



HausCoin

Brief

v1.0 2022

The Problem

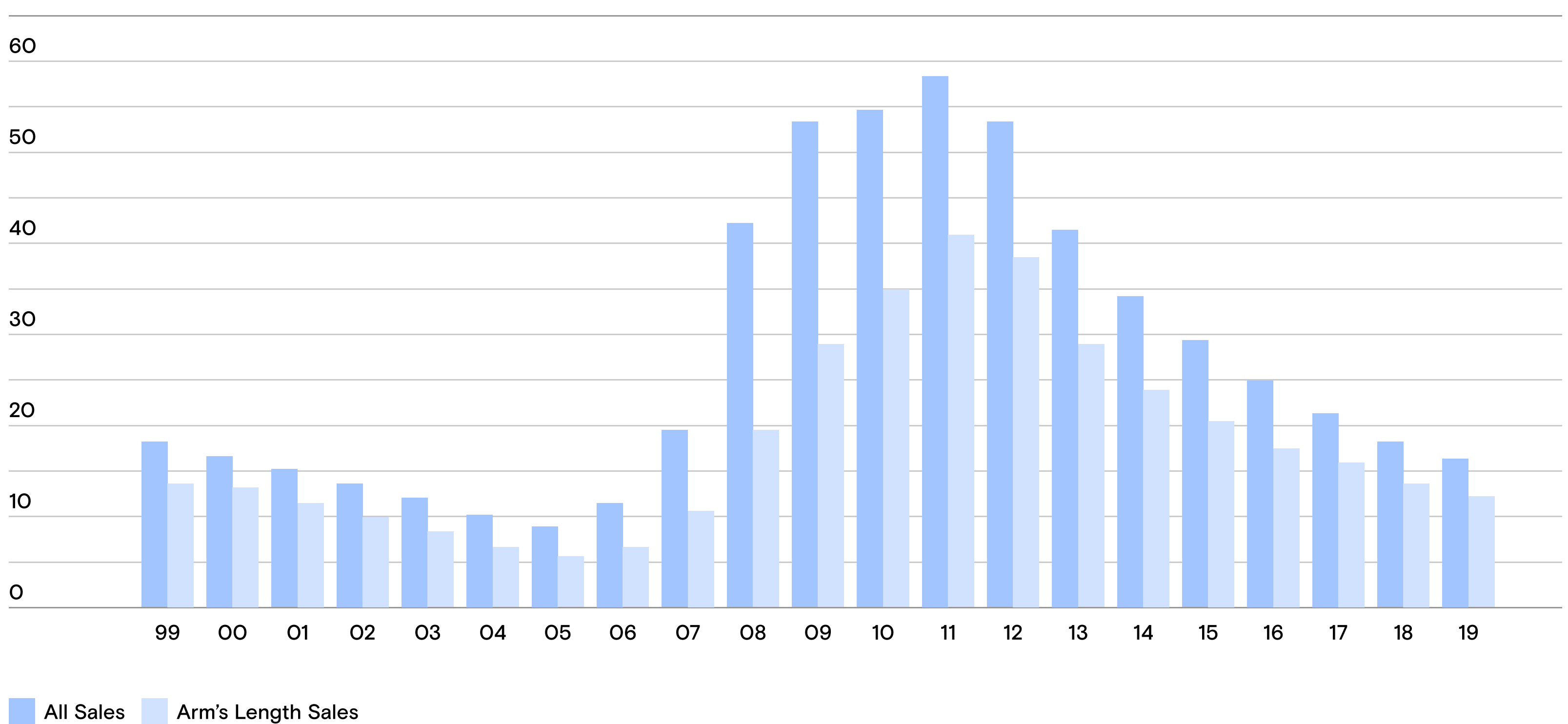
Attaining homeownership has become one of the major problems of our time. The response from existing institutions has been two fold, reducing down payment requirements and instituting special programs for added debt. While these solutions may help increase ownership rates, they place added pressure and financial risk into the hands of individuals and families.

The average down payment for first time home buyers is approaching just 6%. While this may seem like a great way to break into home ownership with very little savings, it comes with a slew of challenges, including higher interest rates and private mortgage insurance (PMI), leading to higher monthly payments, more financial risk and stress. In fact, in a recent survey by Consumer Affairs, over 40% of homeowners have taken on second jobs just to afford their mortgage. On top of that, 73% of homeowners stated meeting household expenses is becoming increasingly difficult and 78% of millennial home owners say they feel “house poor”, having little savings after their mortgage and home expense payments.

On top of feeling “house poor,” someone putting down just 5% is taking a 20:1 leveraged bet on a single home that fluctuates both up and down in value. Something most people overlook, is that even in good times, a significant portion of homes sold annually are sold for less than the original purchase price, between 6% – 42% depending on the year.

% of Home Sales Sold at a Nominal Loss

1999–2019



Most consumers do not decide to sell their home based on an investment return. The primary decision to sell is driven off a life event. Having a baby and needing more space or relocating for a job or family top the list. These drivers are completely independent of the market, so using a highly leveraged financing instrument for a utility (shelter) can often prove fiscally disastrous. There are very few investments where a 20:1 leveraged bet is encouraged, yet this is where consumers find themselves today. Outside of mortgages or being independently wealthy, your only other option has been to rent.

