



What Is FiTerra?

FiTerra is a finance partnership tool designed for single family rental investors. It provides an institutional level capital structure that historically has only been available to the largest commercial investors. This structure benefits your deal by lowering the cost of capital, increasing leverage, and boosting returns.

Who Is FiTerra For?

- ▶ FiTerra serves the tens of thousands of investors who focus on single family and small multifamily (1-4 unit) rental properties. Our structure works equally well for long, medium, and short term rental strategies.

- ▶ Historically, the financing options for these types of properties have lagged far behind what is available for larger commercial investors. This increases cost, reduces profitability, and unfairly penalizes those wanting to concentrate on this asset class.

- ▶ We increase capital efficiency for these investors. The result: less time and money spent to acquire deals.
- ▶ We turbocharge the returns and tax benefits of each individual deal, which causes the entire portfolio to grow more quickly.

How Is A FiTerra Deal Structured?

FiTerra deals are structured using something called a Real Estate Purchase Partner or "REPP". It is created by:

- ▶ Dividing the asset into two parts of ownership. This is done at closing through title.
- ▶ The investor brings the down payment and purchases their portion (normally between 50%–60% of the total).
- ▶ FiTerra purchases the other piece on behalf of our investor.
- ▶ A REPP agreement is signed that outlines the rights & responsibilities of each party.

Investor - Rights & Responsibilities

- ▶ **100% control of the property, and able to make all operational & financial decisions.**
- ▶ **Receive all market appreciation and rent increases.**
- ▶ **Receive 100% of the depreciation created through ownership.**

FiTerra - Rights & Responsibilities

- ▶ **Non-controlling/non-voting interest position that is in place for an initial term of 99 years.**
- ▶ **Able to be bought at the discretion of the investor for a preset amount.**

How Does The REPP Structure Benefit My Deal?

The REPP structure optimizes deals in 3 significant ways:

- ▶ Increases investor leverage
- ▶ Lowers the cost of capital
- ▶ Optimizes tax savings & depreciation

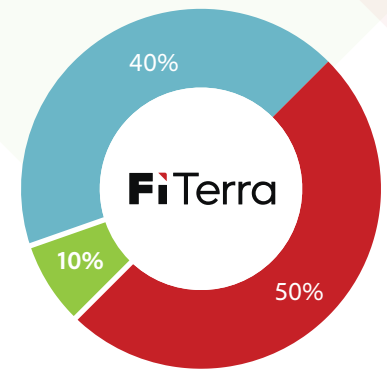
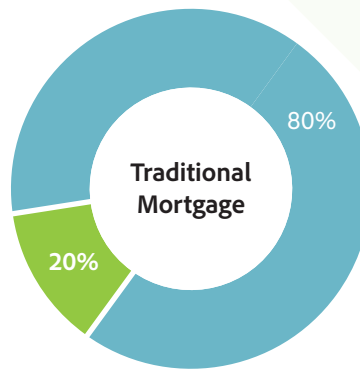


▶ Increased Leverage

Conventional financing options typically require a down payment of 20%–35% of the purchase price. However, with FiTerra, an investor is now able to purchase a smaller portion of the deal, while still maintaining control. This lowers the down payment and equity requirements beyond what is traditionally possible.

Example	Conventional	FiTerra
Purchase Price	\$250,000	\$250,000
(-) FiTerra	\$0	\$125,000
(=) Investor Share	\$250,000	\$125,000
(-) Mortgage	\$200,000	\$100,000
(=) Down Payment	\$50,000	\$25,000

80% LTV



■ Downpayment ■ Mortgage ■ FiTerra

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▶ Lower Cost of Capital

FiTerra's fees are lower than the payment on an equivalent mortgage, so increasing leverage has low to no marginal effect on the holding cost.

In this example, FiTerra's structure has decreased the down payment by 50% while also slightly lowering the monthly payment.

That's \$25k this investor can put toward another deal, use for renovations, or spend on furnishings for a short term rental.

Your dollars have twice the power with FiTerra.

Example	Conventional	FiTerra
Purchase Price	\$250,000	\$250,000
Total Leverage	\$200,000	\$225,000
Mortgage Pmt	\$1,264	\$632
FiTerra Fee	\$0	\$631
Total Payment	\$1,264	\$1,263
(±) Downpayment	\$50,000	\$25,000
(=) Payment/Investment Ratio	40:1	20:1

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► Optimize Tax Savings



Depreciation on property improvements is one of the most important savings when investing in real estate. Improvements on non-commercial assets, such as a single family rental property, depreciate over a period of 27.5 years. The value of the land cannot be depreciated. This means you never get the full value of your investment returned from tax savings alone. However, with FiTerra, 100% of your investment is structured as improvement ownership and is subject to complete depreciation.

Example	Conventional	FiTerra
Market Value	\$250,000	\$250,000
Improvement Value	\$175,000	\$175,000
Land Value	\$75,000	\$75,000
Depreciable Basis	\$175,000	\$125,000
Annual Depreciation	\$6,364	\$4,545
Down Payment	\$50,000	\$25,000
Breakeven (yrs)	7.85	5.5

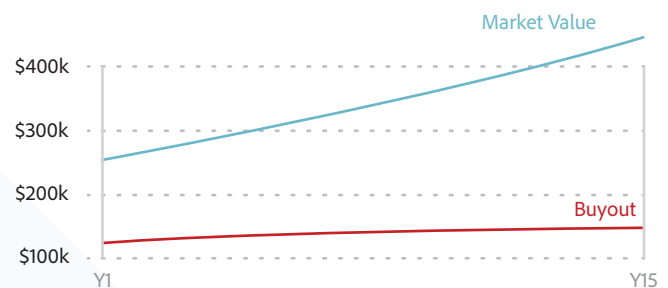
In this example, you can see how you are able to depreciate your entire investment. When looking at the depreciation savings compared to the cash investment, we can also see that you get your down payment back 30% faster compared to the conventional structure.

