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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN BERNARDINO – SAN BERNARDINO JUSTICE CENTER

ALBERT SCROGGINS, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

UNISON AGREEMENT CORPORATION,
REAL ESTATE EQUITY EXCHANGE,
INC., UNISON INVESTMENT
MANAGEMENT, LLC, ODIN NEW
HORIZON REAL ESTATE FUND LP, ODIN
NEW HORIZON GENERAL PARTNER,
LLC, and DOES 1-10, inclusive,

Defendants.

Case No.

CLASS ACTION

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

1 Plaintiff Albert Scroggins ("Plaintiff") brings this class action complaint against Defendants
2 Unison Agreement Corporation, Real Estate Equity Exchange Inc., Unison Investment
3 Management, LLC, Odin New Horizon Real Estate Fund LP, and Odin New Horizon General
4 Partner, LLC (collectively, "Unison" or "Defendants"), individually and on behalf of all others
5 similarly situated, and alleges upon personal knowledge as to Plaintiff's acts and experiences, and,
6 as to all other matters, upon information and belief, including investigation conducted by Plaintiff's
7 attorneys.

8 NATURE OF THE ACTION

9 1. This class action involves Defendants' deceptive and unlawful "HomeOwner
10 Agreement" program which is a disguised homeowner equity stripping scheme. The HomeOwner
11 Agreement program is a predatory home loan program marketed to cash-constrained homeowners,
12 especially the elderly. Under the scheme, Defendants create a debtor-creditor relationship with the
13 homeowner, but represent the transaction as a safe "co-investment" for the homeowner where the
14 homeowner and Defendants form a "partnership" for "equity sharing" that allows a homeowner to
15 earn cash from the equity in their home. The ploy misrepresents the true nature of the transaction
16 and strips away mandatory safeguards such as debt counseling, deed-labeling, disclosures, and
17 notices. The California legislature enacted these safeguards to prevent this very type of equity-
18 stripping scheme. Defendants promise homeowners "no debt," "no interest," and "no monthly
19 payments." They expressly assure these cash-strapped consumers that the transaction is "not a loan."
20 They falsely convey that Defendants simply share in a portion of their home's appreciation and, in
21 turn, give the homeowner money from the mutual "investment."

22 2. In reality, the HomeOwner Agreements function as high-cost, nonrecourse mortgage
23 loans secured by deeds of trust. Unison advances cash up front (which Defendants label the "Unison
24 Investment Payment"), records a lien against the property, defers repayment of the loan until
25 maturity events such as sale, transfer, death, or the end of the 30-year term, and earns a contingent
26 deferred return tied to home appreciation (known as improper "contingent deferred interest").

27 3. Defendants deliberately structured the program seeking to evade—and in doing so,
28 violating—California's consumer lending statutes, including the Reverse Mortgage Law (Civ. Code

§ 1923, *et seq.*), the Shared Appreciation Loan statute (Civ. Code § 1917 *et seq.*), the California Financing Law (Fin. Code § 22000, *et seq.*), and the California Residential Mortgage Lending Act (Fin. Code § 50000, *et seq.*).

4. By recording deeds of trust, Defendants cloud homeowners' titles and reserve the right to foreclose in the event of default on contractual obligations such as maintaining insurance, paying taxes, or covering property expenses. Homeowners who fall behind on these obligations face the risk of losing their homes outright, even as Defendants continue to misrepresent the product as a safe, penalty-free "equity sharing" alternative to traditional credit and "not a loan."

5. Defendants further mislead homeowners by claiming they can freely "buy out" Unison's interest at any time without penalty. In fact, early termination clauses impose substantial financial obligations: homeowners must repay the advance calculated at an inflated "Original Agreed Value," plus Unison's share of appreciation and assorted fees, ensuring that Unison's return is effectively guaranteed. This loan-like structure is hidden beneath the guise of a "co-investment," allowing Defendants to extract up to 70% of homeowners' equity under terms that are financially burdensome and legally deceptive.

6. Under Unison's HomeOwner program, homeowners forfeit most of their home equity while remaining responsible for all property expenses, including taxes, insurance, and maintenance. At origination, Unison extracts loan-like fees that are far higher than customary mortgage origination charges. At termination, homeowners bear all closing costs and real estate commissions, further insulating Unison's return from ordinary transaction expenses.

7. Meanwhile, Unison sells off interests in these loans to investors as a mortgage-like instrument yielding consistent double-digit returns, revealing the program for what it is: a disguised predatory lending scheme.

8. Plaintiff brings this action on behalf of himself and a class of all other similarly situated California homeowners defined as all persons (including family trusts) who have entered into a HomeOwner Agreement with Unison in California. Plaintiff seeks restitution, damages, declaratory relief, and an injunction to prevent further harm to homeowners and to stop Defendants from continuing to market, originate, and enforce these unlawful agreements.

JURISDICTION AND VENUE

9. This Court has subject matter jurisdiction under Article VI, Section 10 of the California Constitution, which confers original jurisdiction on the Superior Court in all causes except those given by statute to other trial courts. Jurisdiction is also proper under California Code of Civil Procedure § 410.10. In addition, the Unfair Competition Law, Cal. Bus. & Prof. Code §§ 17203–17204, expressly authorizes this Court to enjoin unlawful business practices and order restitution on behalf of affected consumers. This action is brought as a class action pursuant to California Code of Civil Procedure § 382.

10. This Court has personal jurisdiction over Defendants because they conduct substantial business in California, maintain their headquarters in this State, and have marketed, promoted, originated, assigned, and enforced the HomeOwner Agreements at issue in this State.

11. Venue is proper in this Court under Code of Civil Procedure §§ 395 and 395.5 because Plaintiff resides in this County, his primary residence subject to the HomeOwner Agreement is located in this County, and a substantial portion of the acts and omissions giving rise to the claims occurred here. Venue is further proper because Defendants transact business in this County and have purposefully availed themselves of California law and markets.

PARTIES

Plaintiff

12. Plaintiff Albert L. Scroggins Sr. is a citizen and resident of San Bernardino County, California. On December 18, 2017, Plaintiff and his wife, Johnny Kay Scroggins, executed the standardized Unison HomeOwner Agreement encumbering their family home. At the time, Plaintiff was 71 years old and his wife was 69. Both were retired, living on fixed social security and pension income, and had limited savings. Plaintiff has suffered injury in fact and lost money or property as a result of Defendants' misconduct alleged herein.

Defendants

13. **Defendant Unison Agreement Corporation (“Unison Agreement”)** is a Delaware corporation with its principal place of business at 650 California Street, Suite 1800, San Francisco, California 94108. Unison Agreement is a wholly owned subsidiary of Defendant Real Estate Equity

Exchange, Inc. ("Equity Exchange"). Unison Agreement is the entity that markets the HomeOwner Agreements to consumers, contracts directly with homeowners, and is named in the transaction documents. Immediately after origination, Unison Agreement assigns the Agreements and liens to affiliated entities, but continues to hold itself out as the consumer-facing brand. Unison Agreement thus serves as the front-end originator and is the primary vehicle through which the unlawful conduct alleged herein is carried out.

14. **Defendant Real Estate Equity Exchange, Inc. ("Equity Exchange")** is a Delaware corporation with its principal place of business located at 650 California Street, Suite 1800, San Francisco, California 94108. Equity Exchange is the corporate parent of Unison Agreement and Defendant Unison Investment Management, LLC ("Unison Management"), and the sole member of Defendant Odin New Horizon General Partner LLC ("Odin GP"). Through this structure, Equity Exchange controls the origination, assignment, servicing, and enforcement of the HomeOwner Agreements while reaping profits from each stage of the scheme. Equity Exchange directs the conduct of its subsidiaries, benefits from their activities, and designed the layered entity structure to conceal the identity of the true lender while evading liability.

15. **Defendant Unison Investment Management, LLC ("Unison Management")** is a Delaware limited liability company with its principal place of business at 650 California Street, Suite 1800, San Francisco, California 94108. Unison Management is a wholly owned subsidiary of Equity Exchange and operates under the trade name "Odin Investment Management." After origination, Unison Management acts as the servicer and asset administrator for the HomeOwner Agreements assigned to Odin Fund, including collecting borrower information, calculating payoff demands, managing protective advances, and distributing investor returns. Unison Management also structures securitized investment products backed by the HomeOwner Agreements, transforming what is marketed as "co-investments" into pooled loan portfolios for institutional investors. In this way, Unison Management is central to administering, enforcing, and monetizing the HomeOwner Agreements for the benefit of Defendants.

16. **Defendant Odin New Horizon Real Estate Fund LP ("Odin Fund")** is a Delaware limited partnership with its principal place of business at 650 California Street, Suite 1800, San

1 Francisco, California 94108. Upon execution, Unison Agreement assigns homeowners' contracts
2 and deeds of trust to Odin Fund, making it the assignee and ultimate creditor of record. Odin Fund
3 profits from payoff demands, foreclosure threats, and recoveries taken from homeowners' equity. It
4 relies on Unison Management to service the Agreements and works in concert with Unison
5 Agreement and its affiliates to disguise mortgage loans as "equity sharing." In Plaintiff's case, Odin
6 Fund issued the written payoff demand requiring over \$184,000 on an advance of less than \$47,000,
7 exemplifying its role as enforcer and beneficiary of the scheme.

8 17. **Defendant Odin New Horizon General Partner, LLC ("Odin GP")** is a Delaware
9 limited liability company, with its principal place of business located at 650 California Street, Suite
10 1800, San Francisco, California 94108. Odin GP is the sole general partner of Odin Fund and,
11 through that role, manages Odin Fund's operations and enforces its interests in the HomeOwner
12 Agreements. Acting in Odin Fund's name, Odin GP executes payoff demands, issues
13 reconveyances, and exercises creditor rights against homeowners. Odin GP also collects
14 management and administrative fees for overseeing the pooled HomeOwner Agreements, creating
15 an additional revenue stream for Equity Exchange beyond the appreciation share extracted from
16 homeowners. Odin GP thus functions both as the control point for Odin Fund and as a fee-generating
17 vehicle within the enterprise.

18 18. Plaintiff is unaware of the true names and capacities of the Defendants sued herein
19 as DOES 1 through 10, inclusive, and therefore sues these Defendants by such fictitious names
20 pursuant to Cal. Civ. Proc. Code § 474. Plaintiff is informed and believes, and based thereon, alleges
21 that Defendants designated herein are legally responsible in some manner for the unlawful acts and
22 occurrences complained of herein, whether such acts were committed intentionally, negligently,
23 recklessly, or otherwise, and Defendants thereby proximately caused the injuries and damages to
24 Plaintiff and the Class members as herein alleged. Plaintiff will amend this complaint to reflect the
25 true names and capacities of Defendants when they have been ascertained and become known.

26 19. **Alter Ego and Integrated Enterprise.** Together, Defendants are joined in common
27 enterprise and are referred to collectively herein as "Unison." Upon information and belief,
28 Defendants Unison Agreement, Equity Exchange, Unison Management, Odin Fund, and Odin GP

operate as a single enterprise with substantial interrelationship and unified control. In practice, their operations follow a closed loop designed to originate, assign, service, and profit from the same HomeOwner Agreements: (1) Unison Agreement originates the HomeOwner Agreements directly with homeowners and immediately assigns them to Odin Fund; (2) Odin Fund immediately receives assignments of the originated HomeOwner Agreements and becomes the creditor of record and holder of the lien¹; (3) Unison Management acts as asset administrator and servicer of the pooled, securitized HomeOwner Agreements for Odin Fund, managing payoff demands, accounting, and enforcement; (4) Odin GP, as general partner for Odin Fund, manages and controls Odin Fund's operations and collects fees for doing so; and (5) Equity Exchange sits at the top, owning and directing all subsidiaries, overseeing and capturing profits at every stage of the entire equity-stripping loan scheme. This layered structure obscures the identity of the true lender while ensuring that Equity Exchange and its affiliates extract revenue through origination fees, appreciation shares, servicing fees, and fund management charges. Corporate formalities between these entities are disregarded in practice, and the affiliates act interchangeably in marketing, contracting, and enforcing homeowners' obligations. Defendants' use of this layered structure conceals the identity of the true lender, shields liability, and requires that the veil of corporate separateness be pierced so that all Defendants are held jointly accountable for the unlawful conduct alleged herein.

FACTUAL ALLEGATIONS

Unison's Business Model and Investor Strategy

20. Unison was founded in 2004 by Thomas Sponholtz—its current CEO—to monetize residential home equity as an asset class for institutional investors. Rather than purchasing homes outright, Unison designed a structure that allows investors to capture appreciation of owner-occupied homes without bearing the costs or burdens of ownership, all at the expense of homeowners.

21. To investors, Unison promotes itself as an “institutional investment management firm,” that uses sophisticated data and forecasting to “turn a house into a security” and build

¹ See **Exhibit E** (Assignment from Unison Agreement to Odin Fund on the same day the HomeOwner Agreement is executed and recorded).

1 nationwide portfolios of residential properties.² Unison promotes its product to investors as
2 providing “unlimited upside and limited downside,” with “low volatility and high risk-adjusted
3 returns compared to other major asset classes.”³

4 22. Home equity is the single largest asset for many lower- and middle-income families.
5 It is essential for wealth building and for maintaining financial security. Unison built its business
6 model on this fact, developing a consumer-facing contractual arrangement it calls the “HomeOwner
7 Agreement.”

8 23. To homeowners, Unison markets the HomeOwner Agreement as a “co-investment”
9 or “equity sharing agreement” that provides them with cash but “no debt, no interest, and no monthly
10 payments.” In reality, the HomeOwner Agreement functions as a home-secured loan. Under the
11 transaction, Unison advances cash (the “Unison Investment Payment”), and contrary to its
12 marketing—records a Deed of Trust and Security Agreement (the “Deed of Trust”) against the
13 borrower’s home, naming itself as Beneficiary with a power of sale. Repayment is deferred until a
14 maturity event such as sale, transfer, death, or default, and includes both the principal advanced and
15 a large, contingent, deferred return tied to future home appreciation—a form of contingent deferred
16 interest recognized under California law.

17 24. The structure of the HomeOwner Agreement falls squarely within multiple
18 California lending regimes that Unison seeks to evade: the Reverse Mortgage Law (Civ. Code
19 § 1923, *et seq.*), the Shared Appreciation Loan statute (Civ. Code § 1917, *et seq.*), the California
20 Financing Law (Fin. Code § 22000, *et seq.*), and the California Residential Mortgage Lending Act
21 (Fin. Code § 50000, *et seq.*). Each imposes disclosure, counseling, deed-labeling, and licensing
22 requirements designed to protect consumers from equity-stripping schemes. Unison strips away
23 those protections by insisting that the HomeOwner Agreement is “not a loan,” while retaining every
24 substantive right of a creditor.

25
26 ² Podcast Transcription Session No. 103 -Thomas Sponholtz & Jim Riccitelli, available at
27 <https://www.fintechxexus.com/podcast-103-thomas-sponholtz-jim-riccitelli-unison/> (last visited
28 April 21, 2025).

³ Unison Investment Management, About Us, <https://www.unisonim.com/about-us> (last
visited September 15, 2025).

25. The design of the HomeOwner Agreement ensures that Unison and its investors profit at the homeowner's expense. Homeowners must bear all the costs of ownership—mortgage payments, property taxes, insurance, HOA dues, and maintenance—while Unison reaps a substantial share of appreciation. Unison discounts appraised values at origination to inflate later gains, refuses to share in short-term losses, and imposes ongoing contractual obligations under threat of default and foreclosure.

26. Unison also imposes loan-like origination charges that contradict its claim that the HomeOwner Agreement is “not a loan.” The centerpiece is the so-called “Unison Investment Payment,” the amount Unison represents as being advanced to the homeowner in exchange for a share of future equity. In practice, homeowners never receive the full sum: Unison immediately withholds more than 5% in “transaction,” “inspection,” and “appraisal” fees payable directly to itself, with additional closing costs pushing the effective burden above 7%. These charges operate just like points and origination fees on a mortgage loan—up-front costs that reduce the borrower's net cash but do nothing to reduce Unison's contractual return.

27. Worse still, Unison treats the higher gross Investment Payment—not the net amount actually received—as the advance for purposes of payoff calculations. By inflating the baseline principal in this way, Unison guarantees itself a double recovery: once by stripping equity at closing, and again by charging contingent deferred interest on an amount the homeowner never saw.

28. These inflated origination charges are far higher than those permitted in legitimate home-equity credit products, reinforcing that the HomeOwner Agreement functions as a high-cost loan, not an “investment,” and that it is structured to evade California's mortgage lending protections.

29. In Plaintiff's case, Unison collected a \$1,175 “transaction fee,” a \$625 “inspection fee,” and a \$550 “appraisal fee,” all payable directly to Unison, totaling \$2,350—over 5% of the loan amount of \$46,987. Additional settlement, title, and mortgage/deed recording charges raised the effective cost of origination to more than 7% of the loan amount. Yet Unison treated the gross \$46,987 figure—not the \$44,124 actually disbursed after fees—as the “principal” for purposes of calculating repayment and contingent deferred interest. This double-counting guaranteed Unison a

windfall: homeowners paid thousands in origination charges up front, while Unison simultaneously inflated the baseline against which future appreciation was measured. By contrast, conventional home-equity lines of credit (“HELOCs”) typically carry no origination fee at all, or nominal charges of less than 1–2%, with many lenders waiving appraisal, title, and recording fees entirely.

30. The HomeOwner Agreement’s loan-like origination fees, combined with Unison’s double-counting practice, strip homeowners of equity on both ends of the transaction and render the HomeOwner Agreement the functional equivalent of a high-cost mortgage loan—precisely the type of equity-stripping scheme California’s lending statutes were enacted to prevent.

31. The HomeOwner Agreements further authorize Unison to impose “protective advances” if it elects to pay taxes, insurance, or other charges on the homeowner’s behalf. These advances accrue interest and are added to the payoff balance, further magnifying the homeowner’s debt. In this way, Unison converts everyday expenses into additional loan obligations.

32. Unison drafted the HomeOwner Agreements as a dense, multi-document package exceeding 70 pages, with overlapping definitions, cross-references, and opaque payoff formulas. This complexity conceals the loan-like nature of the product and ensures that ordinary consumers—particularly elderly homeowners—cannot understand its true effect. Meanwhile, Unison’s Application process requires applicants to disclose their employment and years of education, confirming that Unison knew many borrowers lacked the sophistication to parse such terms.⁴

33. After origination, Unison assigns the Agreements and liens to affiliated investment vehicles, such as Odin New Horizon Real Estate Fund LP, and relies on Unison Investment Management, LLC to administer and service the agreements. In investor-facing materials, these pools of HomeOwner Agreements are marketed and managed like mortgage-backed securities, providing institutional investors with predictable, loan-like income streams.

34. Through this dual-facing model, Unison tells one story to investors and another to homeowners. To investors, Unison emphasizes that the product is “similar to any home financing transaction,” with consistent returns exceeding 20% annually.⁵ To homeowners, it insists that the

⁴ See **Exhibit C** (Unison HomeOwner Agreement Application).

⁵ Jim Wood, Equity Access, *Marin Magazine*, Apr. 10, 2007,

HomeOwner Agreement is “not a loan” but a safe, penalty-free way to “unlock home equity.” Both cannot be true. Unison conceals the true debtor–creditor nature of the transaction from homeowners to evade California’s lending laws and strip equity from vulnerable consumers.

35. In recent years, Unison has securitized nearly a billion dollars in HomeOwner Agreements, channeling California homeowners’ equity into institutional investment vehicles while evading the statutory protections that apply to lenders.

The Unison HomeOwner Agreement and Loan-Like Terms

36. Unison drafted and presented Plaintiff and Class Members with a standardized set of four transaction documents on a take-it-or-leave-it basis. Together it calls these four documents the “Unison HomeOwner Agreement.” These documents consist of: (1) the Unison HomeOwner Covenant Agreement, (2) the Unison HomeOwner Option Agreement, (3) the Unison HomeOwner Deed of Trust and Security Agreement, and (4) a Unison HomeOwner Recorded Memorandum.⁶ These documents encumber the homeowner’s property and function in substance as a high-cost mortgage loan.

37. Although styled as an “equity sharing” or “co-investment” with a “partner,” the operative features of the HomeOwner Agreement have the same features as a traditional loan:

(a) **Advance of Funds:** The so-called “Unison Investment Payment” is nothing more than an upfront disbursement of loan principal.

(b) **Repayment Obligations:** Homeowners must repay the Unison Investment Payment in full, plus a contingent return tied to appreciation of the home, at termination. Termination events include sale or transfer of the property, death of the homeowner, or an “Event of Default.” Default is defined broadly to include not only delinquency on the first mortgage or property taxes, but also any breach of Unison’s covenants—such as exceeding debt limits, failing to maintain insurance, or interfering with Unison’s option rights.

<https://marinmagazine.com/community/local-business/equity-access/> (last visited Sept. 17, 2025).

⁶ See **Exhibit A**, which includes the (1) Option Agreement, 2 (Covenant Agreement), 3 (Deed of Trust), and 4 (Recorded Memorandum). As Defendants did with Plaintiff, a standard form Deferred Maintenance Addendum (**Exhibit B**) may also be included, which further reduces homeowners’ proceeds through penalty-like adjustments tied to alleged property condition.

1 (c) **Secured Interest:** A deed of trust is recorded against the property, clouding
2 title and empowering Unison to foreclose if obligations are not met.

3 (d) **Loan-Like Fees:** At origination, Unison charges a “transaction fee,”
4 appraisal fee, inspection fee, settlement costs, and a fee to cover mortgage and deed recording costs.
5 These fees exceed five percent of the supposed “advance”—far higher than customary origination
6 costs for HELOCs or reverse mortgages. These inflated, loan-like origination fees further
7 underscore the credit nature and predatory character of the transaction.

8 (e) **Default Remedies:** Upon default, the Deed of Trust authorizes Unison to
9 accelerate repayment, tack on “protective advances” as additional secured debt, impose liquidated
10 damages, and exercise foreclosure and “orderly sale” remedies—remedies indistinguishable from
11 those of a conventional mortgage lender.

12 38. These provisions, which are uniform across Class Members, confirm that the
13 HomeOwner Agreement is a loan in all but name. In every case, Unison advances cash, secures
14 repayment through a recorded lien, defers repayment until maturity events, and reserves foreclosure
15 remedies—precisely the hallmarks of mortgage lending, bringing these transactions within
16 California’s lending statutes, including the Reverse Mortgage Law, the Shared Appreciation Loan
17 statute, the California Financing Law, and the Residential Mortgage Lending Act.

18 39. The complexity of the documents is itself part of the scheme. Spanning
19 approximately 100 pages, the HomeOwner Agreement uses overlapping definitions, cross-
20 references, and opaque payoff formulas that obscure its loan-like nature. Unison knew this
21 complexity would be indecipherable to ordinary consumers—particularly elderly homeowners—
22 but nonetheless presented the agreements as “risk-free” and “not loans” while concealing their true
23 character.

24 40. The individual components of the HomeOwner Agreement transaction also confirm
25 its loan character:

26 (a) **Option Agreement (Ex. A):** Defines the “Unison Investment Payment,”
27 obligates repayment through the “Special Termination Price,” and ties Unison’s return directly to
28 appreciation—functionally deferred interest.

1 (b) **Covenant Agreement (Ex. B):** Imposes homeowner obligations, including
2 maintaining insurance, paying taxes, and prohibiting additional secured debt—restrictions typical
3 of mortgage covenants. It also authorizes “protective advances,” treated as additional principal.

4 (c) **Deed of Trust and Security Agreement (Ex. C):** Secures repayment
5 through a lien, grants Unison foreclosure rights, and provides remedies including power of sale,
6 liquidated damages, and orderly sale—mirroring lender remedies under California mortgage law.

7 (d) **Recorded Memorandum of Understanding (Ex. D):** Executed and
8 recorded in county land records in every transaction, the Memorandum clouds title, gives public
9 notice of Unison’s lien, and secures priority against subsequent encumbrancers. It functions exactly
10 as a recorded mortgage or deed of trust notice, further evidencing that the arrangement is a home-
11 secured loan.

12 (e) **Deferred Maintenance Addendum (Ex. E):** Permits Unison to reduce
13 homeowners’ final proceeds based on alleged property condition, effectively imposing penalty
14 charges that increase Unison’s return and operate like additional loan interest.

15 41. Through these standardized documents, Defendants retain every substantive right of
16 a lender while disclaiming that the transaction is a loan. The cash disbursement is treated as
17 principal; the “Special Termination Price” functions as repayment plus interest; the deed of trust
18 and recorded memorandum secure repayment and enable foreclosure; and addenda impose penalty-
19 like charges that magnify Unison’s return. By labeling the advance “not a loan” and structuring
20 repayment as “Investor Interest” or “Special Termination Prices,” Defendants evade the statutory
21 safeguards that California law requires for home-secured lending, including the Reverse Mortgage
22 Law, Civ. Code § 1923 *et seq.*; the Shared Appreciation Loan statute, Civ. Code § 1917, *et seq.*; the
23 California Financing Law, Fin. Code § 22000, *et seq.*; and the California Residential Mortgage
24 Lending Act, Fin. Code § 50000, *et seq.*

25 42. In substance, the HomeOwner Agreements are high-cost mortgage loans that fall
26 squarely within these California lending laws, notwithstanding Defendants’ mischaracterization.

27
28

1 **Deceptive and Loan-Like Provisions**

2 43. **Special Termination Price.** The Covenant and Option Agreements also provide for
3 “Special Termination,” which applies when the homeowner seeks to buy out Unison’s interest
4 outside of maturity events such as the 30-year expiration, sale, transfer, or death.⁷ In that event, the
5 homeowner must pay a “Special Termination Price,” defined to include repayment of the “Unison
6 Investment Payment” (the principal advance) plus “Investor Interest” (calculated as Investor
7 Proceeds together with Unpaid Owner Obligations), along with other charges specified in the
8 HomeOwner Agreement.⁸ In effect, this is nothing more than a balloon repayment obligation typical
9 of mortgage loans—structured to guarantee Unison a return regardless of whether the homeowner
10 benefitted from the transaction. California Civil Code § 1917 expressly regulates “shared
11 appreciation loans,” including repayment formulas tied to appreciation. By disguising this
12 obligation as an “option price” rather than interest, Defendants evade those statutory protections.

13 44. **Investor Proceeds and Investor Interest.** The Agreements define “Investor
14 Proceeds” as the Ending Agreed Value multiplied by Unison’s fixed “Investor Percentage,” minus
15 the “Unison Purchase Price Balance.”⁹ They further define “Investor Interest” as the Investor
16 Proceeds plus any “Unpaid Owner Obligations.”¹⁰ This structure ensures that homeowners must
17 always repay the advance in full, plus an open-ended contingent return tied to home appreciation,
18 plus any charges Unison elects to characterize as “obligations.” Economically, this is deferred
19 interest and fee accrual, structured to magnify Unison’s return while obscuring its loan character.
20 California law identifies this precise mechanism—repayment of an advance, plus a share of
21 appreciation—as a loan feature, subject to disclosure and consumer safeguards.

22 45. **Protective Advances.** The Agreements authorize Unison to make “Protective
23 Advances” if a homeowner falls behind on property taxes, insurance, or other expenses. These
24 amounts are then treated as “Unpaid Owner Obligations,” added to the secured balance, and accrue

25
26 ⁷ See Exhibit A at Option Agreement, Section 7; *Id.* at Covenant Agreement, Section 6.2.

27 ⁸ See Exhibit A at Covenant Agreement, Sections 6.2 and 10.1.

28 ⁹ See Exhibit A at Covenant Agreement, Section 10.1.

¹⁰ See Exhibit A at Covenant Agreement, Section 10.1.

interest.¹¹ This mirrors escrow and servicing advances in traditional mortgage lending, converting routine ownership expenses into additional loan principal. California's Residential Mortgage Lending Act (Fin. Code § 50000, *et seq.*) regulates such advances when made by licensed mortgage lenders. Yet, Unison has no such license and imposes these charges outside any regulatory oversight.

46. **Ongoing Covenants and Restrictions.** The Covenant Agreement imposes lender-like restrictions on homeowners, including obligations to maintain the property, keep taxes and insurance current, and refrain from encumbering the property with additional secured debt above a set "Maximum Authorized Debt."¹² These are standard mortgage covenants, which give Unison lender-like control over homeowners' financial and property decisions, backed by the threat of default. Under California's Financing Law (Fin. Code § 22000, *et seq.*), such restrictions are characteristic of consumer loans and trigger statutory requirements for disclosures, interest limitations, and licensing. Yet, Defendants present them under the guise of a "co-investment."

47. **Origination Charges: Transaction and Closing Fees.** At origination, Unison charges homeowners a "transaction fee," appraisal fees, inspection fees, settlement costs, and a mortgage/deed recording fee.¹³ In Plaintiff's case, these fees exceeded five percent of the supposed "investment payment"¹⁴—far higher than customary origination costs for HELOCs or reverse mortgages. Worse, while stripping this cash from the homeowners' advance amount at the outset, Unison nonetheless treats the higher gross advance figure (i.e., without excluding the 5%+ fees) as the "Unison Investment Payment" for purposes of payoff calculations.¹⁵ This guarantees a double recovery: once through excessive upfront fees, and again through inflated repayment obligations. These loan-like origination fees violate the disclosure and fee restrictions applicable to mortgage

¹¹ See **Exhibit A** at Covenant Agreement, Sections 8.11(a), 8.11(b), and 10.1.

¹² See **Exhibit A** at Covenant Agreement, Sections 7.1(c) (Other Events of Default), 8.2 (Maintenance and Repair), 8.9 (Debt Limits and Related Obligations), 8.10 (Taxes and Assessments), and 8.16 (Insurance).

¹³ See **Exhibit F** (Unison Closing Statement—Estimated); **Exhibit G** (Final ALTA Settlement Statement).

¹⁴ *Id.*

¹⁵ See **Exhibit A** at Option Agreement, Section 7; **Exhibit A** at Covenant Agreement, Sections 6.2 and 10.1.

loans under California law, including the Shared Appreciation Loan statute and the Financing Law.

48. **Termination Charges: Additional Sales Costs.** The Covenant Agreement further requires homeowners, in the event of a Permitted Sale or upon Unison's exercise of its Option followed by a sale, to pay all closing costs and sales commissions. These amounts are deducted solely from the homeowner's proceeds and not from Unison's repayment.¹⁶ This ensures that Unison's return is insulated from the ordinary costs of sale and further magnifies the disparity between how the transaction is marketed (as a shared "co-investment" between "partners") and how it operates in practice (as a high-cost loan where the borrower shoulders all expenses).

49. **Deed of Trust and Security Agreement.** Each HomeOwner Agreement is secured by a recorded deed of trust.¹⁷ This instrument grants Unison foreclosure rights and acceleration powers, including a contractual power of sale and an "orderly sale" remedy in the event of default—remedies identical to those available to traditional mortgage lenders. By recording deeds of trust against homeowners' primary residences, Unison confirmed the loan-like nature of these transactions and brought the HomeOwner Agreements squarely within California's mortgage lending statutes, including the Residential Mortgage Lending Act and the Reverse Mortgage Law, both of which regulate owner-occupied, home-secured loans.

50. **Deferred Maintenance Adjustment.** The Covenant Agreement universally reserves for Unison the right to impose a "Deferred Maintenance Adjustment" by reducing the Ending Agreed Value based on alleged maintenance or property defects. In some instances, Unison also attaches a standardized "Deferred Maintenance Addendum" that repeats and formalizes this power.¹⁸ These provisions replicate loan covenants found in traditional mortgages, where lenders require borrowers to maintain the property and reserve the right to reduce valuations or make protective advances if the borrower fails to do so. The contradiction is stark: while homeowners must pay for a professional appraisal to establish the "Original Agreed Value" at origination, Unison reserves the unilateral discretion to disregard that appraisal years later and impose reductions at

¹⁶ See **Exhibit A** at Covenant Agreement, Section 3.3(e).

¹⁷ See **Exhibit A** at Deed of Trust.

¹⁸ See **Exhibit B** (Deferred Maintenance Addendum).

1 termination. In practice, this operates as a penalty clause—like default interest or property-
 2 preservation charges in conventional loans—reducing homeowners' net proceeds and inflating
 3 Unison's effective return. California's Reverse Mortgage Law prohibits equity-stripping
 4 adjustments of this kind absent mandated disclosures and counseling, protections Unison disregards.

5 **51. Request for Notice of Default.** In connection with each HomeOwner Agreement,
 6 Unison recorded a *Request for Notice of Default* pursuant to California Civil Code § 2924b, a
 7 statutory filing used exclusively by creditors and beneficiaries of deeds of trust to receive notice of
 8 any foreclosure affecting their lien position. The filing identifies Unison as a beneficiary entitled to
 9 notice in the event of borrower default, confirming that Unison and its affiliated assignees treated
 10 the HomeOwner Agreements as mortgage loans and sought to preserve their creditor rights.¹⁹ The
 11 use of this statutory loan-enforcement mechanism demonstrates that the HomeOwner Agreements
 12 were home-secured credit instruments, not equity-sharing investments.

13 **52. Summary.** Taken together, these provisions demonstrate that the HomeOwner
 14 Agreement is a loan in every material respect: a cash advance functioning as principal; repayment
 15 obligations including deferred interest; secured liens with foreclosure rights; recorded Requests for
 16 Notice of Default protecting Unison's lien position; covenants protecting the lender's collateral;
 17 excessive loan-like origination fees; mandatory sales and commission costs that insulate Unison's
 18 return from ordinary transaction expenses; and penalty addenda that reduce homeowners' net
 19 proceeds. Defendants' mischaracterization of these features and this program as a "co-investment"
 20 is materially deceptive, designed to evade the consumer protections of California's Reverse
 21 Mortgage Law, Shared Appreciation Loan statute, Financing Law, and Residential Mortgage
 22 Lending Act, while stripping equity from vulnerable homeowners.

23 **Deceptive Marketing Scheme**

24 **53.** Defendants uniformly market and present the HomeOwner Agreement as a "co-
 25 investment" or "equity sharing agreement," advertising that it involves "no debt," "no interest," and
 26 "no monthly payments."²⁰ On Unison's website, in its promotional brochures, in its physical mailers,

27
 28 ¹⁹ See **Exhibit H** (Request for Notice of Default).

²⁰ See, e.g., **Exhibit I** (compilation of Unison HomeOwner Program Guides dated October

and through its sales representatives, Unison repeatedly assures homeowners that the HomeOwner Agreement is “not a loan,” that they will have “no monthly payments and no interest,” and that Unison is a “partner” who merely “shares in the upside and the downside” of homeownership.²¹ Unison claims the product “offers possibilities, not payments,” is “easy to understand,” and “gives you the freedom to achieve your goals without adding to your monthly expense burden.” Unison’s mailer told homeowners: **“Congratulations!...Do you wish you could access the equity locked in your home? With Unison, you can receive [\$____] and use that money for any purpose you choose— with no monthly payments and no interest”** and emphasized in bold text **“NO ADDED DEBT...REALLY.”**²²

54. These representations are materially false and misleading. Unison does not share in ownership or risk like a true partner. Instead, homeowners must bear every cost of ownership—including mortgage payments, property taxes, insurance, maintenance, repair, and sales costs—while Unison reaps a guaranteed return tied to appreciation. Despite marketing promises that “our return comes only from a share of the change in value of your home, up or down” and that the Agreement “is designed to promote fairness and minimize its impact on the way you live in and manage your home,” Unison drafted the actual contracts to ensure repayment of both the advance and contingent deferred interest regardless of outcome—precisely the features California law identifies and regulates in shared appreciation loans.

55. Unison further misleads homeowners by claiming that they may “buy out” its interest “at any time” without penalty. In fact, early termination requires repayment of the advance plus the so-called “Investor Interest” and additional fees. For example, Plaintiff’s December 2024 payoff demand was \$184,537—nearly four times the original \$46,987 gross advance—reflecting an

2017 and May 2023, Unison.com webpages from 2017, 2018, 2019, 2021, 2022, and 2023, and Unison “Mailers”).

²¹ *Id.*

²² See *BeatTheBush, Access Home Equity with No Payments Unison Review*, Youtube (Mar. 6, 2019), at 0:30–2:00, <https://www.youtube.com/watch?v=YtlpO8gljsE> (last visited September 16, 2025) (video showing and reading from the Unison direct-mail solicitation); see also **Exhibit J** (composite image of Unison’s “Mailer” compiled from publicly available footage of the Unison mailer displayed in the *BeatTheBush* YouTube video cited in this footnote).