Homeownership Benefits

While renting has been the default solution for over 36% of the general population, it lacks significant and proven benefits to individuals, families and communities that comes through homeownership. These advantages may not be widely known, but they span from lower crime rates in communities and teenage pregnancy to higher education levels and lifetime earnings.



Higher math and reading levels



Higher high school participation



Higher college participation



Higher highschool graduation rates



Lower teenage pregnancy



Increased welfare independence



Higher lifetime income



Higher civil participation



Lower crime rates



Higher volunteer rates

By lowering barriers to homeownership without adding more leverage and making monthly payments more affordable, stable housing especially in lower income areas can be achieved to provide the benefits needed across towns in America.

Enter: Haus

Haus has an entirely new approach to home finance. Leveraging blockchain, Haus has created a way to significantly lower the monthly payments of homeownership while giving consumers the ability to purchase and sell equity when it works for them.

It works by turning each home into an equity NFT. The customer owns a portion of the NFT tokens and Haus owns the rest. Customers have a much lower monthly payment, and have the flexibility to purchase and sell equity interest in their home, when they choose.

Example, a **\$500,000** home now becomes **500,000** pieces of **\$1** equity ownership. The owner purchases the % they can afford, say **10%**, and Haus purchases the rest.

The home value is marked to market on an ongoing basis determined by the average deviation of the value of several **Automated Valuation Models (AVM)** applied to the initial on-site appraisal value, so as the price goes up, so do the pieces of equity, and if the price goes down, they follow.

Owners can purchase more equity whenever they want, at the current price*, and can sell equity back when they need access to cash. This creates a non-leveraged way for homeowners to finance their home, dollar cost averaging into their total home cost over time. Customers benefit from low monthly payments, flexibility of buying and selling their equity when it makes sense for them, and significantly less risk as leverage has been removed.

This new financing mechanism replaces the traditional debt markets and structured mortgage securities with a much more flexible financing solution that would not otherwise be possible without completely replacing all existing financial infrastructure. The new infrastructure shifts the existing investor interest from a debt based interest model to an equity based position that leverages asset appreciation.

Enter: HausCoin (\$HAUS)

The relationship between the individual homeowner and Haus are recorded as a 1:1 NFT. As Haus compiles equity contracts across homes and locations, those equity interests (all which are recorded as deeds of trust and memorandums of agreement on title) are assigned to a new entity called HausCoin.

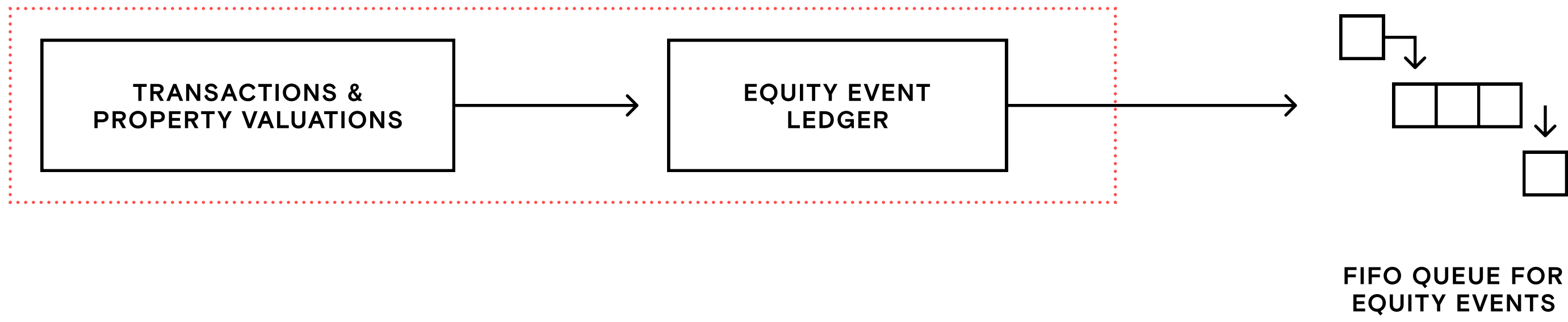
HausCoin currently manages all equity ledgers, and issues \$HAUS tokens backed by the pool of those equity interests. This pool maintains 1:1 parity between the value of the equity interest and the value of \$HAUS, giving investors access to invest directly in a pool of home equity in owner occupied homes.

As the value of the pool of homes goes up or down, so do the price of the \$HAUS tokens. This is accomplished by tracking all changes in the value of equity interest for each home represented in the pool. These price change events are then sent to HausCoin.

