, rather than appreciate. Historically, the value of real estate increases over time, but there are factors that can reduce value, as well. The most important to understand is the role played by the local real estate market. This has the single largest impact on your home's value.

- Following the local real estate market is the national real estate market, interest rates for loans, which can affect the ability of a new buyer to secure a home in the first place, the economy, and a great deal more. If your property were to depreciate, and you chose to sell the home before property values recovered, we would be forced to take a loss, per the agreement we signed with you.
- Default – For homeowners who have paid on their mortgage for some time, but do not yet own their homes outright, there is a chance of default. This is a risk that we take on knowingly in our mission to help you unlock the financial chains that bind you. However, this is a calculated risk, and part of our due diligence is to ensure that we are making informed decisions in terms of the homeowners with whom we work. There is a chance that some homeowners may not qualify for the equity share release program.
- Taxes – There is a risk to us that you may not pay your property taxes. In time, this will result in the property being seized by the county government and then auctioned off to pay the tax liability. Obviously, it is vital that we take precautions to protect ourselves and our investors from this possibility, which is why we do extensive research prior to signing equity share agreements. However, it remains a possibility in all situations.
- Bankruptcy – While your primary home may not be subject to seizure during bankruptcy, that is not the case for rental properties, vacation homes, second homes and investment properties, at least in the case of Chapter 7 (Chapter 13 filers can protect investment properties, though).

## Your Agreement and the Possibility of Death

While we all hope we'll live to a ripe old age, it's never guaranteed. We understand this going into each contract with every homeowner. It is important that you understand the implications of this on your estate and end of life planning.

As you can see, while the entire process is very straightforward, there are some important considerations to be made, and vital topics to understand.

# Chapter 5
## Understanding the Benefits to Homeowners

American homeowners struggle under a heavy financial burden. Any number of money-related worries could be keeping you up at night, when in reality you could have more than enough money to handle those issues locked up in the equity in your home. Homeownership doesn't have to be a debtors' prison. An equity share release can offer a significant number of benefits and advantages.

### Peace of Mind

We'll start with the most obvious, and one that we've discussed previously within this book. Today, nearly 70% of Americans say that money worries keep them up at night. They're losing sleep, worrying over:

- How they're going to pay for school for their children
- How they're going to pay for their home with declining hours on the job
- How they're going to make ends meet if they've been laid off
- How they're going to survive if the economy tumbles again and they lose their life savings

The single most important benefit to homeowners in using an equity share release is that you gain peace of mind. You gain the confidence you need to take life head-on, and to live your life as you choose. You regain the ability to sleep through the night, no longer troubled by worries about how you'll pay this bill or that, or how your children will get the education they need to find success in their own lives.

Peace of mind is a powerful thing, and it can benefit every area of your life.

## Make Full Use of Your Single Most Powerful Asset

Owning a home is supposed to be empowering. You've achieved the American dream, right? So, why does it so often feel like you're still struggling? An equity share release allows you to make use of your single most powerful asset, and unlock the cash that belongs to you, but is walled away by your mortgage and locked into the physical structure of your home.

As you pay down your mortgage, you build wealth in your home. You build equity – the percentage of the home that you own increases. However, you're blocked from accessing that value. Working with QuantmRE allows you to tap into that value and put it to use to your benefit.

## No New Debt

Perhaps the single most important reason to use an equity share release is that it allows you to unlock the equity in your home without adding more debt to your life.

We've discussed options like taking out a second mortgage, a home equity line of credit, and even a reverse mortgage.

We've also touched on how those vehicles increase your debt burden. They seem to offer financial relief, but really just add to your ongoing struggle. It's just one more bill that must be paid. An equity share release incurs no new debt. There's no interest accruing, and there's no hit to your income or your quality of life.

## You Remain in Control and in Your Home

Tapping into the value you've built in your home generally requires that you sell the property outright. That means in exchange for the purchase price, you move out and someone else moves in. You must then purchase a new home somewhere else.

With an equity share release, you get to stay in your home and in control. You're still the homeowner. You decide what gets done, what gets changed, and how things are remodeled (with a few caveats spelled out in your equity share release contract).

### Build a Better Life

Finally, an equity share release could give you the cash you need to build the life you want, and not simply deal with the cards that you've been dealt. You can use the cash from your equity share release in just about any way that you might want. Just a few of the possibilities include:

- Paying for your children's education
- Saving for retirement
- Investing the money in building a more secure financial future
- Remodeling your home
- Taking that dream family vacation
- Traveling to other areas of the country or the world
- Starting your own business and kissing your day job goodbye

It's your life. Why shouldn't it be as bright as your dreams? QuantmRE helps ensure that you're able to live your life on your own terms, whether you're worried about paying for college or want to pursue your dreams of owning your own business. And you're able to do that without taking on yet more debt.

# Conclusion

If you are a homeowner, there is no reason to lie awake at night struggling with money worries. There is no reason to take on additional debt, either. An equity share release allows you to tap into the value of your home – value that you've built up over time through faithful mortgage payments, and cash that legally belongs to you. There is no reason that you cannot put that money to work on your behalf.

QuantmRE delivers an innovative solution to the most pressing challenge American homeowners face – the lack of liquidity in their financial lives. We do not buy your home or take ownership. Instead, we become your silent partner. We share in the appreciation or depreciation of the home, going through life's ups and downs with you.

There is no loan here. There are no interest payments to be made. There are no monthly payments to be added to your already-stretched budget. We offer you financial security and peace of mind in a world too often filled with debt and uncertainty.

There is no reason that your mortgage should become a debtors' prison. We can give you the key, and ensure a win-win scenario.

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