1 effective annualized interest rate of approximately 21.6% over the seven-year period. This effective
2 rate far exceeds prevailing mortgage or HELOC interest rates, demonstrating how the supposed
3 “penalty-free” buyouts in fact operate as high-cost repayment obligations, stripping homeowners’
4 equity while guaranteeing windfalls to Unison.

5 56. Unison’s messaging emphasizes “accessing cash without debt,” “sharing the upside,”
6 and that the Agreement “leaves you in control—manage your home as you see fit.” But homeowners
7 remain solely responsible for all risks, costs, and liabilities, and Unison records deeds of trust giving
8 it foreclosure rights in the event of default. This contradiction between marketing promises and
9 contractual terms is central to the scheme: homeowners are led to believe they are entering a safe,
10 risk-sharing arrangement when in fact they are entering a high-cost, nonrecourse mortgage loan.

11 57. These misrepresentations appear consistently across Unison’s program guides,
12 webpages, and marketing mailers, each repeating the same claims of “not a loan,” “not debt,” “no
13 interest,” and “no monthly payments,” while concealing material terms such as repayment
14 obligations, foreclosure remedies, and equity-stripping features. The uniformity of this messaging
15 confirms that it is a centrally orchestrated scheme designed to induce elderly and cash-constrained
16 homeowners into transactions they would not accept if fully informed.

17 58. These misrepresentations were not isolated or sporadic, but part of a years-long,
18 uniform advertising campaign disseminated through brochures, websites, mailers, and sales
19 presentations. The campaign’s central message—that the HomeOwner Agreement was a risk-free
20 co-investment rather than a loan—was repeatedly reinforced and was reasonably relied upon by
21 Plaintiff and Class Members.

22 59. By mislabeling loan features as “investment terms” and concealing the true costs,
23 Unison circumvents California’s statutory safeguards, including those in the Reverse Mortgage
24 Law, Shared Appreciation Loan statute, Financing Law, and Residential Mortgage Lending Act.

25 60. Plaintiff and Class Members have been and will continue to be harmed by
26 Defendants’ unlawful scheme. They are entitled to rescission of the HomeOwner Agreements,
27 restitution of all amounts wrongfully collected, and damages for the equity and wealth stripped
28 through Defendants’ deceptive practices.

1 **Plaintiff Scroggins' Experience**

2 61. Plaintiff Albert L. Scroggins Sr. is a citizen of California and, at all times relevant,
3 resided at 17042 Fairbourn Street, Hesperia, California. On December 18, 2017, Plaintiff and his
4 wife, Johnny Kay Scroggins, executed the standardized Unison HomeOwner Agreement
5 encumbering their family home. **See Exhibit A.**²³ At the time, Plaintiff was 71 years old and his
6 wife was 69. Both were retired, living on fixed social security and pension income, and had limited
7 savings. Their experience exemplifies the harm caused by Defendants' uniform practices.

8 62. As part of the required, uniform HomeOwner Agreement Application that all Class
9 Members had to complete, Unison collected detailed personal and financial information, including
10 dates of birth, professions, years of education, retirement savings, brokerage account balances, other
11 assets, ownership of any additional real estate, the mortgage balance on the primary home, and
12 amounts of monthly mortgage payments, HOA fees, property taxes, and homeowners' insurance.
13 **See Exhibit C** (Application). This information revealed that the Scrogginses had less than \$3,200
14 in liquid bank accounts, no retirement savings, no other real estate, and a substantial first mortgage
15 with nearly \$1,000 in monthly payments. Like many Class Members, their only meaningful wealth
16 was the equity in their home—making them exactly the kind of older, cash-constrained homeowners
17 most at risk of exploitation. Unison was thus fully aware of Plaintiff's and his wife's advanced age,
18 financial vulnerability, and reliance on their home equity before executing the Agreement. Unison
19 repeatedly misrepresented the economic nature of the transaction and in so doing, also failed to
20 comply with the law. For example, in Unison's written marketing materials, Unison described the
21 transaction as "not a loan," "no debt," "no interest," and a "co-investment" in which Unison would
22 merely share in future appreciation.

23
24
25 ²³ Exhibit A is a copy of the "Unison HomeOwner Agreement" that Unison entered into with
26 Plaintiff. According to Unison, the Unison HomeOwner Agreement consists of four documents
27 (each of which are included in Exhibit A hereto): (1) the Unison HomeOwner Covenant Agreement,
28 (2) the Unison HomeOwner Option Agreement, (3) the Unison HomeOwner Deed of Trust and
Security Agreement, and (4) a Unison HomeOwner Recorded Memorandum. A standard form
Deferred Maintenance Addendum (**Exhibit B**) may also be included—and was included with
Plaintiff's Unison HomeOwner Agreement.

63. The HomeOwner Agreement was deliberately drafted as a dense, multi-document transaction exceeding 70 pages, with overlapping definitions, cross-references, and complex payoff formulas. These materials were uniform across the Class and presented on a take-it-or-leave-it basis. They were unintelligible to ordinary consumers, and particularly to elderly homeowners in financial distress. Unison knew this: its Application specifically asked for profession and years of education, confirming its knowledge that borrowers like Plaintiff lacked sophisticated financial training.

64. Based on an "Original Agreed Value" of \$268,500 for Plaintiff's home, Unison purported to purchase a 70% interest in the property for a "Unison Purchase Price" of \$187,950. Of that amount, Plaintiff and his wife received only \$46,987 in immediate cash (the "Unison Investment Payment," in reality a loan disbursement), with the balance of \$140,963 deferred until termination. After subtracting Unison's fees and closing costs—including a \$1,175 "transaction fee," \$625 "inspection fee," \$550 "appraisal fee," and \$850 "settlement fee"—the couple received just \$44,124 in usable proceeds. In other words, Unison treated \$46,987 as if it were advanced to the homeowners, but stripped away thousands of dollars—about 7%—at closing through loan-like origination and settlement charges. These same types of fees were uniformly imposed on all Class Members.

65. Despite disbursing only \$44,124, Unison nonetheless treated the higher \$46,987 figure as if it were principal when calculating payoff balances and its contingent share of appreciation. This inflated baseline ensured that Unison profited twice: first, by collecting fees up front that reduced homeowners' cash in hand; and second, by treating the inflated gross amount as outstanding "principal" for purposes of repayment and contingent deferred interest. This practice was uniform across the Class and unfairly magnified Unison's recovery at both ends of the transaction.

66. The closing package for Plaintiff's transaction included a "Final ALTA Settlement Statement," a standardized form created by the American Land Title Association and ordinarily used in mortgage refinances and home-equity loans. Escrow used that form to itemize lender disbursements, title and recording charges, and other settlement costs—mirroring the procedures of

1 a conventional mortgage closing.²⁴ Defendants' use of a mortgage-lending settlement form
2 underscores that the transaction was structured and administered as a secured loan, even as
3 Defendants disclaimed its loan nature to evade the licensing, disclosure, and consumer-protection
4 obligations imposed on mortgage lenders.

5 67. Plaintiff's HomeOwner Agreement, like those entered into with Class Members, was
6 secured by a recorded "Unison HomeOwner Deed of Trust and Security Agreement." *See Exhibit*
7 *A.* That Unison Deed of Trust expressly authorized foreclosure, acceleration, assignment of rents,
8 and other remedies typical of a traditional mortgage loan. By recording deeds of trust encumbering
9 homeowners' entire interests in their residences, Unison confirmed that the HomeOwner
10 Agreements were, in substance, mortgage loans.

11 68. Like those entered into with Class Members, Plaintiff's contract also imposed
12 ongoing obligations to pay taxes, maintain insurance, keep the property in good repair, and refrain
13 from additional borrowing, while deferring repayment until maturity events such as sale, transfer,
14 death, or default. At termination, homeowners must repay not only the purported "Unison
15 Investment Payment" (in reality, an up-front loan), but also Unison's share of any home appreciation
16 (70% for Plaintiff), plus fees and so-called "protective advances."

17 69. In late 2024, when Plaintiff sought to terminate the HomeOwner Agreement, co-
18 Defendant Odin New Horizon Real Estate Fund LP ("Odin Fund")—the affiliated investment
19 vehicle to which Defendants routinely assign their HomeOwner Agreement loans—issued a written
20 payoff demand for \$184,537. *See Exhibit D.* The payoff demand was executed by co-Defendant
21 Odin New Horizon General Partner LLC ("Odin GP"), the general partner of the Odin Fund, acting
22 on behalf of all Defendants and administered by co-Defendant Unison Investment Management
23 ("Unison Management"), which manages and services the HomeOwner Agreement portfolio on
24 behalf of the Unison enterprise. *Id.* The demand required that payment be wired by January 3, 2025,
25 and conditioned reconveyance of the lien on payment in full. From an initial loan of \$46,987,
26 Defendants demanded \$184,537, nearly four times the amount originally lent, representing an
27

28 ²⁴ *See Exhibit G* (Final ALTA Settlement Statement).

1 effective annualized return exceeding 20 percent. This illustrates how Defendants' uniform payoff
2 formula functions across the Class—extracting exorbitant returns from homeowners under the guise
3 of a “shared-equity” investment.

4 70. Unison repeatedly represented to Plaintiff and his wife, as it did to all Class
5 Members, that they could “buy out” the HomeOwner Agreement at any time without penalty.
6 However, early termination always required repayment of the advance, Unison's share of
7 appreciation, and assorted fees. The December 2024 payoff demand of \$184,537 sent to Plaintiff—
8 nearly four times the original loan—exemplifies the falsity of these assurances and shows how
9 Unison's return was effectively guaranteed. Far from a penalty-free exit, the structure ensured a
10 windfall for Unison while depriving homeowners of the very equity they believed they were
11 preserving.

12 71. Plaintiff and his late wife reasonably relied on Unison's uniform representations that
13 the transaction was economically beneficial for them. In truth, the HomeOwner Agreement was a
14 high-cost, nonrecourse mortgage loan designed to strip away the majority of their home equity while
15 leaving them responsible for all ownership expenses.

16 72. By inducing Plaintiff—an elderly homeowner whose primary or only significant
17 asset was his home equity—to sign the HomeOwner Agreement, Defendants took unfair advantage
18 of his age, financial distress, and lack of bargaining power. This conduct was not unique to Plaintiff:
19 Defendants systematically profiled and targeted older, cash-constrained homeowners, precisely the
20 demographic California's lending and elder-protection statutes were designed to protect.

21 73. As a result of Defendants' fraudulent, deceptive, and unlawful practices, Plaintiff has
22 suffered financial harm, consistent with the injury inflicted on other Class members. Plaintiff
23 continues to suffer harm from Defendants' conduct, including loss of equity, unlawful encumbrance
24 of his home, and exposure to foreclosure risk.

25 **TOLLING OF THE STATUTE OF LIMITATIONS**

26 **Accrual at Last Element**

27 74. Under California law, a cause of action generally accrues upon the occurrence of the
28 last element essential to the cause of action. Here, Defendants' statutory violations and fraudulent

1 conduct continued until the HomeOwner Agreements were terminated, repaid, or otherwise
2 enforced against Plaintiff and Class Members. As a result, accrual of claims did not occur, at the
3 earliest, until Defendants demanded repayment, issued payoff demands, or otherwise enforced lien
4 rights—well within the applicable limitations period.

5 **Discovery Rule Tolling**

6 75. Plaintiff and Class Members could not have discovered through the exercise of
7 reasonable diligence that the Unison HomeOwner Agreements were, in substance, high-cost
8 mortgage loans subject to California's lending laws.

9 76. Defendants uniformly marketed the HomeOwner Agreements as “not loans,” “no
10 debt,” and “co-investments,” and obscured their true nature in dense, multi-document contracts
11 spanning over 70 pages with overlapping definitions, cross-references, and opaque payoff formulas.

12 77. Because the loan-like nature of the HomeOwner Agreements was affirmatively
13 disguised and concealed, neither Plaintiff nor Class Members knew, or could have known, of their
14 claims within the limitations period through reasonable diligence.

15 **Fraudulent Concealment Tolling**

16 78. Throughout the relevant period, Defendants actively concealed from Plaintiff and
17 Class Members the true loan-like nature of the HomeOwner Agreements and their violations of
18 California's lending laws.

19 79. Defendants continued to market the HomeOwner Agreements as safe “equity
20 sharing” arrangements, promised homeowners that they carried “no debt, no interest, and no
21 monthly payments,” and failed to disclose that repayment obligations included both the initial
22 advance and a contingent deferred interest share of appreciation.

23 80. Defendants also concealed the true creditor relationship by immediately assigning
24 HomeOwner Agreements to affiliated investment vehicles (such as Odin Fund) while continuing to
25 operate under the “Unison” brand, further obscuring the debtor-creditor nature of the transaction.

26 81. As a result, Plaintiff and Class Members were kept ignorant of facts essential to the
27 pursuit of their claims and could not have discovered the true nature of the scheme, even upon
28 reasonable diligence.

82. Plaintiff and Class Members justifiably relied on Defendants' misrepresentations and omissions because Defendants alone had access to the relevant information and homeowners could not independently determine the unlawful nature of the HomeOwner Agreements.

83. Accordingly, the running of all applicable statutes of limitation is tolled under the fraudulent concealment doctrine with respect to all claims asserted herein

CLASS ACTION ALLEGATIONS

84. Plaintiff brings this action on behalf of himself and all other persons similarly situated, pursuant to California Code of Civil Procedure § 382. The proposed Class is defined as:

All persons (including family trusts) who have entered into a HomeOwner Agreement with Unison in California.

85. Excluded from the Class are Defendants, their parents, subsidiaries, affiliates, officers, and directors, all persons who make a timely election to be excluded from the Class, and the judge to whom this case is assigned and any immediate family members thereof.

86. Certification of Plaintiff's claims for classwide treatment is appropriate because Plaintiff can prove the elements of his claims on a classwide basis using the same evidence as would be used to prove those elements in individual actions alleging the same claims.

87. **Numerosity.** The members of the Class are so numerous that individual joinder of all Class members is impracticable. There are, at a minimum, thousands of members of the proposed Class.

88. **Commonality and Predominance.** This action involves common questions of law and fact, which predominate over any questions affecting individual Class Members, including, without limitation:

- (a) whether the HomeOwner Agreements constitute loans within the meaning of California's lending statutes;
- (b) whether Defendants engaged in unlicensed lending in violation of the California Financing Law, the California Residential Mortgage Lending Act, the Reverse Mortgage Law, or the Shared Appreciation Loan statute;

- (c) whether Defendants misrepresented the nature of the HomeOwner Agreements as “not loans,” “not debt,” or “partnerships”;
- (d) whether the deeds of trust recorded in connection with the HomeOwner Agreements are void or unenforceable;
- (e) whether Defendants failed to provide required counseling, notices, disclosures, and deed labeling;
- (f) whether Defendants’ conduct constitutes unlawful, unfair, or fraudulent business practices under Cal. Bus. & Prof. Code § 17200, *et seq.*;
- (g) whether Defendants’ conduct constitutes financial abuse of elders under Cal. Welf. & Inst. Code § 15610.30;
- (h) whether Plaintiff and Class Members have been injured, including by loss of equity or impairment of title to their homes, and the proper measure of restitution or damages;
- (i) whether Plaintiff and Class Members are entitled to declaratory and injunctive relief; and
- (j) whether Plaintiff and Class Members are entitled to attorneys’ fees, costs, and interest.

89. **Typicality.** Plaintiff’s claims are typical of the claims of the Class because Plaintiff and Class Members were comparably injured through Defendants’ standardized agreements and uniform course of conduct.

90. **Adequacy of Representation.** Plaintiff is an adequate representative of the Class because Plaintiff’s interests do not conflict with the interests of the other Class Members that Plaintiff seeks to represent; Plaintiff has retained counsel competent and experienced in complex commercial and class action litigation; and Plaintiff intends to prosecute this action vigorously. The interests of the Class Members will be fairly and adequately protected by Plaintiff and his counsel.

91. **Superiority.** A class action is superior to other available methods for the fair and efficient adjudication of this controversy. The damages and other financial harm suffered by individual Class Members are relatively small compared to the burden and expense of individual

litigation. It would be impracticable for Class Members to individually seek redress against Defendants. Class treatment will prevent the potential for inconsistent or contradictory judgments, avoid the burden on the courts of multiple individual actions, and provide the benefits of single adjudication, economy of scale, and comprehensive supervision by one court.

92. **Declaratory and Injunctive Relief.** Defendants have acted or refused to act on grounds generally applicable to the Class, making declaratory and injunctive relief appropriate with respect to the Class as a whole.

CAUSES OF ACTION

COUNT I

Violation of the California Unfair Competition Law ("UCL")

Cal. Bus. & Prof. Code § 17200, *et seq.*

93. Plaintiff incorporates the preceding paragraphs as if fully set forth herein.

94. Plaintiff brings this claim individually and on behalf of the Class.

95. Plaintiff and Defendant are "persons" within the meaning of the UCL. Cal. Bus. & Prof. Code § 17201.

96. Defendants, and each of them, are co-participants in the violations alleged here.

97. The UCL defines unfair competition to include any "unlawful, unfair or fraudulent business act or practice," as well as any "unfair, deceptive, untrue or misleading advertising." Cal. Bus. Prof. Code § 17200.

98. **UCL Unlawful Conduct:** In the course of conducting business, as a result of engaging in the conduct alleged in this complaint, including making and servicing consumer loans in California without complying with the statutory requirements and misrepresenting the terms and nature of the loans at issue and marketing and selling its HomeOwner Agreement in a manner that purposely misrepresents the nature of the product as not a loan, Defendants have violated Section 17200's prohibition against engaging in unlawful acts and practices by virtue of their conduct, which violates multiple statutes, including:

- California Financing Law ("CFL") (Fin. Code § 22000, *et seq.*), which prohibits making consumer loans without a finance lender license;

- California Residential Mortgage Lending Act (“CRMLA”) (Fin. Code § 50000, *et seq.*), which prohibits making or servicing residential mortgage loans without a license;
- California Reverse Mortgage Law (“RML”) (Civ. Code § 1923, *et seq.*), which governs nonrecourse cash-advance loans secured by homes, requiring licensure, counseling, bold deed disclosures, plain-language notices, and limits on insurance obligations;
- California Shared Appreciation Loan statute (“SAL”) (Civ. Code § 1917, *et seq.*), which mandates that shared appreciation loans be treated as debtor–creditor transactions, include written disclosures, and label deeds of trust accordingly;
- Elder Financial Abuse statute (Welf. & Inst. Code § 15610.30), which prohibits taking or retaining property of elders through wrongful use, fraud, or undue influence; and
- California Civil Code §§ 1572, 1573, 1709, and 1711, which prohibit deceit, misrepresentation, and fraudulent concealment.

99. Plaintiff reserves the right to allege other violations of law, which constitute other unlawful business acts or practices. Defendants’ conduct at issue is ongoing and continues to this date.

California Financial Law (“CFL”)

100. Under the CFL, no person may engage in the business of making consumer loans without first obtaining a California Finance Lender license from the Department of Financial Protection and Innovation. Fin. Code § 22100(a). A “loan” is defined broadly to include any advance of money with an obligation to repay, whether absolute or contingent. Fin. Code § 22203. Defendant Unison Agreement Corp.—the named counterparty in the HomeOwner Agreements—has never obtained a CFL license.

101. The HomeOwner Agreement between Plaintiff and Unison involved Unison advancing funds to Plaintiff, secured by a deed of trust on Plaintiff’s residence, with repayment of the advance, together with additional contingent deferred interest in the form of a share of future

1 home appreciation, due upon specified maturity events such as sale, transfer, or death. This
2 arrangement constitutes a “loan” within the meaning of the California Financing Law, Fin. Code
3 § 22203. Because Unison Agreement Corp. lacked the requisite California Finance Lender license,
4 the transaction was unlawful.

5 ***California Residential Mortgage Lending Act (“CRMLA”)***

6 102. Separately, California’s Residential Mortgage Lending Act (“CRMLA”), Fin. Code
7 § 50000, *et seq.*, prohibits any person from engaging in the business of making or servicing
8 “residential mortgage loans” without a license. Fin. Code § 50002(a). A “residential mortgage loan”
9 includes any loan secured by a deed of trust on a dwelling of one-to-four families. Fin. Code
10 § 50003(k).

11 103. The HomeOwner Agreements offered and executed by Unison Agreement Corp. are
12 secured by deeds of trust on borrowers’ primary residences and therefore constitute “residential
13 mortgage loans” under California law. Immediately upon execution, Unison Agreement Corp.
14 assigns all rights and liens to Odin Fund with Odin GP as its general partner, and Odin Fund
15 thereafter enforces repayment obligations, including by issuing payoff demands. Because neither
16 Unison Agreement Corp. nor Odin Fund holds a CRMLA license, these transactions were unlawful.
17 In the alternative, to the extent these HomeOwner Agreements are not deemed residential mortgage
18 loans within the meaning of the CRMLA, they constitute consumer loans under the California
19 Financing Law, Fin. Code § 22000 *et seq.*, which Unison Agreement Corp. also lacked the license
20 to issue.

21 ***California’s Reverse Mortgage Law (“RML”)***

22 104. California’s Reverse Mortgage Law (“RML”), Civ. Code § 1923, *et seq.*, regulates
23 “reverse mortgage loans.” A reverse mortgage is defined as “a nonrecourse loan secured by real
24 property” that: (a) provides cash advances to a borrower based on home equity; (b) requires no
25 payment of principal or interest until maturity; and (c) is made only by a licensed lender. Civ. Code
26 § 1923.

27 105. Unison’s HomeOwner Agreements fall squarely within California’s definition of a
28 reverse mortgage loan. They provide borrowers with a lump-sum “Unison Investment Payment”

1 secured by a deed of trust, require no repayment until maturity events such as sale, transfer, or death,
2 are expressly nonrecourse, and obligate borrowers to repay both principal and contingent deferred
3 interest in the form of future home appreciation.

4 106. Unison nonetheless disclaims the true nature of the transaction. As detailed above,
5 Unison disclaims that its product is a loan, labeling it “not a loan” and “not debt.” These false and
6 misleading disclaimers are designed to mislead consumers and evade the RML’s licensing,
7 counseling, deed-labeling, and disclosure requirements. The agreements embody all the elements of
8 a reverse mortgage loan as defined by § 1923.

9 107. Unison originates HomeOwner Agreements through Unison Agreement Corp.,
10 which holds only a corporate real estate broker license from the California Department of Real
11 Estate. That license does not authorize the entity to make or arrange reverse mortgage loans.
12 Nonetheless, Unison uses Unison Agreement Corp. as the contracting party for all HomeOwner
13 Agreements, while pointing to licenses held by a separate affiliate, Unison Mortgage Corporation.
14 By offering and entering into reverse mortgage loans through an unlicensed entity, while
15 misdirecting consumers to another affiliate’s licenses, Unison violates Civil Code § 1923(c).

16 108. In addition, Unison fails to comply with the Reverse Mortgage Law’s substantive
17 consumer protections, including:

18 (a) Deed labeling (§ 1923.2(h)): A deed of trust securing a reverse mortgage must
19 state in bold 10-point type, “This deed of trust secures a reverse mortgage loan.” Unison’s deeds
20 omit this language, instead describing the lien as securing an “option,” “investment,” or “Unison
21 Investment Payment.”

22 (b) Counseling (§ 1923.2(j)–(k)): Lenders must provide borrowers with a list of
23 HUD-approved counseling agencies and may not accept an application until seven days after
24 counseling, with a signed certification. Unison provided no list, required no counseling, and
25 obtained no certification.

26 (c) Language compliance (§ 1923.2(l)): Lenders must comply with Civ. Code
27 § 1632 by providing translated contracts when negotiations are conducted in Spanish, Chinese,
28

1 Tagalog, Vietnamese, or Korean. To the extent Unison solicited borrowers in non-English languages,
2 it failed to provide translations.

3 (d) Pre-application notices (§ 1923.5): Lenders must provide a plain-language
4 “Important Notice to Reverse Mortgage Loan Applicant” in 16-point type and a “Reverse Mortgage
5 Worksheet Guide” in 14-point type, signed by the borrower and counselor before approval. Unison
6 provided neither.

7 (e) Insurance obligations (§ 1923.2(i)(2)): Lenders may require only hazard,
8 flood, or peril insurance customary under a reverse mortgage. Unison went far beyond this, requiring
9 borrowers to maintain liability insurance, to name Unison as an additional insured, to deliver copies
10 of all policies, and to bear the costs of any insurance Unison purchased as “Protective Advances.”

11 109. By disguising reverse mortgage loans as “investments,” failing to obtain a lender’s
12 license, and ignoring mandatory protections concerning lien disclosure, counseling, notices,
13 translations, and insurance, Unison’s HomeOwner Agreements violate California Civil Code
14 § 1923, *et seq.* These violations constitute “unlawful” business practices under the UCL, Bus. &
15 Prof. Code § 17200.

16 ***California’s Shared Appreciation Loan (“SAL”) Regulations***

17 110. California Civil Code § 1917, *et seq.* regulates “shared appreciation loans.” A
18 “shared appreciation loan” is defined as “any loan made upon the security of an interest in real
19 property which additionally obligates the borrower to pay to the lender contingent deferred interest
20 pursuant to the loan documentation.” Civ. Code § 1917(b). “Contingent deferred interest” means the
21 sum a borrower is obligated to pay a lender as a share of the appreciation in the value of the property
22 or attributable rents or profits. Civ. Code § 1917(a).

23 111. Unison’s HomeOwner Agreements fit squarely within the definition of shared
24 appreciation loans: Unison advanced funds up front, secured by a deed of trust, with repayment
25 deferred until maturity, and with Unison’s return based on future appreciation—precisely the type
26 of “contingent deferred interest” contemplated by Civ. Code § 1917(a).

27 112. The Legislature enacted the SAL statute to curb abusive equity-sharing arrangements
28 that were being marketed as “partnerships” or “joint ventures” rather than loans. The statute codifies

1 three core consumer-protection policies: (1) the relationship must be treated as debtor–creditor, not
2 as a partnership (§ 1917.001); (2) borrowers must receive clear, written disclosures about
3 appreciation-sharing obligations and risks (§ 1917.004); and (3) any deed of trust securing such a
4 loan must provide transparency by stating that it secures a shared appreciation loan (§ 1917.004(b)).

5 113. California Civil Code § 1917.001 provides that the relationship between borrower
6 and lender in a shared appreciation loan transaction “is that of debtor and creditor and shall not be,
7 or be construed to be, a joint venture, equity venture, partnership, or other relationship.”

8 114. Unison willfully violated § 1917.001 by falsely representing its relationship with
9 Plaintiff and Class members as a “partnership” or “equity investment.” In its contracts and
10 marketing, Unison refers to itself as the “Investor” and tells consumers that “we’re partners” and
11 “we both invested,” while assuring them that the HomeOwner Agreement is “not a loan.” In reality,
12 the agreements are loans secured by a deed of trust, with Plaintiff and Class members in the position
13 of borrower and Unison in the position of lender. These misrepresentations conceal the debtor–
14 creditor relationship required by law and mislead consumers into believing they are entering a risk-
15 sharing partnership.

16 115. Unison also failed to comply with the disclosure requirements of the SAL statute.
17 Civil Code § 1917.004 requires lenders to provide clear, written disclosures explaining the
18 appreciation-sharing mechanism, the manner in which repayment is calculated, and the risks borne
19 by the borrower. Unison did not provide such disclosures. Instead, it marketed its product as “not a
20 loan,” “not debt,” and “no interest,” thereby concealing its true nature as a shared appreciation loan.

21 116. Civil Code § 1917.004(b) expressly requires that “[a]ny deed of trust that acts as
22 security for a shared appreciation loan shall indicate on the document that the deed of trust secures
23 a shared appreciation loan.”

24 117. Unison’s HomeOwner Agreements are secured by deeds of trust recorded against the
25 homes of Plaintiff and Class members. However, those deeds of trust do not identify the secured
26 obligation as a “shared appreciation loan.” Instead, they describe the transaction as an “option,”
27 “investment,” or “Unison Investment Payment,” thereby concealing that the obligation is, in
28 substance, a shared appreciation loan under California law.

118. By misrepresenting the debtor–creditor relationship, failing to provide required statutory disclosures, and recording deeds of trust that do not identify the secured obligation as a shared appreciation loan, Unison’s HomeOwner Agreements violate California Civil Code § 1917, *et seq.* These violations subvert the public policies animating the statute—ensuring transparency, protecting home equity, and preventing consumer deception—and therefore also constitute both “unlawful” and “unfair” business practices under the UCL, Bus. & Prof. Code § 17200.

Elder Financial Abuse

119. California’s Elder Abuse and Dependent Adult Civil Protection Act, Welf. & Inst. Code § 15600, *et seq.*, prohibits “financial abuse” of an elder or dependent adult. “Financial abuse” occurs when a person or entity (1) takes, appropriates, obtains, or retains real or personal property of an elder or dependent adult for a wrongful use or with intent to defraud, or both; (2) assists in such conduct; or (3) does so by undue influence. Welf. & Inst. Code § 15610.30(a).

120. A person or entity is deemed to have taken property for a wrongful use if the entity knew or should have known that its conduct was likely to be harmful to the elder or dependent adult. Welf. & Inst. Code § 15610.30(b). Financial abuse includes depriving an elder of any property right “by means of an agreement” regardless of whether the property is held directly or by a representative. *Id.* § 15610.30(c).

121. Plaintiff and many Class members are “elders” within the meaning of the statute because they are aged 65 years or older.

122. Unison’s HomeOwner Agreements constitute financial abuse of elders. By recording deeds of trust against elders’ homes, Unison obtained and retained real property interests belonging to elders for a wrongful use:

(a) Unison advanced funds in exchange for a lien on the elder’s residence and a right to a percentage of future appreciation, while misrepresenting the transaction as “not a loan” and “not debt”;

(b) Unison failed to comply with California’s Shared Appreciation Loan statute and Reverse Mortgage Law, stripping away statutory safeguards designed to protect seniors from losing home equity; and

1 (c) Unison marketed its agreements as “partnerships” or “investments,” and “not
2 a loan,” exerting undue influence on elders by concealing the true debtor–creditor relationship.

3 123. Unison knew or should have known that its conduct was likely to be harmful to
4 elders, because California law expressly imposes strict counseling, notice, disclosure, and deed-
5 labeling requirements on reverse mortgage and shared appreciation loans to protect seniors’ home
6 equity.

7 124. By obtaining liens on elders’ homes through deceptive and unlawful contracts,
8 Unison deprived elders of property rights within the meaning of Welf. & Inst. Code § 15610.30(c).

9 125. Accordingly, Unison’s conduct constitutes “financial abuse” of elders under Welf. &
10 Inst. Code § 15610.30 and is independently “unlawful” within the meaning of the UCL.

11 126. **UCL Unfair Conduct:** Independently, in the course of conducting business,
12 Defendants violated the UCL’s proscription against “unfair” business practices by, among other
13 things, making the representations (which also constitute advertising within the meaning of § 17200)
14 and omissions of material facts by promising that the HomeOwner Agreements were “not loans,”
15 “not debt,” and a form of “equity sharing” or “partnership” rather than mortgages, while concealing
16 that the agreements are in substance reverse mortgage loans subject to statutory licensing,
17 disclosure, and counseling requirements, and because Defendants’ conduct subverts the consumer-
18 protection purposes of California’s mortgage and lending laws and places California homeowners
19 at significant risk of financial harm.

20 127. Additionally, the California Legislature enacted Civil Code § 1917, *et seq.* to protect
21 homeowners from disguised equity-sharing loans, to ensure they receive transparent disclosures,
22 and to clarify that such transactions are debtor–creditor relationships rather than “partnerships.”
23 Unison’s HomeOwner Agreements subvert those policies by concealing their true nature as secured
24 loans, omitting the disclosures required by law, and falsely marketing the product as a form of
25 “investment” or “partnership.” Unison’s practices thus offend established public policy and cause
26 substantial consumer injury that outweighs any conceivable benefit.

27 128. Separately, the California Legislature enacted Civil Code § 1923, *et seq.* to regulate
28 reverse mortgage loans, impose mandatory counseling and waiting periods, require boldface deed

disclosures, and restrict ancillary insurance obligations. These protections were designed to prevent seniors from unknowingly pledging away their home equity through complex or deceptive transactions. Unison's HomeOwner Agreements subvert those protections by disguising reverse mortgages as "equity sharing" investments, evading licensing requirements, failing to provide counseling or the statutory plain-language notices and worksheet, failing to label deeds of trust as securing reverse mortgage loans, and imposing insurance obligations beyond those permitted by law. By structuring their agreements to avoid these safeguards, Unison frustrates the Legislature's consumer-protection purposes, places homeowners at risk of losing substantial equity, and thereby engages in "unfair" business practices within the meaning of the UCL.

129. There is no societal benefit from Defendants' misrepresentations, acts and omissions. There is only harm from Defendants' conduct. Plaintiff and other Class Members were harmed by paying fees, equity shares, and other charges tied to the "Unison Investment Payment" and failing to receive the disclosures, counseling, protections, and transparency mandated by California's mortgage and lending laws. As a result, Defendants' conduct is "unfair," as it offended an established public policy. Further, Defendants engaged in immoral, unethical, oppressive, and unscrupulous activities that are substantially injurious to consumers as the gravity of Defendants' conduct outweighs any alleged benefits attributable thereto.

130. Further, as set forth in this Complaint, Plaintiff alleges violations of consumer protection, unfair competition, and truth in advertising laws in California, resulting in harm to consumers. Defendants' acts and omissions also violate and offend the public policy against engaging in false and misleading advertising, unfair competition, and deceptive conduct towards consumers. Defendants' conduct constitutes violations of the unfair prong of Business & Professions Code § 17200, *et seq.*

131. There were reasonably available alternatives to further Defendants' legitimate business interests, other than the conduct described herein.

132. **UCL Fraudulent Conduct:** In the course of conducting business, Defendant has violated the UCL's proscriptions against "fraudulent" business acts or practices by, among other things, making false and misleading representations and omissions of material fact about the nature

1 and benefits of the HomeOwner Agreements. Defendants made the false and misleading
2 representations that the agreements were “not loans,” “not debt,” and a form of “equity sharing” or
3 “partnership,” while omitting that the agreements are, in substance, reverse mortgage or shared
4 appreciation loans subject to California’s mortgage and lending laws. Defendants’ actions, claims,
5 omissions, and misleading statements, as more fully set forth above, were false, misleading, and/or
6 likely to deceive the consuming public within the meaning of Business & Professions Code § 17200,
7 *et seq.*

8 133. Defendants’ conduct caused and continues to cause substantial injury to Plaintiff and
9 other Class Members. Plaintiff and Class Members have suffered injury in fact and lost money or
10 property as a result of Defendants’ unlawful, unfair, and fraudulent conduct, including the loss of
11 home equity, the imposition of undisclosed fees and insurance obligations, and the encumbrance of
12 their homes with unlawful liens.

13 134. As a result of their unlawful, unfair, and fraudulent business practices, Defendants
14 obtained equity interests, fees, and other financial benefits from Plaintiff and other Class Members
15 through HomeOwner Agreements that do not confer the transparent disclosures, protections, and
16 consumer rights guaranteed by California law.

17 135. Unless restrained and enjoined, Defendants will continue to engage in the unlawful,
18 unfair, and fraudulent conduct described herein, further harming Plaintiff, Class Members, and the
19 general public.

20 136. Accordingly, Plaintiff, individually and on behalf of all others similarly situated, and
21 on behalf of the general public, seeks restitution from Defendants of all money and property
22 obtained from Plaintiff and Class Members as a result of Defendants’ unfair competition, and for an
23 order and injunction prohibiting Defendants from continuing and further engaging in their unlawful,
24 unfair, and fraudulent conduct, and awarding all other relief this Court deems appropriate. Plaintiff
25 lacks an adequate remedy at law because damages alone cannot (a) compel Defendants to disgorge
26 ill-gotten equity shares and restore that property to homeowners, (b) prevent Defendants from
27 continuing to originate and enforce unlawful agreements, or (c) provide the forward-looking relief
28 necessary to protect the public. Monetary damages, even if available, cannot unwind unlawful liens

on homes or require Defendants to comply with California's lending laws. Equitable relief is therefore necessary and appropriate.

COUNT II

Violation of California's Elder Abuse and Dependent Adult Civil Protection Act

Cal. Welf. & Inst. Code §§ 15610.30, 1567.5

137. Plaintiff realleges and incorporates by reference all preceding paragraphs as though fully set forth herein.

138. Plaintiff brings this claim individually and on behalf of all members of the Class who were 65 years of age or older at the time Unison took, appropriated, obtained, or retained property, payments, or other benefits under a HomeOwner Agreement (the "Elder Subclass").