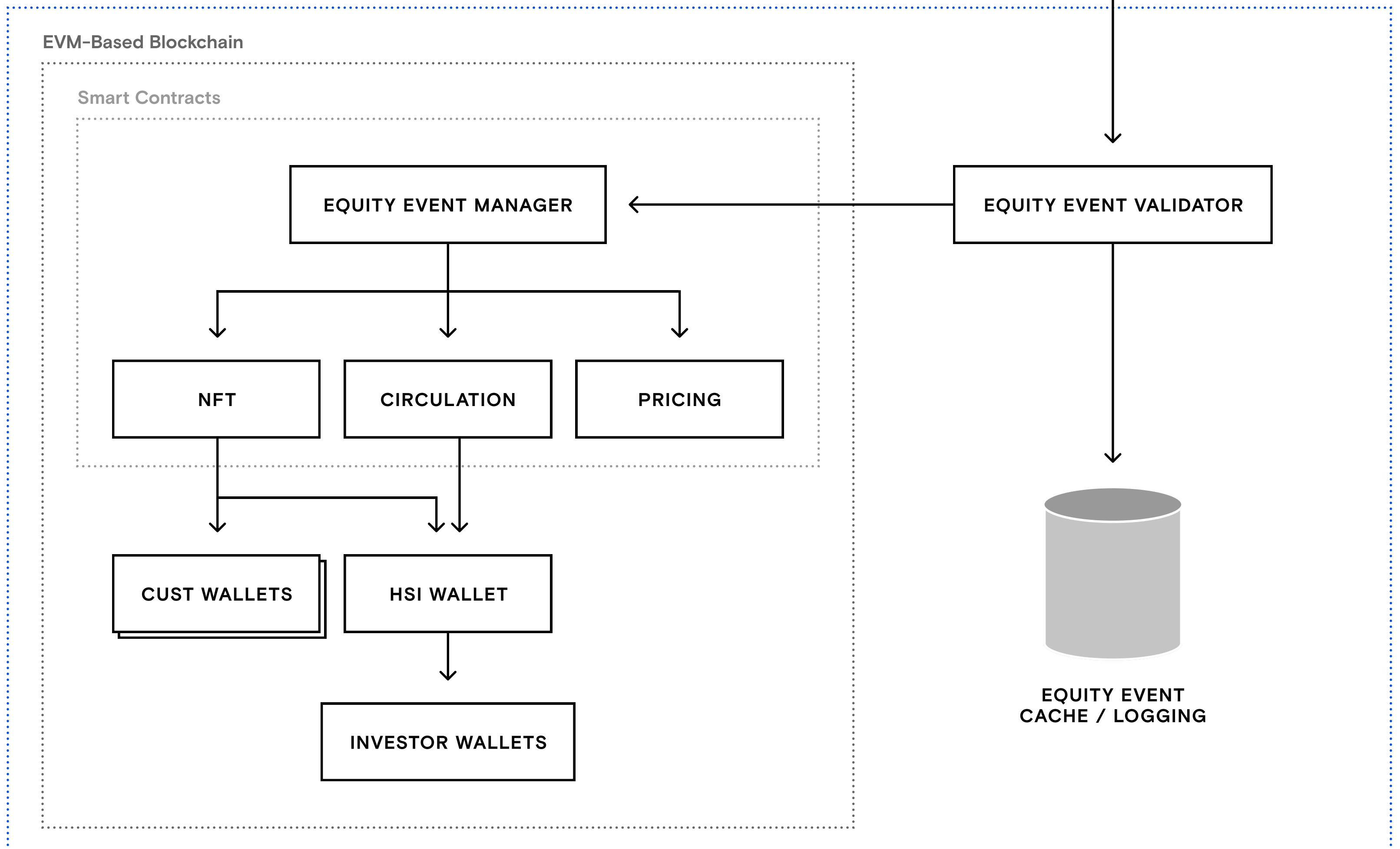
HausCoin is built on an event-driven architecture, using FIFO queues, where events are processed in-order and in near real-time. During this processing, Ethereum smart contracts are used to explicitly define the effects that each event has on token circulation and NFT generation, committing those transactions to the blockchain. All calculations, logic, and stored data used in updating circulation and token price are held fully on-chain. While the smart contracts and data are fully transparent, access control and write permission is restricted to the HausCoin service (owner) address.