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— What If I Want To Sell Or Payoff My Home?

You are totally in control and get to always decide what to do with your deal. If you sell, your buyer can acquire just your ownership, or buy the property in totality (including FiTerra's piece). FiTerra has a preset buyout structure, so you are always able to determine the value of your ownership and take advantage of market appreciation at the perfect time.

FiTerra's buyout stays well below average appreciation. While market appreciation trends between 3%–10% annually, FiTerra starts at just 1% of the purchase amount and stops after 15 years of ownership.



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Costs And Fees



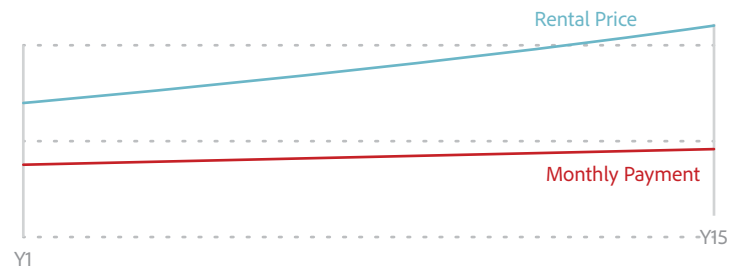
▶ Monthly Fee

FiTerra is paid a monthly fee alongside your mortgage. The fee is set at closing and adjusts annually at a marginal 2% increase. The example below shows the base cost and annual increases for a house valued at \$250,000 with a REPP of \$125,000 (50% of value):

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	Y13	Y14	Y15
(S) Increase	\$0	\$13	\$13	\$13	\$13	\$14	\$14	\$14	\$15	\$15	\$15	\$15	\$16	\$16	\$16
	\$631	\$644	\$657	\$670	\$683	\$697	\$711	\$725	\$740	\$754	\$770	\$785	\$801	\$817	\$833

*Shown monthly

This fee is intended to increase at a much slower rate than market rent growth. In this example, only increasing by \$15/mo each year!



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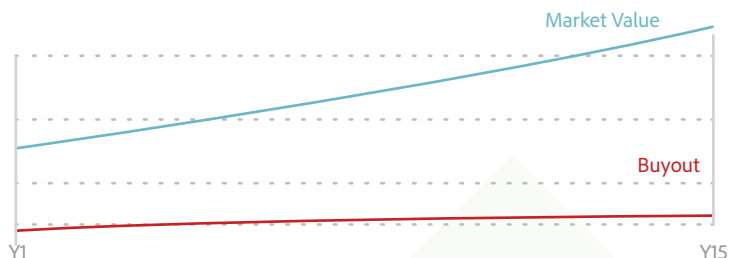
▶ Buyout Fee

This fee is only realized if the investor wants to remove FiTerra from the deal. FiTerra does not impose any timeline for a buyout; it's totally at the investors discretion. Similar to the monthly fee, the buyout also increases by 2% per annum. But, unlike the monthly fee, the buyout starts *decreasing* in year 8; and, at year 15, the buyout stops increasing completely. The example below illustrates buyout costs & annual increases for a house valued at \$250,000 with a REPP at 50% (\$125,000) of the total:

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	Y13	Y14	Y15
(S) Increase	\$2.5k	\$2.6k	\$2.6k	\$2.7k	\$2.7k	\$2.8k	\$2.8k	\$2.5k	2.2k	\$1.9k	\$1.5k	\$1.1k	\$800	\$384	\$0
	\$128k	\$130k	\$133k	\$135k	\$138k	\$141k	\$144k	\$146k	\$148k	\$150k	\$152k	\$153k	\$154k	\$154k	\$154k

*Shown annually

The buyout is intended to increase at a much slower rate compared to market appreciation. FiTerra just earns a small capped fee if the investor chooses to execute on this option.



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What Other Types Of Financing Options Are Potentially Available To Me?



We generally see three other finance options available to investors who work with FiTerra:

- ▶ **Bank loans with lower leverage points and similar interest rates.**
This type of finance is good if you have near unlimited equity at a very low cost.
- ▶ **Private loans with similar leverage, but much higher interest rates.**
This works if you are only going to own the property for a very short period of time (under a year).
- ▶ **Private investments from friends, family, or investors.**
This works if you are comfortable giving up some control of your deal, and paying your partners around 40% - 70% of the rents and appreciation.

FiTerra was created to be a 'best of all worlds' solution. Low-cost financing at a reasonable interest rate, that doesn't require you to give up control or share market appreciation.

This Almost Seems To Good To Be True! What's The Catch?

FiTerra was built to create a win-win for everyone involved in a deal. We believe whoever is doing most of the work should receive the majority of the upside.

We believe lenders and investors should be compensated proportionately to the risk they are taking and the time they are investing. This premise led us to optimize the finance stack in single family rental transactions by aligning risk and reward; giving everyone more of what they want from a deal.

FiTerra is an example of what's possible when you look beyond how 'things have always been done', and dare to introduce something new. We hope you'll join us in creating a new world of optimized residential real estate finance.