139. California's Elder Abuse and Dependent Adult Civil Protection Act, Welf. & Inst. Code § 15600, *et seq.*, prohibits financial abuse of elders and dependent adults. An "elder" is defined as any person residing in California, 65 years of age or older. Welf. & Inst. Code § 15610.27.

140. "Financial abuse" of an elder occurs when a person or entity (1) takes, appropriates, obtains, or retains real or personal property of an elder for a wrongful use or with intent to defraud, or both; (2) assists in such conduct; or (3) does so by undue influence. Welf. & Inst. Code § 15610.30(a). A person or entity is deemed to have taken property for a wrongful use if it knew or should have known that its conduct was likely to be harmful to the elder. *Id.* § 15610.30(b).

141. Plaintiff and Elder Subclass members are "elders" within the meaning of the statute because they reside in California and were 65 years of age or older at the time Unison took, appropriated, obtained, or retained property, payments, or other benefits under the HomeOwner Agreements.

142. Unison committed financial abuse of elders by taking and retaining interests in the homes of elders for a wrongful use and with intent to defraud, in that Unison:

(a) Recorded deeds of trust against elders' homes, thereby obtaining secured liens on their principal residences;

1 (b) Advanced funds in exchange for repayment obligations tied to home
2 appreciation while misrepresenting that the transaction was “not a loan” and “not debt”;

3 (c) Concealed the true nature of the agreements as reverse mortgage or shared
4 appreciation loans in order to evade California’s consumer-protection statutes; and

5 (d) Marketed its agreements as “partnerships” or “investments,” exerting undue
6 influence on vulnerable seniors.

7 143. Unison knew or should have known that its conduct was likely to be harmful to elders
8 because California law expressly requires lenders offering reverse mortgage or shared appreciation
9 loans to provide counseling, plain-language notices, deed labeling, and restrictions on insurance
10 obligations, all for the protection of senior homeowners.

11 144. As a direct and proximate result of Unison’s conduct, Plaintiff and Elder Subclass
12 members were deprived of property rights in their homes and suffered harm, including but not
13 limited to loss of equity, wrongful encumbrances, and the risk of foreclosure or forced sale.

14 145. Pursuant to Welf. & Inst. Code § 15657.5, Plaintiff and Elder Subclass members are
15 entitled to compensatory damages, including recovery of the property interests wrongfully taken,
16 attorney’s fees and costs, and all other remedies provided by law. Plaintiff and Elder Subclass
17 members also seek punitive damages pursuant to Welf. & Inst. Code § 15657.5(a) because Unison
18 acted with recklessness, oppression, fraud, and malice in perpetrating the financial abuse described
19 above.

20 COUNT III

21 Fraudulent Misrepresentation

22 146. Plaintiff incorporates the preceding paragraphs as if fully set forth herein.

23 147. Plaintiff brings this claim individually and on behalf of the Class.

24 148. At all relevant times, Defendants Unison Agreement Corp. and their affiliates
25 knowingly made false and misleading statements of material fact to Plaintiff and Class members
26 regarding the nature of the HomeOwner Agreements.

27 149. Defendants’ misrepresentations were conveyed through standardized contract
28 language, uniform marketing materials, website content, and consumer communications that

1 conveyed the same overarching message—one that did not materially vary over time—that the
2 Unison arrangement was a unique, equity-based alternative to debt financing and not a traditional
3 loan. Across these materials, Defendants uniformly obscured the fact that the transaction was, in
4 substance, a secured loan subject to California's lending laws. Defendants repeated these themes to
5 all prospective participants at or before execution of the HomeOwner Agreements to induce
6 reliance.

7 150. In substance, Defendants uniformly represented that:

- 8 (a) the Unison payment and HomeOwner Agreement were not loans or debts;
9 (b) homeowners would incur no interest or repayment obligation akin to a
10 borrower;
11 (c) the transaction created a "partnership," "co-investment," or "equity-sharing"
12 relationship in homeownership; and
13 (d) Unison was an equity partner rather than a lender.

14 These representations were materially false and misleading.

15 151. In truth, the HomeOwner Agreements were secured loans. Defendants advanced
16 money at origination, required repayment of that advance, and imposed additional contingent
17 interest calculated from home appreciation. Each transaction was secured by a recorded deed of
18 trust. By disavowing loan status while recording security interests, Defendants concealed the true
19 legal nature of the transactions and evaded California's licensing, disclosure, and consumer-
20 protection requirements.

21 152. Defendants further omitted material facts necessary to make their uniform statements
22 not misleading, including that:

- 23 (a) the Agreements met the definition of reverse-mortgage loans under
24 California Civil Code § 1923;
25 (b) Unison Agreement Corp. lacked the required license to originate such loans;
26 (c) borrowers were entitled to statutory counseling, disclosures, and deed
27 labeling; and
28

(d) the recorded deeds of trust encumbered homeowners' title with an undisclosed loan obligation.

153. Defendants knew or recklessly disregarded that these representations and omissions were false when made and intended to induce Plaintiff and Class members to enter the Agreements, thereby securing valuable liens and contingent equity rights in their homes.

154. Plaintiff and Class members reasonably relied on Defendants' uniform misrepresentations and omissions regarding the nature of the Unison arrangement. These misrepresentations uniformly concealed the material fact that the HomeOwner Agreements were, in substance, secured loans subject to California's lending and consumer-protection laws. These misrepresentations and omissions were material because they deprived homeowners of critical statutory disclosures and protections, misled them as to the legal nature of their obligations, and induced them to enter transactions they otherwise would have avoided.

155. As a direct and proximate result of Defendants' fraudulent conduct and Plaintiff's and Class Members' reasonable reliance thereon, Plaintiff and Class members suffered damages, including loss of home equity through unlawful liens and contingent appreciation rights, payment of unauthorized fees and charges, and impairment of title.

156. Defendants' fraudulent conduct was intentional, malicious, oppressive, and fraudulent within the meaning of Cal. Civ. Code § 3294, because they deliberately structured the HomeOwner Agreements to disguise loans as "equity sharing," with the purpose of deceiving homeowners and regulators and of wrongfully obtaining secured interests in consumers' homes. Plaintiff and Class members are entitled to punitive and exemplary damages.

157. Plaintiff and Class members seek rescission of the HomeOwner Agreements, restitution of all monies and property obtained by Defendants, quiet title removing Defendants' unlawful liens, compensatory and punitive damages, and such other relief as the Court deems proper.

COUNT IV

Rescission

158. Plaintiff incorporates the preceding paragraphs as if fully set forth herein.

159. Plaintiff brings this claim individually and on behalf of the Class.

160. California Civil Code § 1689(b) provides that a party may rescind a contract under several circumstances, including when: (1) consent was obtained through fraud, misrepresentation, or undue influence; (2) the contract is unlawful for causes not apparent on its face and when the parties are not equally at fault; and (3) the public interest will be prejudiced by permitting the contract to stand.

161. The HomeOwner Agreements between Plaintiff and Class Members, on the one hand, and Defendant Unison Agreement Corp., on the other, are subject to rescission for each of these reasons.

162. *Fraud, Misrepresentation, and Undue Influence.* Unison induced Plaintiff and Class members—predominantly older homeowners whose primary or only significant asset was the equity in their homes—to enter into HomeOwner Agreements by misrepresenting the nature of the transaction, including repeated assertions that the “Unison Investment Payment” was “not a loan,” that the agreement created a “partnership” or “equity sharing” arrangement, and that borrowers would incur “no debt” and “no interest.” In truth, the agreements are loans secured by deeds of trust, with repayment of principal and contingent deferred interest due upon maturity events. In targeting and exploiting this financially vulnerable demographic, Unison also exercised undue influence by taking unfair advantage of homeowners’ age, need for immediate cash, and lack of access to alternative credit, thereby depriving them of the ability to make free and informed decisions about their home equity.

163. *Illegality.* The HomeOwner Agreements are unlawful contracts because they were made in violation of California’s lending and mortgage statutes, including the California Financing Law, Fin. Code § 22000, *et seq.*; the California Residential Mortgage Lending Act, Fin. Code § 50000, *et seq.*; the Reverse Mortgage Law, Civ. Code § 1923, *et seq.*; and the Shared Appreciation Loan statute, Civ. Code § 1917, *et seq.* These statutes prohibit unlicensed lenders from originating consumer or mortgage loans and impose mandatory disclosures, counseling, and deed-labeling requirements to protect homeowners. Unison ignored these requirements and therefore engaged in unlicensed, unlawful lending.

1 164. *Public Policy.* The Legislature enacted the RML and SAL to protect California
2 homeowners—particularly seniors—from predatory equity-stripping transactions. Allowing
3 Unison’s disguised reverse mortgage loans to stand would frustrate these statutes and undermine
4 the public policies they embody.

5 165. Accordingly, Plaintiff, on behalf of himself and all Class members, seeks rescission
6 of the HomeOwner Agreement. Rescission is necessary to restore homeowners to the positions they
7 held prior to entering into the unlawful and deceptive agreement and to cancel the deeds of trust
8 securing the unlawful agreements.

9 166. Pursuant to Civil Code § 1691, Plaintiff and Class members are ready, willing, and
10 able to restore to Defendants any benefits received under the agreements, conditioned on
11 Defendants’ restoration of all property, money, and interests wrongfully obtained. To the extent
12 complete restoration is impossible or inequitable due to Defendants’ conduct, equity permits
13 rescission with an offset, adjustment, or other equitable accommodation.

14 167. Plaintiff and Class members provide notice of rescission through this action, which
15 seeks to rescind the HomeOwner Agreement and to cancel all deeds of trust or other instruments
16 securing it.

17 168. Plaintiff has brought this action promptly after learning the truth about the transaction
18 and the HomeOwner Agreement.

19 169. An actual controversy exists between Plaintiff and Class members, who contend they
20 have the right to rescind the HomeOwner Agreements, and based on information and belief,
21 Defendants deny that right.

22 170. Money damages alone will not be sufficient to make Plaintiff and Class members
23 whole. Only rescission and cancellation of the liens will restore their property rights and prevent
24 ongoing harm. Plaintiff and Class members are therefore entitled to a judgment rescinding their
25 HomeOwner Agreements, declaring the contracts void, cancelling all deeds of trust or other liens
26 recorded against their homes, and awarding restitution of all money and property obtained by
27 Defendants in connection with these unlawful agreements.

28

COUNT V

Quiet Title

171. Plaintiff incorporates the preceding paragraphs as if fully set forth herein.

172. Plaintiff brings this claim individually and on behalf of the Class.

173. Plaintiff is the fee simple owner of residential real property located at 17042 Fairbourn St., Hesperia, CA 92345. Plaintiff brings this claim individually with respect to his property and, on behalf of the Class, seeks parallel quiet title relief as to all properties encumbered by Defendants' deeds of trust securing the HomeOwner Agreements.

174. Plaintiff and Class members hold legal title to their homes, which are their principal residences.

175. Defendants Unison Agreement Corp. and Odin New Horizon Real Estate Fund LP claim adverse interests in the homes of Plaintiff and Class members by virtue of deeds of trust recorded to secure obligations allegedly arising under the HomeOwner Agreements. Odin Fund purports to hold assignments of rights from Unison and asserts repayment demands based on those instruments.

176. The deeds of trust and Defendants' purported interests are invalid and unenforceable because the underlying HomeOwner Agreements are unlawful, void, or voidable, including as: (a) unlicensed consumer loans under the California Financing Law, Fin. Code § 22000, *et seq.*; (b) unlicensed residential mortgage loans under the CRMLA, Fin. Code § 50000, *et seq.*; and (c) disguised reverse mortgage loans under the Reverse Mortgage Law, Civ. Code § 1923, *et seq.*

177. As alleged in Count IV (Rescission), Plaintiff and Class members are entitled to rescission of the HomeOwner Agreements. Rescission requires cancellation of the deeds of trust and restoration of unencumbered title.

178. An actual controversy exists as to the parties' respective rights and interests in Plaintiff's and Class members' properties. The deeds of trust recorded by Defendants constitute present and continuing clouds on title that impair homeowners' ability to sell, refinance, or transfer their properties. Unless the Court declares the deeds of trust void and cancels them of record, Plaintiff's and Class members' titles will remain clouded and their property rights impaired.

179. In the alternative, even if rescission is not granted, Plaintiff and Class members are entitled to a judgment declaring that Defendants' deeds of trust are void and unenforceable because the underlying agreements are illegal, unlicensed, and contrary to public policy. Quiet title relief is therefore independently warranted to prevent continuing harm and to clear title to Plaintiff's and Class members' homes.

180. Plaintiff, individually and on behalf of the Class, therefore seeks: (1) a judgment quieting title in their favor, (2) declaring that Defendants have no right, title, lien, or interest in their homes by virtue of the HomeOwner Agreements or deeds of trust, and that Defendants, and all persons claiming under them, are forever enjoined from asserting any estate, right, title or interest in the homes, and (3) an order cancelling all such deeds of trust.

181. Plaintiff requests the Court award Plaintiff's costs of this action, and such other relief as the Court may deem proper.

COUNT VI

For Declaratory Relief

182. Plaintiff incorporates the preceding paragraphs as if fully set forth herein.

183. Plaintiff brings this claim individually and on behalf of the Class.

184. An actual controversy exists between Plaintiff and Class members, on the one hand, and Defendants, on the other, concerning the validity and enforceability of the HomeOwner Agreements and the deeds of trust recorded to secure them.

185. Plaintiff and Class members contend that the HomeOwner Agreements are unlawful contracts, void or voidable, because they:

(a) constitute consumer loans made without a California Finance Lender license, in violation of the California Financing Law;

(b) constitute residential mortgage loans originated without a license under the California Residential Mortgage Lending Act;

(c) constitute reverse mortgage loans made without compliance with the licensing, disclosure, counseling, deed-labeling, and notice requirements of the Reverse Mortgage Law; and

(d) constitute shared appreciation loans that misrepresent the parties' relationship and omit required disclosures under Civil Code § 1917, *et seq.*

186. Defendants deny these contentions, assert that the HomeOwner Agreements are “not loans,” and continue to claim rights under those agreements and deeds of trust, including by demanding repayment and retaining liens on borrowers' homes.

187. Plaintiff and Class members seek a judicial declaration that:

(a) the HomeOwner Agreements are loans subject to California lending and mortgage statutes;

(b) Defendants' conduct in originating and enforcing the agreements without proper licenses or statutory compliance is unlawful;

(c) the deeds of trust recorded against Plaintiff's and Class members' homes are void and unenforceable;

(d) Defendants have no right, title, lien, or interest in the properties of Plaintiff and Class members by virtue of the HomeOwner Agreements or related instruments; and

(e) Defendants' continuing enforcement efforts—including but not limited to payoff demands, foreclosure threats, and assignments of purported rights under the HomeOwner Agreements—are void, unlawful, and unenforceable.

188. Declaratory relief is necessary and appropriate to resolve the uncertainty and controversy surrounding the legal status of the HomeOwner Agreements and Defendants' claimed rights. Such relief will prevent further harm to Plaintiff, Class members, and the general public by clarifying that Defendants cannot continue to mischaracterize and enforce unlawful agreements.

189. Plaintiff and Class members lack an adequate remedy at law. Monetary damages alone cannot provide complete relief because they will not clear title to their homes, cancel unlawful liens, or clarify the parties' ongoing legal rights. Only declaratory relief will prospectively resolve the uncertainty regarding Defendants' claimed interests and prevent continuing harm.

190. Plaintiff, individually and on behalf of the Class, therefore seeks a declaration of rights and obligations as set forth above, together with such further relief as the Court deems just and proper.

COUNT VII**Unjust Enrichment**

191. Plaintiff incorporates the preceding paragraphs as if fully set forth herein.

192. Plaintiff brings this claim individually and on behalf of the Class.

193. Defendants have been unjustly enriched through their unlawful and deceptive conduct described above. Specifically, Defendants obtained from Plaintiff and Class members:

(a) valuable liens recorded against their homes;

(b) rights to contingent deferred interest in the form of a share of future appreciation;

(c) fees, charges, and insurance obligations imposed under the HomeOwner Agreements; and

(d) payments made upon payoff or termination of the agreements..

194. Defendants acquired these benefits by misrepresenting the HomeOwner Agreements as “not loans,” “not debt,” and “equity sharing” arrangements, while concealing that they were, in substance, mortgage loans subject to licensing, disclosure, and consumer-protection requirements.

195. It would be unjust and inequitable for Defendants to retain the benefits—to the detriment of Plaintiff and Class members—that they wrongfully obtained through these unlawful, unfair, and fraudulent business practices.

196. Plaintiff and Class members lack an adequate remedy at law because monetary damages alone cannot fully restore their home equity or clear title to their properties. Restitution and disgorgement are necessary to restore Plaintiff and Class members to the positions they held before entering into the unlawful agreements. Defendants’ retention of these benefits would be unjust and inequitable even if the agreements were not unlawful, because Defendants misrepresented the nature of the transaction and obtained benefits they were not entitled to retain.

197. Accordingly, Plaintiff and Class members seek restitution of all monies and property wrongfully obtained by Defendants, disgorgement of all profits Defendants unjustly realized, and such other equitable relief as the Court deems proper.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, individually and on behalf of the other members of the proposed Class, respectfully request that the Court enter judgment in Plaintiff's favor and against Defendants as follows:

A. Certifying that this action as a class action, designating Plaintiff as Class Representative and appointing the undersigned counsel as Class Counsel;

B. Ordering restitution and disgorgement of all money, equity interests, profits, and other benefits wrongfully obtained from Plaintiff and Class members as a result of Defendants' unlawful, unfair, and fraudulent business practices;

C. Ordering rescission of the HomeOwner Agreements, cancellation of the deeds of trust and other instruments securing them, and restoration of Plaintiff and Class members to their pre-contract positions, together with restitution of all property and money obtained by Defendants in connection with the agreements;

D. Entering a judgment quieting title in favor of Plaintiff and Class members, declaring that Defendants have no valid lien, title, or interest in their homes by virtue of the HomeOwner Agreements or deeds of trust, and ordering cancellation of such instruments of record;

E. Declaring the rights and obligations of the parties under California law, including that the HomeOwner Agreements are unlawful loans subject to California's lending statutes, that Defendants' claimed liens are void and unenforceable, that Defendants may not continue to enforce or market such agreements, and that Defendants' ongoing enforcement, assignment, and collection activities under the HomeOwner Agreements are unlawful and void;

F. Ordering injunctive relief as permitted by law or equity, including enjoining Defendants from continuing to market, originate, assign, or enforce HomeOwner Agreements or similar unlawful lending products in California;

G. Awarding damages to Plaintiff and Class members, including compensatory damages for loss of home equity, statutory damages where authorized, and all other available damages;

H. Awarding Plaintiff and Class members their attorneys' fees, expert fees, and litigation costs, pursuant to statute, contract, or the common fund doctrine;

I. Awarding both pre- and post-judgment interest on any amounts awarded, as provided by law;

J. Awarding punitive damages where authorized by law, including under Cal. Civ. Code § 3294 and Welf. & Inst. Code § 15657.5; and

K. Ordering such other and further relief as this Court may deem just and proper to remedy Defendants' unlawful conduct.

JURY DEMAND

Plaintiff demands a trial by jury of all claims in this Complaint so triable.

Respectfully submitted,

Dated: October 30, 2025

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Not a Filed Document

Exhibit A

UNISON HOMEOWNER OPTION AGREEMENT

This Unison HomeOwner Option Agreement ("**Unison HomeOwner Option Agreement**") is entered into as of 12/18/2017 ("**Effective Date**").

1. Grant Of Option; Option Price; Consideration.

(a) Albert L. Scroggins Sr. and Johnny Kay Scroggins ("**Owner**") hereby grants to Unison Agreement Corp., a Delaware corporation, and its successors and assigns ("**Investor**"), an option ("**Option**") to purchase, in the future, an undivided 70.00% interest (the "**Investor Percentage**") in and to that certain residential real property known as 17042 Fairburn St, Hesperia, CA 92345 and further described in the attached **Exhibit A** (the "**Property**") for the Unison Purchase Price of \$187,950.00 ("**Unison Purchase Price**"). The Option is granted by Owner in partial consideration of Investor's providing Owner with an advance of funds in the amount of \$46,987.00 (the "**Unison Investment Payment**").

(b) As consideration for granting the Option, and for Owner's obligations under the Unison HomeOwner Agreement ("**Unison HomeOwner Agreement**"), Owner shall receive: (1) the Unison Investment Payment; (2) the delayed right and express waiver of any and all rights of Investor to exercise the Option it has purchased in the Property, unless or until such time as Owner elects, in Owner's sole discretion, to sell the Property, or until the occurrence of another **Exercise Event**, as defined herein; and (3) Investor's performance of its obligations under, and such other rights and benefits as are provided to Owner under the Unison HomeOwner Agreement.

(c) The Unison Investment Payment is an advance payment of a portion of the Unison Purchase Price. Therefore, in the event Investor elects to exercise the Option, the remaining portion of the Unison Purchase Price (the "**Unison Purchase Price Balance**") will be \$140,963.00.

(d) This Option is made subject to the terms and conditions of the following documents, each executed as of the Effective Date and incorporated herein by reference ("**Transaction Documents**"), which Transaction Documents together with this Unison HomeOwner Option Agreement comprise the Unison HomeOwner Agreement: (1) the Unison HomeOwner Covenant Agreement ("**Unison HomeOwner Covenant Agreement**"); (2) the Unison Deed of Trust/Mortgage and Security Instrument, together with any riders thereto ("**Unison HomeOwner Security Instrument**"); and (3) the Memorandum of Unison HomeOwner Agreement ("**Unison HomeOwner Recorded Memorandum**"). Capitalized terms not defined herein are defined in **Schedule A** to the Unison HomeOwner Covenant Agreement.

2. Term Of Option; Right To Exercise.

The term of the Option ("**Term**") is thirty (30) years. The Term commences on the Effective Date and expires on the date immediately preceding the thirtieth (30th) anniversary of the Effective Date ("**Expiration Date**"), subject to extension under limited circumstances set forth in the Unison HomeOwner Covenant Agreement. Investor will have the right in its **Permitted Discretion** to exercise this Option only upon the following events ("**Exercise Events**"): (a) as of the Expiration Date; (b) upon Owner's arms' length sale of the Property; (c) upon the death of the last surviving Owner ("**Last Surviving Owner**"); or (d) following a material and uncured event of Owner default ("**Event Of Default**"), or acceptance by Owner of

Investor's offer of Option exercise and Orderly Sale, as described in and subject to the terms of **Article Seven** of the Unison HomeOwner Covenant Agreement.

3. Manner Of Option Exercise.

Upon the occurrence of any Exercise Event, Investor (or Investor's agent, servicer, **Asset Administrator**, or other designee) may exercise the Option by transmission of a written statement either substantially in the form of **Exhibit B** hereto, or which otherwise evidences Investor's intent to purchase its undivided percentage interest in and to the Property and settle the Unison HomeOwner Agreement ("**Option Exercise Notice**"). Transmission of the Option Exercise Notice will constitute exercise of the Option when sent to any of the following **Persons**: (a) Owner, either at the address of the Property, or at the electronic mail address given for notices below; (b) any **Escrow Holder** engaged in processing a sale or transfer of the Property; (c) any real estate agent or broker engaged by Owner in processing a sale or transfer of the Property; (d) any heir(s), representative, or executor of the Last Surviving Owner ("**Owner's Estate**"); or (e) any other Person Owner has designated during the Term as authorized to receive notices under the Unison HomeOwner Agreement.

4. Property Valuation; Investor Purchase.

Owner agrees that the value of the Property as of the Effective Date is \$268,500.00 ("**Original Agreed Value**"). Owner further agrees that the future value of the Property, when calculated at any time during the Term, is called the **Ending Agreed Value**, which will be determined as provided in the Unison HomeOwner Covenant Agreement and which shall be subject to certain adjustments if: (a) Owner sells the Property prior to the third (3rd) anniversary of the Effective Date; (b) Owner sells the Property in a **Sale By Owner, Intrafamily Sale**, or a sale to a **Third Party Buyer** that is not a **Natural Person** (as such terms are defined in the Unison HomeOwner Covenant Agreement); (c) the Ending Agreed Value is negatively affected as a result of either (i) Owner's failure to maintain the Property during the Term, or (ii) a condition or defect in, or damage to the Property or its title which either existed as of the Effective Date or which occurred or developed during the Term and which was not remedied or repaired by Owner; (d) Owner remodels, improves or modifies the Property and thereby affects the Ending Agreed Value (positively or negatively); or (e) Owner defaults under the Unison HomeOwner Agreement and fails to cure the Event of Default.

Upon Option exercise, Investor shall be entitled to purchase its undivided percentage interest in and to the Property in exchange for the Unison Purchase Price Balance. The value of Investor's undivided percentage interest in the Property will be calculated as the Ending Agreed Value of the Property (as adjusted, if applicable) multiplied by the Investor Percentage. Any and all **Unpaid Owner Obligations**, as such term is defined in the Unison HomeOwner Covenant Agreement, shall be subtracted from the Unison Purchase Price Balance in calculating the amount Investor shall pay for its undivided percentage interest. Investor's exercise of its Option and purchase of an undivided percentage interest in and to the Property shall be conducted pursuant to the procedures prescribed in the Unison HomeOwner Covenant Agreement. Pursuant to the procedures prescribed in the Unison HomeOwner Covenant Agreement, Owner may terminate Investor's right to purchase an undivided percentage interest in and to the Property pursuant to Investor's exercise of the Option by tendering to Investor an amount equal to the value of Investor's undivided percentage interest (if any), minus the Unison Purchase Price Balance (from which Unpaid Owner Obligations shall have been subtracted). Upon acceptance of such amounts from Owner, Investor shall effect a full release and reconveyance of the Option, the Unison HomeOwner Agreement, the Unison HomeOwner

Security Instrument, and the other Transaction Documents. In the event that Owner does not terminate Investor's right to purchase its undivided percentage interest in and to the Property, Investor and Owner, as co-owners of the Property, shall promptly market and sell the Property in order to liquidate their respective percentage interests thereto.

5. Investor Proceeds; Investor Interest.

The value of Investor's undivided percentage interest in and to the Property, minus the Unison Purchase Price Balance, is termed the "**Investor Proceeds**." The amount of Investor Proceeds, if any, plus the amount of Unpaid Owner Obligations, if any, is termed the "**Investor Interest**."

6. Nature Of Option And Of Unison Investment Payment.

The Unison Investment Payment is not a loan. The Unison Investment Payment is not a principal amount which Investor is contractually or otherwise entitled to recover at Term or at Option exercise. The Investor Proceeds may be greater than, equal to, or less than the Unison Investment Payment, or zero, depending upon the change in value of the Property (the difference between the Original Agreed Value and the Ending Agreed Value) between the Effective Date and the Exercise Event. Owner will not be required to make any monthly interest or any other periodic payments to Investor calculated upon the amount of the Unison Investment Payment, nor will any periodic payment obligations be imposed upon or accrue on the amount of the Unison Investment Payment as indebtedness to Owner.

7. Special Termination.

At any time following the third (3rd) anniversary of the Effective Date, Owner may request special termination of the Option ("**Special Termination**") prior to the occurrence of an Exercise Event or the Expiration Date, pursuant to Section 6.2 of the Unison HomeOwner Covenant Agreement, by payment to Investor of an amount ("**Special Termination Price**") equal to the greater of (a) the Unison Investment Payment plus any Unpaid Owner Obligations, or (b) the Investor Interest.

8. Maximum Authorized Debt.

The sum total of loans from third parties secured by liens on the Property that Owner may incur while the Unison HomeOwner Agreement is outstanding is \$175,899.99. This amount is called the **Maximum Authorized Debt**. A sum total of loans from third parties secured by liens on the Property in excess of the Maximum Authorized Debt at any time during the Term is an Event of Default under the Unison HomeOwner Agreement.

9. Recorded Lien.

Owner's performance under the Unison HomeOwner Agreement will be secured as a recorded lien on the Property by recording of both the Unison HomeOwner Security Instrument and the Unison HomeOwner Recorded Memorandum in the county where the Property is located. If there is a material and uncured Event of Default under the terms of the Unison HomeOwner Agreement, Investor shall have the right, but is not obligated to, demand Owner's performance of the terms of the Unison HomeOwner Agreement; and upon Owner's continued failure to perform following such demand, Investor shall have the right to invoke any and all remedies under the Unison HomeOwner Agreement, including the right of Option

exercise, and those remedies provided to Investor as a secured lien holder under the Unison HomeOwner Security Instrument and applicable law.

10. Summary of Financial Terms and Fees.

Effective Date:	12/18/2017
Term:	30 Years
Expiration Date:	12/17/2047
	at 11:59 pm Pacific Time
Original Agreed Value:	\$268,500.00
Investor Percentage:	70.00%
Unison Purchase Price:	\$187,950.00
Unison Investment Payment:	\$46,987.00
Unison Purchase Price Balance:*	\$140,963.00
Maximum Authorized Debt:	\$175,899.99

* The Unison Purchase Price Balance may be subject to reduction under Sections 7.3(d) and 10.2 of the Unison HomeOwner Covenant Agreement.

The formulae to be applied in any calculation of the Investor Proceeds or Investor Interest hereunder are set forth in Article 10 of the Unison HomeOwner Covenant Agreement, which is incorporated herein by reference.

Address, Phone Number and Electronic
Mail Address for Notice to Owner:

17042 Fairburn Street
Hesperia, CA 92345
760-953-9736

Address for Notice to Investor:

Unison Agreement Corp.
P.O. Box 26800
San Francisco, CA 94126-6800
Attn: Asset Administration

IN WITNESS WHEREOF, intending to be legally bound, the parties have executed this Unison HomeOwner Option Agreement as of the Effective Date.

INVESTOR:

Unison Agreement Corp.

By: _____
Robert Price

Title: Managing Director

Date Signed

OWNER:

By: _____
Albert L. Scroggins Sr.

Date Signed: _____

By: _____
Johnny Kay Scroggins

Date Signed: _____

By: _____

Date Signed: _____

By: _____

Date Signed: _____

Not a Filed Document

Exhibit A

PROPERTY DESCRIPTION

That certain real property situated in the City of Hesperia, County of San Bernardino, State of CA, described as follows:

THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 82, TRACT NO. 5543, IN THE CITY OF HESPERIA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 66, PAGES 13 TO 34, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. SUBJECT TO RESTRICTIONS, RESERVATIONS, EASEMENTS, COVENANTS, OIL, GAS OR

MINERAL RIGHTS OF RECORD, IF ANY.

APN: 0398-045-13-0000

[End of legal description.]

Not a Filed Document

Exhibit B

OPTION EXERCISE NOTICE

Date:

To: [Homeowner Name(s)]
[Property Address]
[City State ZIP]

1. Notice is hereby given of Investor's election to exercise the Option granted to Investor by [Homeowner Name(s)] ("Owner") under the Unison HomeOwner Agreement between Investor and Owner dated as of [Effective Date] ("Unison HomeOwner Agreement"). Capitalized terms not defined herein are defined in the Unison HomeOwner Agreement.

2. Under the terms of the Unison HomeOwner Agreement, the Ending Agreed Value of the Property (as adjusted if applicable), multiplied by the Investor Percentage, minus the Unison Purchase Price Balance, together with any Unpaid Owner Obligations, equals the sum of

\$ (dollars and cents).

3. Upon acceptance of such amount from Owner, Investor shall effect a full release and reconveyance of the Option, the Unison HomeOwner Agreement, the Unison HomeOwner Security Instrument, and the other Transaction Documents.

Dated: _____

By: **Exhibit - Do Not Sign**

Name: **Exhibit - Do Not Sign**

Title: **Exhibit - Do Not Sign**

Not a Filed Document

UNISON HOMEOWNER COVENANT AGREEMENT

ARTICLE ONE INTRODUCTORY PROVISIONS

1.1 Transaction Documents; Purpose of Unison HomeOwner Covenant Agreement. Pursuant to that certain Unison HomeOwner Option Agreement ("Unison HomeOwner Option Agreement") dated as of 12/18/2017 ("Effective Date"), ALBERT L. SCROGGINS, SR. AND JOHNNY KAY SCROGGINS, HUSBAND AND WIFE, AS JOINT TENANTS ("Owner") is granting to Unison Agreement Corp., a Delaware corporation, its successors and assigns ("Investor"), an option ("Option") to purchase an undivided fractional interest ("Investor Percentage") in that certain residential real property known as 17042 Fairburn St, Hesperia, CA 92345 (the "Property"), in partial consideration of Investor's providing Owner an advance of funds (the "Unison Investment Payment"). Under the Unison HomeOwner Option Agreement, Owner is giving Investor the right, but not the obligation, to exercise its Option and purchase an undivided percentage interest in and to the Property upon the sale of the Property or on the occurrence of any other Exercise Event specified in the Unison HomeOwner Option Agreement. This Unison HomeOwner Covenant Agreement ("Unison HomeOwner Covenant Agreement"), dated as of the Effective Date, sets forth the representations, warranties, duties and covenants of Owner and Investor during the Term of the Option and whenever reasonable or necessary to protect the rights of the parties.

The Unison HomeOwner Agreement ("Unison HomeOwner Agreement") consists of the following transaction documents together with any and all addenda, supplements, schedules, and exhibits thereto ("Transaction Documents"): (a) this Unison HomeOwner Covenant Agreement; (b) the Unison HomeOwner Option Agreement; (c) a memorandum giving notice of the Option and the Unison HomeOwner Agreement, recorded in the county where the Property is located ("Unison HomeOwner Recorded Memorandum"); and (d) a deed of trust (or mortgage) and security agreement, together with any riders thereto giving notice of the Option as a secured interest, recorded in the county where the Property is located ("Unison HomeOwner Security Instrument").

1.2 Definitions. The Unison HomeOwner Agreement contains certain defined terms ("Defined Terms"). All Defined Terms either have their meaning described within the Transaction Documents, or are defined in alphabetical order in Schedule A to this Unison HomeOwner Covenant Agreement. The first use of any Defined Term in any Transaction Document is in bold-face type, and in some cases may also be placed within quotation marks and parentheses.

ARTICLE TWO REPRESENTATIONS AND WARRANTIES

2.1 Title, Occupancy, Capacity, Authority; Intent Of Agreement.

(a) **Fee Simple Title.** Owner is the owner of the Property and has marketable and insurable absolute title to the Property, free of any other claims, restrictions, leases, liens and other encumbrances or interests against the title, other than Permitted Encumbrances and Permitted Senior Liens.

(b) **Principal Residence.** Owner will occupy the Property as Owner's Principal Residence throughout the Term, unless otherwise agreed by Investor, in writing, in its Permitted Discretion.

(c) **Capacity.** Owner has full capacity to enter into the Unison HomeOwner Agreement and each of the Transaction Documents and, upon execution and delivery, the Unison HomeOwner Agreement shall constitute a legal, valid and binding agreement and obligation of Owner.

(d) **Authority.** Owner is a **Natural Person** with the legal power, right and authority to grant the Option, to enter into the Unison HomeOwner Agreement and each of the Transaction Documents, and to consummate all transactions contemplated by the Unison HomeOwner Agreement. If the Property is to be held in a **Revocable Trust**, Owner has executed and delivered to Investor the revocable trust rider to the Unison HomeOwner Security Instrument ("**Revocable Trust Rider**") warranting the identical legal power, right and authority of the **Trustee(s)** and **TrusTOR(s)**.

(e) **Intent and Purpose of Agreement.** Owner acknowledges that the Unison HomeOwner Agreement is not offered by Investor, and should not be used by Owner, for use as a source of short-term (fewer than three year) funding. Owner acknowledges that the Unison HomeOwner Agreement is instead exclusively offered by Investor as a source of funding pursuant to which Owner will occupy the residence as principal residence (unless otherwise agreed to in writing by Investor, in its Permitted Discretion) for a period of three years or more from the Effective Date in order to permit Investor a reasonable time in which to recoup its transaction costs in originating its investment, and that the following provisions, in addition to this **Section 2.1(e)** of the Unison HomeOwner Covenant Agreement, are expressly designed, and intended by Owner and Investor, to effectuate this purpose and intent: Unison HomeOwner Covenant Agreement **Sections 2.2, 2.5, 3.5, 6.2, 7.1(b), 7.3(d), 9.4(c), 10.2, 10.4(b) and 10.4(c)**. Owner further acknowledges that evidence of intent by Owner to use the Unison HomeOwner Agreement other than in accordance with this purpose and intent shall raise a presumption of bad faith on the part of Owner which shall constitute a breach of the Unison HomeOwner Agreement if not rebutted by clear and convincing evidence.