HausCoin (\$HAUS) System

Haus System



HausCoin System

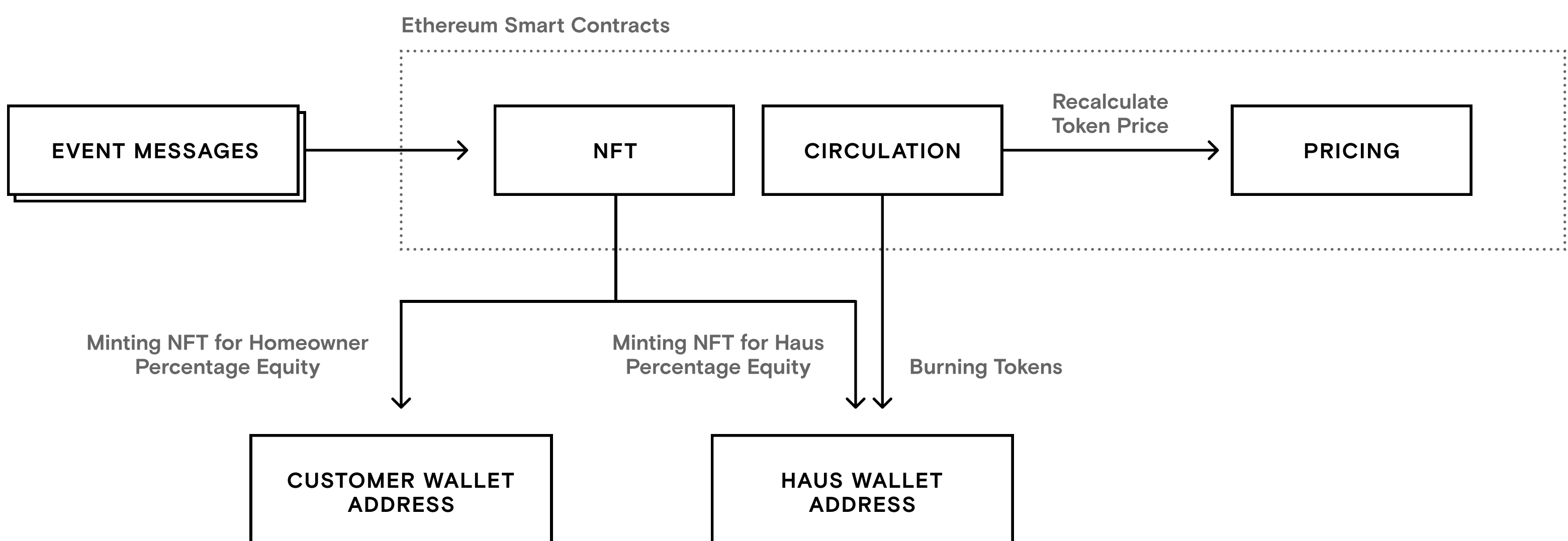


Event Definitions

Investment Initialization

This initial event represents a home being added to the Haus portfolio. When the equity interest in the property is assigned and communicated to HausCoin, several transactions are conducted on the blockchain:

- Two NFTs (Ethereum ERC-721) are minted, one for the homeowner and one for Haus. Each NFT contains metadata with the percentage of equity held in the home.
- A hosted wallet is created for the homeowner/customer to hold their NFT representing their equity stake in the home.
- \$HAUS (Ethereum ERC-20) are minted, where the number of tokens is equal to the value of Haus' equity interest divided by the current token price. These tokens, as well as the NFT, are sent to Haus' hosted wallet.

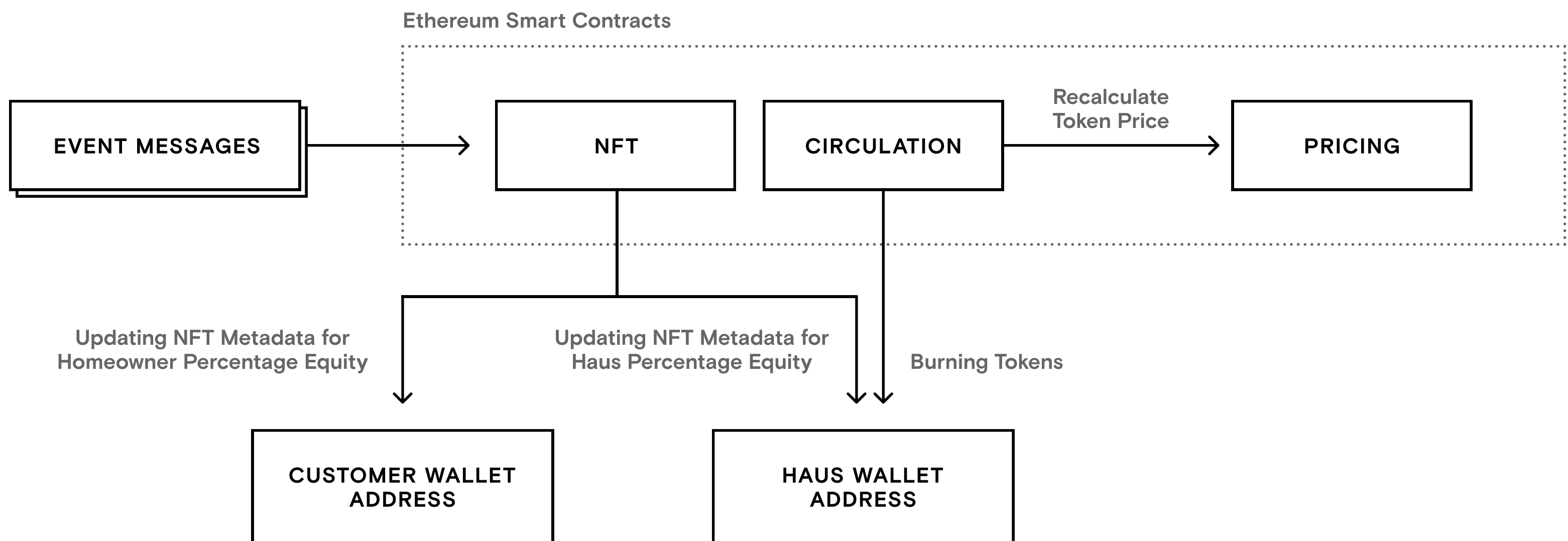


Equity Purchase

A Haus customer can purchase an additional equity interest from Haus at any time. This decreases the equity interest held by Haus in the property. When this event is communicated to HausCoin, this leads to a decrease in \$HAUS circulation and a recalculation of the \$HAUS price.

The number of \$HAUS to be burned is calculated by taking the product of the total property valuation percent change since the initialization of the investment, the token price at the initialization of the investment, and the equity purchase value. The token price is updated by dividing the total value of equity interests in the pool by the current circulation of tokens.

The metadata for the NFTs representing this property are updated with the new percentage of equity held by Haus and the homeowner.

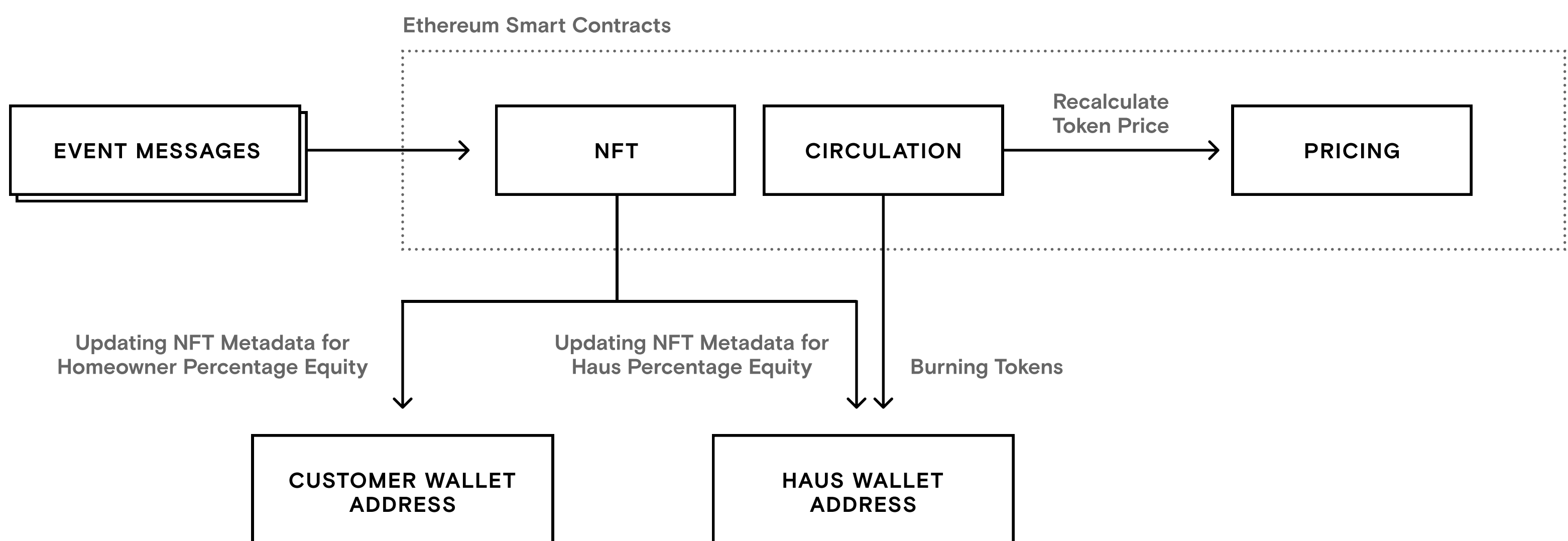


Equity Sale

A Haus customer can sell their equity interest to Haus at any time**. This increases the equity interest held by Haus in the property. When this event is communicated to HausCoin, this leads to an increase in \$HAUS circulation and a recalculation of the \$HAUS price.

The number of \$HAUS to be minted is calculated by taking the product of the total property valuation percent change since the initialization of the investment, the token price at the initialization of the investment, and the equity sale value. The \$HAUS price is updated by dividing the total value of equity interests in the pool by the current circulation of \$HAUS.

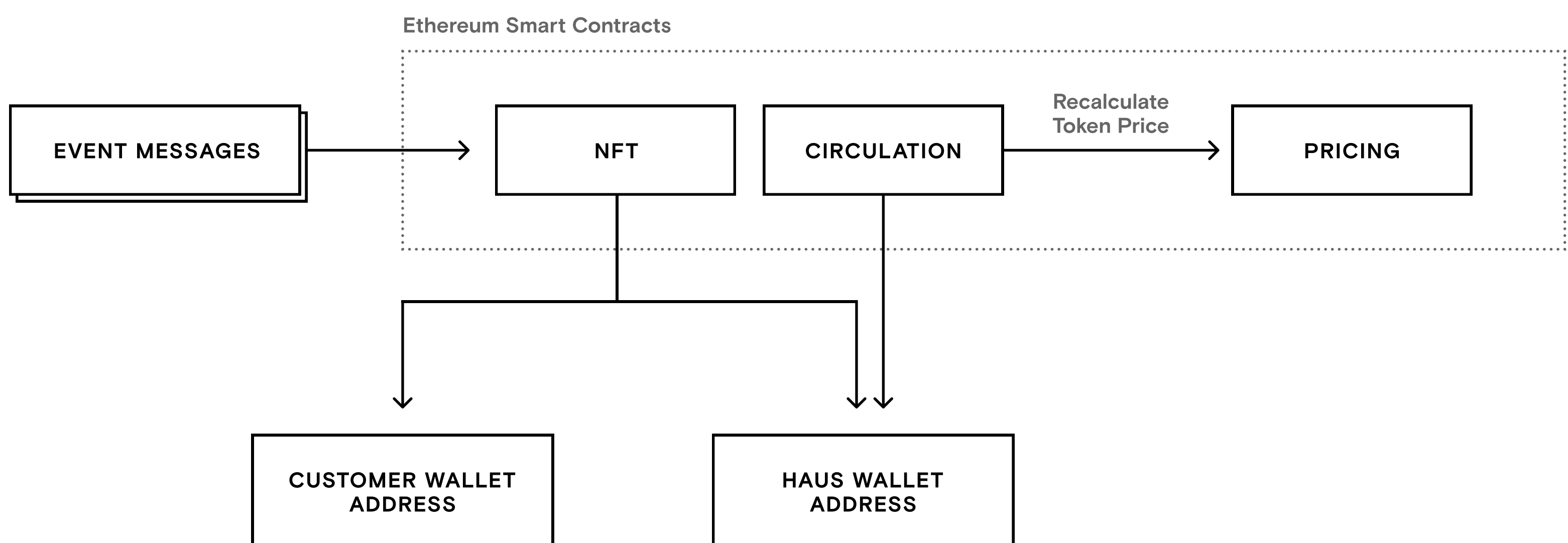
The metadata for the NFTs representing this property are updated with the new percentage of equity held by Haus and the homeowner.