2.2 No Lawsuits, Claims, Foreclosures, Or Violations; Property Defects and Conditions.

(a) To the best of Owner's knowledge, after due and diligent inquiry, there is no litigation or arbitration pending or threatened against Owner or the Property that might adversely affect the value of the Property or the ability of Owner to perform Owner's obligations under the Unison HomeOwner Agreement;

(b) To the best of Owner's knowledge, after due and diligent inquiry, there is no foreclosure, notice of default, notice of sale, condemnation, environmental, zoning, or land-use regulation proceeding; or any material lawsuit, tax claim, special assessment, or other dispute, present or threatened, which could affect the use or value of the Property. Owner shall notify Investor immediately of any such proceedings of which Owner becomes aware.

(c) To the best of Owner's knowledge, after due and diligent inquiry, there are no operations or activities upon, or present or proposed use or occupancy of the Property or portion thereof, that are not or will not be fully compliant with all state, federal and local laws, zoning ordinances, and regulations.

(d) There are no material defects or conditions on or affecting the Property or title to the Property undisclosed to Investor which are now known to or could reasonably be discovered by Owner, which if later disclosed or discovered, could affect the future use or value of the Property. Owner acknowledges that evidence of misrepresentation or nondisclosure by Owner in contravention of this **Section 2.2(d)** shall raise a presumption of bad faith on the part of Owner which shall constitute a breach of the Unison HomeOwner Agreement if not rebutted by clear and convincing evidence.

2.3 No Advice. Owner understands that granting Investor the Option and entering into the Unison HomeOwner Agreement can have significant tax, financial and estate planning consequences. Owner acknowledges that Investor has urged Owner to discuss the Unison HomeOwner Agreement with family members, heirs, and with independent tax, legal and financial advisors to ensure an

understanding of the risks and benefits of the Unison HomeOwner Agreement with respect to Owner's particular situation, and that of Owner's family and heirs, and Owner has had the opportunity to do so to Owner's full satisfaction. Owner has reviewed, and understands the risks and benefits of, the Unison HomeOwner Agreement.

In granting the Option and entering into the Unison HomeOwner Agreement, Owner is not relying on any information or representation by Investor, its agents, its affiliates, or any of their officers, employees or agents, regarding: (a) the value of the Property; (b) the advisability of Owner's entering into the Unison HomeOwner Agreement or any transaction contemplated thereunder; or (c) the tax implications and consequences of entering into the Unison HomeOwner Agreement or any transaction contemplated thereunder. Owner has made, and will make, Owner's own investigation and seek independent advice regarding such matters, as Investor has expressly urged.

2.4 Spouse Or Other Resident Not On Title. Owner has identified and obtained the signatures of all "Non-Owner Occupants" who occupy the Property on the Notice and Acknowledgment Regarding Spouses, Partners and Co-Occupants Who Are Not Signatories To The Unison HomeOwner Agreement ("Non-Owner Occupant Disclosure") in the form attached hereto as Exhibit B. Owner must make, and advise all Non-Owner Occupants to make, independent investigation regarding the legal and financial effect of the Unison HomeOwner Agreement upon the sale of the Property, the death of the last surviving Owner ("Last Surviving Owner"), the end of the Term, or following an Event Of Default hereunder. Investor makes no representations as to consequences of Owner's granting the Option or entering into the Unison HomeOwner Agreement on the rights of any Non-Owner Occupant. If any additional adult person not on record title commences to occupy the Property during the Term, Owner must promptly notify Investor and deliver Investor a complete and revised Non-Owner Occupant Disclosure.

2.5 Documentation and Information Supplied by Owner; Financial Condition of Owner. All financial and other documentation and other information Owner has provided to Investor in granting the Option, or in applying for or entering into the Unison HomeOwner Agreement is truthful, complete, not misleading, and fairly and accurately reflects the financial condition of Owner and the condition of the Property as of the date supplied, as of the date of Owner's execution of the Unison HomeOwner Agreement, and as of the Effective Date. There has been no material change in Owner's financial condition or the condition of the Property since Owner's application to Investor.

2.6 Continuing Obligations. Owner is making the representations and warranties herein to induce Investor to enter into the Unison HomeOwner Agreement. All representations and warranties given, and instruments delivered by Owner in connection with the Unison HomeOwner Agreement (including Owner's application for the Unison HomeOwner Agreement), are both true and correct at the time given, at the time of execution of the Unison HomeOwner Agreement by Owner and as of the Effective Date, and Owner must promptly notify Investor during the Term if any representation or warranty Owner has made under this Article Two or elsewhere ceases to be materially accurate or true. Investor's right to rely on the truth, accuracy and completeness of the representations, warranties and covenants set forth in this Article Two shall survive the Term.

2.7 Conflict. Owner's execution and delivery of the Unison HomeOwner Agreement and Transaction Documents, the incurrence of its obligations, the consummation of the transactions it contemplates, and Owner's compliance with its terms, will not conflict with, or result in a breach of, or constitute a default under, any note, mortgage, deed of trust, loan, agreement, lease, indenture, evidence of indebtedness, or other agreement or instrument to which Owner is a party or by which any portion of the Property may be bound.

ARTICLE THREE
OPTION EXERCISE ON SALE OF PROPERTY

3.1 In General.

(a) Investor may, in its Permitted Discretion, exercise the Option as of any sale, exchange, or other transfer of the Property or any portion thereof by Owner, other than an **Exempted Owner Assignment**. The manner of Option exercise shall be as prescribed in **Section 3** of the Unison HomeOwner Option Agreement.

(b) At any time during the Term, Owner may solicit offers for the Property sale to a third party ("**Third Party Buyer**") without the express approval of Investor, provided Owner complies with all terms and conditions of this **Article Three**. If a sale or transfer of the Property does not satisfy the terms and conditions of this **Article Three**, it shall not constitute a Permitted Sale ("**Permitted Sale**"), and Investor shall not be obligated to release Owner from any duty or liability under the Unison HomeOwner Agreement in connection with the sale or transfer. Any attempted sale or transfer of the Property or any portion thereof by Owner that does not comply with this **Article Three** is an Event Of Default by Owner and is deemed imminently to prejudice **Investor's Rights** hereunder.

3.2 Requirements Of Permitted Sale.

(a) **Notice.** Owner must notify Investor in writing of Owner's decision to market, sell or transfer the Property ("**Notice Of Intention To Sell**"), at least 45 days (or otherwise within a commercially reasonable time) prior to the closing of such sale or transfer. Owner must attach to such Notice Of Intention To Sell any and all documents executed by Owner in connection with the Property's marketing or sale (including but not limited to any and all inspection report(s), listing agreements, staging agreements, and preliminary escrow instructions).

(b) **Documentation; Appraisal; Inspections.**

(i) Owner must promptly provide to Investor copies of all the following as Owner receives them: (A) all offers to purchase the Property; and (B) all contracts and other documents related to the prospective sale (including but not limited to inspections, appraisals, escrow instructions, preliminary title reports and other transaction documents and instruments of whatever character relating to the proposed sale or transfer).

(ii) In the event that the Third Party Buyer does not obtain, at a minimum, a standard pest report and standard contractor's inspection report in connection with the Property, Owner must obtain such reports, at Owner's sole expense (or, alternatively, Investor may obtain such reports at Owner's expense), and deliver these to Investor no later than fourteen (14) days prior to the proposed closing of the sale. These reports shall be used by Investor to review the terms of the sale, and, along with other reports deemed necessary by Investor, in connection with Investor's determination of the **Deferred Maintenance Adjustment**, if any.

(iii) Investor may, in its Permitted Discretion, provide to Owner one or more proposed date(s) for **Appraisal** of the Property, to be performed at Owner's expense in accordance with and subject to the terms of **Section 8.5** below, to ascertain the market value and condition of the Property, including Investor's determination of the **Remodeling Adjustment** and/or **Deferred Maintenance Adjustment**, if any.

(c) **Escrow and Closing.**

(i) A Permitted Sale must be consummated through an appropriate real property **Escrow** using the services of an **Escrow Holder**. Owner and Investor shall do or cause to be done, any

and all acts and things as shall be reasonably necessary for Escrow to close the transactions contemplated in the Unison HomeOwner Agreement.

(ii) The closing of any Permitted Sale shall be scheduled so as to allow Investor: (A) to review relevant documents for the Remodeling Adjustment, if any, and Deferred Maintenance Adjustment, if any; and (B) to obtain Appraisal(s), in its Permitted Discretion.

3.3 Option Settlement Or Exercise At Closing Of Permitted Sale. As of the close of Escrow of a Permitted Sale, and provided Owner has complied with the terms of the Unison HomeOwner Agreement:

(a) Prior to the close of Escrow, Investor shall deliver to Owner or to Escrow Holder a calculation of the **Unison Purchase Price Balance** payable to Owner by Investor for its undivided percentage interest in and to the Property and a statement of any and all monetary amounts owed to Investor as unreimbursed **Protective Advances**, unpaid interest, fees and other charges associated with Protective Advances, or unpaid **Asset Administration Fees** hereunder ("**Unpaid Owner Obligations**"). Because Investor will have previously paid a portion of the **Unison Purchase Price** to Owner in the form of the Unison Investment Payment, the Unison Purchase Price shall be reduced by the Unison Investment Payment in calculating the Unison Purchase Price Balance.

(b) Upon close of, and through Escrow for the Permitted Sale, Investor shall be entitled to exercise its Option to purchase its undivided percentage interest in and to the Property, the value of which is calculated as the **Ending Agreed Value** of the Property (determined in accordance with **Section 10.3** below) multiplied by the Investor Percentage, in exchange for the Unison Purchase Price Balance minus any Unpaid Owner Obligations as set forth in **Section 3.3(a)** above; Owner however may elect to settle the Unison HomeOwner Agreement and terminate Investor's Option to purchase Investor's undivided percentage interest by tendering to Investor, through Escrow for the Permitted Sale, the amount calculated as follows: the Ending Agreed Value (determined in accordance with **Section 10.3** below), multiplied by the Investor Percentage, minus the Unison Purchase Price Balance (such amount to be termed the "**Investor Proceeds**"), together with any and all Unpaid Owner Obligations (the Investor Proceeds, if any, together with the Unpaid Owner Obligations, if any, to be termed the "**Investor Interest**"). Upon Escrow's delivery and Investor's acceptance of the Investor Interest, in and through Escrow for the closing of the Permitted Sale, Investor shall deliver to Escrow Holder such executed, notarized documents or other instruments as are required by Escrow Holder to effect a full release or reconveyance of the Option, the Unison HomeOwner Agreement, the Unison HomeOwner Security Instrument, and the other Transaction Documents, which documents of release shall be recorded by Escrow in the county where the Property is located.

(c) In the event Owner does not terminate Investor's Option to purchase and settle the Unison HomeOwner Agreement pursuant to **Section 3.3(b)** above, then Investor may exercise its Option and consummate the purchase of its undivided percentage interest in and to the Property through Escrow simultaneously with closing of a Permitted Sale, as follows: Owner shall deed Investor its percentage interest in and to the Property through Escrow for the Permitted Sale; Investor and Owner, as co-owners of the Property, shall deed the Property to Third Party Buyer through Escrow for the Permitted Sale; and Escrow shall close the Permitted Sale, transfer title to Third Party Buyer, and liquidate Investor and Owner's respective percentage interests in and to the Property.

(d) **Priority of Investor Interest In Connection With Senior Liens.** On close of Escrow of a Permitted Sale, prior to the disbursement of any sums to Investor, Escrow Holder shall first disburse from proceeds in Escrow, all amounts necessary to satisfy in full any outstanding loans secured by "**Permitted Senior Liens**" or "**Approved Subsequent Liens**" on the Property.

(e) **Closing Costs and Sales Commissions.** Owner shall pay all costs in connection with the Permitted Sale of the Property, or in connection with Investor's Option exercise that is followed by a sale of the Property in order to liquidate Investor's percentage interest, including, without limitation, recording

fees and costs, reconveyance fees, Escrow fees, title insurance fees, federal, state, local and documentary transfer taxes ("Closing Costs") and all sales commissions ("Sales Commissions") owed in connection with the Sale or Investor's Option exercise, not including any closing costs owed by Third Party Buyer. Closing Costs and Sales Commissions shall be paid from the amounts that are owed to Owner, and not from any amounts that are owed to Investor.

(f) **Owner's Obligation For Transaction Costs.** In the event that there are amounts in Escrow equal to the Investor Interest, together with sufficient amounts to release and reconvey all Senior Liens or Approved Subsequent Liens on the Property (including those Senior Loans secured by Senior Liens for which the lien holder has agreed to accept less than the outstanding amounts due in satisfaction of Owner's obligation), but there are insufficient amounts to additionally satisfy those Closing Costs, Sales Commissions, taxes, fees, other loans or obligations of Owner, or any other out of pocket expenses required to be paid to third parties in order to deliver clear title to the Property to the Third Party Buyer, Owner shall be solely responsible for paying such other obligations, costs and expenses from Owner's other assets or separate funds.

(g) If the date scheduled for close of Escrow of a Permitted Sale falls after the Expiration Date of the Unison HomeOwner Agreement, the Term and the Expiration Date shall automatically extend for a reasonable period of time necessary to permit settlement of the Investor Interest or, alternatively, Investor's purchase of its undivided percentage interest and subsequent sale of the Property by Investor and Owner as co-owners to a Third Party Buyer.

3.4 Additional Restrictions On Permitted Sales. In addition to the requirements set forth in Sections 3.1 and 3.2 above, no sale or transfer of the Property shall constitute a Permitted Sale, nor shall Investor consent to any proposed sale of the Property, which does not meet the following restrictions and requirements:

(a) **Arm's Length.** Any sale or transfer of the Property must be at arm's length, made on commercially reasonable terms and entered into in good faith.

(b) **Responsibility For Liens.** In connection with any sale or transfer, Owner shall be solely responsible for conveying title free and clear of any liens, and for satisfying any and all loans and other obligations secured by liens on the Property.

(c) **Sufficient Cash To Owner.** Except as consented to by Investor in writing in its Permitted Discretion, no proposed sale of the Property shall be a Permitted Sale if the consideration for the sale price is not provided by the Third Party Buyer in good and lawful funds at close of Escrow, or if the sale or transfer employs financing by Owner, non-cash consideration, or wraparound financing by Third Party Buyer such that full cash consideration in the amount of the sale price is not conveyed to the Owner.

(d) **No Sales "Subject To" Or Defeasible Sales.** Except as consented to by Investor in writing in its Permitted Discretion, no sale or other transfer which purports to convey title to the Property by Owner to a Third Party Buyer "subject to" the lien created by the Unison HomeOwner Agreement, or "subject to" any other existing lien or payment obligation on the Property, nor any sale or transfer which purports to be defeasible by Owner and Third Party Buyer after close of Escrow upon the occurrence of some future contractually-specified event, shall be a Permitted Sale.

3.5 Sale Price At Variance With Appraised Or Estimated Market Value; Special Provisions Relating to Sale By Owner, Intrafamily Transactions and Sales to Entities.

(a) In the case of any proposed sale or transfer by Owner wherein Investor determines in its Permitted Discretion that the proposed sale price differs materially from the then-estimated market value of the Property or an Appraised Value, or in any Sale By Owner Transaction or Intrafamily Transaction proposed by Owner, Investor shall have the right, but not the obligation, to take any or all of

the following actions, in its Permitted Discretion: (i) to make an offer in writing to purchase the Property from Owner for the same price or higher, and upon the same terms and conditions, as the proposed offer from the Third Party Buyer and, if such offer is rejected by Owner, to obtain a written affidavit under oath from Owner stating the reasons for the rejection; (ii) to require Owner, Third Party Buyer and, where applicable, their respective real estate brokers of record conducting the proposed sale transaction, to execute an affidavit under oath attesting that (A) the relationship between Owner and Third Party Buyer and the proposed transaction is at arm's length; and (B) that the proposed sale price of the Property has been determined either by reasonable exposure to the real estate market in the area where it is located or by other valuation methods acceptable to Investor in its Permitted Discretion, which affidavit shall be accompanied, at Investor's request, with supporting written documentation; (iii) to require that one or more Appraisals of the Property be conducted in order for valuation of the Property to be established, pursuant to **Sections 8.5 and 8.6** of this Unison HomeOwner Covenant Agreement;

(b) In any Sale By Owner or Intrafamily Transaction or a sale to any Third Party Buyer that is not a Natural Person (or Natural Persons taking title to the Property in the form of a Revocable Trust), or otherwise under circumstances of Owner's fraud, misrepresentation or bad faith hereunder, Investor shall have the right, in its Permitted Discretion to require that an Appraised Value, rather than the **Effective Sale Price**, be used to determine the Ending Agreed Value of the Property.

3.6 No Investor Liability. Investor shall not be liable to Owner for, and Owner hereby holds Investor harmless from, any and all liability or loss in connection with any delay or postponement of closing of a sale or transfer hereunder (a) resulting from any reasonable inquiry or dispute by Investor pertaining to the estimated market value or Appraised Value of the Property, the Remodeling Adjustment, the Deferred Maintenance Adjustment, or to the validity of any proposed sale or transfer as a Permitted Sale; (b) where Owner has failed to provide Investor with timely, accurate and complete documentation or materials as required hereunder or otherwise requested by Investor in connection with such sale or transfer; or (c) resulting from any action undertaken by Investor under the terms of **Section 3.5** above.

ARTICLE FOUR OPTION EXERCISE AT TERM

4.1 In General. In its Permitted Discretion, Investor shall have the right to exercise the Option as of the Expiration Date of the Unison HomeOwner Agreement, as specified in **Section 2** of the Unison HomeOwner Option Agreement, subject to the terms and conditions of this **Article Four**.

4.2 Opening Escrow At Term; Inspections; Appraisals. Investor's exercise of the Option at Term, and its purchase of an undivided percentage interest in and to the Property, shall be conducted through Escrow. At least 90 days, but not more than 150 days, prior to the Expiration Date of the Unison HomeOwner Option Agreement, Investor shall open Escrow with an Escrow Holder selected by Investor. Investor and Owner shall, at a mutually convenient date and time, conduct both a home inspection and Appraisal, at Owner's expense, for the purpose of ascertaining the Ending Agreed Value, the Deferred Maintenance Adjustment, if any, and the Remodeling Adjustment, if any. Investor reserves the right to order more than one home inspection or Appraisal, in its Permitted Discretion.

4.3 Escrow: Deliveries, Timing; Closing. As of the close of Escrow, and provided Owner has complied with the terms of the Unison HomeOwner Agreement:

(a) Prior to the close of Escrow, Investor shall deliver to Owner or to Escrow Holder a calculation of the Unison Purchase Price Balance payable to Owner by Investor for its undivided percentage interest in and to the Property and a statement of Unpaid Owner Obligations, if any. Because Investor will have previously paid a portion of the Unison Purchase Price to Owner in the form of the Unison Investment Payment, the Unison Purchase Price shall be reduced by the Unison Investment Payment in calculating the Unison Purchase Price Balance.

(b) Upon close of, and through Escrow for the Option exercise, Investor shall be entitled to exercise its Option to purchase its undivided percentage interest in and to the Property, the value of which is calculated as the Ending Agreed Value of the Property (determined in accordance with Section 10.3 below) multiplied by the Investor Percentage, in exchange for the Unison Purchase Price Balance minus any Unpaid Owner Obligations, as set forth in Section 4.3(a) above. Owner however may elect to settle the Unison HomeOwner Agreement and terminate Investor's Option to purchase its undivided percentage interest by tendering the amount calculated as the Investor Interest to Investor through Escrow. Upon Escrow's delivery and Investor's acceptance of the Investor Interest, Investor shall deliver to Escrow Holder such executed, notarized documents or other instruments as are required by Escrow Holder to effect a full release or reconveyance of the Option, the Unison HomeOwner Agreement, the Unison HomeOwner Security Instrument, and the other Transaction Documents, which documents of release shall be recorded by Escrow in the county where the Property is located.

(c) In the event Owner does not terminate Investor's Option to purchase and tender Investor the Investor Interest pursuant to Section 4.3(b) above, then Investor may exercise its Option and consummate the purchase of its undivided percentage interest in and to the Property, and Owner shall promptly deed Investor such interest in and to the Property, whereupon Investor and Owner, as co-owners of the Property, shall promptly market and sell the Property in order to liquidate their respective percentage interests therein and thereto; and the Term shall automatically extend for such reasonable time as will permit Investor's purchase, and the closing of such subsequent sale.

(d) **Closing Costs and Sales Commissions.** Owner shall pay all Closing Costs and Sales Commissions owed in connection with the sale of the Property following Investor's Option exercise, not including any closing costs owed by Third Party Buyer. Closing Costs and Sales Commissions shall be paid from the amounts that are owed to Owner, and not from any amounts that are owed to Investor.

4.4 Owner's Right To Sell Property In Permitted Sale Prior To Option Exercise At Term. Owner may sell or transfer the Property in a Permitted Sale prior to close of Escrow under this Article Four, provided any such sale or transfer complies with the requirements of Article Three above, and such sale or transfer closes no later than 11:59 p.m. Pacific Time on the date at least five (5) Business Days prior to the Expiration Date.

ARTICLE FIVE OPTION EXERCISE AS OF DEATH OF OWNER

5.1 In General. Investor has the right in its Permitted Discretion to exercise the Option as of the death of the Last Surviving Owner, according to the procedures set forth in this Article Five.

5.2 Opening Escrow Inspections; Appraisals

(a) Each Owner must at all times during the Term have designated at least one living Natural Person out of Owner's administrators, devisees, executors, heirs, legatees or representatives (collectively and individually, "Owner's Estate") which Person shall be charged with notifying Investor immediately in writing of the death of such Owner.

(b) Upon or following Investor's receipt of notice of the death of the Last Surviving Owner, in the event Investor elects to exercise the Option, Investor shall open Escrow with an Escrow Holder selected by Investor. The date selected for close of Escrow may be no earlier than 180 days following the date of death of the Last Surviving Owner; unless agreed to by Owner's Estate in writing; provided, further, that if Investor deems in its Permitted Discretion that Owner's Estate has commenced good faith efforts to sell the Property in a Permitted Sale within the 180 day period following the date of death, Investor may in its Permitted Discretion extend the date selected for close of Escrow for a maximum of

two consecutive 90-day periods following the 180th day from death of the Last Surviving Owner to permit Owner's Estate to accomplish such Permitted Sale.

(c) Investor and Owner's Estate shall, at a mutually convenient date and time, conduct both a home inspection and Appraisal of the Property, at Owner's Estate's expense, for the purpose of ascertaining the Ending Agreed Value, the Deferred Maintenance Adjustment, if any, and the Remodeling Adjustment, if any. Investor reserves the right to order more than one home inspection or Appraisal, in its Permitted Discretion.

5.3 Escrow; Deliveries; Timing; Closing. As of the close of Escrow, and provided Owner has complied with the terms of the Unison HomeOwner Agreement:

(a) Prior to the close of Escrow, Investor shall deliver to Owner's Estate or to Escrow Holder a calculation of the Unison Purchase Price Balance payable to Owner by Investor for its undivided percentage interest in and to the Property and a statement of Unpaid Owner Obligations, if any. Because Investor will have previously paid a portion of the Unison Purchase Price to Owner in the form of the Unison Investment Payment, the Unison Purchase Price shall be reduced by the Unison Investment Payment in calculating the Unison Purchase Price Balance.

(b) Upon close of, and through Escrow for the Option exercise, Investor shall be entitled to exercise its Option to purchase its undivided percentage interest in and to the Property, the value of which is calculated as the Ending Agreed Value of the Property (determined in accordance with **Section 10.3** below) multiplied by the Investor Percentage, in exchange for the Unison Purchase Price Balance minus any Unpaid Owner Obligations, as set forth in **Section 5.3(a)** above. Owner's Estate however may elect to settle the Unison HomeOwner Agreement and terminate Investor's Option to purchase its undivided percentage interest by tendering the amount calculated as the Investor Interest to Investor through Escrow. Upon Escrow's delivery and Investor's acceptance of the Investor Interest, Investor shall deliver to Escrow Holder such executed, notarized documents or other instruments as are required by Escrow Holder to effect a full release or reconveyance of the Option, the Unison HomeOwner Agreement, the Unison HomeOwner Security Instrument, and the other Transaction Documents, which documents of release shall be recorded by Escrow in the county where the Property is located.

(c) In the event Owner's Estate does not terminate Investor's Option to purchase and tender Investor the Investor Interest pursuant to **Section 5.3(b)** above, then Investor may exercise its Option and consummate the purchase of its undivided percentage interest in and to the Property, and Owner's Estate shall promptly deed Investor such interest in and to the Property, whereupon Investor and Owner's Estate, as co-owners of the Property, shall promptly market and sell the Property in order to liquidate their respective percentage interests therein and thereto; and the Term shall automatically extend for such reasonable time as will permit Investor's purchase, and the closing of such subsequent sale.

(d) **Closing Costs and Sales Commissions.** Owner's Estate shall pay all Closing Costs and Sales Commissions owed in connection with the sale of the Property following Investor's Option exercise, not including any closing costs owed by Third Party Buyer. Closing Costs and Sales Commissions shall be paid from the amounts that are owed to Owner's Estate, and not from any amounts that are owed to Investor.

5.4 Reserved.

5.5 Administration of Estate; Investor Rights. Owner's Estate shall administer and protect the Property so as to preserve Investor's Rights to the extent permitted by law following the death of Owner; and Investor's rights in and to the Property under the Unison HomeOwner Agreement shall have priority over expenditures by Owner's Estate which are not reasonably necessary to administer and protect the Property.

5.6 Owner's Estate's Right to Sell the Property Prior to Close of Escrow. Owner's Estate may sell the Property in a Permitted Sale within the period prescribed in **Section 5.2(b)**.

5.7 All time periods specified in this **Article Five** shall run from the actual date of the death of the Last Surviving Owner. Failure of Owner's Estate or any other Person to notify Investor of the death of the Last Surviving Owner shall not toll or suspend the running of any time period specified herein.

ARTICLE SIX NON-EXERCISE TERMINATIONS OF OPTION

6.1 Subject to Investor's Rights hereunder and to those representations and warranties, and duties and covenants of Owner which by their nature survive the Expiration Date; and to the Investor remedies set forth in **Article Seven** below, the Option shall terminate if:

(a) Investor in its Permitted Discretion elects not to exercise the Option, and voluntarily allows it to lapse as of any Exercise Event, the Term, or the Expiration Date;

(b) Investor in its Permitted Discretion voluntarily terminates the Unison HomeOwner Agreement in writing;

(c) Investor acquires title to 100% of the Property;

(d) the Property is destroyed and the insurance proceeds are paid to Investor in the full amount specified in **Section 8.16** of this Unison HomeOwner Covenant Agreement; or

(e) the Property is condemned, in whole and not in part, and the condemnation proceeds are paid to Investor in the full amount specified in **Section 8.17** of this Unison HomeOwner Covenant Agreement.

6.2 Special Termination By Owner. Owner acknowledges and agrees that under the terms of the Unison HomeOwner Agreement, Investor and Owner have covenanted and agreed that the Option may not be exercised until the occurrence of the earlier of an Exercise Event as defined in the Unison HomeOwner Option Agreement, or the Expiration of the Term. Notwithstanding the foregoing, Investor acknowledges and agrees that commencing on the third (3rd) anniversary of the Effective Date, Owner shall have the right to request a special termination of the Option in advance of an Exercise Event or Expiration of Term ("Special Termination") by payment to Investor of the greater of: the Unison Investment Payment plus any Unpaid Owner Obligations; or the Investor Interest calculated at the time of Special Termination ("Special Termination Price"). The Investor Proceeds in any Special Termination shall be calculated using an Ending Agreed Value equal to the greater of the Appraised Value of the Property at the time of Special Termination, or the **Solicited Sale Value**. Investor's consent to a Special Termination shall not be unreasonably withheld.

(a) **Notice; Proof Of Funds.** At least 45 days prior to the proposed Special Termination, Owner shall deliver notice to Investor that Owner is offering a Special Termination and open Escrow with an Escrow Holder selected by Investor. With such notice, Owner shall provide to Investor true and correct copies of: (i) all offers for the purchase of the Property, or any expressions of interest therein; and (ii) all listings for the sale of the Property, if any. Investor shall have the right in its Permitted Discretion to require proof from Owner of adequate funds to pay the Special Termination Price.

(b) Investor and Owner shall, at a mutually convenient date and time, conduct both a home inspection and Appraisal of the Property for the purpose of ascertaining the Ending Agreed Value, the Deferred Maintenance Adjustment, if any, and the Remodeling Adjustment, if any. Investor reserves the right to order more than one home inspection or Appraisal, in its Permitted Discretion.

(c) **Investor's Deliveries.** Prior to close of Escrow, provided Owner has complied with the terms of the Unison HomeOwner Agreement, Investor shall deliver to Escrow:

(i) such executed, notarized documents or other instruments as are required by Escrow Holder to effect a full release and/or reconveyance of the Unison HomeOwner Recorded Memorandum, Unison HomeOwner Security Instrument and the Unison HomeOwner Agreement; and

(ii) a statement calculating the Special Termination Price payable to Investor by Owner in consideration for such full release and reconveyance.

(d) **Owner's Deliveries.** On or prior to the close of Escrow, Owner shall deliver the Special Termination Price into Escrow as demanded by Investor together with any and all Closing Costs, recording expenses or other expenses in connection with Escrow or such Special Termination.

(e) **Closing.** At close of and through Escrow, Investor shall be paid the Special Termination Price. Upon, and only upon, Investor's accepting the Special Termination Price, Investor shall instruct Escrow to release and reconvey the Unison HomeOwner Recorded Memorandum, the Unison HomeOwner Security Instrument, and to record any and all other documents as Escrow reasonably requires to reflect the release and/or reconveyance of the Unison HomeOwner Agreement in the county where the Property is located.

(f) Investor shall retain the right, in Investor's Permitted Discretion, to reject any purported tender by Owner of the Special Termination Price where (i) Investor has not had adequate opportunity to review inspections, appraisals, or other documents, or (ii) Investor deems Owner's tender insufficient, inadequate, or untimely.

(g) **Non-Disclosure Or Sale At Or After Special Termination.** If Owner fails to disclose an offer to purchase the Property made within ninety (90) days prior to, or Investor becomes aware of a Solicited Sale Value within ninety (90) days following a Special Termination, Owner shall remain liable to Investor for the amount, if any, by which the Investor Interest computed according to the Solicited Sale Value exceeds the Special Termination Price actually paid to Investor.

ARTICLE SEVEN DEFAULT

7.1 Events Of Default. The occurrence of any of the following shall constitute an event of default by Owner ("Event Of Default") hereunder:

(a) **Failure To Perform.** Owner (i) breaches or fails to perform any obligation or covenant under the Unison HomeOwner Agreement, including but not limited to (A) failure to honor Investor's Rights; or (B) failure to cooperate with, or interference with, Investor's Option exercise and purchase of an undivided percentage interest in and to the Property; or (ii) Owner otherwise takes any action to impede the exercise of the Option, or to reject Investor's rights under the Unison HomeOwner Agreement or any of the Transaction Documents as unenforceable.

(b) **Misrepresentation.** Owner makes (or has made) any oral or written representation or warranty to Investor that is false or misleading as of the time given, including, without limitation, any breach of the representations and warranties given by Owner in Section 2.2 above; any misrepresentation or suppression of material fact in connection with the amount or kind of consideration given to Owner in any sale or transfer of the Property, in connection with the condition or value of the Property, or in connection with any financial and other documentation and other information Owner has provided to Investor in applying for or entering into the Unison HomeOwner Agreement; or Owner fails to correct a

material representation that has become untrue and which may reasonably be expected to affect the Property, its value, or Investor's Rights.

(c) Other Events Of Default. Any and all of the following: (i) any loans that are secured by liens on the Property, whether recorded or unrecorded, become delinquent (whether or not such loans or liens have been approved or subordinated to by Investor); (ii) any taxes on the Property become delinquent; (iii) Owner transfers or attempts to transfer the Property or any interest therein, except in accordance with the Unison HomeOwner Agreement; (iv) Owner ceases to occupy the Property as Owner's Principal Residence, or leases or rents the Property, or any portion of the Property, without Investor's express written consent in its Permitted Discretion; (v) the Property is used for any commercial purpose (other than a "home office" within the meaning of applicable U.S. tax regulations) or as anything other than a residential dwelling; (vi) Owner fails to maintain, preserve or repair the Property to the standards and in the manner specified in the Unison HomeOwner Agreement; (vii) any lien in violation of the terms of the Unison HomeOwner Agreement attaches to the Property; (viii) the total amount of indebtedness secured by the Property exceeds the **Maximum Authorized Debt**; (ix) Owner fails to maintain insurance on the Property as prescribed in the Unison HomeOwner Agreement; (x) Owner assigns, or attempts to assign or transfer the Option in violation of the Unison HomeOwner Agreement; (xi) any event of insolvency of any Owner, including but not limited to the commencement of any bankruptcy proceeding by or against any Owner or the appointment of a conservator of the affairs of any Owner or a receiver for the Property; (xii) following the death of the Last Surviving Owner, Owner's Estate does not comply with **Article Five** or any other provision of the Unison HomeOwner Agreement; or (xiii) any other action or event occurs which may reasonably be expected to have a material adverse effect on the Property, the value of the Property, or Investor's Rights.

7.2 Acceleration And Power Of Sale.

(a) The occurrence of one or more of the Events Of Default in Section 7.1 above, if material and uncured, shall be deemed a failure of Owner's performance of Owner's obligations as secured by the Unison HomeOwner Security Instrument, and Investor shall be entitled to demand cure of such Event of Default, and both to exercise its Option and demand performance by Owner (or Owner's Estate) of any and all of its obligations under the Unison HomeOwner Agreement. The failure of Owner (or Owner's Estate) to cure such Event of Default and/or to render full performance of Owner's obligations under the Unison HomeOwner Agreement shall permit Investor to invoke any and all remedies permitted by the Unison HomeOwner Agreement, according to applicable law, including those remedies provided in Section 7 of the Unison HomeOwner Security Instrument. The procedures for Investor's exercise of its remedies under the Unison HomeOwner Security Instrument shall be as set forth in the Unison HomeOwner Security Instrument and as specified by applicable law.

(b) **Liquidated Investor Bid Amount.** Owner and Investor agree and acknowledge that, because the damages that would arise from a failure of Owner's performance secured by the Unison HomeOwner Security Instrument under this **Article Seven** may be uncertain, depend on many factors, and be extremely difficult to ascertain, the amount of any investor bid ("**Investor Bid Amount**") to be made in connection with a foreclosure sale of the Property by Investor or otherwise, shall be a liquidated amount equal to the Investor Interest calculated using an Ending Agreed Value for the Property as determined under **Section 10.4(f)** below.

(c) **Right Of Cure And Reinstatement.** Owner's rights to discontinue enforcement of the Unison HomeOwner Security Instrument by cure and reinstatement shall be as set forth in the Unison HomeOwner Security Instrument and as specified by applicable law.

7.3 Additional Remedies For Certain Events Of Default.

(a) **Termination.** Investor shall be entitled, but is not obligated to, demand immediate **Termination** of the Unison HomeOwner Agreement, the return of the Unison Investment Payment and any and all other payments tendered to Owner hereunder, and the immediate payment of the amount, if any, by which the Investor Interest calculated pursuant to **Section 10** below exceeds the Unison Investment Payment, together with any and all **Attorney's Fees** and costs incurred by Investor in connection with such termination, upon the discovery, occurrence, or during the continuation of any of the following: (i) fraud, bad faith, or material misrepresentation or nondisclosure by Owner; (ii) breach of the representations and warranties given in **Section 2.1(e)** or **Section 2.2(d)** above; or (iii) a transfer or sale, or attempted transfer or sale, of the Property by Owner in violation of the terms of the Unison HomeOwner Agreement.

(b) **Damages For Breach.** Owner shall be responsible to pay Investor any damages incurred by Investor arising or relating to Owner's Events Of Default hereunder.

(c) **Specific Performance And Injunctive Relief.** Owner and Investor agree that if Investor is not allowed to exercise its rights under the Unison HomeOwner Agreement, or if Owner fails to comply with its obligations thereunder, the damages to Investor may be irreparable and extremely difficult to estimate, making money damages or any remedy at law inadequate. Thus, in addition to any other rights and remedies available to it in law, equity or otherwise, Investor shall be entitled to specific performance of the covenants, agreements and rights contained in the Unison HomeOwner Agreement. Owner and Investor further agree and acknowledge that a violation or threatened violation of the Unison HomeOwner Agreement by Owner is likely to cause irreparable injury to the Investor and that, in addition to any other remedies that may be available, in law, in equity or otherwise, the Investor shall thereafter be entitled to obtain immediate and other injunctive relief against the threatened breach of the Unison HomeOwner Agreement or the continuation of any such breach by Owner, without the posting of a bond or the necessity of proving actual damages.