Appraisals & Property Valuation

Appraisals and automated valuation models (AVMs) are routinely requested for all properties in the Haus portfolio. When this event is communicated to HausCoin, this leads to a recalculation of the NFTs held in HausCoin, and in turn, the value of \$HAUS. Since there is a change to the total value of equity interests in the pool, but not to circulation, when the property valuation goes up or down, the token price represents that equity value change as a direct pass through.

The \$HAUS price is updated by dividing the total value of equity interests in the pool by the circulation of \$HAUS. This mechanism ensures that all \$HAUS are backed 1:1 by home equity, adequately representing value as the portfolio increases or decreases in value, and increases or decreases in total investments. \$HAUS maintain a NAV (Net Asset Value) with the evolving portfolio of equity.

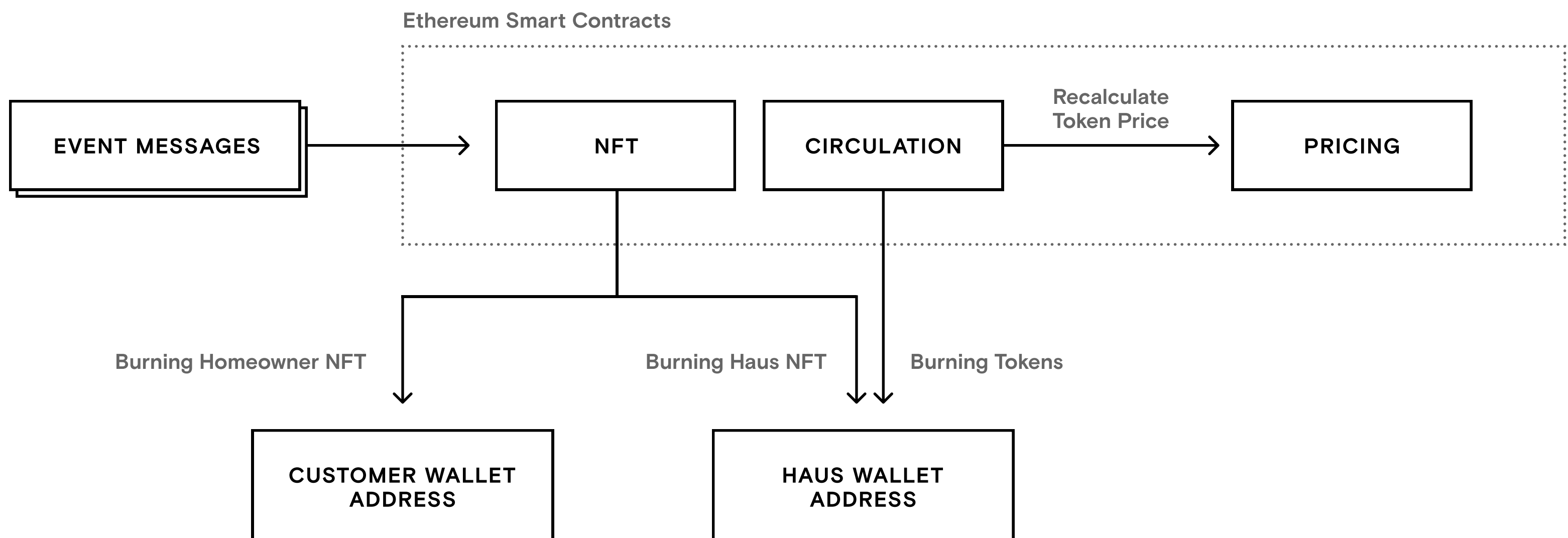


Termination of Investment

A home is removed from the Haus portfolio when either the home is sold or the homeowner purchases the remaining equity interest from Haus. This represents the homeowner equity purchase equaling the value of equity interest held by Haus. When this event is communicated to HausCoin, this leads to a decrease in token circulation and a recalculation of the token price.