(d) **Reduced Unison Purchase Price Balance.** Owner and Investor agree that in the event of (i) fraud, bad faith, or material misrepresentation or nondisclosure by Owner; (ii) any transfer or sale, or attempted transfer or sale, of the Property by Owner in violation of the terms of the Unison HomeOwner Agreement, or (iii) any other prolonged, material and uncured default by Owner under the terms of the Unison HomeOwner Agreement, the Investor Interest may, in Investor's Permitted Discretion, be calculated by applying a Unison Purchase Price Balance which has been reduced by an amount equal to ten percent (10%) of the Unison Investment Payment.

(e) **Investor Right To Make Protective Advances.** Investor shall have the right to make **Protective Advances** as provided in **Section 8.11**, in connection with any Event Of Default, whether or not Investor is also pursuing any other remedies under this **Article Seven**.

(f) **Investor Rights To Enter Property.** Investor shall have the right to enter the Property in connection with or following any Event Of Default hereunder to the extent reasonable or necessary in Investor's Permitted Discretion (i) to conduct inspection(s) and Appraisal(s) of the Property at Owner's or Owner's Estate's expense, for the purpose of ascertaining the Ending Agreed Value, the Deferred Maintenance Adjustment, if any, and Remodeling Adjustment, if any; (ii) to prevent waste of the Property by Owner or Owner's Estate; and (iii) for any other purpose reasonable and necessary to prevent imminent or continuing harm to or diminution in value of the Property, in Investor's Permitted Discretion.

7.4 Option Exercise And Orderly Sale As Additional Remedy For Event Of Default. Investor and Owner agree that, upon an Event Of Default by Owner, in addition to the remedies provided in Paragraph 7 of the Unison HomeOwner Security Instrument and otherwise under this **Article Seven**, Investor and Owner, or Owner's Estate, may mutually elect a special remedy of Option exercise and Orderly Sale ("Orderly Sale"), as follows:

(a) Offer and Acceptance.

(i) Upon any Event Of Default by Owner (and provided that Owner has first reasonably exhausted any loss mitigation remedies offered to Owner by the holder of a Senior Lien), Investor may, but is not obligated to, in its Permitted Discretion, offer Owner the remedy of Option exercise and Orderly Sale. Investor shall tender such offer to Owner by opening an Escrow with an Escrow Holder selected by Investor, and promptly offering in writing to tender the Unison Purchase Price Balance into Escrow, in proposed exchange for Owner's granting and conveying to Investor through Escrow Investor's undivided fractional interest in and to the Property, together with a right of Investor to exclusively and unilaterally market and sell the Property in an orderly market sale, which offer shall advise Owner that Owner may have alternative means to cure an Event of Default related to delinquencies on a **Senior Loan** by application to the holder of the **Senior Lien**.

(ii) Within 10 days of Investor's delivery of such offer, Owner may, but is not obligated to, accept Investor's offer of Option exercise and Orderly Sale. Upon written notice of acceptance of such offer, Investor shall deliver the Unison Purchase Price Balance into escrow. Following such delivery, Owner shall deliver into Escrow: (A) a grant deed, executed by Owner and notarized, granting and delivering to Investor good and marketable fee simple title to an undivided fractional interest in the Property equivalent to the Investor Percentage, which deed Escrow Holder shall promptly cause to be recorded in the county where the Property is located; and (B) a notarized **Irrevocable Limited Power of Attorney** substantially in the form of Exhibit A hereto executed by Owner authorizing and empowering Investor (although only a co-owner of the Property) to exclusively market, advertise, sell and transfer title to one hundred percent (100%) of the Property, including Owner's interest therein, upon Owner's delivery of the deed; and (C) instructions to Escrow concerning disbursement of the Unison Purchase Price Balance to remedy Events Of Default in accordance with **Section 7.4(b)** below, and in form and content acceptable to Investor.

(b) Disbursements to Cure Events Of Default. Promptly upon recordation of the deed and delivery of the Irrevocable Limited Power of Attorney, Investor will instruct Escrow Holder to disburse from the Unison Purchase Price Balance in Escrow as Protective Advances those amounts necessary to cure and remedy any and all Events Of Default, including delinquent payments, accrued interest, late fees, reinstatement fees and other penalties, together with any and all amounts which Investor deems necessary, in its Permitted Discretion, to repair, protect and maintain the Property. In the event amounts in Escrow are insufficient to cure and remedy any and all such Events Of Default, Investor may make additional Protective Advances; or Owner may advance amounts from Owner's separate assets or funds. Funds remaining in Escrow following such disbursements shall thereafter be retained by Escrow pending closing of the Orderly Sale.

(c) Marketing and Sale.

(i) Promptly following the cure of Owner's Event(s) Of Default, Investor may commence to market and sell the Property in an Orderly Sale. Owner will cooperate with Investor in conducting the Orderly Sale, provided that Investor, although only a co-owner of the Property, shall have the sole and exclusive right in its Permitted Discretion to market, advertise, list, determine the asking price of, and to solicit, accept, reject or negotiate any offers of sale of the Property, without the consent of Owner.

(ii) Investor will promptly provide copies of all written offers for sale of the Property to Owner, together with all contracts and other documents related to the prospective sale (including but not limited to listing and commission agreements, inspections, appraisals, escrow instructions, preliminary title reports and other documents and instruments of whatever character).

(iii) Owner shall obtain a standard pest report and standard contractor's inspection report in connection with the Property, at Owner's sole expense, (or, alternatively, Investor may obtain such reports at Owner's expense), and deliver these reports to Investor no later than twenty-one (21) days prior to the proposed closing of the sale. These reports shall be used by Investor to review the terms of the sale, and, along with other reports deemed necessary by Investor, for Investor's determination of the Deferred Maintenance Adjustment, if any, or Remodeling Adjustment, if any.

(iv) Investor may, in its Permitted Discretion, provide to Owner one or more proposed date(s) for an Appraisal of the Property, to be performed at Owner's expense in accordance with and subject to the terms of **Section 8.5** below to ascertain the market value and condition of the Property, including Investor's determination of the Remodeling Adjustment, if any, or Deferred Maintenance Adjustment, if any.

(d) Occupancy, Use and Entry During Orderly Sale. Owner shall have sole and exclusive use of occupancy of the Property during an Orderly Sale unless otherwise mutually agreed in writing by the parties, subject to any and all reasonable rights of Investor and Investor's agents, affiliates or other representatives to enter the Property in order for Investor to carry out its exclusive right to market and sell the property, including, without limitation, rights of entry as reasonable, necessary or required to clean, repair, paint, stage, photograph, inspect, hold publicly open, and show the Property to prospective buyers. Investor shall have the right, as co-owner of the Property, to encumber the Property by obtaining loans secured by liens on the Property, in order to raise those funds reasonably required to improve, repair and prepare the Property for sale at a competitive price in its market.

(e) Closing. Closing of the Orderly Sale will be scheduled so as to: (i) allow Owner to exercise the Owner **Right Of First Refusal**; and (ii) permit Investor to calculate the Remodeling Adjustment, if any, and Deferred Maintenance Adjustment, if any. Closing of the Orderly Sale shall be conducted identically to the closing of a **Third Party Sale** as set forth in **Sections 3.3(c), (d), (e), and (f)** above.

(f) Owner Right Of First Refusal On Orderly Sale. Owner and Owner's Estate shall have a limited Right Of First Refusal to purchase the Property on economic terms identical to those Investor has indicated it is willing to accept for the Orderly Sale of the Property, as follows:

(i) At such time as Investor receives a written bona fide offer for an Orderly Sale that Investor is willing to accept, Investor must refrain from accepting such offer and Owner will have until the close of business on the 3rd Business Day following Owner's actual receipt of the offer to execute and deliver a binding purchase contract with Investor to purchase the Property on economic terms (including terms with respect to financing) and within all specified time periods Investor has indicated it is willing to accept.

(ii) If the price of a bona fide written offer previously delivered to Investor is materially reduced after delivery to Investor, Investor shall promptly inform Owner in writing of such reduced price and Owner shall have until the close of the 3rd Business Day following Owner's actual receipt of such notice to execute and deliver a binding purchase contract with Investor to purchase the Property on economic terms, including the reduced price identical to the revised terms Investor has indicated it is willing to accept.

(iii) Owner's (or Owner's Estate's) failure to respond to Investor within the time set forth in this **Section 7.4(f)** shall constitute Owner's (or Owner's Estate's) waiver of the Owner Right Of First Refusal.

(iv) The closing of the sale to Owner or Owner's Estate shall occur not later than the date specified for the closing of the proposed Orderly Sale.

(v) Owner or Owner's Estate shall pay any and all Closing Costs and Sales Commissions incurred in connection with the sale to Owner or Owner's Estate and the proposed Orderly Sale.

(vi) If there are any outstanding loans secured by liens on the Property, Owner or Owner's Estate may choose to accept the Property subject to such liens rather than satisfying the loans and removing the liens through Escrow.

(g) The right to elect an Orderly Sale upon offer therefor by Investor shall extend to Owner's Estate following an Event Of Default or the death of Last Surviving Owner.

7.5 Repayment In Bankruptcy. In the event Investor is required to and does remit or disgorge one or more dollars paid by Owner or Owner's Estate pursuant hereto as a preference claim in a bankruptcy proceeding involving Owner or Owner's Estate, then Investor shall be entitled to assert a claim against Owner or Owner's Estate for each such dollar remitted (and permitted costs herein) under the terms and conditions of the Unison HomeOwner Agreement, and such claim of Investor shall begin to accrue on the date such dollar is actually remitted and shall automatically survive the Term.

7.6 Remedies Concurrent And Not Exclusive. The remedies set forth in this Article Seven shall be concurrent, cumulative and not exclusive to the extent permitted by law. Every right, power and remedy granted to Investor in the Unison HomeOwner Agreement, including the Unison HomeOwner Security Instrument, shall be in addition to all those rights, powers and remedies granted to Investor at law or in equity or by statute, and each such right, power and remedy may be exercised from time to time and as often and in such order as may be deemed expedient by Investor to the extent permitted by law, and the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. An election by Investor to pursue an Option exercise and Orderly Sale will not be deemed to constitute Investor's waiver or consent to any Event(s) Of Default (whether prospective or retrospective), nor a waiver of any of Investor's other rights and remedies under the Unison HomeOwner Agreement, including those rights under Section 7 of the Unison HomeOwner Security Instrument, all of which are concurrent, and shall remain expressly reserved.

ARTICLE EIGHT ADDITIONAL COVENANTS OF OWNER

8.1 Purposes. Pursuant to the Unison HomeOwner Agreement, Investor's Rights depend upon the value of the Property during the Term. To preserve and protect any and all of Investor's Rights hereunder, and to induce Investor to enter into the Unison HomeOwner Agreement, Owner agrees to each and all of the covenants set forth in Sections 8.2 - 8.18 below.

8.2 Maintenance and Repair.

(a) Owner shall: (i) maintain the Property in good condition; (ii) prevent any waste, deterioration or decrease in value due to the Property's condition (ordinary wear and tear excepted); (iii) periodically perform such repairs and replacements as are customary and reasonable for similar properties in similar locations; and (iv) ensure that any operations or activities upon, or use or occupancy of, the Property or any portion of the Property will be in compliance with all state, federal and local laws and regulations, including, without limitation, any applicable laws requiring flood, earthquake or other specific hazard insurance.

(b) In no event shall Owner permit the Property to deteriorate such that its condition shall be worse than its condition as of the Effective Date and as further described in the inspection, appraisal and other third party reports prepared in connection with the origination of the Unison HomeOwner Agreement, ordinary wear and tear excepted.

(c) **No Credit or Offset.** Owner shall not be entitled to any credit, offset or compensation for ordinary maintenance, repairs or replacement that maintain the condition and value of the Property.

(d) **Prompt Repair.** To the extent that any material damage to the Property occurs, including, without limitation, from fire, flood, earthquake, hurricane or other natural disaster, Owner shall promptly repair such damage subject only to the provisions of **Section 8.16** below, regarding the disposition and use of insurance proceeds. Investor shall not be obligated to contribute toward, or be responsible for any portion of, the cost of any such repair.

8.3 Property Modifications and Remodeling Adjustment.

(a) Owner shall have the right at Owner's sole expense to make modifications to the Property without prior written consent of Investor, provided that such modifications do not violate any provision of the Unison HomeOwner Agreement and are performed in compliance with all applicable state, federal and local statutes, regulations and ordinances, and all appropriate zoning, licensing and permitting requirements.

(b) Owner may request the benefit of certain qualified material modifications made to the Property during the Term through an adjustment ("**Remodeling Adjustment**") which will be applied by Investor to the determination of the Ending Agreed Value of the Property at the end of the Unison HomeOwner Agreement Term, provided the following terms and conditions are met, in Investor's Permitted Discretion:

(i) Owner must notify Investor of Owner's request for a Remodeling Adjustment in writing no less than 45 days prior to the closing of any Permitted Sale, Option exercise, Special Termination, Orderly Sale, or other event requiring determination of an Ending Agreed Value of the Property. As part of such notice, Owner shall specify the material modifications for which a Remodeling Adjustment is sought, and shall provide Investor with photographic and supporting evidence of the material modifications which meets the requirements set forth in **Section 8.3(b)(iii)** below. Owner shall cooperate with Investor to obtain the Appraisal of the Property in order to calculate the Remodeling Adjustment, if any.

(ii) The Appraiser must determine as part of the written Appraisal that Owner's specified material modifications have, as of the time Investor Proceeds are calculated, actually increased the Ending Agreed Value of the Property above a hypothetical Ending Agreed Value at which the Property would have appraised had it not been materially modified. The Appraiser shall be instructed as follows:

(A) to derive two values for the Property: the value of the Property as-is ("**Actual Value**"); and the hypothetical value of the Property if it had not been materially modified ("**Hypothetical Value**"), the difference between which shall equal the appraised value of the material modifications. In the event that the Appraisal is conducted in connection with a Permitted Sale by Owner, the Appraiser shall assume that the agreed sale price between Owner and Third Party Buyer in the Permitted Sale is the Actual Value of the Property;

(B) to determine the value of any material modification for which a Remodeling Adjustment is sought solely in terms of the value, if any, added to the Property, and without reference to the actual or inferred dollar cost of such modifications to Owner;

(C) to consider the age, depreciation and potential functional obsolescence of Owner's material modifications in determining their value, if any; and

(D) to ascertain the Hypothetical Value of the Property in the absence of Owner's material modifications based on a comparison between the current condition of the Property, and the photographic and supporting evidence of material modification supplied by Owner; provided, however, that the Appraiser shall have no obligation to ascertain any Hypothetical Value unless Owner's photographic and supporting evidence meets the requirements set forth in **Section 8.3(b)(iii)** below in Appraiser's discretion.

(iii) Owner shall maintain, and provide to Appraiser and Investor upon any request for a Remodeling Adjustment, photographic and other physical documentation of the Property before completion of the material modifications, which documentation shall be sufficient in scope, clarity, number and detail to permit the Appraiser to compare the Actual Value to the Hypothetical Value, in Appraiser's discretion. No Remodeling Adjustment shall be applied in the event Owner fails to maintain and provide documentation meeting the requirements of this **Section 8.3(b)(iii)**.

(iv) No Remodeling Adjustment shall be given to the extent a) Owner modifications are determined by appraisal to have become functionally obsolescent; or b) constitute a **Prohibited Use**, in Investor's Permitted Discretion.

Provided all of the conditions of this **Section 8.3(b)** are met, Investor shall apply a Remodeling Adjustment in its calculation of Investor Proceeds equal to the Actual Value minus the Hypothetical Value, the difference between which shall equal the value of the material modifications and constitute the amount of the Remodeling Adjustment.

(c) **Exclusion for Ordinary and Necessary Maintenance.** A material modification materially affects either the value or the useful life of the Property, while ordinary and necessary maintenance and repairs maintain the condition and value of the Property in its general condition. Costs of ordinary and necessary maintenance and repairs to keep the Property in an efficient operating condition, as more particularly outlined in U.S. Treasury Regulation 1.162-4 (as amended from time to time), are not eligible for any Remodeling Adjustment.

(d) **Prior To the Third (3rd) Anniversary Of Effective Date.** Notwithstanding anything to the contrary in this **Section 8.3**, no Remodeling Adjustment shall be applied by Investor to any determination of the Ending Agreed Value of the Property if Owner elects to sell the Property or the Unison HomeOwner Agreement is otherwise terminated at any time prior to the third (3rd) anniversary of the Effective Date.

(e) If the Appraisal valuation process set forth in **Section 8.3(b)(ii)** above determines that the Actual Value minus the Hypothetical Value yields a negative number, Investor may, in its Permitted Discretion, apply any such decrease in value as a **Negative Remodeling Adjustment** when calculating the Ending Agreed Value, at any time during the Term. In the absence of a request by Owner for a Remodeling Adjustment, if Investor believes the Appraisal valuation process set forth in **Section 8.3(b)(ii)** above would likely result in a Negative Remodeling Adjustment, Investor may, in its Permitted Discretion, obtain such Appraisal.

8.4 Deferred Maintenance Adjustment.

(a) If, as a result of a home inspection, Appraisal or otherwise, upon any event requiring determination of the Ending Agreed Value, Investor determines that either (i) Owner has breached Owner's duties of maintaining and repairing the Property as set forth in this Unison HomeOwner Covenant Agreement and elsewhere; or (ii) the Ending Agreed Value is negatively affected not as a result of market forces, but as the direct result of a condition or defect in, or damage to the Property or its title which either existed as of the Effective Date or which occurred or developed during the Term, Investor

shall have the right in its Permitted Discretion to make (in consultation with appraisers, third party experts and inspectors unaffiliated with Investor) a commercially reasonable estimate of the dollar amount of such deferred maintenance and to apply such dollar amount as a "Deferred Maintenance Adjustment" when calculating the Ending Agreed Value.

(b) Investor may also, in its Permitted Discretion, apply a Deferred Maintenance Adjustment when determining the Ending Agreed Value of the Property where: (i) as of the Effective Date, Investor in its Permitted Discretion identified and expressly reserved for a Deferred Maintenance Adjustment significant material defects or conditions in or on the Property which, if not remedied promptly or within a reasonable time, posed clear and serious risks to the Property improvements or Property value, and Owner failed to correct such defects or conditions; or (ii) if Owner knew or had reason to know of such a defect or condition as of the Effective Date or during the Term of the Unison HomeOwner Agreement, but failed or neglected to disclose it to Investor.

8.5 Appraisal. The process of valuation of the Property by appraisal and any and all appraisals of the Property obtained by either party in connection with the Unison HomeOwner Agreement ("Appraisal") must conform to this Section 8.5. An Appraised Value shall be an independent third party valuation of the Property made pursuant to the terms and conditions of this Section 8.5.

(a) **Appraiser.** All Appraisals shall be conducted by an appraiser approved in advance by Investor and unaffiliated with either Investor or Owner, and who satisfies the requirements of Fannie Mae, Freddie Mac or FHA and Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and the regulations promulgated thereunder, and any applicable state laws, as of the date of the Appraisal, and in compliance with the Uniform Standards of Professional Appraisal Practice.

(b) **Appraisals.** All Appraisals must conform to Investor's then-current Appraisal requirements, and to the requirements of Section 8.5(a). Either party may obtain one or more Appraisals of the Property at any time upon reasonable notice to the other party. Owner and Investor shall each fully and reasonably cooperate at their own expense in connection with any Appraisal ordered on the Property. Owner will cooperate with the appraiser by granting full access to the Property and by making available any and all relevant documentation and information in Owner's possession pertaining to, including but not limited to plat maps, surveys, plans, tax or assessor's records, and any other documentation concerning encroachments, dimensions, measurements, setbacks, uses of and modifications to the Property.

(c) **Appraisal Review.** If either party concludes that an Appraisal contains a material omission or material error of fact, such party may, within 10 days after receipt of the Appraisal, request a reconsideration of the Appraisal, as allowed by applicable law, at the party's own cost.

(d) **Remodeling Adjustment.** If Owner requests a Remodeling Adjustment, and the request is determined to be valid in accordance with the provisions of Section 8.3, or if Investor believes a Negative Remodeling Adjustment should apply, the appraiser will be instructed to determine the amount of a Remodeling Adjustment, if any, that should be applied to the Ending Agreed Value of the Property as follows: the appraiser will determine two fair market values for the Property: first, the Actual Value of the Property in its current condition; and second, the Hypothetical Value based upon either the hypothetical absence of specified material modifications or a Prohibited Use. The Actual Value minus the Hypothetical Value shall equal the Remodeling Adjustment. If the Hypothetical Value of the Property is more than the Actual Value, the adjustment will be deemed a Negative Remodeling Adjustment.

(e) **Payment of Appraisal Expenses.** As allowed by applicable law, Owner shall pay all expenses ("Appraisal Expenses") associated with the first Appraisal obtained in connection with: (i) initial valuation of the Property prior to execution of the Unison HomeOwner Agreement; (ii) any proposed sale, Permitted Sale or Orderly Sale; (iii) any Option exercise by Investor; (iv) any Special Termination; (v) any allocation of insurance or condemnation proceeds; (vi) any determination of an Investor Bid Amount; and (vii) any determination of a Remodeling Adjustment or Deferred Maintenance

Adjustment. In the case of one or more additional Appraisals of the Property obtained in connection with any of the events described above, the Appraisal Expenses shall typically be paid by the party who obtained or requested the Appraisal, or, if both parties agree that an additional Appraisal(s) should be obtained, by both parties divided equally. If Appraisal Expenses have not been paid by the party required to bear them, the other party may subtract them, or direct their payment out of Escrow, from the funds that would otherwise be due to the party liable therefor, as allowed by applicable law.

8.6 Arbitration of Fair Market and Appraised Value, Remodeling Adjustment, Deferred Maintenance Adjustment. IF INVESTOR AND OWNER ARE UNABLE TO AGREE IN GOOD FAITH ON THE FAIR MARKET OR APPRAISED VALUE OF THE PROPERTY UNDER THE UNISON HOMEOWNER AGREEMENT, OR ON THE AMOUNT OF ANY REMODELING ADJUSTMENT OR DEFERRED MAINTENANCE ADJUSTMENT TO BE APPLIED UNDER THE UNISON HOMEOWNER AGREEMENT, THE ISSUE WILL BE DETERMINED BY BINDING ARBITRATION BEFORE A SINGLE NEUTRAL ARBITRATOR. THE ARBITRATION WILL BE ADMINISTERED BY THE JUDICIAL ARBITRATION AND MEDIATION SERVICE (OR "JAMS") OR ITS SUCCESSOR PURSUANT TO ITS STREAMLINED ARBITRATION RULES AND PROCEDURES (OR SUCCESSOR PROCEDURES). THE ARBITRATION FEES (INCLUDING THE FEES OF THE ARBITRATOR) SHALL BE SHARED EQUALLY BY INVESTOR AND OWNER. OWNER AND INVESTOR SHALL EACH PAY THEIR OWN ATTORNEYS' FEES INCURRED IN CONNECTION WITH SUCH ARBITRATION.

8.7 Inspections and Disclosures of Condition.

(a) Owner agrees that Investor or its agents may upon reasonable notice, make reasonable inspections of both the interior and exterior of the Property both as a condition of entering into, and from time to time during the Term of, the Unison HomeOwner Agreement. Owner agrees to cooperate in setting the time and allowing entry for any such inspection. If Investor is not permitted to timely inspect the Property it shall be deemed that Owner has failed to maintain and repair the Property as required under the Unison HomeOwner Agreement, subject to Owner's right to cure within a reasonable time.

(b) Investor may in its Permitted Discretion require written homeowner disclosures from Owner from time to time during the Term of the Unison HomeOwner Agreement, regarding any conditions known to Owner which may affect the Property or its value.

(c) When, either at origination of the Unison HomeOwner Agreement or during its Term, Investor determines in its Permitted Discretion that any significant material defect or condition exists in or on the Property which, if not remedied promptly or within a reasonable time, poses clear and serious risks to the Property improvements or Property value, Investor may: (i) require that Owner promptly remedy such defect or condition at Owner's expense either as a condition precedent to executing the Unison HomeOwner Agreement or otherwise; (ii) note the defect or condition and require that it be remedied at Owner's expense upon Option exercise or other termination or expiration of the Unison HomeOwner Agreement; or (iii) note the defect or condition and require that the cost of remedy or repair be applied as a Deferred Maintenance Adjustment to the Ending Agreed Value whenever a determination thereof is made.

(d) Notwithstanding the contents of any disclosure or report pertaining to the Property which is provided to Investor under this Section 8.7 or otherwise, or the existence of any defect or condition on the Property whether known or unknown by Investor, Investor shall have no liability to Owner or to any third party for, and Owner hereby holds Investor harmless from, any and all loss or liability resulting from or in connection with any defect or condition on or affecting the Property, whether known or unknown, and Investor's interest in and liability in regard to the Property shall at all times be construed as that of a passive investor in, and not as that of a record title owner or occupant of, the Property, except as may be expressly provided otherwise under the Unison HomeOwner Agreement.

8.8 Occupancy and Use of Property.

(a) **Principal Residence.** Unless Investor consents otherwise in writing in its Permitted Discretion, at least one Owner shall occupy the Property as Owner's Principal Residence. Owner shall be deemed not to meet this requirement if no Owner is using the Property as living and sleeping quarters for 60 or more consecutive days, or for a total of 180 days out of any 365-day period, without notifying Investor of such absence, obtaining Investor's written consent, and making arrangements satisfactory to Investor in Investor's Permitted Discretion to care for the Property while Owner is gone. The circumstances described above shall define the meaning of "**Principal Residence.**" If Owner does not give such notice, obtain consent, or make such arrangements, an Event Of Default will be considered to have occurred on the last day of the 60-day period or on the last of the 180-day period, as applicable. If the Property is held in a Revocable Trust, the occupancy requirement will be satisfied if either any one Owner, or any one Trustor, who is an individual, occupies the Property as a Principal Residence.

(b) **Prohibited Use.** Owner must not (i) use the Property in any way other than as a residential property; (ii) rent all or any portion of the Property except with Investor's express written consent in its Permitted Discretion; or (iii) use or permit the use of the Property for any commercial use, with the exception of a "home office" in compliance with applicable U.S. tax regulations. Owner shall take all reasonable and practical action to prevent the conversion or zoning of the Property for commercial or mixed use ("**Prohibited Use(s)**").

(c) **Owner Right of Occupancy.** Owner shall enjoy sole right of occupancy of the Property under the Unison HomeOwner Agreement as an owner and not as a tenant or lessee, whether or not Investor has exercised the Option, subject to the limited Investor rights of entry, Investor rights of repair following Owner Event Of Default, and any and all of Investor rights in connection with an Orderly Sale under Article Seven hereof. Owner's right of occupancy shall be effective only so long as Owner (i) does not transfer or attempt to transfer the Property except as permitted under the Unison HomeOwner Agreement, and (ii) occupies the Property as provided in the Unison HomeOwner Agreement. Owner's right of sole occupancy is not transferable by Owner except as part of a Permitted Sale or Orderly Sale, or as otherwise approved by Investor in its Permitted Discretion.

8.9 Debt Limits and Related Obligations.

(a) Limitation on Debt Associated with the Property.

(i) **Maximum Authorized Debt.** Without Investor's express written approval in its Permitted Discretion, Owner may not at any time increase, or permit the increase of, the total principal balance of loans secured by liens on the Property (including the unused portion of any committed credit line) to exceed the Maximum Authorized Debt specified in the Unison HomeOwner Option Agreement. The Maximum Authorized Debt limitation applies both to **Permitted Senior Loans** (which pre-existed or originated simultaneously with execution of the Unison HomeOwner Agreement), and **Approved Subsequent Loans** (new loans secured by the Property approved by Investor in its Permitted Discretion during the Term of the Unison HomeOwner Agreement).

(ii) Approved Subsequent Loans.

(A) If during the Term of the Unison HomeOwner Agreement, the principal balance of all loans secured by liens on the Property is less than the Maximum Authorized Debt, and the Appraised Value of the Property is greater than or equal to the Original Agreed Value, Investor may give written consent to Owner to obtain additional Approved Subsequent Loans on the Property up to the Maximum Authorized Debt, which consent shall not be unreasonably withheld provided that Owner provides to Investor all loan documentation related to the proposed loan (including, but not limited to,

any commitment letter, offer letter, term sheet, proposed note, proposed deed of trust or mortgage, preliminary title report, inspections, appraisals and other Property valuations) as such documentation becomes available, but no later than 3 Business Days prior to the proposed close of such loan.

(B) If the Appraised Value of the Property at the time of the proposed Subsequent Loan(s) is less than the Original Agreed Value, Investor may give written consent to Owner to obtain a proposed Subsequent Loan(s), but only if such proposed Subsequent Loan(s) are less than or equal to the then-current principal balance of all Permitted Senior Loans on the Property, plus actual and reasonable refinancing costs. Investor's consent shall not be unreasonably withheld provided Owner provides to Investor all loan documentation related to the proposed loan as described in **Section 8.9(a)(ii)(A)**.

(C) Investor shall have no obligation to respond to or approve any proposed lending transaction unless and until it has timely received all relevant documents and information.

(D) Immediately following the close of any Approved Subsequent Loan, Owner shall ensure that copies of all documents recorded as Approved Subsequent Liens against the Property are delivered to Investor.

(iii) **Prohibited Loans.** Owner may not encumber the Property with, and Investor shall not consent to, any lien on the property that could, in Investor's Permitted Discretion, materially impair Investor's Rights. Such loans shall include, without limitation, reverse mortgage loans, shared appreciation mortgage loans, mortgage loans with negative amortization or prepayment penalties, private or non-institutional loans, unrecorded loans secured by the Property, and certain loans with payment reset or other variable payment features.

(b) **No Investor Liability For Owner Loans.**

(i) Investor shall not be liable for (including liability to repay) any loans created or obtained by Owner whether or not pre-existing, subsequent, consented to, approved of, or subordinated to by Investor.

(ii) Investor shall not be obligated to execute any documents in connection with any loans created, obtained or refinanced by Owner, except such documents reasonably required to confirm any subordination to which Investor consents hereunder.

(iii) Investor makes no representations or warranties regarding the terms or availability of any loan that Owner has prior to or may seek during the Term of the Unison HomeOwner Agreement and Investor shall have no liability to Owner in connection therewith, including as a result of the unavailability or unfavorable terms of any such loan.

(c) **Subordination.**

(i) Except for construction loans, which are addressed below, Investor will subordinate the priority of its rights under the Unison HomeOwner Agreement to the lien of any lender that extends to Owner an Approved Subsequent Loan, provided that: (A) the Approved Subsequent Loan satisfies all of the requirements of **Section 8.9(a)**; (B) any requested subordination and loan documents contain only reasonable and customary terms common to such agreements and acceptable to Investor in its Permitted Discretion; and (C) Owner pays Investor the Asset Administration Fees associated with such subordination.

(ii) Investor may subordinate its lien on the Property to any lender in connection with any construction loan, or other financing of any improvements to the Property if: (A) the construction loan satisfies all of the requirements of Section 8.9(a); (B) Investor in its Permitted Discretion determines that Investor's Interest is not jeopardized; (C) any requested subordination and loan documents contain only reasonable and customary terms common to such agreements and acceptable to Investor in its Permitted Discretion; and (D) Owner pays the Asset Administration Fees associated with subordination imposed by Investor.

(iii) Investor may subordinate its lien on the Property to a lender in connection with any loan not meeting the requirements specified in Section 8.9(a)(ii) only if (A) Investor, in its Permitted Discretion, determines that Investor's Rights are not jeopardized; (B) any requested subordination and loan documents contain only reasonable and customary terms common to such agreements and acceptable to Investor in its Permitted Discretion; and (C) Owner pays Investor the Asset Administration Fees associated with subordination.

(iv) Following any subordination by Investor, Owner shall remain obligated to keep current and satisfy all liens on the Property.

(d) **Free of Liens.** Owner shall at all times keep the Property free of any and all liens and title exceptions (including easements), except for: (i) Permitted Senior Liens; (ii) Approved Subsequent Liens; and (iii) Permitted Encumbrances.

(e) **Cure of Defaulted Loans.** To the extent that there is a default under any loan or other obligation secured by a lien on the Property; or notice of default or notice of sale or foreclosure upon, or enforcement of, a lien on the Property, Owner shall take immediate action (upon or without notice or demand from Investor) necessary to: (i) terminate such foreclosure or enforcement, (ii) satisfy the secured obligation, and/or (iii) remove or release such lien from the Property. Whether or not Owner takes such immediate action, Investor may take such action as it deems necessary in its Permitted Discretion to protect Investor's Rights hereunder including, without limitation, advance of funds as Protective Advances, pursuit of any and all remedies set forth in Article Seven, or an offer to Owner of Option exercise and Orderly Sale.

(f) **No Investor Loans.** Investor shall have no authority to obtain or increase any loans from third parties that are secured by liens against the Property except in connection with an Orderly Sale.

8.10 Taxes and Assessments.

(a) **Payments.** Owner shall promptly pay all taxes and assessments accruing on the Property, except for taxes or assessments that are in good faith dispute and that Owner is diligently challenging; provided that upon final discharge of any such challenge, Owner shall pay the disputed amount promptly. During the pendency of any such challenge, Owner shall, within 10 days following Investor's written demand therefor, provide Investor adequate proof of funds sufficient to satisfy such taxes and assessments in the event Owner's challenge is unsuccessful. Owner shall provide Investor with proof of payment of taxes or assessments upon request. Owner shall not apply for any deferral of taxes or assessments accruing on the Property or any deferral available to senior citizens, if applicable. If Owner fails to pay any taxes or assessments other than those in good faith dispute, Investor, in its Permitted Discretion, may pay such taxes or assessments at Owner's expense as Protective Advances.

(b) **Tax Benefits.** Owner shall be entitled to the full benefit of any and all tax advantages arising in relation to the Property, including, without limitation, all available deductions for taxes and mortgage interest paid by Owner. Investor does not provide tax advice and makes no representations as to the tax advantages or disadvantages which may accrue to Owner in connection with the Property or the Unison HomeOwner Agreement.

8.11 Protective Advances.

(a) If Owner fails to take action to protect the Property and Investor's Rights, Investor may take such action and pay such money as Investor deems appropriate in its Permitted Discretion, upon 10 days' written notice to Owner, to correct Owner's failure including, without limitation: the placement of insurance; the payment of Appraisals or for inspections of the Property; the payment of taxes, assessments, levies, liabilities, obligations and other charges of every nature on the Property; the making of necessary repairs; the cure of any defaulted loans; or the removal of a receiver appointed for the Property. All such amounts advanced by Investor (including, without limitation, Attorneys' Fees incurred in litigation or arbitration with parties other than Owner) shall be deemed "**Protective Advances.**" Prior notice from Investor is not required if the Unison HomeOwner Agreement expressly so provides, or when Investor, in its Permitted Discretion, determines that prompt action is necessary in order to protect the Property and Investor's Rights. Owner and Investor agree that Investor shall incur no liability for its election not to take any action authorized under this **Section 8.11(a).**

(b) **Reimbursement.** Investor may, in its Permitted Discretion, demand prompt reimbursement for any and all Protective Advances. Owner shall reimburse Investor no later than 10 days after demand. Protective Advances shall bear interest at the rate of one and one-half percent (1½%) per month, subject to applicable law, from the date of demand until paid in full. These charges are intended to be a reasonable liquidated estimate of those sums which Investor could be obliged to obtain and expend in the event appropriate corrective action(s) are not taken to protect the Property or Investor's Rights, which sums and costs are not readily ascertainable, and will be difficult to predict or calculate.

8.12 Asset Administration Fees. Unless prohibited by applicable law, Owner will pay all **Asset Administration Fees** necessary to defray costs and expenses to the **Asset Administrator** in accordance with the **Asset Administration Fee Schedule** (attached as Exhibit C hereto and as such schedule is amended and made available by Investor from time to time). Asset Administration Fees shall include, without limitation, fees for: (a) processing subordinations; (b) processing changes in title or ownership; (c) processing reconveyance of the Option and the Unison HomeOwner Agreement or a Special Termination; (d) processing Protective Advances; (e) administering Owner Events Of Default; and (f) paying and reimbursing such reasonable, customary, bona fide fees and out-of-pocket costs as are actually charged to Investor by Investor's Asset Administrator or by other third parties relating to any of the foregoing (including, for example, title and escrow charges, recording fees and Attorney's Fees).