The number of \$HAUS to be burned is calculated by taking the product of the total property valuation percent change since the initialization of the investment, the token price at the initialization of the investment, and the equity purchase value. The token price is updated by dividing the total value of equity interests in the pool by the current circulation of tokens. In this case, \$HAUS burned will immediately come out of the default buffer held by Haus, in exchange for the total equity price denominated in USD, unless another token holder has requested to sell their stake.

Since the property is no longer in the Haus portfolio, both NFTs representing the home are burned.



Transparent Ledger

Every piece of home equity that backs \$HAUS is recorded and transparent on the ledger. This allows investors at all times to have access to the underlying data of the homes, equity positions, appreciation and record of customer payments associated with the assets backing the security tokens.

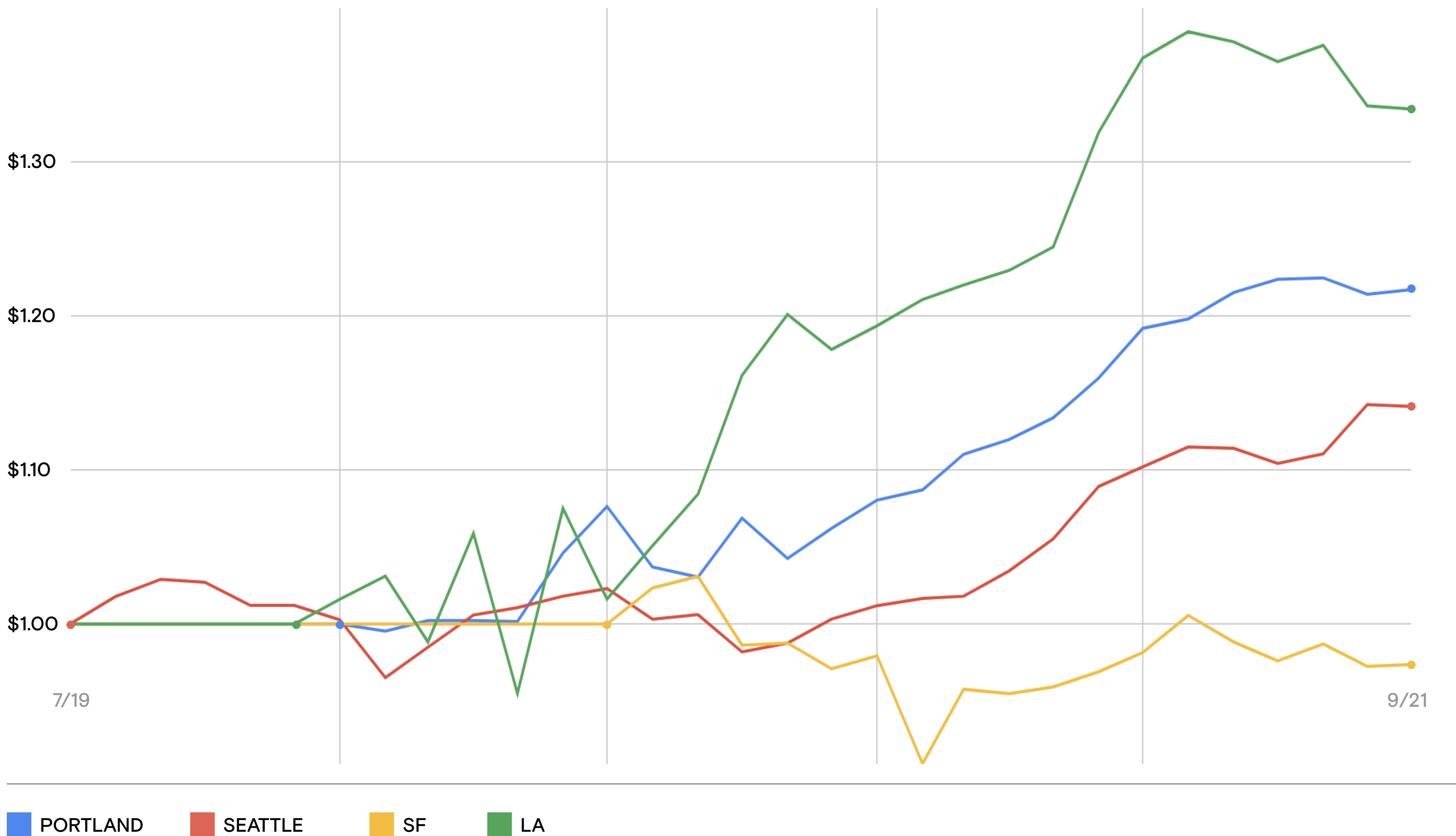
\$HAUS represents the first on-chain investment protocol into pools of owner occupied home equity, one of the most stable appreciating assets spanning many economies. As owners of homes are responsible for all maintenance, taxes, insurance, and associated expenses, the equity backing is pure in its form, unobstructed by any traditional cost structures typically associated with real estate.

\$HAUS by Market

As Haus invests in pools of tokens across many geographic areas, and in all types of people, this gives way for further customization.

Example; Haus has contracts with customers in San Francisco, and has launched **\$HAUS San Francisco**, allowing investors to purchase tokens backed **1:1** by home equity only in San Francisco.

This structure creates a unique long term opportunity, as municipalities, cities and states look to invest in the underlying assets of their own economies, while simultaneously empowering a more affordable homeownership solution.