8.13 Notices; Additional Information.

(a) Owner, Owner's Estate, or Owner's representative shall immediately provide Investor with notice of any event that may have a material effect upon the Property, the value of the Property, or Investor's ability to exercise any of Investor's Rights hereunder, including, without limitation: (i) Owner's failure to meet any condition or covenant set forth in the Unison HomeOwner Agreement; (ii) the death or divorce of any Owner (or of any Trustee or Trustor, if the Property is held in a Revocable Trust); (iii) Owner's decision to market, sell, or transfer the Property or any interest in the Property; (iv) the discovery of any lien or adverse possessory interest in the Property not previously disclosed in writing to Investor, whether or not recorded or recordable; (v) the filing of any bankruptcy by or against Owner (or any Trustee or Trustor, if the Property is held in a Revocable Trust); (vi) any material damage or injury to the Property; (vii) Owner's receipt of any notice of condemnation; (viii) Owner's receipt of any solicited or unsolicited written offer to purchase the Property; (ix) a representation or warranty made under the Unison HomeOwner Agreement becomes inaccurate or untrue; (x) any new Non-Owner Occupant as yet unidentified to Investor commences to occupy the Property using the form attached hereto as Exhibit B; or (xi) the occurrence of any other event that might have a material adverse effect on the Property, the value of the Property, Owner's interest in the Property, or Investor's Rights under the Unison HomeOwner Agreement.

(b) **Additional Information.** Owner will provide to Investor such reports and information available to Owner concerning the Property and any modifications to the Property as Investor may reasonably request, and will promptly complete and return any Property questionnaire or similar form that Investor provides to Owner from time to time. If Owner fails to complete or return any such Property survey or certification within the time frame requested by Investor, Owner shall pay for any Property inspection, appraisal or other report that Investor obtains in order to collect the information that would have been provided therein. If Owner fails to pay any such amounts, Investor, in its Permitted Discretion, may make any and all such payments as Protective Advances.

8.14 Reserved.

8.15 Right to Disclose Certain Information. Subject to applicable laws, Investor may share certain personal and financial information with regard to the Unison HomeOwner Agreement with affiliates, subsidiaries, investors, assignees and Persons with which it intends to conduct business, including, without limitation, the address and general location of the Property, appraisal reports and other valuations of the Property, and the financial terms of the Unison HomeOwner Agreement.

8.16 Insurance.

(a) **General Coverage Requirements.** Owner shall maintain at Owner's expense: (i) insurance on the Property against fire and other hazards included in the special form (HO-3) policy (and similar successor forms) with only those exclusions customarily associated with special form policies, and exceptions to those exclusions for ensuing loss, as well as insurance against any other hazards, including flood hazards, for which Investor may from time to time reasonably require insurance and which insurance is common for similar properties in similar locations; and (ii) liability insurance on the Property against such risks and in such amounts as are reasonable for similar properties in similar locations. Such insurance may be obtained from any insurance company reasonably acceptable to Investor and shall be in amounts and include terms (including deductible levels) as Investor may from time to time reasonably require. Currently, Investor requires hazard insurance in an amount equal to the current replacement cost of the improvements on the Property, including law and ordinance coverage (which amounts shall be increased not less frequently than annually as the replacement cost of the improvements increases). Investor shall be named as an additional named insured or as otherwise directed by Investor under all hazard and liability insurance policies obtained by Owner, whether or not such policies are required by Investor.

(b) **Copies And Proceeds.** Copies of all insurance policies shall be furnished to Investor promptly upon issuance, and Owner shall provide Investor with proof of coverage upon request. All proceeds of such policies shall be subject to the provisions of this Section 8.16.

(c) **Failure To Maintain.** If Owner fails to maintain or obtain the insurance coverage required by this Section 8.16, Investor, at Owner's expense, may, but is not obligated to, obtain such coverage on the Property as Investor, in its Permitted Discretion, may deem necessary and appropriate to protect Investor's Rights. All such expenses paid by Investor shall be deemed to be Protective Advances. Owner acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Owner could have obtained and may not protect Owner or cover Owner's personal property to the same extent as any policy Owner might have had or could have obtained.

(d) **Owner To Cooperate.** Owner agrees to allow Investor to cooperate with Owner in the pursuit, settlement, and adjustment of any losses under any hazard and liability policies obtained by Owner, and expressly authorizes Investor to communicate directly with all such insurance companies for the purposes of ensuring the maintenance of policies, the coverage and the reimbursement of losses thereunder.

(e) **Property Destruction Or Damage.** Subject to Owner's obligations and the requirements in connection with any Senior Lien:

(i) **Repair and Restoration.** Insurance proceeds shall be applied as follows (whether the underlying insurance is required by Investor or not): if the Property is destroyed or damaged in any material manner, any and all insurance proceeds shall be applied to restore or repair the Property to at least the same condition and characteristics as of the time immediately preceding such destruction or damage, subject to all applicable local ordinances; provided that Investor shall have the right to prior review of any restoration or repair plans and to determine, in good faith and in the exercise of its reasonable discretion: (A) whether the restoration or repair plans are economically feasible; and (B) if not, to disapprove such restoration or repair plans.

(ii) During any repair or restoration, to ensure that the work is performed to Investor's satisfaction, Investor shall have the right to hold any and all insurance proceeds and release such funds to the Person or Persons performing the repair and restoration work in one or more progress payments as the work is completed. Owner is responsible to assure that any repair or restoration work is properly completed and performed in an adequate and workman-like manner, and in no way impairs or threatens to impair the structural integrity, habitability or value of the Property. To the extent any governmental approvals or permits are required for such repair or restoration work, Owner is responsible and shall assure that such governmental approvals or permits are obtained. Unless applicable law requires interest to be paid on such insurance proceeds or a written agreement to that effect is made by the parties, Investor shall not be required to pay Owner any interest or earnings on such proceeds. If the Property is repaired, it must be restored to at least the same condition and characteristics as of the time immediately preceding such destruction or damage, subject to all applicable local ordinances; and, in any event, no less favorable a condition than set forth in Section 8.2 above, regardless of whether the insurance proceeds are sufficient to accomplish such repair. Investor shall have no responsibility or obligation to pay any amount in connection with the restoration or repair of the Property, even if the insurance proceeds are insufficient to complete the restoration or repair, in which case Owner shall be responsible for any shortfall.

(iii) **Allocation Where Repair Not Feasible.** If any loss occurs in connection with the Property, and restoration or repair is not economically feasible, the value of the Property as it existed immediately prior to the destruction or damage shall be determined by Appraisal, or if valuing the Property by Appraisal is not possible due to the destruction or damage, by some other reasonable, customary and appropriate process based on an expert third party opinion obtained by Investor. Any and all insurance proceeds, whether or not the underlying insurance was required by Investor, will be allocated in the following order:

(A) to payment (or reimbursement) of reasonable costs and expenses (including, without limitation, Attorneys' Fees that have been approved by Investor in its Permitted Discretion) reasonably incurred by Owner and/or Investor in collecting and contesting with the insurers the payments under the relevant insurance policies;

(B) to payment of all Senior Loans, which payment may result in the discharge of the related Senior Liens;

(C) to Investor, in an amount equivalent to the Investor Interest as it would have been calculated had Investor exercised its Option immediately before the loss; and

(D) to Owner, the balance of the proceeds.

(f) **Special Measure Of Damages Where Owner Has Failed To Insure.** Owner and Investor agree that, in the event Owner fails to maintain insurance in amounts required by Investor pursuant to this Section 8.16, and/or any insurance claim is denied due to Owner's action or inaction, there may be added economic burden and risk imposed on Investor, and resulting damages may be uncertain, depend on many factors, and be extremely difficult to ascertain. In the event of loss to Investor resulting directly from

Owner's failure to maintain insurance or obtain a claim, Owner and Investor therefore agree that Investor shall be entitled to a special measure of liquidated damages ("**Special Damages For Failure To Insure**") in the amount of the Investor Interest as it would have been calculated had Investor exercised its Option immediately before the loss, but without credit of the Unison Purchase Price Balance to Owner.

8.17 Condemnation.

(a) Total Condemnation Or Partial Condemnation When The Option Has Been Exercised.

If the Property is condemned, in whole, or in part when the Option has been exercised, all condemnation proceeds net of reasonable costs and expenses (including, without limitation, Attorneys' Fees approved by Investor) incurred by Owner and/or Investor in collecting and contesting the condemnation proceeds ("**Net Condemnation Proceeds**") shall be allocated in the following order:

- (i) to payment of all Senior Loans, which payment may result in the discharge of the related Senior Liens;
- (ii) to Investor, an amount equivalent to the Investor Interest as it would have been calculated immediately prior to the condemnation; and
- (iii) to Owner, the balance of the proceeds.

(b) Partial Condemnation When The Option Has Not Been Exercised. If the Property is condemned in part, and if the Option has not been exercised, the following provisions shall apply:

- (i) The Net Condemnation Proceeds shall be used, first, to pay all Senior Loans, provided that such payment may result in the discharge of the related Senior Liens;
- (ii) Any remaining Net Condemnation Proceeds shall be distributed as follows:
 - (A) First, to Investor, an amount equal to the total of (1) any unreimbursed Protective Advances, including any associated unpaid interest and other fees and charges plus (2) any unpaid Asset Administration Fees;
 - (B) Second, to Owner, the balance of the proceeds; and
- (iii) For all remaining calculations to be made under the Unison HomeOwner Agreement in connection with any Option exercise, including an Orderly Sale, the Unison Purchase Price Balance shall be reduced by the Net Condemnation Proceeds multiplied by the Investor Percentage ("**Investor Condemnation Credit**").

(c) Reservation of Rights. In the case of a partial condemnation, Investor shall retain its Investor Rights with respect to any Property that has not been condemned.

8.18 Environmental Matters.

(a) Environmental Prohibitions. Owner shall not, and shall not allow others to, perform any activities upon, or use or occupy the Property, or any portion of the Property, in any manner that violates any state, federal or local law or regulation, including, without limitation, those relating to the generation, handling, manufacturing, treatment, storage, use, transportation, spillage, leakage, dumping, discharge or disposal (accidental or intentional) of any toxic or hazardous substances, materials or wastes, including, but not limited to hydrocarbons, asbestos, or any other substance whose nature or quantity, use, manufacture, disposal, or effect, renders it subject to public regulation, investigation, remediation or removal as potentially injurious to the environment, animals or the public health or welfare ("**Hazardous Materials**").

(b) **Environmental Representations.** Owner represents and warrants to Investor, that Owner has no knowledge of or information concerning any violation or claim of violation of laws or regulations relating to the generation, handling, manufacturing, treatment, storage, use, transportation, spillage, leakage, dumping, discharge or disposal (whether accidental or intentional) of any Hazardous Materials in connection with the Property. Owner has no knowledge of any Hazardous Materials on, in, or in the vicinity of the Property.

(c) **Environmental Indemnity.** Owner will indemnify and hold Investor harmless from and against any and all claims, damages, liabilities, actions and expenses (including, without limitation, Attorneys' Fees) of every kind arising out of or relating to: (i) Owner's breach of this Section 8.18 or (ii) the presence of any Hazardous Materials on, in, or in the vicinity of the Property.

ARTICLE NINE MISCELLANEOUS PROVISIONS

9.1 Indemnification By Owner. Owner hereby agrees to indemnify and hold Investor harmless from, and against, any and all claims, damages, liabilities, actions and expenses (including, without limitation, Attorneys' Fees) of every kind arising out of or relating to: (a) a breach of any of Owner's covenants, representations or warranties under the Unison HomeOwner Agreement; (b) any act or omission by Owner or Owner's agents; or (c) the Property.

9.2 Covenants To Run With Land. The Unison HomeOwner Option Agreement, Unison HomeOwner Covenant Agreement, and the other provisions of the Unison HomeOwner Agreement are deemed to be covenants running with the land as reflected in the Unison HomeOwner Recorded Memorandum. The interpretation of the phrase "Covenants running with the land" shall be within the meaning of the applicable law of the state where the Property is located so as to give it the broadest possible application.

9.3 Relationship. Investor shall not be deemed a partner, joint venturer, trustee, lender or fiduciary with, or of, Owner. Owner shall not be permitted to execute any document or enter into any agreement on behalf of Investor, nor shall Owner be permitted to make any representation on behalf of Investor or to represent Owner as the agent or representative or partner of Investor. The Option is intended to and shall be treated for all purposes (including, without limitation, tax purposes) as an option to purchase an undivided percentage interest in and to the Property, and not as a purchase (unless and until Option exercise), loan, or joint venture. Owner expressly waives any claims against any of the Investor's agents, assignees, affiliates, employees or funding sources not a signatory hereto.

9.4 Multiple Owners and Revocable Trusts.

(a) **Multiple Owners.** If Owner is more than one Person: (i) the Transaction Documents must be signed by each such Owner; (ii) all such multiple Owners shall be jointly and severally liable for Owner's liabilities and obligations under the Transaction Documents; (iii) notice required to be given by, or to, an Owner shall be deemed adequately given if given by, or to, any of Owners using the contact information set forth in the Unison HomeOwner Option Agreement; and (iv) Investor may treat any notice received from any one Owner as notice from all Owners.

(b) **Revocable Trusts.** If Owner is the Trustee of a Revocable Trust: (i) all Trustees and all Trustors must sign the Unison HomeOwner Agreement Transaction Documents both in their capacities as individuals and as Trustees and/or Trustors, provided that any Trustee who is also a Trustor need only sign the Unison HomeOwner Agreement Transaction Documents once for them to be binding on such Person both as Trustee and as Trustor; (ii) each Trustee and Trustor who signs the Unison HomeOwner Agreement Transaction Documents hereby represents and warrants that all Trustees and Trustors have been disclosed to Investor; (iii) all rights and powers specified for, and all actions required of, Owner in the Unison HomeOwner Agreement that are exercised by a Trustee shall be deemed approved and

exercised by all Trustees unanimously; (iv) all Trustees and all Trustors, in their capacities as individuals, shall be jointly and severally liable with Owner for Owner's liabilities and obligations under the Unison HomeOwner Agreement; (v) all representations and warranties by Owner in the Unison HomeOwner Agreement are made by all Trustees on behalf of the Revocable Trust and by all Trustees and all Trustors in their capacities as individuals; (vi) notice required to be given by, or to, an Owner shall be deemed adequately given if given by, or to, any of the Trustees using the contact information set forth in the Unison HomeOwner Option Agreement; and (vii) Investor may treat any notice received from any one Trustee as notice from all Trustees and from Owner.

(c) Owners To Be Natural Persons. Each Owner under the Unison HomeOwner Agreement must be a Natural Person. No entity, including, without limitation, corporations, limited liability companies, partnerships, or joint ventures, may be an Owner hereunder; provided, however, that an Owner or Owners who are Natural Persons may hold title to the Property in a Revocable Trust, provided that the requirements for Revocable Trusts set forth in **Section 9.4(b)** above are satisfied.

9.5 Delegation of Duties. Investor may execute any of its duties under the Unison HomeOwner Agreement by or through agents, Asset Administrators, employees or attorneys-in-fact; shall be entitled to advice of counsel concerning all matters pertaining to such duties; and any actions taken on advice of counsel shall be deemed taken in good faith. Investor shall not be responsible for the negligence or misconduct of any agent, Asset Administrator, employee, or attorney-in-fact that it selects as long as Investor's selection was made without gross negligence or willful misconduct.

9.6 Successors and Assignees. The Unison HomeOwner Agreement shall be binding on Owner's and Investor's successors and assignees, but may not be assigned contrary to the following express provisions:

(a) Assignment by Investor. (i) Investor may assign, participate, hypothecate or sell, in whole or in part, Investor's right and title to, and interest in, the Unison HomeOwner Agreement at any time and to any Person without prior notice to, or consent of Owner. In connection with any assignment, Investor may in its Permitted Discretion disclose any and all documents and information in its possession relating to Owner and the Property, subject to its assignee's agreement to continue to observe Investor's policies regarding privacy and disclosure of personal and financial information and applicable privacy laws, or provide disclosure to Owner and an opportunity for Owner to opt in or out in compliance with applicable law. Upon such assignment, Investor's (or any future) assignee shall automatically be delegated all the duties, and assume all the rights and remedies of, Investor under the Unison HomeOwner Agreement, including the Unison HomeOwner Security Instrument. Investor and Owner shall execute and deliver in recordable form, if requested, such other documents as are appropriate to reflect the assignment of the Unison HomeOwner Agreement. Investor and Owner agree to cooperate with such assignee and execute such additional documents as may be necessary to insure assignee's interest in the Property. Investor shall notify Owner no later than 60 days after the effective date of any such assignment.

(ii) Owner acknowledges and consents to any assignment whereby the Asset Administrator's responsibilities, including, but not limited to, the right to enforce the Unison HomeOwner Agreement and the other Transaction Documents, are assigned and/or delegated to an entity other than Unison Agreement Corp.

(b) Owner Assignments. Absent Investor's prior written consent, which may be withheld in Investor's Permitted Discretion, Owner may not assign or otherwise transfer the Unison HomeOwner Agreement or the other Transaction Documents; except that Investor will generally not unreasonably withhold consent to an assignment: (i) between Owner and the Trustor of a Revocable Trust; or (ii) to Owner's spouse who acquires an undivided interest in the Property provided that in each case the assignee (including any Trustor, if applicable): (A) executes the Unison HomeOwner Agreement Transaction Documents, including a recordable addendum to both the Unison HomeOwner Recorded

Memorandum and the Unison HomeOwner Security Instrument, (B) executes a written notice of assignment ("Exempted Owner Assignment"), and (C) successfully completes the then-current education process required of Unison HomeOwner Agreement applicants. In the event of an Exempted Owner Assignment to the Trustee(s) of a Revocable Trust, the original Owner (i.e., the Trustor), jointly and severally, shall continue to remain liable under the Unison HomeOwner Agreement.

9.7 Survival. The following provisions, without limitation, shall survive the Expiration Date or any other termination of the Unison HomeOwner Agreement: (a) the obligations relating to a Solicited Sale Value under Section 6.2; (b) the indemnification provisions of Section 9.1; (c) obligations to pay any and all Protective Advances and Asset Administration Fees; (d) obligations to remove any liens on the Property and pay any Sales Commissions, Closing Costs and or other expenses properly chargeable to Owner in connection with a Third Party Sale or an Orderly Sale to the extent not discharged through Escrow; (e) the obligation to pay any Appraisal Expenses; (f) any and all covenants, representations and warranties of Owner; and (g) any and all other provisions which are required by their terms to be enforceable following expiration or termination, including, without limitation, provisions prescribing monetary remedies, fees, costs and expenses owed by Owner in connection with any Owner Event Of Default hereunder.

9.8 Attorneys' Fees. If a lawsuit or arbitration proceeding (other than an arbitration under Section 8.6 above), is commenced in connection or arising out of the Option or the Unison HomeOwner Agreement or in connection with the interpretation, enforcement or protection of Investor's Rights, the prevailing party, as determined by the court or arbitrator, shall be entitled to recover court and other dispute resolution costs, attorneys' and experts' fees and costs, and fees and disbursements of Investor's in-house counsel that are directly attributable to the specific matters on which they prevailed (collectively "Attorneys' Fees"). Attorneys' Fees shall include, without limitation, Attorneys' Fees and costs incurred in any state, federal, appellate, or bankruptcy court, and in any bankruptcy case or insolvency proceeding, of any kind in any way related to the Option or the Unison HomeOwner Agreement, to the interpretation or enforcement of the parties' rights thereunder, or to the Property, and shall not for any purpose be treated as compensatory damages.

9.9 Injunction. Notwithstanding anything to the contrary in the Unison HomeOwner Agreement or otherwise, if Investor is stayed or enjoined from exercising the Option, commencing or initiating Option exercise or purchase procedures hereunder (whether as a result of Owner's bankruptcy or otherwise), or enforcing any other of Investor's Rights under the Unison HomeOwner Agreement, Investor's Rights shall not expire, and any deadline or notice period prescribed in the Unison HomeOwner Agreement which Investor is prevented or prohibited from observing by operation of law or by court order, shall automatically be stayed for the duration of such stay, injunction or legal prohibition.

9.10 Choice of Law; Venue. The Unison HomeOwner Agreement shall be determined under, governed by, and construed in accordance with California law, without regard to its conflict of law principles, unless the law of the jurisdiction where the property is located mandatorily governs, in which case the laws of such jurisdiction shall apply. The parties agree that all actions or proceedings arising in connection with the Unison HomeOwner Agreement shall be litigated or arbitrated only in the state and federal courts located in or having jurisdiction in the city or county where the Property is located. Owner waives any right to assert the doctrine of forum non conveniens or to object to such venue.

9.11 Further Assurances. The parties agree, from time to time, as and when requested by any other party to the Unison HomeOwner Agreement or its successors or assignees to execute and deliver, or cause to be executed and delivered, all such instruments; and take, or cause to be taken, all such further or other actions as may be reasonably necessary or desirable in order to implement the provisions and to effect the intent and purposes of the Unison HomeOwner Agreement. Such actions shall include, without limitation, all actions necessary by the parties to correct any error or inaccuracy in the Unison HomeOwner Agreement Transaction Documents or any other document related to the Unison HomeOwner Agreement, to ensure that such documents reflect the true and correct terms upon which the parties agreed to enter into the Unison HomeOwner Agreement, and/or to replace any missing or misplaced documentation, or to

confirm and restate any authorities granted hereunder to the extent such authority is impacted by a change in any law, rule or regulation impacting its terms on the date hereof, to the fullest extent permissible under such changed, law, rule or regulation.

9.12 Reliance by Investor. Investor shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, telefacsimile or other electronic method of transmission, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent, or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Investor, and counsel to Owner. Investor shall in all cases be fully indemnified by Owner under the Unison HomeOwner Agreement where Investor's action, or refusal to act, is in response to a request of or the consent of the Owner, and such request and any action taken or failure to act by Investor pursuant thereto shall be binding upon the Owner. The transmission or delivery of written materials to the Investor shall constitute a representation and warranty by Owner as to the accuracy and completeness of the information contained therein.

9.13 Severability; Waivers. Each provision of the Unison HomeOwner Agreement shall be severable from every other provision for the purpose of determining the legal enforceability of any provision. No waiver by Investor of any of its rights or remedies in connection with the Unison HomeOwner Agreement shall be effective unless such waiver is in writing and signed by Investor and Owner, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No delay or waiver by Investor in exercising any right shall be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse. To the extent that enforcement of any provision, or exercise of any right, under the Unison HomeOwner Agreement is held to be invalid or stayed or enjoined by a court of competent jurisdiction, then such provision shall be considered separately and apart from the remaining provisions, and any and all other remaining provisions shall continue to be fully enforceable under applicable law. To the extent that enforcement of any provision under the Unison HomeOwner Agreement, is deemed to violate a subsequently issued state or federal law, rule or regulation, then the parties agree that such provision shall be enforced exclusively with reference to principles of equity, and that any and all other remaining provisions shall continue to be fully enforceable in equity and under law. No waiver by Investor on any occasion shall affect or diminish Investor's rights thereafter to require strict performance by Owner of any provision of the Unison HomeOwner Agreement. Investor in its Permitted Discretion, may at any time, unilaterally waive the right to demand, in whole or in part, the future performance of Owner's obligations under the Unison HomeOwner Agreement, and reserves the right in its Permitted Discretion, at any time during the Term, to cancel the Option by notice in writing to Owner, or to rescind its election to exercise the Option, in which case any such prior election by Investor shall be deemed void *ab initio*.

9.14 Notices. Any notice, demand or request required under the Unison HomeOwner Agreement, unless telephone contact is specifically contemplated, shall be deemed given in writing by delivery to either the mailing address set forth in the Unison HomeOwner Option Agreement by overnight delivery by a nationally recognized overnight courier service, and may also be given to Owner by electronic mail transmission to the electronic mail address specified for Owner in the Unison HomeOwner Option Agreement. Any such notice, demand or request shall be deemed received on the Business Day either immediately following deposit with the overnight courier service, or the date of electronically stored record of e-mail transmission; provided, however, that the following notices shall not be deemed received by Investor from Owner until written confirmation of receipt made by Investor to Owner: notices of default and notices of sale in connection with secured liens on the Property; notices of delinquency in tax or insurance payments on the Property; notices of the death of an Owner; and notices of the commencement of legal or other action concerning the Property, or of bankruptcy proceedings by Owner. Each party shall have the right to change the place to which notice shall be sent or delivered or to specify one additional address to which copies of notices shall be sent, in either case by similar notice sent or delivered in the same manner to the other party.

9.15 Entire Agreement; Amendment. Schedule A, and Exhibits A, B, and C below, are incorporated herein by this reference. The Transaction Documents and the other written agreements made by and between Owner and Investor as of the Effective Date together constitute the entire agreement between the parties pertaining to the subject matter contained in them. Except as expressly agreed in writing, all prior agreements, understandings, representations, warranties, statements, and negotiations between the parties, if any, whether oral, electronic or written, relating to the Property, the Option, the Unison HomeOwner Agreement, the other Transaction Documents, and the transaction which is the subject matter thereof, including but not limited to any and all offer letters, terms sheets and earlier drafts and versions of other documents and agreements, are superseded and merged into the Unison HomeOwner Agreement. No supplement, modification or amendment of the Unison HomeOwner Agreement shall be binding unless in writing and executed by the party against whom enforcement is sought.

9.16 Headings. Article and Section headings are for reference only and shall not affect the interpretation or meaning of any provisions of the Unison HomeOwner Agreement.

9.17 Third-Party Beneficiaries. The Unison HomeOwner Agreement is entered into for the protection and benefit of Investor and Owner and their respective permitted successors, affiliates and assignees with regard to their respective present and contingent ownership interests in the Property. No other Person shall have any rights or causes of action under the Unison HomeOwner Agreement.

9.18 Days of the Week; Time Periods. Whenever the word "day(s)" is used in any of the Transaction Documents, it shall refer to calendar day(s) unless it is expressly identified as being "**Business Day(s)**". When any date referred to falls on a day of the week that is other than a Business Day, then such date shall, for all purposes (unless otherwise required by statute), be deemed to be the Business Day immediately following such date. Whenever an anniversary date of the Effective Date is applied, its applicable expiration shall be at 11:59 p.m., Pacific Time, on the day immediately preceding the anniversary date.

9.19 Counterparts; Electronic Signatures. The Unison HomeOwner Agreement Transaction Documents may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute one and the same agreement. A signed copy of any of the Transaction Documents which is transmitted by a party to another party via facsimile or by electronic means shall be binding on the signatory to that copy.

9.20 WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, INVESTOR AND OWNER HEREBY VOLUNTARILY, UNCONDITIONALLY AND IRREVOCABLY WAIVE TRIAL BY JURY UNDER ALL CIRCUMSTANCES WHETHER IN ANY LITIGATION OR PROCEEDING IN A STATE OR FEDERAL COURT RELATED TO, OR ARISING OUT OF, THE TRANSACTION DOCUMENTS OR THE OBLIGATIONS OR TRANSACTIONS CONTEMPLATED BY THE UNISON HOMEOWNER AGREEMENT, INCLUDING, WITHOUT LIMITATION, ALL CLAIMS OR DISPUTES HOWEVER ARISING (INCLUDING TORT CLAIMS AND CLAIMS FOR BREACH OF DUTY) BETWEEN INVESTOR AND OWNER.

ARTICLE TEN CALCULATIONS

10.1

(a) The "Investor Proceeds" under this Unison HomeOwner Agreement shall be defined and calculated as follows:

Ending Agreed Value *multiplied by* Investor Percentage

minus the Unison Purchase Price Balance.

(b) The "Unpaid Owner Obligations" under this Unison HomeOwner Agreement shall be defined and calculated as the sum of any and all monetary amounts owed to Investor as unreimbursed Protective Advances, unpaid interest, fees and other charges associated with Protective Advances; and unpaid Asset Administration Fees.

(c) The "Investor Interest" under this Unison HomeOwner Agreement shall be defined and calculated as the Investor Proceeds, if any, *plus* the Unpaid Owner Obligations, if any.

(d) Following Investor's exercise of the Option, Owner may terminate Investor's Option to purchase an undivided percentage interest in and to the Property by tendering to Investor the amount (if any) of the Investor Interest as calculated herein.

10.2 In any calculation of the Investor Proceeds or Investor Interest made in connection with (a) circumstances of fraud, bad faith, or material misrepresentation or nondisclosure by Owner; (b) any transfer or sale, or attempted transfer or sale, of the Property by Owner in violation of the terms of the Unison HomeOwner Agreement, or (c) other circumstances of prolonged, material and uncured default by Owner under the terms of the Unison HomeOwner Agreement, the Unison Purchase Price Balance may, in Investor's Permitted Discretion, be reduced by an amount equal to ten percent (10%) of the Unison Investment Payment. 10.3 The Ending Agreed Value of the Property under the Unison HomeOwner Agreement is calculated as:

Base Ending Agreed Value (as set forth in Section 10.4 below)

minus any Remodeling Adjustment*

plus any Deferred Maintenance Adjustment

*If there is a Negative Remodeling Adjustment, the absolute value of that number is added rather than subtracted.

10.4 Base Ending Agreed Values. The "Base Ending Agreed Values" applicable under the terms of the Unison HomeOwner Agreement are as follows:

(a) In any Option exercise on Permitted Sale of the Property following the third year anniversary of the Effective Date: the Effective Sale Price.

(b) In any Option exercise on Permitted Sale of the Property prior to the third year anniversary of the Effective Date: the greater of the Effective Sale Price or the Original Agreed Value.

(c) In any Option exercise on sale of the Property which is not a Permitted Sale, or is a Sale By Owner Transaction, an Intrafamily Transaction, a sale to a buyer that is not a Natural Person, or a sale

with respect to which Investor has elected to apply its rights under **Section 3.5** above: either the Effective Sale Price, or an Appraised Value of the Property, in Investor's Permitted Discretion.

(d) In any Option exercise at Term: the Appraised Value of the Property.

(e) In any Option exercise upon death of the Last Surviving Owner wherein the Property is not sold to a Third Party Buyer in a Permitted Sale: the Appraised Value of the Property.

(f) Following any Owner Event Of Default which is not remedied by an Orderly Sale, or in any calculation of an Investor Bid Amount in connection with a foreclosure sale of the Property: the greatest of the (i) Original Agreed Value, or (ii) the highest Appraised Value of the Property calculated between the date of the first Owner Event Of Default through the date of recording of Investor's release and reconveyance of the Option and the Unison HomeOwner Agreement Transaction Documents.

(g) In any allocation of insurance proceeds: the Appraised Value of the Property as it existed immediately prior to the destruction or damage, or if valuing the Property by Appraisal is not possible due to the destruction or damage, the Property value immediately prior to the destruction or damage as determined by some other reasonable, customary and appropriate process based on an expert third party opinion obtained by Investor.

(h) In any total condemnation of the Property, or partial condemnation in which the Option has been exercised: the greater of: the Net Condemnation Proceeds under **Section 8.17**, or the Appraised Value of the Property as it existed immediately prior to the condemnation, or if valuing the Property by Appraisal is not possible due to the condemnation, the Property value immediately prior to the condemnation as determined by some other reasonable, customary and appropriate process based on an expert third party opinion obtained by Investor.

(i) In any Special Termination: the greater of the Appraised Value of the Property at the time of Special Termination, or the Solicited Sale Value.

(j) In any Orderly Sale, any one of the following, in Investor's Permitted Discretion: (i) the Effective Sale Price; (ii) the Original Agreed Value; (iii) the highest Appraised Value of the Property calculated between the date of the first Owner Event Of Default through the date of recording of Investor's release and reconveyance of the Option and the Unison HomeOwner Agreement Transaction Documents; or (iv) such other Base Ending Agreed Value as may be agreed by Owner and Investor in writing.

[Signatures on following page.]

READ THIS DOCUMENT CAREFULLY BEFORE SIGNING IT. EXERCISE OF THE UNISON HOMEOWNER OPTION OR OTHER ENFORCEMENT OF THE TERMS OF THE UNISON HOMEOWNER AGREEMENT MAY RESULT IN THE SALE OF YOUR PROPERTY. ALL PRIOR ORAL, ELECTRONIC AND WRITTEN COMMUNICATIONS AND AGREEMENTS FROM OR WITH INVESTOR AND/OR INVESTOR'S AGENT(S), INCLUDING ALL CORRESPONDENCE, OFFER LETTERS, TERM SHEETS, PRINTED MATERIALS, DISCLOSURES, AND THE PROGRAM GUIDE ARE MERGED INTO AND SUPERSEDED AND REPLACED BY THE UNISON HOMEOWNER OPTION AGREEMENT, THIS UNISON HOMEOWNER COVENANT AGREEMENT, THE UNISON HOMEOWNER RECORDED MEMORANDUM, THE UNISON HOMEOWNER SECURITY INSTRUMENT, AND ANY OTHER WRITTEN AGREEMENTS MADE BY AND BETWEEN OWNER AND INVESTOR AS OF THIS EFFECTIVE DATE.

IN WITNESS WHEREOF, intending to be legally bound, the parties have executed this Unison HomeOwner Covenant Agreement as of the Effective Date.

INVESTOR:

Unison Agreement Corp.

By: _____
Robert Price

Title: Managing Director

Date Signed: _____

OWNER:

By: _____
Albert L. Scroggins Sr.

Date Signed: _____

By: _____
Johnny Kay Scroggins

Date Signed: _____

By: _____

Date Signed: _____

By: _____

Date Signed: _____

Not a Filed Document

SCHEDULE A

DEFINITIONS

As used in the Unison HomeOwner Agreement, the following terms shall have the meanings specified below:

Actual Value. Is defined in Section 8.3(b)(ii)(A).

Appraisal. The process of determining value of the property by Appraisal(s) as described in Section 8.5, and any appraisal of the Property under Section 8.5.

Appraisal Expenses. All fees and expenses owed to third parties (but excluding Attorneys' Fees) in connection with an appraisal or other valuation of the Property.

Appraised Value. The value of the Property determined in accordance with the procedures set forth in Section 8.5.

Approved Subsequent Lien. A lien upon the Property securing an Approved Subsequent Loan that is perfected after the Effective Date.

Approved Subsequent Loan. A loan or other obligation secured by the Property that is not prohibited under Section 8.9(a)(iii) of the Unison HomeOwner Covenant Agreement or otherwise approved in writing by Investor, as so secured, after the Effective Date.

Asset Administration Fees. Fees, costs and charges of the type further described in Section 8.12, which Asset Administration Fees are designed to compensate the Asset Administrator for the time, effort, costs and expenses incurred in responding to requests from Owner or Events Of Default by Owner under the Unison HomeOwner Agreement or in paying and reimbursing customary, reasonable, bona fide out of pocket costs charged to Asset Administrator by third parties performing such actions pursuant to the Unison HomeOwner Agreement.

Asset Administration Fee Schedule. A written schedule of regularly imposed fees for certain life events of the Unison HomeOwner Agreement, a copy of which is provided to Owner in connection with application for and execution of, a Unison HomeOwner Agreement.

Asset Administrator. The entity responsible for monitoring Owner's compliance with, and discharging Investor's responsibilities under, the Unison HomeOwner Agreement. The Asset Administrator may be Unison Agreement Corp.

Attorneys' Fees. All court and other dispute resolution costs, attorneys' and experts' fees and costs, and fees and disbursements of Investor's in-house counsel that are directly attributable to the specific matters on which a party prevailed. Attorneys' Fees shall include without limitation, Attorneys' Fees incurred in any state, federal, appellate, or bankruptcy court, and in any bankruptcy case or insolvency proceeding, of any kind in any way related to the Unison HomeOwner Agreement, Investor's Rights, or to the interpretation or enforcement of the parties' rights under the Unison HomeOwner Agreement, Investor's Rights or the Property.

Base Ending Agreed Value. The Ending Agreed Value of the Property before any Remodeling Adjustment or Deferred Maintenance Adjustment, as set forth in Section 10.4.

Business Day. Any day other than a Saturday, a Sunday, Good Friday, the day after Thanksgiving, or a day on which commercial banks in New York or California are required or authorized to be closed.

Closing Costs. All (a) ordinary and customary costs in connection with the Unison HomeOwner Agreement transaction or any subsequent sale or other transfer of the Property or any assignment or exercise of the Option related to such transfer, including, without limitation, recording fees and costs, reconveyance fees, Escrow fees, title insurance fees or fees incurred in obtaining the Confirmation Of Title elected by Investor, transfer taxes and documentary transfer taxes, and (b) federal, state or local taxes (excluding income taxes) arising, incurred or owed in connection with (i) Investor's exercise or sale of the Option, (ii) a sale of the Property or a Special Termination (iii) any related closing thereof, or (iv) any related Escrow. However, the term "Closing Costs" shall not include costs that are owed or incurred by a third party other than Investor in connection with the Property Purchase or a sale of the Property to a third party.