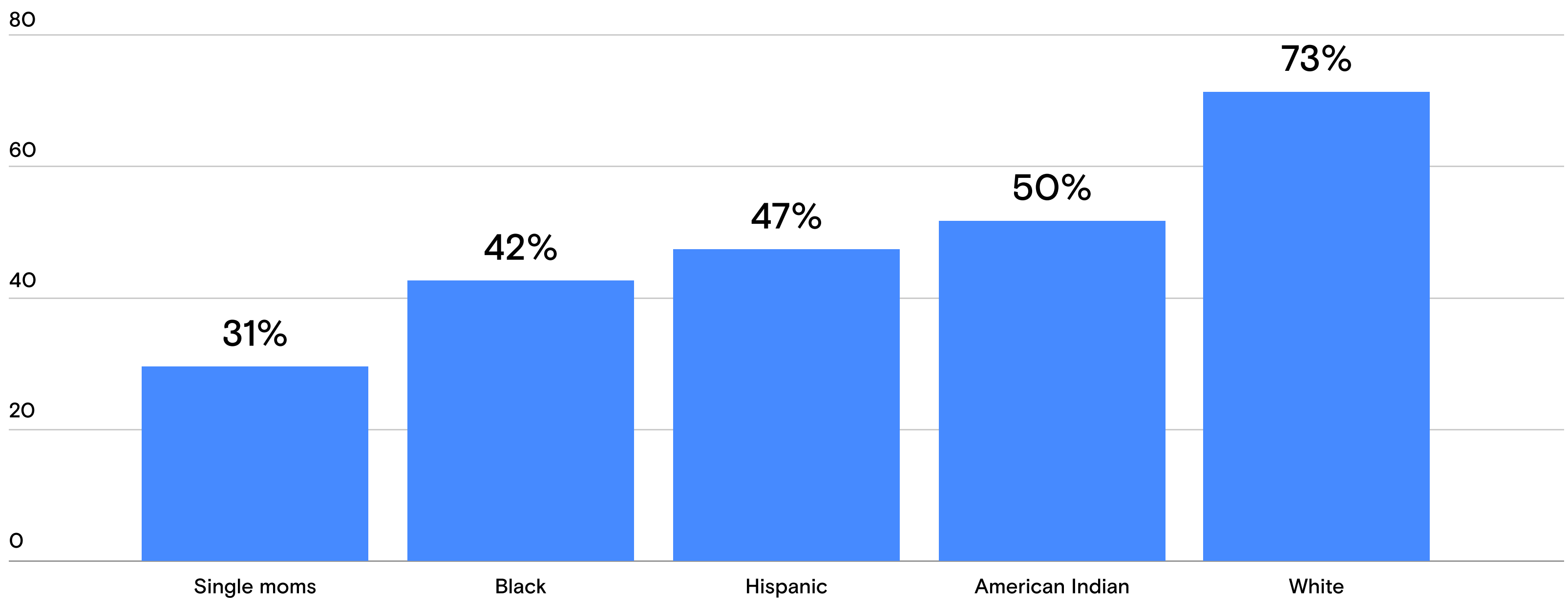
Inclusive and Impactful Homeownership

Haus has been designed to create access and liquidity to a market that has, for a long time, proven to be illiquid and operationally heavy to invest in. Beyond that, a new structure that replaces debt with ownership can provide even more flexibility to those who can benefit from stable housing the most, while creating positive societal impact.

Specifically, creating \$HAUS that will back target demographic groups, with more flexible underwriting standards, to increase the rate of homeownership amongst the overlooked members of society. The liquidity of the new protocol shifts risk away from individuals and to market performance, so leveraging that new freedom unlocks access to under-represented members of society not currently benefiting from home ownership.

In examining the highest levels of demographic data, we see large discrepancies in the home ownership rate, and the groups that do not participate in ownership, do not benefit from the multitude of benefits and stability it offers.

Homeownership Rate



SEC Registration

To achieve full liquidity across retail markets, \$HAUS are initially registered as a RegD security token with a 506c exemption. As the pools of equity continue to grow, filings for Reg A+ and S1 will commence. Democratizing access home equity will bring new groups of investors access to wealth accumulation tools that were previously isolated to homeowners, REIT's and portfolio managers.

Replacing Volatility with Stability

Beyond access, there are long term benefits of an equity driven financing mechanism vs. debt driven financing through mortgages and loans. Much of the instability in the housing markets has derived from both leverage and lack of transparency injected into the housing through the mortgage-backed securities (MBS) and private markets.

By creating a non-leveraged, equity ownership solution that spans across owner and investor, in combination with a deep level of transparency and real-time information across the ledger, stability can be achieved by slowly replacing the volatility of leverage and rate driven securities. Long term, this creates a much more stable home equities markets, and reduces the risk many homeowners take today that often result in financial hardship.

Any other questions,
please reach out
info@haus.com

* Customers can buy additional partial equity with unscheduled equity purchases at the current price of the home, pending percentage of equity limitations as described in the contract.

** All customer requests to sell equity (issuing additional equity options on their home) may be reviewed by Haus per the terms of the contract.

Sources

Publicly available sales data

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