Confirmation Of Title. Confirmation of good and marketable title in and to the Property in fee simple and free of any liens or encumbrances of whatever character, subject only to the Permitted Encumbrances, to be provided, in Investor's Permitted Discretion, in the form either of a policy of title insurance issued to, or for the benefit of, Investor or Investor's assignee at the time that the Unison HomeOwner Agreement is entered into and insuring Investor's or Investor's assignee's rights under the

Unison HomeOwner Agreement or of a written title report, abstract of title or other title search documentation reflecting, to Investor's satisfaction, confirmation of good and marketable title to Investor's undivided fractional interest in the Property.

Deferred Maintenance Adjustment. An amount equal to Investor's commercially reasonable estimate of the dollar amount of any deferred maintenance or diminution in Property value caused by conditions or defects which either were known or should have been known by Owner as of the Effective Date, or which occurred or developed during the Term, as further described in **Section 8.4**, as determined by Investor in connection with any of the computations to be made under the Unison HomeOwner Agreement.

Effective Date. Is defined in the first sentence of the Unison HomeOwner Option Agreement and **Section 1.1** of the Unison HomeOwner Covenant Agreement.

Effective Sale Price. The monetary amount for which the Property is to be sold or transferred by Owner or Investor, as applicable, to an Third Party Buyer, as adjusted, as set forth below. The Effective Sale Price shall be the sum of all amounts set forth or that would otherwise be set forth in Section 400 of the HUD-1 Form (or any successor form) prepared by an Escrow Holder (which shall include the fair market value of any non-cash consideration received by, or for the benefit of, Owner and/or Investor in connection with the sale of the Property). Investor may elect to review the sales contract, and if Investor, through the exercise of its reasonable discretion, determines that the fair market value of any non-cash consideration is not properly reflected in the aforementioned Section 400, make a good faith reasonable determination of the value of any non-cash consideration to be received by Owner and/or Investor and include it in the calculation of Effective Sale Price. The calculation of the Effective Sale Price shall not include any deduction for any: (a) Closing Costs; (b) liens on the Property; (c) outstanding taxes; (d) Sales Commissions; (e) Appraisal Expenses; (f) loans secured by the Property; (g) credits made by Seller to closing costs; and/or (h) amounts payable to Investor hereunder.

Ending Agreed Value. Is defined in **Section 10.3**.

Escrow. A transaction settlement, typically consisting of an exchange and disbursement of consideration, costs, and proceeds, and documentation and recording of clear title to the Property, using the services of an Escrow Holder.

Escrow Holder. A title company reasonably acceptable to Investor or any neutral third party Escrow agent, settlement agent, title agent or attorney closing firm that closes or settles any transaction contemplated hereunder.

Event Of Default. Is defined in **Article Seven**.

Exempted Owner Assignment. Is defined in **Section 9.6(b)**.

Exercise Event. An event giving rise to the Investor's contractual right to exercise the Option under the Unison HomeOwner Agreement, including sale or transfer of the Property by Owner, death of the Last Surviving Owner; expiration of the Unison HomeOwner Agreement Term; material and uncured Event of Default; or acceptance by Owner of an offer of Option exercise and Orderly Sale.

Expiration Date. The day immediately preceding the thirtieth (30th) anniversary of the Effective Date, subject to automatic extension under **Sections 3.3, 4.3(b)** and **5.3(b)** of the Unison HomeOwner Covenant Agreement.

Hazardous Materials. Is defined in **Section 8.18**.

Hypothetical Value. Is defined in **Section 8.3(b)(ii)(A)**.

Intrafamily Transaction. A purchase, sale or transfer of the Property proposed between Owner and any family member of Owner by blood or marital relation.

Investor. Is defined in **Section 1** of the Unison HomeOwner Option Agreement and **Section 1.1** of the Unison HomeOwner Covenant Agreement.

Investor Bid Amount. The liquidated amount of the Investor bid to be made in connection with any foreclosure sale of the Property.

Investor Condemnation Credit. Is defined in **Section 8.17(b)**.

Investor Interest. The Investor Proceeds (if any) plus Unpaid Owner Obligations (if any).

Investor Percentage. The undivided percentage interest in and to the Property set forth in the Unison HomeOwner Option Agreement which Investor has the option to purchase and Owner has agreed to sell under the Unison HomeOwner Agreement.

Investor Proceeds. The Ending Agreed Value (as adjusted if applicable), multiplied by the Investor Percentage, minus the Unison Purchase Price Balance.

Investor's Rights. All interests and rights that Investor has or may have with regard to the Property (matured or unmatured, contingent or non-contingent, present or prospective) by virtue of the Option, under the Unison HomeOwner Agreement, or any other document executed by Owner in connection therewith, whether the Option has or has not been exercised.

Irrevocable Limited Power Of Attorney. A notarized Irrevocable Limited Power Of Attorney executed by Owner substantially in the form annexed hereto as Exhibit A, empowering Investor (although only a co-owner of the Property) exclusively to market, advertise, sell and transfer title to one hundred percent (100%) of the Property, including Owner's interest therein, if and when Investor and Owner have elected to pursue an Orderly Sale.

Last Surviving Owner. The last surviving Person who appears as a signatory to the Unison HomeOwner Agreement (or any mutually executed written addendum thereto).

Maximum Authorized Debt. The maximum principal amount of total indebtedness secured by any lien on the Property that Owner is permitted to incur under the Unison HomeOwner Agreement, which amount is specified in **Section 8** of the Unison HomeOwner Option Agreement. In the case of an open-end line of credit, the unused portion of any committed line of credit shall be considered principal indebtedness for purposes of determining whether the total indebtedness exceeds the Maximum Authorized Debt.

Natural Person. An individual, as opposed to a corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government, or any agency or political subdivision of any of the foregoing.

Negative Remodeling Adjustment. Is defined in **Section 8.3(e)** and **Section 10.3**.

Net Condemnation Proceeds. Is defined in **Section 8.17(a)**.

Non-Owner Occupant. Any and all adult co-occupants of the Property when those co-occupant(s), whether spouses, domestic partners, family members, or others, are not on official record title to the Property and are not signatories to the Unison HomeOwner Agreement Transaction Documents.

Non-Owner Occupant Disclosure. The "Notice and Acknowledgment Regarding Spouses, Partners and Co-Occupants Who Are Not Signatories to the Unison HomeOwner Agreement" substantially in the form annexed hereto as Exhibit B.

Notice Of Intention To Sell. The written notice given by Owner to Investor under **Section 3.2(a)** of Owner's decision to market, sell or transfer the Property at least 45 days (or within a commercially reasonable time) prior to the closing of the sale.

Option. The right of Investor, pursuant to the Unison HomeOwner Agreement to acquire an undivided percentage interest in and to the Property in exchange for the Unison Investment Payment, the future payment of the Unison Purchase Price Balance, and such other consideration as is set forth in the Unison HomeOwner Agreement.

Option Exercise Notice. A notice given in the manner prescribed by **Section 3** of the Unison HomeOwner Option Agreement, constituting Option exercise by Investor.

Orderly Sale. Is defined in **Section 7.4**.

Original Agreed Value. The value of the Property determined by Investor and agreed to by Owner as of the Effective Date, as specified in **Sections 4** and **10** of the Unison HomeOwner Option Agreement.

Owner. All of the Persons, individually and collectively, who appear on the record title to the Property as holding fee simple title to one hundred percent (100%) of the Property as of the Effective Date. "Owner" shall be defined as including "Owner's Estate" following the death of the Last Surviving Owner whenever such definition is reasonable or necessary to effectuate the intent and purposes of the Unison HomeOwner Agreement, including, without limitation, as applicable in **Articles Two, Three, Six, Seven, Eight, Nine** and **Ten** of the Unison HomeOwner Covenant Agreement.

Owner's Estate. Collectively, the heirs, beneficiaries and/or assignees of Owner charged with control, maintenance and disposition of the Property following the death of the Last Surviving Owner.

Permitted Discretion. Investor's sole and absolute discretion, exercised in good faith, for any reason.

Permitted Encumbrances. All licenses, easements, equitable servitudes, public bond obligations, and other conditions, covenants, restrictions and rights to which the Property is subject at the time the Unison HomeOwner Agreement becomes effective: (i) that are stated as exceptions on the Confirmation Of Title, or (ii) to which Investor has expressly agreed in writing that the Property will remain subject following any exercise of the Option by Investor. "Permitted Encumbrances" do not include any Senior Loans, Senior Liens, or any other liens that secure the payment of any loans or the performance of any obligations owed to any creditor.

Permitted Sale. A Third Party Sale by Owner which fully complies with **Article Three** or is otherwise expressly consented to in writing by Investor.

Permitted Senior Lien. A perfected lien upon the Property securing a Permitted Senior Loan that is senior to the lien of the Unison HomeOwner Security Instrument, obtained in connection with, or that was approved in writing by Investor upon Investor's execution of the Unison HomeOwner Agreement.

Permitted Senior Loan. An obligation secured by a Permitted Senior Lien, including, without limitation, any and all principal, interest, and expenses.

Person. An individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government, or any agency or political subdivision of any of the foregoing.

Principal Residence. Is defined in **Section 8.8(a)**.

Prohibited Use. Is defined in **Section 8.8(b)**.

Property. The residential real property that is the subject of the Unison HomeOwner Agreement, the legal description of which is set forth as Exhibit A to the Unison HomeOwner Option Agreement. The Property shall include only the real property described in that Exhibit A and the improvements and fixtures appurtenant to that real property, and not any other personal property of Owner.

Protective Advances. Any advances made by Investor that are the primary responsibility of Owner under the Unison HomeOwner Agreement but are made by Investor for purposes of protecting the Investor Percentage and Investor's Rights, as more completely described in **Section 8.11**.

Remodeling Adjustment. The adjustment, defined in **Section 8.3**, and calculated pursuant to **Section 8.5**, that takes into account the increase or decrease in market value attributable to certain material modifications and/or Prohibited Uses of the Property by Owner during the Term of the Unison HomeOwner Agreement.

Revocable Trust. A revocable trust, revocable living trust, *inter vivos* trust, revocable family trust or similar trust established in accordance with the laws of any state.

Revocable Trust Rider. A rider to the Unison HomeOwner Security Instrument required to be executed by Owner in the event Owner elects to purchase the Property in the name of a revocable trust.

Right Of First Refusal. The right of Owner under **Section 7.4(f)** to purchase the Property on the same terms the Property is proposed to be sold to a third party in an Orderly Sale.

Sale By Owner Transaction. A proposed sale of the Property conducted either without a public listing of the Property on the open market or where the terms and conditions of the sale have been principally negotiated by Owner without agency representation.

Sales Commissions. All broker fees, sales commissions, finder fees and all other fees and costs owed to any broker, real estate agent or finder and incurred in connection with a sale or transfer of the Property or any interest in the Property.

Senior Liens. Liens on the Property that are perfected prior to or otherwise have priority over the lien created by the Unison HomeOwner Security Instrument and which are approved by Investor, as so secured.

Senior Loans. Loans or other obligations that are secured by Senior Liens.

Solicited Sale Value. If within ninety (90) days prior to or following the closing of a Special Termination under **Section 6.2** Owner or Investor receives, or has pending, a written offer for the purchase of the Property, the Solicited Sale Value shall equal

the gross amount of such offer, with no deduction or adjustment for any costs that Owner may incur if a sale of the Property were to be completed pursuant to such offer.

Special Damages For Failure To Insure. Are defined in Section 8.16(f).

Special Termination. Is defined in Section 6.2.

Special Termination Price. Is defined in Section 6.2.

Term. The term of the Unison HomeOwner Agreement, commencing on the Effective Date and expiring on the Expiration Date, and as may be automatically extended under Sections 3.3, 4.3(b) and 5.3(b) of the Unison HomeOwner Covenant Agreement.

Termination. Any non-exercise termination of the Option prior to the expiration of the Term.

Third Party Buyer. The Person that purchases, or proposes to purchase, the Property in a Third Party Sale. This Person may be Investor.

Third Party Sale. A sale of all, or of an interest in, the Property under the Unison HomeOwner Agreement. Any Third Party Sale by Owner must also be a Permitted Sale.

Transaction Documents. The Unison HomeOwner Option Agreement, the Unison HomeOwner Covenant Agreement, the Unison HomeOwner Recorded Memorandum, the Unison HomeOwner Security Instrument and any and all mutually executed riders, amendments, exhibits or supplements thereto.

Trustor(s). The Person or Persons designated as the "trustor" or "settlor" of a Revocable Trust in its formation documents.

Trustee(s). The Person or Persons designated as the "trustee" of a Revocable Trust in its formation documents and any subsequent amendments, and any successor trustees under such Revocable Trust.

Unison HomeOwner Agreement. The Unison HomeOwner Option Agreement, Unison HomeOwner Covenant Agreement, Unison HomeOwner Recorded Memorandum, and Unison HomeOwner Security Instrument, and riders thereto, executed by and between Owner and Investor, together with all exhibits, schedules, attachments, and all amendments, supplements, and addenda now or hereafter executed by the parties.

Unison HomeOwner Covenant Agreement. This Unison HomeOwner Covenant Agreement executed by and between Owner and Investor.

Unison Investment Payment. The portion of the Unison Purchase Price paid to Owner for the Option in advance, at the commencement of the Unison HomeOwner Agreement Term.

Unison HomeOwner Option Agreement. The Unison HomeOwner Option Agreement executed by and between Owner and Investor by which Owner grants the Option to Investor.

Unison Purchase Price. The total amount Investor has agreed to pay or credit for Investor's purchase of an undivided percentage interest in and to the Property as set forth (or adjusted) under Sections 1 and 10 of the Unison HomeOwner Option Agreement, as distinguished from the price which a future buyer may pay to purchase the Property.

Unison Purchase Price Balance. The Unison Purchase Price minus the Unison Investment Payment previously given to Owner, as set forth in Sections 1 and 10 of the Unison HomeOwner Option Agreement, and subject to reduction under Sections 7.3(d) and 10.2 of the Unison HomeOwner Covenant Agreement.

Unison HomeOwner Recorded Memorandum. The memorandum, entered into by Investor and Owner concurrently with the Unison HomeOwner Agreement, which shall be recorded in the public records evidencing: (a) the provisions of the Unison HomeOwner Agreement running with the land; and (b) the Option.

Unison HomeOwner Security Instrument. A deed of trust or mortgage, and security agreement, together with any riders thereto, given by Owner concurrently with this Unison HomeOwner Covenant Agreement, and the Unison HomeOwner Option Agreement, securing the Owner's performance under the Unison HomeOwner Agreement by a lien on Owner's entire interest in the Property, which shall be recorded in the public records and which forms a part of the Unison HomeOwner Agreement.

Unpaid Owner Obligations. Is defined in Section 3.3.

Exhibit A

IRREVOCABLE LIMITED POWER OF ATTORNEY

TO BE EXECUTED AND GRANTED BY OWNER TO INVESTOR
UPON MUTUAL AGREEMENT TO PURSUE ORDERLY SALE
[MAY DIFFER FROM STATE TO STATE]

Irrevocable Limited Power of Attorney Coupled with an Interest. Pursuant to the terms of the Unison HomeOwner Agreement ("Unison HomeOwner Agreement") entered into by and between as of ("Effective Date"), and subsequent agreement to pursue the remedy of Orderly Sale under Section 7.4 of the Unison HomeOwner Covenant Agreement, Owner is executing this notarized Power of Attorney designating Investor and its successors and assignees as its true and lawful agents and attorneys-in-fact (with full power of substitution) in Owner's name and on Owner's behalf (in any and all capacities) for the sole and limited purpose of authorizing and empowering Investor exclusively (although only a co-owner of the Property) to market, advertise, sell and transfer title to one hundred percent (100%) of the Property, including Owner's interest therein. Accordingly, Investor or its successor or assignee and the other parties designated above as attorneys-in-fact, shall have the exclusive power and authority to do all acts and to execute any and all documents, instruments and agreements as such agents and attorneys-in-fact deem necessary or advisable:

1. to solicit buyers for the entire Property and offers for a sale of the entire Property;
2. to advertise the entire Property for sale on reasonable and customary terms and conditions for a price that is reasonable in view of the then market conditions;
3. to sell the entire Property and transfer Owner's entire interest in, and title to, the Property on usual and customary terms and conditions, the proceeds of which shall be allocated to Owner and Investor as provided in the Unison HomeOwner Agreement; and
4. to encumber the Property by obtaining loans secured by liens on the Property, in order to raise those funds reasonably required to improve, repair and prepare the Property for sale at a competitive price in its market.

The undersigned hereby acknowledge that this power of attorney is coupled with an interest in the Property pursuant to the Unison HomeOwner Agreement and that, as a result, in addition to any consequences under law, this power is irrevocable and will survive the undersigned's death or incompetence. All acts that the attorneys-in-fact shall lawfully do, or cause to be done, under the authority of this Power of Attorney are hereby expressly approved, ratified and confirmed.

This Power of Attorney is a durable power of attorney and shall remain in force despite any Owner's subsequent incapacity or death.

In the event this Power of Attorney, or any portion thereof, is held to be invalid or stayed or enjoined by a court of competent jurisdiction, then such provision or portion thereof shall be considered separately and apart from every other provision of the Unison HomeOwner Agreement for the purpose of determining the legal enforceability of every such other provision, and Owner agrees to execute and deliver to Investor a replacement Power of Attorney acceptable to the investor in its reasonable discretion.

Owner and Investor agree that if Investor is not allowed to exercise its rights under this Power of Attorney the damages to Investor would be irreparable and extremely difficult to estimate, making money damages or any remedy at law inadequate. Thus, in addition to any other rights and remedies available to it in law, equity or otherwise, Investor shall be entitled to specific performance of the provisions of this instrument.

From time to time in the future as long as the Unison HomeOwner Agreement has not, or is not, terminated, Owner shall, at Investor's request, which shall be at Investor's Permitted Discretion, execute such additional or replacement powers of attorney as Investor may deem necessary identifying such other Investor officers as Owner's attorneys-in-fact as Investor deems reasonably necessary for purposes enumerated herein.

THIS POWER OF ATTORNEY SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL SUCH TIME AS THE UNISON HOMEOWNER AGREEMENT TERMINATES OR IS TERMINATED. Owner hereby ratifies and affirms all that such attorney-in-fact, or any substitute or substitutes, may do by virtue of the power conveyed hereby.

EXHIBIT ONLY – DO NOT SIGN

Signature

DATE: _____

Print Name

EXHIBIT ONLY – DO NOT SIGN

Signature

DATE: _____

Print Name

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____)
County of _____)

On _____, 20____, before me, _____
(insert name and title of the officer)
personally appeared _____, who proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Not a Filed Document

Exhibit B

**NOTICE AND ACKNOWLEDGMENT REGARDING SPOUSES, PARTNERS AND CO-OCCUPANTS
WHO ARE NOT SIGNATORIES TO THE UNISON HOMEOWNER AGREEMENT**

Unison HomeOwner Agreement ID Number:

This Notice and Acknowledgement Form ("**Form**") contains important disclosures about the rights and liabilities of spouses, domestic partners, family members and other co-occupants of a Property ("**Property**") subject to a **Unison HomeOwner Agreement** who are not signatories to the Unison HomeOwner Agreement (collectively referred to as "**Non-Owner Occupant(s)**"). Please **READ IT CAREFULLY**. This Form must be signed by all homeowners entering into and executing a Unison HomeOwner Agreement ("**Unison Signatory(ies)**") and by all Non-Owner Occupants. Any owner executing a Unison HomeOwner Agreement ("**Owner**") is responsible for ensuring that a complete and accurate version of this Form is returned to Unison Agreement Corp. ("**Unison**") with the signatures of all Non-Owner Occupants as a prerequisite to entering into the Unison HomeOwner Agreement.

The rights of a Non-Owner Occupant to occupy or retain possession of the Property following the death of the Last Surviving Owner who is a party to the Unison HomeOwner Agreement, Option exercise, or an Owner Event Of Default under the Unison HomeOwner Agreement, may be significantly affected by the operation of the Unison HomeOwner Agreement. This is because the Unison HomeOwner Agreement is an option agreement which gives Unison the right to exercise its option and purchase an undivided percentage interest ("**Investor Percentage**") in the Property upon certain triggering events. *Two such triggering events are the death of the Last Surviving Owner, or an Owner Event Of Default, regardless of whether Non-Owner Occupants are occupying the Property at that time.* A Non-Owner Occupant of a Property subject to a Unison HomeOwner Agreement will be required to settle Unison's option rights even if the Non-Owner Occupant inherits the Property as the heir, beneficiary or survivor of an Owner. Depending on the appreciation of the Property during the term of the Unison HomeOwner Agreement, the amount required to settle Unison's option rights may be substantial. In addition, following an Event of Default (including default by Non-Owner Occupants), Unison may be entitled to exercise its recorded security interest and/or compel the sale of the Property, resulting in a Non-Owner Occupant losing possession and/or ownership thereof.

Unison cannot know who occupies the Property as a principal residence if those persons are not named on title. Unison must and will rely on the Owner to supply this information accurately.

The responsibility for notifying Unison of any change in the status of Non-Owner Occupants is also a continuing obligation of all Owners throughout the Term of the Unison HomeOwner Agreement. All Owners are responsible for returning a complete and accurate amended Form to Unison with the signatures of all Non-Owner Occupants, both at inception of the Unison HomeOwner Agreement, and in the event that any new Non-Owner Occupant not signatory to the Unison HomeOwner Agreement commences to occupy the Property as his or her principal residence, or in the event a non-adult occupant of the Property attains the age of 18, at any time during the Term.

In the event that a Unison Signatory wishes to add another person onto the title to the Property after entering into the Unison HomeOwner Agreement, he or she must execute the complete set of Unison HomeOwner Agreement legal documents and meet all then-current Unison HomeOwner Agreement education requirements. Unless and until these requirements are met, the individual will remain and must be identified to Unison as a Non-Owner Occupant of the Property subject to the option and contractual rights of Unison as above described.

All Owners acknowledge that they have read and understand this Form, and that they have been advised by Unison to consult independent legal counsel and estate planning professionals to ascertain the legal effects of the Unison HomeOwner Agreement on future possession and occupancy of the Property.

☐ I represent and warrant that there are no Non-Owner Occupants living in my Property.

Acknowledged and agreed:

Owner:	Owner:
<u>EXHIBIT ONLY – DO NOT SIGN</u>	<u>EXHIBIT ONLY – DO NOT SIGN</u>
Date signed: _____	Date signed: _____

☐ I represent and warrant that I have presented this form to and discussed its contents with all Non-Owner Occupants living in my Property. The names and signatures of all Non-Owner Occupants and their relation to me appear below.

Acknowledged and agreed:

Owner:	Owner:
<u>EXHIBIT ONLY – DO NOT SIGN</u>	<u>EXHIBIT ONLY – DO NOT SIGN</u>
Date signed: _____	Date signed: _____
Non-Owner Occupant 1:	Non-Owner Occupant 2:
<u>EXHIBIT ONLY – DO NOT SIGN</u>	<u>EXHIBIT ONLY – DO NOT SIGN</u>
Print name: _____	Print name: _____
Relation to Owner: _____	Relation to Owner: _____
Non-Owner Occupant 3:	Non-Owner Occupant 4:
<u>EXHIBIT ONLY – DO NOT SIGN</u>	<u>EXHIBIT ONLY – DO NOT SIGN</u>
Print name: _____	Print name: _____
Relation to Owner: _____	Relation to Owner: _____

Exhibit C

Asset Administration Fee Schedule

Unison HomeOwner Agreement ID Number:

Changes to Title:	\$300.00
Addition of Unison HomeOwner Agreement Signatory	
Removal of Unison HomeOwner Agreement Signatory	
Other Changes to Title Including Change of Title to Trust	
Advances made by Unison (per advance) due to non-payment of:	\$250.00¹
Property insurance payment	
Property tax payment	
Deferred maintenance	
Mortgage and other unpaid obligations	
Processing Subordination Requests:	\$300.00
Recording and Reconveyance (per document):	\$75.00
Release of lien	
Quitclaim deed	
Other requested release documentation	
Payoff Estimate (per request, when requested more than once per calendar year)	\$75.00
Special Termination	\$1250.00
Processing of Property Sale	\$650.00
Administering Owner Events Of Default	\$500 - \$3500 (estimated)²

In addition to the administration fees itemized above, other actual, necessary, bona fide, reasonable, out-of-pocket fees and costs, customary to the area, which are paid by Investor to third parties (including persons and entities retained by Investor) may be charged to the homeowner from time to time during the term or at the termination of a Unison HomeOwner Agreement, including fees and costs related to title, legal, recording, and appraisal, whether incurred in connection with homeowner default or termination.

The above listed fees are estimates based on the current costs of the service provided. These fees are subject to change as the costs of providing any such services change. If a fee has changed at the time Owner requests any one of the above services, a disclosure of the then-current charge will be provided to Owner. Please note that additional fees for expediting requests may apply.

¹Plus interest on amounts advanced, in accordance with the Unison HomeOwner Agreement.

²The range of administrative fees which may be charged by Investor in connection with Owner Defaults is an estimate only, given the difficulty of actually predicting the internal cost to Investor of processing such Defaults. As a result, the actual amount of such fees may vary depending on the duration, and difficulty of resolution, of any given Owner Default. In unusual cases, such fees may exceed the estimates given here. Under no circumstances, however, shall Investor charge any administrative fees in connection with Owner Default unless such fee is customary, reasonable, bona fide, imposed in good faith, and demonstrably appropriate in relation to the Event of Default.

Prepared by, recording requested by,
and when recorded mail to:

Unison Agreement Corp.
P.O. Box 26800
San Francisco, CA 94126-6800

Unison HomeOwner Agreement ID Number:
FRX-031861

MEMORANDUM OF UNISON HOMEOWNER AGREEMENT

This **MEMORANDUM OF UNISON HOMEOWNER AGREEMENT** ("**Unison HomeOwner Recorded Memorandum**") is entered into as of 12/18/2017 ("**Effective Date**") by and between ALBERT L. SCROGGINS, SR. AND JOHNNY KAY SCROGGINS, HUSBAND AND WIFE, AS JOINT TENANTS (individually or collectively "**Owner**") and Unison Agreement Corp., a Delaware corporation, and its successors and assignees ("**Benefited Party**"), whose address is 650 California Street, Suite 1800, San Francisco, CA 94108.

MEMORANDUM OF UNISON HOMEOWNER AGREEMENT

Owner hereby declares that Owner has entered into that certain Unison HomeOwner Agreement ("**Unison HomeOwner Agreement**") with Benefited Party, as of the Effective Date, pursuant to which Owner grants and conveys to Benefited Party the option to purchase an undivided percentage interest in that certain real property (the "**Property**") described in attached **SCHEDULE A** ("**Option**") and pursuant to which Owner has made certain covenants and promises to, or for the benefit of, Benefited Party in connection with the Property, all as more particularly described and on the terms and conditions stated in the Unison HomeOwner Agreement. The percentage interest shall equal the Investor Percentage as specified in the Unison HomeOwner Option Agreement. The Option is irrevocable by Owner. The term of the Option shall commence on the Effective Date and shall expire at 11:59 p.m., Pacific Time, on the day immediately preceding the thirtieth (30th) anniversary of the Effective Date ("**Expiration Date**") (subject to certain extensions as set forth in the Unison HomeOwner Agreement). The terms of the Unison HomeOwner Agreement are hereby incorporated into this Unison HomeOwner Recorded Memorandum by this reference.

MEMORANDUM OF COVENANTS RUNNING WITH THE LAND

This Unison HomeOwner Recorded Memorandum identifies the covenants and promises set forth in the Unison HomeOwner Agreement that run with the land and will be binding upon any party who acquires Owner's interest in the Property so long as the Unison HomeOwner Agreement has not expired or been terminated. The Unison HomeOwner Agreement covenants are deemed to be covenants running with the land within the meaning of Section 1460 of the California Civil Code so as to give it the broadest possible application, and include, without limitation:

- a. **Section 8.2** of the Unison HomeOwner Covenant Agreement which, among other things, requires Owner to maintain and repair the Property and to ensure that use of the Property complies with all applicable state, federal and local laws and regulations.
- b. **Section 8.16** of the Unison HomeOwner Covenant Agreement which, among other things, requires Owner to maintain insurance on the Property against certain hazards.
- c. **Section 8.10** of the Unison HomeOwner Covenant Agreement which, among other things, requires Owner to pay all taxes and assessments accruing on the Property.
- d. **Section 8.8** of the Unison HomeOwner Covenant Agreement which, among other things, requires Owner to occupy the Property as Owner's principal residence and prohibits use of the Property for commercial or other non-residential purposes.
- e. **Section 8.9** of the Unison HomeOwner Covenant Agreement which, among other things, restricts the ability of Owner to increase the amount of debt to third parties secured by liens on the Property beyond the Maximum Authorized Debt specified in the Unison HomeOwner Agreement, and requires Owner to keep the Property free of liens prohibited under the terms of the Unison HomeOwner Agreement or not otherwise approved by Benefited Party.
- f. **Article Three** of the Unison HomeOwner Covenant Agreement which, among other things, restricts the right of Owner to transfer the Property other than as expressly permitted under the terms of the Unison HomeOwner Agreement.

[This space is intentionally left blank.]

RELEASE

This Unison HomeOwner Recorded Memorandum shall remain in full force and effect until released by a written termination or quitclaim deed executed and notarized by Benefited Party and recorded in the real property records for the county where the Property is located, or until extinguished by operation of law.

[Signatures appear on the following page.]

READ THIS DOCUMENT CAREFULLY BEFORE SIGNING IT. ALL PRIOR ORAL, ELECTRONIC AND WRITTEN COMMUNICATIONS AND AGREEMENTS FROM OR WITH BENEFITED PARTY, INCLUDING ALL CORRESPONDENCE, OFFER LETTERS, TERM SHEETS, PRINTED MATERIALS, DISCLOSURES, AND THE PROGRAM GUIDE, ARE MERGED INTO AND SUPERSEDED AND REPLACED BY THIS UNISON HOMEOWNER RECORDED MEMORANDUM, THE OTHER TRANSACTION DOCUMENTS, AND THE OTHER WRITTEN AGREEMENTS MADE BY AND BETWEEN OWNER AND BENEFITED PARTY AS OF THE EFFECTIVE DATE.

IN WITNESS WHEREOF, the undersigned Benefited Party and Owner have each executed this Unison HomeOwner Recorded Memorandum as of the date set forth above.

BENEFITED PARTY:

Unison Agreement Corp., a Delaware corporation

By: _____

Name: Robert Price

Title: Managing Director

Date signed: _____

OWNER:

By: _____

Albert L. Scroggins Sr.

Date signed: _____

By: _____

Johnny Kay Scroggins

Date signed: _____

By: _____

Date signed: _____

By: _____

Date signed: _____

Property Address:

17042 Fairburn St

Hesperia, CA 92345

BENEFITED PARTY'S ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

) ss.

COUNTY OF SAN FRANCISCO)

On _____, 20____, before me _____,
Notary Public, personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

_____ (seal)

Not a Filed Document

OWNERS' ACKNOWLEDGMENT

[Notary Acknowledgment(s) must be attached.]

Not a Filed Document

SCHEDULE A
LEGAL DESCRIPTION

That certain real property situated in the City of Hesperia, County of San Bernardino, State of CA, described as follows:

THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:
LOT 82, TRACT NO. 5543, IN THE CITY OF HESPERIA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 66, PAGES 13 TO 34, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. SUBJECT TO RESTRICTIONS, RESERVATIONS, EASEMENTS, COVENANTS, OIL, GAS OR MINERAL RIGHTS OF RECORD, IF ANY.

APN/Tax ID Number/Parcel Identification Number: 0398-045-13-0000

[end of legal description]

Not a Filed Document

Prepared by, recording requested by,
and when recorded mail to:

Unison Agreement Corp.
P.O. Box 26800
San Francisco, CA 94126-6800

Unison HomeOwner Agreement ID Number:
FRX-031861

UNISON HOMEOWNER DEED OF TRUST AND SECURITY AGREEMENT

NOTICE: THIS DEED OF TRUST CONTAINS A SUBORDINATION CLAUSE WHICH MAY RESULT IN BENEFICIARY'S SECURITY OR OTHER INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This **SUBORDINATED HOMEOWNER DEED OF TRUST AND SECURITY AGREEMENT**, together with riders hereto ("**Unison HomeOwner Security Instrument**"), is made as of 12/18/2017 ("**Effective Date**"), among ALBERT L. SCROGGINS, SR. AND JOHNNY KAY SCROGGINS, HUSBAND AND WIFE, AS JOINT TENANTS (individually or collectively "**Trustor**"), and American Title Inc ("**Trustee**"), whose address is 11010 Burdette St PO BOX 641010, Omaha, NE 68164-1010 and Unison Agreement Corp., a Delaware corporation, and its successors and assignees ("**Beneficiary**"), whose address is 650 California Street, Suite 1800, San Francisco, CA 94108. Capitalized terms used in this Unison HomeOwner Security Instrument shall have the meanings specified in this Unison HomeOwner Security Instrument, or if not defined herein, in that certain Unison HomeOwner Covenant Agreement ("**Unison HomeOwner Covenant Agreement**"), Unison HomeOwner Option Agreement ("**Unison HomeOwner Option Agreement**") and that certain Memorandum Of Unison HomeOwner Agreement ("**Unison HomeOwner Recorded Memorandum**"), which documents, together with this Unison HomeOwner Security Instrument, are collectively termed the "**Unison HomeOwner Agreement**" executed by Trustor and Beneficiary concurrently herewith.

1. Grant In Trust.

TRUSTOR HEREBY IRREVOCABLY grants, transfers and assigns to Trustee, and its successors and assignees, in trust, with power of sale, all of that property ("**Real Property**") described in **SCHEDULE A** attached hereto and made a part hereof.

Together with all improvements, replacements and additions now or hereafter erected on the Real Property and all easements, appurtenances and fixtures now or hereafter a part of the Real Property. (The fixtures, improvements and the Real Property are collectively referred to as the "**Property**.")

Page 1 of 13

Owner's Initials: _____ / _____ / _____

d. any expenditures made by Beneficiary pursuant to, or under, this Unison HomeOwner Security Instrument; and

e. payment of all fees and expenses (including, as allowed by applicable law, court and other dispute resolution costs, attorneys' and experts' fees and costs, and fees and disbursements of in-house counsel (collectively "**Attorneys' Fees**")) incurred by Beneficiary in the enforcement and collection of the obligations listed above and the protection of Beneficiary's rights related thereto, whether such fees are incurred in any state, federal, appellate, or bankruptcy court or otherwise and whether or not litigation or arbitration is commenced. Attorneys' Fees shall include, Attorneys' Fees incurred in any state, federal, appellate, or bankruptcy court, and in any bankruptcy case or insolvency proceeding, of any kind in any way related to this Unison HomeOwner Security Instrument, to the interpretation or enforcement of the parties' rights under this Unison HomeOwner Security Instrument, or to the Property.

The foregoing obligations are referred to collectively as the "**Obligations.**"

f. Trustor shall not be obligated to repay any part of the **Unison Investment Payment** (as such term is defined in Schedule A to the Unison HomeOwner Covenant Agreement); and therefore, such item shall not be included within the Obligations. The foregoing shall not, however, in any way limit any payment calculated and agreed by Trustor to be paid pursuant to the Unison HomeOwner Agreement, according to the calculation of **Investor Proceeds** and **Investor Interest** (as defined in the Unison HomeOwner Agreement), including, without limitation, any such calculation in connection with a **Special Termination** as defined in **Section 6.2** of the Unison HomeOwner Covenant Agreement.

3. **Uniform Commercial Code Security Agreement And Fixture Filing.** This Unison HomeOwner Security Instrument also is intended to be and shall constitute a security agreement under the California Uniform Commercial Code for any items of personal property that constitute fixtures or are specified as part of the Property and that under applicable law may be subject to a security interest under the California Uniform Commercial Code. Trustor hereby grants to Beneficiary a security interest in those items to secure the performance and payment of the Obligations.

a. Trustor agrees that Beneficiary may file either this Unison HomeOwner Security Instrument, or a copy of it, or a UCC-1 Financing Statement in the real estate records or other appropriate index and/or in the Office of the Secretary of State of the State of California, as a financing statement for any of the items specified above as part of the Property.

b. This Unison HomeOwner Security Instrument constitutes a financing statement filed as a fixture filing pursuant to Sections 9502(c) and 9514 of the California Uniform Commercial Code, and any similar or successor provisions.

c. Beneficiary may file such extensions, renewals, amendments and releases as are appropriate to reflect the status of its security interest.

d. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases of such statements, and shall pay all reasonable costs and expenses of any record searches for financing statements that Beneficiary may reasonably require.

e. On any default hereunder, Beneficiary shall have the remedies of a secured party under the California Uniform Commercial Code and may also invoke the remedies in **Section 7** below. In exercising any of these remedies, Beneficiary may proceed against the items of Real Property, fixtures or improvements separately or together and in any order whatsoever without in any way affecting the availability of Beneficiary's remedies under the California Uniform Commercial Code or the remedies in **Section 7** below.

4. **Assignment Of Leases And Rents.** As additional security for the Obligations, Trustor hereby irrevocably, absolutely and unconditionally assigns to Beneficiary all of Trustor's right, title and interest in and to all existing and future leases, subleases and licenses relating to the use, occupancy or enjoyment of all or any part of the Property and all rents, income, revenues, profits, proceeds and earnings now or hereafter payable with respect to the ownership, use or occupancy of the Property (collectively the "**Rents**");

a. Trustor hereby gives to, and confers upon, Beneficiary the right, power and authority, during the continuance of this Unison HomeOwner Security Instrument, to collect the Rents, reserving unto Trustor the right, prior to any default by Trustor in payment of the Obligations secured hereby or in performance of any agreement hereunder, to collect and retain such Rents, as they become due and payable.

b. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the Obligations secured hereby, enter upon and take possession of the Property or any part of it, in its own name sue for or otherwise collect such Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including Attorneys' Fees to the Obligations secured hereby, and in such order as Beneficiary may determine.

c. The entering upon and taking possession of the Property, the collection of such rents, issues and profits and the application of such rents, issues and profits pursuant to this Unison HomeOwner Security Instrument, shall not cure or waive any default or notice of default under this Unison HomeOwner Security Instrument or invalidate any act done pursuant to such notice.

d. Nothing in this section shall permit Trustor to lease or rent the Property in contravention of any provision of the Unison HomeOwner Agreement; nor shall anything in this section modify any provision in the Unison HomeOwner Agreement relating to the use, lease or occupancy of the Property.

5. **Covenants Of Trustor Regarding The Property.** Trustor hereby agrees as follows:

a. To appear in and defend any action or proceeding purporting to affect the security of this Unison HomeOwner Security Instrument or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses of Trustee and Beneficiary (including cost of evidence of title and Attorneys' Fees) incurred: (i) in any state, federal, appellate, or bankruptcy court, in any action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Unison HomeOwner Security Instrument or to collect the Obligations or to protect Beneficiary's rights under this Unison HomeOwner Security Instrument; and/or (ii) in connection with the enforcement of any provisions of this Unison HomeOwner Security Instrument or in connection with foreclosure upon the collateral granted under this Unison HomeOwner Security Instrument (whether or not suit is filed).

b. To pay: at least ten (10) days before delinquency all taxes and assessments affecting the Property; and all encumbrances, charges and liens, with interest, on the Property (or any part of the Property), which are prior or could obtain priority to the lien or to the rights granted under this Unison HomeOwner Security Instrument, and all costs, fees and expenses of this Unison HomeOwner Security Instrument.

(i) If Trustor fails to make any payment or to do any act as provided in this Unison HomeOwner Security Instrument, Beneficiary or Trustee may (but shall not be obligated to) make the payment or do the act in the required manner and to the extent deemed necessary by Beneficiary or Trustee to protect the security for this Unison HomeOwner Security Instrument, which payments and related expenses (including Attorneys' Fees) shall also be secured by this Unison HomeOwner Security Instrument.

(ii) Such performance by Beneficiary or Trustee shall not require notice to, or demand on, Trustor and shall not release Trustor from any obligation under this Unison HomeOwner Security Instrument.

(iii) Beneficiary or Trustee shall have the following related rights and powers: (A) to enter upon the Property for the foregoing purposes, (B) to appear in and defend any action or proceeding purporting to affect the Property or the rights or powers of Beneficiary or Trustee under this Unison HomeOwner Security Instrument, (C) to pay, purchase, contest or compromise any encumbrance, charge, or lien that in the judgment of Beneficiary or Trustee appears to be prior or superior to this Unison HomeOwner Security Instrument, and (D) to employ counsel, and to pay such counsel necessary expenses and costs, including Attorneys' Fees.

c. To pay immediately upon demand all sums expended by Beneficiary or Trustee pursuant to this Unison HomeOwner Security Instrument; and to pay interest on any of the foregoing amounts demanded by Beneficiary or Trustee at the rate specified in Section 3289

of the California Civil Code (or other applicable law) from the date of such demand, not to exceed the maximum rate allowed by law at the time of such demand.

6. **Power Of Attorney.** Trustor hereby irrevocably appoints Beneficiary as Trustor's attorney-in-fact (such agency being coupled with an interest), and as such attorney-in-fact Beneficiary may, after providing notice to Trustor pursuant to the Unison HomeOwner Agreement and the Unison HomeOwner Recorded Memorandum, without the obligation to do so, in Beneficiary's name, or in the name of Trustor, prepare, execute and file or record financing statements, continuation statements, applications for registration and like documents necessary to create, perfect or preserve any of Beneficiary's security interests and rights in or to any of the Property, and, upon a default under this Unison HomeOwner Security Instrument, take any other action required of Trustor; provided, however, that Beneficiary as such attorney-in-fact shall be accountable only for such funds as are actually received by Beneficiary.

7. **Default And Foreclosure And Power Of Sale.** Upon default by Trustor in the performance of or upon breach by Trustor of any of the rights and Obligations that are secured by this Unison HomeOwner Security Instrument as specified above, Beneficiary may declare all performance and sums secured by this Unison HomeOwner Security Instrument immediately due by delivery to Trustee and to Trustor of written declaration of default. Beneficiary shall give notice of default to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Unison HomeOwner Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Trustor, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the performance secured by this Unison HomeOwner Security Instrument and sale of the Property. The notice shall further inform Trustor of the right to cure after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured on or before the date specified in the notice, Beneficiary at its option may require immediate performance in full of all obligations secured by this Unison HomeOwner Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided herein, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Beneficiary invokes the power of sale, Beneficiary shall execute or cause Trustee to execute a written notice of Beneficiary's election to cause the Property to be sold as prescribed by applicable law. Trustee shall cause this notice to be recorded in each county in which any part of the Property is located. Beneficiary or Trustee shall mail copies of the notice as prescribed by applicable law to Trustor and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. Beneficiary also shall deposit with Trustee this Unison HomeOwner Security Instrument, the Unison HomeOwner Agreement, and all documents evidencing any expenditures and damages secured by this Unison HomeOwner Security Instrument.

After the time required by applicable law, Trustee, without demand on Trustor, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale.

Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of their truthfulness. Any person, including Trustor, Trustee, or Beneficiary as defined in this Unison HomeOwner Security Instrument, may purchase at such sale.

a. After deducting all costs, fees and expenses (including Attorneys' Fees) of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: to Beneficiary, all sums expended and performance due under the terms of this Unison HomeOwner Security Instrument, not then performed or repaid, with accrued interest, if any, at the amount allowed by law in effect on the Effective Date of this Unison HomeOwner Security Instrument; to Beneficiary, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

b. Notice provided to Trustor under this Unison HomeOwner Security Instrument shall be to the address specified in this Unison HomeOwner Security Instrument unless otherwise required by applicable law.

c. Exercise of Beneficiary's remedies under this Unison HomeOwner Security Agreement shall be in compliance with applicable law.

8. **Liquidated Damages.** Liquidated Damages means an amount equal to the sum of:

a. the **Investor Proceeds**, as calculated according to **Article 10** ("Calculations") of the Unison HomeOwner Covenant Agreement;

b. in connection with Owner's failure to make any monetary payment, the sum of all monetary obligations (including, without limitation, all **Unpaid Owner Obligations**) owed to Investor by Owner under the Unison HomeOwner Agreement; and

c. any and all amounts, properly chargeable to Owner as necessary to satisfy Owner's obligations under the Unison HomeOwner Agreement with respect to Owner's mortgage, tax and insurance obligations on the Property, including late fees, reinstatement fees and other penalties.

9. **Late Performance.** By accepting performance of any obligation after its due date, Beneficiary does not waive its right either to require prompt performance when due of all other obligations or to declare default for such failure to perform.

10. **Trustee's Powers.** At any time or from time to time, without liability therefor upon written request of Beneficiary and presentation of this Unison HomeOwner Security Instrument, and without affecting the personal liability of any person for the performance of the Unison HomeOwner Agreement secured hereby, Trustee may: (a) reconvey any part of the Property; (b) consent to the making of any map or plat of the Property; (c) join in granting any easement thereon; and (d) join in any extension agreement or any agreement subordinating the lien or charge of this Unison HomeOwner Security Instrument.

11. **Substitution of Trustee.** Beneficiary, or any successor in ownership of the Obligations, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named or acting under this Unison HomeOwner Security Instrument, which instrument, when executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from Trustee's predecessor, succeed to all its title, estate, rights, powers and duties. Such instrument must contain the name of the original Trustor, Trustee and Beneficiary under this Unison HomeOwner Security Instrument, the book and page where this Unison HomeOwner Security Instrument is recorded, and the name and address of the new Trustee(s).

12. **Trustee's Compensation.** Trustor shall pay Trustee's fees and reimburse Trustee for expenses in the administration of this Trust, including Attorneys' Fees. Trustor shall pay to Beneficiary reasonable compensation for services rendered concerning this Unison HomeOwner Security Instrument, including without limitation any statement of amounts owing under any obligations.

13. **Full Reconveyance.** Upon written request of Beneficiary stating that all obligations have been performed or paid, and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held under this Unison HomeOwner Security Instrument. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness of such recitals. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

14. **Subordination.** This Unison HomeOwner Security Instrument is subordinate to and junior to the Unison HomeOwner Recorded Memorandum which affects the Property and which is executed by Trustor as "Owner" as of the same date as this Unison HomeOwner Security Instrument. Upon any foreclosure of this Unison HomeOwner Security Instrument by the Beneficiary, despite such foreclosure, the Unison HomeOwner Recorded Memorandum will remain in full force and effect (until released pursuant to its terms) and binding upon any person who now or hereafter obtains an interest in the Property; and the Unison HomeOwner Agreement will remain in full force and effect and binding upon Trustor, and any other person who may agree to be bound by such documents.

15. **Successors.** This Unison HomeOwner Security Instrument applies to, inures to the benefit of, and binds all parties to this Unison HomeOwner Security Instrument, their heirs,

legatees, devisees, administrators, executors, successors, and assignees. The term "**Beneficiary**" shall include any successor or assignee of Beneficiary's rights in the Unison HomeOwner Agreement and in this Unison HomeOwner Security Instrument, whether or not named as Beneficiary in this Unison HomeOwner Security Instrument. In this Unison HomeOwner Security Instrument, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

16. Joint and Several Liability. If more than one person signs this Unison HomeOwner Security Instrument as Trustor, the obligations of each signatory shall be joint and several.

17. Multiple Owners. If there are multiple Trustors of the Property:

a. this Unison HomeOwner Security Instrument must be signed by each such Trustor;

b. all rights and powers specified for Trustor in this Unison HomeOwner Security Instrument must be approved and exercised unanimously by all such multiple Trustors;

c. all such multiple Trustors shall be jointly and severally liable for all liabilities and obligations specified for Trustor under this Unison HomeOwner Security Instrument;

d. notice required to be given by, or to, Trustor will be deemed adequately given if given by, or to, any of Trustors using the contact information set forth in this Unison HomeOwner Security Instrument; and

e. Beneficiary may treat any notice received from any one Trustor as notice from all Trustors.

18. Revocable Trust. If any Trustor is/are the trustee(s) of a **Revocable Trust** (as defined in Schedule A to the Unison HomeOwner Covenant Agreement):

a. all trustees and all trustors of the Revocable Trust must sign this Unison HomeOwner Security Instrument in their capacities as individuals and as trustees and/or trustors of the Revocable Trust, and each trustee and trustor of the Revocable Trust who signs this Unison HomeOwner Security Instrument hereby represents and warrants that all trustees and trustors of the Revocable Trust have been disclosed to Beneficiary;

b. any trustee of the Revocable Trust who is also a trustor of the Revocable Trust need only sign this Unison HomeOwner Security Instrument once for it to be binding on such person both as trustee and as trustor of the Revocable Trust;

c. all rights and powers specified for, and all actions required of, Trustor in this Unison HomeOwner Security Instrument must be approved and exercised unanimously by all trustees of the Revocable Trust;

d. all trustees and all trustors of the Revocable Trust, in their capacities as individuals, shall be jointly and severally liable with Trustor for all liabilities and obligations specified for Trustor under this Unison HomeOwner Security Instrument;

e. all representations and warranties by Trustor in this Unison HomeOwner Security Instrument are made by all trustees of the Revocable Trust on behalf of the Revocable Trust and by all trustees and all trustors of the Revocable Trust in their capacities as individuals;

f. notice required to be given by, or to, any Trustor will be deemed adequately given if given by, or to, any of the trustees of the Revocable Trust using the contact information set forth in this Unison HomeOwner Security Instrument; and

g. Beneficiary may treat any notice received from any one trustee of the Revocable Trust as notice from all trustees of the Revocable Trust and from Trustor.

19. **Acceptance by Trustee.** Trustee accepts this Trust when this Unison HomeOwner Security Instrument, duly executed and acknowledged, is made a public record as provided by law.

20. **Incorporation by Reference.** SCHEDULE A to this Unison HomeOwner Security Instrument is hereby incorporated by this reference.

21. **Extent of Lien.** The lien granted under this Unison HomeOwner Security Instrument shall encumber Trustor's entire interest in the Property, notwithstanding the fact that the Unison HomeOwner Agreement relates to only a fractional interest in the Property.

22. **No Merger.** So long as any of the obligations under the Unison HomeOwner Agreement remains outstanding and undischarged, unless Beneficiary otherwise consents in writing, the fee estate of Trustor in the Property or any part thereof (including the estate of Beneficiary after exercising the Option) will not merge, by operation of law or otherwise, with any other estate in the Property or any part of it, but will always remain separate and distinct, notwithstanding the union of the fee estate and such other estate in Beneficiary or in any other Person.

Do not lose or destroy this Unison HomeOwner Security Instrument or the Unison HomeOwner Agreement that it secures. All must be delivered to Trustee for cancellation before reconveyance will be made.

[Signatures appear on the following page.]

READ THIS DOCUMENT CAREFULLY BEFORE SIGNING IT. ALL PRIOR ORAL, ELECTRONIC AND WRITTEN COMMUNICATIONS AND AGREEMENTS FROM OR WITH BENEFICIARY, INCLUDING ALL CORRESPONDENCE, OFFER LETTERS, TERM SHEETS, PRINTED MATERIALS, DISCLOSURES, AND THE PROGRAM GUIDE, ARE MERGED INTO AND SUPERSEDED AND REPLACED BY THIS UNISON HOMEOWNER SECURITY INSTRUMENT, THE UNISON HOMEOWNER AGREEMENT AND TRANSACTION DOCUMENTS, AND THE OTHER WRITTEN AGREEMENTS MADE BY AND BETWEEN OWNER AND BENEFICIARY AS OF THE EFFECTIVE DATE.

The undersigned Trustor requests that a copy of any Notice of Default and any Notice of Sale under this Unison HomeOwner Security Instrument be mailed to Trustor at the address set forth below.

IN WITNESS WHEREOF, each undersigned Trustor has executed this Unison HomeOwner Security Instrument as of the date set forth above.

Trustor Address:

17042 Fairburn St
Hesperia, CA 92345

By: _____
Albert L. Scroggins Sr.

Date Signed

By: _____
Johnny Kay Scroggins

Date Signed

By: _____

Date Signed

By: _____

Date Signed

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

) ss.

COUNTY OF _____)

On _____, 20____, before me _____,

Notary Public, personally appeared _____

_____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Not a Filed Document

SCHEDULE A

LEGAL DESCRIPTION

That certain real property situated in the City of Hesperia, County of San Bernardino, State of California, described as follows:

THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 82, TRACT NO. 5543, IN THE CITY OF HESPERIA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 66, PAGES 13 TO 34, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. SUBJECT TO RESTRICTIONS, RESERVATIONS, EASEMENTS, COVENANTS, OIL, GAS OR

MINERAL RIGHTS OF RECORD, IF ANY.

APN: 0398-045-13-0000

[end of legal description]

Not a Filed Document

**DEFERRED MAINTENANCE ADDENDUM
TO UNISON HOMEOWNER AGREEMENT**

Unison HomeOwner Agreement ID Number: FRX-031861

This Deferred Maintenance Addendum to the **Unison HomeOwner Agreement** ("Deferred Maintenance Addendum") restates those rights and obligations of the parties previously set forth in Section 8.4(b)(i) of the **Unison HomeOwner Covenant Agreement**.

Reference is made to that certain Unison HomeOwner Agreement by and between ALBERT L. SCROGGINS, SR. AND JOHNNY KAY SCROGGINS, HUSBAND AND WIFE, AS JOINT TENANTS (collectively, "**Owner**") and **Unison Agreement Corp.**, its successors and assigns ("**Investor**"), in connection with the purchase of the property at 17042 Fairburn St, Hesperia, CA 92345 ("**Property**"), consisting of (1) the **Unison HomeOwner Option Agreement**; (2) the **Unison HomeOwner Covenant Agreement**; (3) the **Unison HomeOwner Recorded Memorandum**, and (4) the **Unison HomeOwner Security Instrument**. All initially bolded terms in this Deferred Maintenance Addendum are defined in Schedule A to the Unison HomeOwner Covenant Agreement.

Section 8.4(b)(i) of the Unison HomeOwner Covenant Agreement provides for notation by Investor of certain repair items or conditions on the Property in connection with the **Owner Property Purchase**, which repair items or conditions may be expressly reserved by Investor for application of a **Deferred Maintenance Adjustment** at the time of calculation of the **Ending Agreed Value** of the **Property** and determination of the **Investor Proceeds**. The following items are noted by Investor under Section 8.4(b)(i):

Page 8 of 45 in the home inspection report by National Property Inspections dated 11/28/17 specifically noted:

There are two areas on the roof that have possible water intrusion, one is on the rear and the other is on the west facing roof where it meets the stucco. Recommend to have a qualified roofer add metal flashing to avoid water intrusion.

If the items, defects, or conditions listed above have not been fully corrected or repaired by Owner at the time of any calculation of the Ending Agreed Value of the Property and any determination of the Investor Proceeds, then Investor shall have the right under Section 8.4(a) of the Unison HomeOwner Covenant Agreement to make (in consultation with third party experts and inspectors unaffiliated with Investor), a commercially reasonable estimate of the dollar amount which is required, at that time, to repair such Deferred Maintenance, independently and without reference to any estimate of costs required for repair which may have been given to

Owner and to apply the dollar amount so obtained by Investor as a Deferred Maintenance Adjustment in calculating the Ending Agreed Value of the Property and the Investor Proceeds.

Investor shall have no liability in connection with, or for Owner's failure to cure, the items, defects and conditions listed above.

This Addendum may be executed in counterparts.

INVESTOR:

Unison Agreement Corp.

By: _____
Robert Price

Title: _____
Managing Director

Date Signed

OWNER:

By: _____
Albert L. Scroggins Sr.

Date Signed: _____

By: _____
Johnny Kay Scroggins

Date Signed: _____

By: _____

Date Signed: _____

By: _____

Date Signed: _____

Not a Filed Document

Exhibit B

**DEFERRED MAINTENANCE ADDENDUM
TO UNISON HOMEOWNER AGREEMENT**

Unison HomeOwner Agreement ID Number: FRX-031861

This Deferred Maintenance Addendum to the **Unison HomeOwner Agreement** ("Deferred Maintenance Addendum") restates those rights and obligations of the parties previously set forth in Section 8.4(b)(i) of the **Unison HomeOwner Covenant Agreement**.

Reference is made to that certain Unison HomeOwner Agreement by and between ALBERT L. SCROGGINS, SR. AND JOHNNY KAY SCROGGINS, HUSBAND AND WIFE, AS JOINT TENANTS (collectively, "**Owner**") and **Unison Agreement Corp.**, its successors and assigns ("**Investor**"), in connection with the purchase of the property at 17042 Fairburn St, Hesperia, CA 92345 ("**Property**"), consisting of (1) the **Unison HomeOwner Option Agreement**; (2) the **Unison HomeOwner Covenant Agreement**; (3) the **Unison HomeOwner Recorded Memorandum**, and (4) the **Unison HomeOwner Security Instrument**. All initially bolded terms in this Deferred Maintenance Addendum are defined in Schedule A to the Unison HomeOwner Covenant Agreement.

Section 8.4(b)(i) of the Unison HomeOwner Covenant Agreement provides for notation by Investor of certain repair items or conditions on the Property in connection with the **Owner Property Purchase**, which repair items or conditions may be expressly reserved by Investor for application of a **Deferred Maintenance Adjustment** at the time of calculation of the **Ending Agreed Value** of the **Property** and determination of the **Investor Proceeds**. The following items are noted by Investor under Section 8.4(b)(i):

Page 8 of 45 in the home inspection report by National Property Inspections dated 11/28/17 specifically noted:

There are two areas on the roof that have possible water intrusion, one is on the rear and the other is on the west facing roof where it meets the stucco. Recommend to have a qualified roofer add metal flashing to avoid water intrusion.

If the items, defects, or conditions listed above have not been fully corrected or repaired by Owner at the time of any calculation of the Ending Agreed Value of the Property and any determination of the Investor Proceeds, then Investor shall have the right under Section 8.4(a) of the Unison HomeOwner Covenant Agreement to make (in consultation with third party experts and inspectors unaffiliated with Investor), a commercially reasonable estimate of the dollar amount which is required, at that time, to repair such Deferred Maintenance, independently and without reference to any estimate of costs required for repair which may have been given to

Owner and to apply the dollar amount so obtained by Investor as a Deferred Maintenance Adjustment in calculating the Ending Agreed Value of the Property and the Investor Proceeds.

Investor shall have no liability in connection with, or for Owner's failure to cure, the items, defects and conditions listed above.

This Addendum may be executed in counterparts.

INVESTOR:

Unison Agreement Corp.

By: _____
Robert Price

Title: _____
Managing Director

Date Signed

OWNER:

By: _____
Albert L. Scroggins Sr.

Date Signed: _____

By: _____
Johnny Kay Scroggins

Date Signed: _____

By: _____

Date Signed: _____

By: _____

Date Signed: _____

Not a Filed Document

Exhibit C



Unison HomeOwner Agreement Application

APPLICANT INFORMATION (each owner on title must be an Applicant or Co-Applicant. Please complete all areas and sections of this application)			
Unison HomeOwner Agreement ID Number: FRX-031861			
Applicant name: Albert L. Scroggins Sr.		Co-Applicant name: Johnny Kay Scroggins	
Date of Birth: 05/15/1946		Date of Birth: 02/22/1948	
Social Security Number: 551-62-2294		Social Security Number: 562-74-0949	
Marital status: Married		Marital status: Married	
Profession:	Industry:	Profession:	Industry:
Years in this profession: 26	Years of School: 12	Years in this profession: 15	Years of School: 11
Highest Degree Earned:	School:	Highest Degree Earned:	School:
Self-Employed? Employer (name & address): Retired 17042 Fairburn Street Hesperia, CA 92345		Self-Employed? Employer (name & address): Retired 17042 Fairburn Street Hesperia, CA 92345	
Title: Retired	Years on this job: 0	Title: Retired	Years on this job: 0
Employer phone number: 760-244-7246		Employer phone number: 0	
Estimated total monthly income: \$2,810.53 Base Income \$0.00 Div/Interest \$ 0.00 Overtime \$0.00 Soc. Sec. \$ 2,113.00 Bonuses \$0.00 Other \$ 697.53 Commissions \$0.00		Estimated total monthly income: \$1,044.48 Base Income \$0.00 Div/Interest \$ 0.00 Overtime \$0.00 Soc. Sec. \$ 903.00 Bonuses \$0.00 Other \$ 141.48 Commissions \$0.00	
COMBINED APPLICANT AND CO-APPLICANT INFORMATION			
Total assets other than primary home: Bank Accounts: \$ 3,188.18 Retirement Accounts \$ 0.00			
Brokerage Accounts: \$ 0 Other Assets: \$ 0.00			
Do you own real estate other than the subject property?			
CONTACT INFORMATION			
Applicant Preferred Phone: (Cell)	H: 760-953-9736 W: 760-244-7246 C: 760-953-9736	Co-Applicant Preferred Phone: (Cell)	H: 760-244-7246 W: 0 C: 760-953-9736
Applicant Email:		Co-Applicant Email:	
PROPERTY INFORMATION			
Property address: 17042 Fairburn St, Hesperia, CA 92345			
Mailing address: 17042 Fairburn Street, Hesperia, CA 92345			
Property Type: Detached			
Property will be: Primary Residence			
Number of Years I have lived in the property: 7			
How long are you planning on staying in this property? Forever.			
How is the property titled? Jointly			
LOANS SECURED BY THE PROPERTY			
1st	Lender name: Mountain West Financial	1st Mortgage Balance: \$175,922.00	Monthly Pmt: \$995.18 HOA: \$0.00 Taxes: \$incl Insurance: \$incl
		Are Taxes & Insurance included in monthly paymentt (escrowed)? N	
2nd	Lender name: none	2nd Mortgage Balance: \$0.00	Monthly Pmt: \$0.00
APPLICANT AND CO-APPLICANT DECLARATIONS			
		Applicant	Co-Applicant
1. Are there any outstanding judgments against you?		N	N
2. Have you been involved in a bankruptcy proceeding within the past 7 years?		N	N



Unison HomeOwner Agreement Application

3. Have you ever had a property foreclosed upon?		
4. Have you ever given title or deed in lieu thereof or sold a property in a short sale?	N	N
5. Are you a party to, or threatened by, any lawsuit?	N	N
6. Are you delinquent or in default on any debt, loan, mortgage or financial obligation?	N	N
7. Have you ever been convicted of or plead guilty to a felony?		
8. Have you given Power of Attorney to any other person to handle any financial or real estate matters on your behalf?		
9. Do you intend to occupy the property?	Yes	Yes
If you answered "yes" to any of the questions 1-8, please provide a brief explanation: Adult daughter lives in the home with her minor daughter.		
10. Are you a U.S. Citizen? If not, are you a permanent resident alien?	Y	Y
11. *Are there any adults occupying the property, including your adult children, that are not on title (not listed on the deed to the property)? Y *If yes, please list name and relationship: Daughter		
12. Please let us know how you intend to use the proceeds from the Unison HomeOwner Agreement. Home Improvement		
ADDITIONAL INFORMATION		
Please list two friends or relatives not currently living with you that we may contact in the event of an emergency. Please provide their names, addresses, phone numbers and email addresses. Cynthia Randall 760-953-2005, 18057 Mauna Loa St., Hesperia, CA 92345 Albert L Scroggins, Jr. 812-350-8922, 1837 Shiloh Dr., Columbus, IN 47203		
How did you hear about Unison and the Unison HomeOwner Agreement? Mailer		
ADDITIONAL DOCUMENTS REQUIRED TO UNDERWRITE YOUR APPLICATION		
Please provide copies of the items listed below: • If wage earner: Most recent paystubs and most recent 2 years W2s for Applicant and Co-Applicant. • If self employed: Tax returns from most recent 2 years (personal and corporate or partnership). • If retired: Copy of benefit letter(s) and tax returns from most recent 2 years. • Assets: Most recent 2-months bank/brokerage/retirement account statement(s).		



Unison HomeOwner Agreement Application

AUTHORIZATION AND ACKNOWLEDGMENTS

I represent to Unison Agreement Corp. ("Unison") that:

- (1) the information provided in this application is true, correct and complete, and that Unison may rely on the information in this application, and I am obligated to amend the information provided in this application if any of the facts that I have represented should change;
- (2) Unison may share information where reasonable and necessary to process my Unison HomeOwner Agreement application with any participating lender(s) to which I have submitted an application for a loan;
- (3) Unison may share with its agents, processors, servicers, service providers, affiliated companies, investors, successors and assigns any information obtained in this application in connection with my Unison HomeOwner Agreement transaction;
- (4) Unison may obtain my credit report in connection with this application, verify any information contained in this application, and obtain and report any information or data relating to my Unison HomeOwner Agreement for legitimate business purposes through any source, including my employer and financial institutions, a consumer credit reporting agency, or any source named in this application;
- (5) Unison is authorized to share and to verify information related to my Unison HomeOwner Agreement application with professionals and others providing appraisal, home inspection, and other inspection and reporting services in connection with the property;
- (6) Unison is authorized to contact my property insurance carrier and/or insurance agent, from time to time, to obtain declarations pages and other information about my property insurance, to direct the insurance carrier to modify insurance coverage to meet Unison's minimum requirements, and to add Unison as a named insured or loss payee.

Non-Agency Disclosure: Unison hereby discloses that it is a licensed real estate broker.* As applicant(s), I/we hereby acknowledge and agree that I/we have been advised that Unison is acting as a principal with regard to the Unison HomeOwner Agreement and that Unison is not acting as the agent on my/our behalf.

Name and signature of Applicant:	Date:
Name and signature of Co-Applicant	Date:

AZ BRE License #CO670710000, CA BRE License #2012710, CT REB License #0791352, DC REC License #C098374562, IL DFPR License #478026863, MA BR License #422177, MD REC License #6027, NJ REC License #1649879, NY DL License #10991223540, OR REA License #201221258, PA Cert. of Authority 6428873, VA REB License #226-025731, WA REC License #19288.

Not a Filed Document

Exhibit D



December 4, 2024

Re: Albert Kay Scroggins
File Number: FRX-031861
17042 Fairburn St
Hesperia, CA 92345

Dear Payoff Team,

The following will constitute the demand for payoff of the above referenced Unison HomeOwner Agreement:

Payment in the following amount

One Hundred Eighty Four Thousand Five Hundred Thirty Seven Dollars and Zero Cents (\$184,537.00)

must be received by no later than January 3, 2025 and shall be made by wire in accordance with the attached Wiring Instructions.

WE DO NOT ACCEPT PHYSICAL CHECKS.

Upon full payment of the referenced demand and receipt of funds you will be authorized to record the following documents:

- Quitclaim Deed
- Substitution of Trustee and Full Reconveyance

The responsibility to pay all charges, amounts, costs, expenses and taxes, if any, in connection with recording of these documents is to the homeowner.

Please contact us at (800) 330-5800 for any questions relating to this matter.

Sincerely yours,

Odin New Horizon Real Estate Fund LP
By: Odin New Horizon General Partner LLC, its General Partner

**Please see the attached addendum for a breakdown of the payoff amount*

Payoff Calculation Addendum

Agreement Terms

Original Agreed Value	\$268,500.00
Investor Percentage	70.000 %
Purchase Price	\$187,950.00
Original Investment Price	\$46,987.00
Purchase Price Balance	\$140,963.00

Special Termination Calculator

Value:	\$465,000.00
Remodeling Adjustment	\$0.00
Early Termination Adjustment	\$0.00
Deferred Maintenance Adjustment	\$0.00
OAV Floor?	
OAV Floor Adjustment	\$0.00
Ending Agreed Value	\$465,000.00
Investor Percentage	70.000 %
Investor Share	\$325,500.00
Purchase Price Balance	\$140,963.00
Total Amount Due	\$184,537.00

Unison Trust 2021-1
Unison Trust 2021-1
Wiring Instructions
To JPMorgan Chase Bank, N.A.

PAY TO BANK: **JPMorgan Chase Bank, N.A.**

ABA / ROUTING #: **021000021**

ACCOUNT #: **783050583**

BENEFICIARY: **Unison Trust 2021-1**
Unison Trust 2021-1

REFERENCE TO BENEFICIARY: **FRX-031861*****

SWIFT CODE: **CHASUS33**

***** Please include Reference to Beneficiary in wire instructions *****

Not a Filed Document

Not a Filed Document

Exhibit E

Prepared by,
recording requested by, and
when recorded mail to:

Unison Agreement Corp.
P.O. Box 26800
San Francisco, CA 94126-6800

Unison HomeOwner Agreement ID Number:
FRX-031861

Assignment of Unison HomeOwner Agreement

Unison Agreement Corp., a Delaware corporation, as "Assignor," hereby assigns for good and valuable consideration to **Odin New Horizon Real Estate Fund LP**, a Delaware limited partnership as "Assignee," all of Assignor's rights, title, interests and obligations to and under: (i) that certain Unison HomeOwner Option Agreement of even date herewith made by and between Assignor and ALBERT L. SCROGGINS, SR. AND JOHNNY KAY SCROGGINS, HUSBAND AND WIFE, AS JOINT TENANTS (individually or collectively, the "Homeowner"); (ii) that certain Unison HomeOwner Covenant Agreement of even date herewith made by and between Assignor and Homeowner; (iii) that certain Memorandum of Agreement made by and between Assignor and Homeowner and being recorded concurrently and on the same date as this Memorandum of Assignment; and (iv) that certain Unison Subordinated Deed of Trust and Security Agreement made by Homeowner as "Trustor" in favor of Assignor as "Beneficiary" naming American Title Inc, as "Trustee" and being recorded concurrently and on the same date as this Memorandum of Assignment; which relate to, run with and encumber the real property described in Exhibit A ("Property").

IN WITNESS WHEREOF the undersigned Assignor has executed this instrument as of 12/18/2017.

Unison Agreement Corp., a Delaware corporation

By: _____

Name: Robert Price

Title: Managing Director
650 California Street, Suite 1800
San Francisco, CA 94108

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

) ss.

COUNTY OF SAN FRANCISCO)

On _____, 20____, before me _____,
Notary Public, personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

(seal)

Not a Filed Document

EXHIBIT A
LEGAL DESCRIPTION

That certain real property situated in the City of Hesperia, County of San Bernardino, State of CA, described as follows:

THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:
LOT 82, TRACT NO. 5543, IN THE CITY OF HESPERIA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 66, PAGES 13 TO 34, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. SUBJECT TO RESTRICTIONS, RESERVATIONS, EASEMENTS, COVENANTS, OIL, GAS OR MINERAL RIGHTS OF RECORD, IF ANY.

APN/Tax Parcel ID: 0398-045-13-0000

[end of legal description]

Not a Filed Document

Not a Filed Document

Exhibit F

Unison Agreement Corp.
Combined Closing Statement – Estimated¹

Unison HomeOwner Agreement Transaction ID: FRX-031861

Date: 12/18/2017

Homeowner(s): Albert L. Scroggins Sr. and Johnny Kay Scroggins

Property: 17042 Fairburn St Hesperia, CA 92345

Signing Date: 12/18/2017

Escrow Number: L-100304

Closing Services Provider: Lenders Title Solutions / GENESYS GONZALEZ

Closing Services Provider Contact: P 727-223-6779 / E elite@lenderstitle.com

Homeowner		
Item	Debit	Credit
Unison Investment Payment to Homeowner		46,987.00
Transaction Fee to Unison	1,175.00	
Credit Report Fee to Unison		
Home Inspection Fee to Unison	625.00	
Home Inspection Fee paid by Unison		312.50
Settlement or Closing Fee due to Lenders Title Solutions	850.00	
Notary Fee due to Lenders Title Solutions		
Title Report Fee to		
Recording Fees due to San Bernardino county	250.00	
Virginia local and state recording tax		
New York mortgage tax paid by buyer		
New York mortgage tax paid by Unison		
Appraisal fee to Unison	550.00	
Appraisal fee paid by Unison		275.00
Property Report Fee to		
Debts to be paid at closing by Lenders Title Solutions		
Totals	3,450.00	47,574.50
Estimated Funds Due to Homeowner(s): \$44,124.50		

¹The parties herein have been advised that the foregoing amounts are estimates only. We, therefore, authorize the above captioned Closing Service Provider to charge estimated amounts owing, to satisfy the items authorized, and to close escrow.

By signing below, the parties agree and authorize Closing Services Provider to disburse funds in accordance with this Closing Statement.

Unison Agreement Corp.:

By: Robert Price, Managing Director

Date

Homeowner(s):

Applicant:

Co-Applciant

Albert L. Scroggins Sr.

Johnny Kay Scroggins

Date Signed: _____

Date Signed: _____

Co-Applciant:

Co-Applciant

Date Signed: _____

Date Signed: _____

Not a Filed Document

Exhibit G

File No./Escrow No.: L-100304
 Print Date & Time: 12/18/2017 12:37:11 PM
 Officer/Escrow Officer:

Lenders Title Solutions
 25400 US HWY 19 N
 Suite 245
 Clearwater, FL 33763



Property Address: 17042 FAIRBURN STREET
 HESPERIA, CA 92345 (SAN BERNARDINO)

Borrower: ALBERT L. SCROGGINS, SR. AND JOHNNY KAY SCROGGINS
 17042 Fairburn Street
 Hesperia, CA 92345

Settlement Date: 12/18/2017
 Disbursement Date: 6/20/2017

Description	Borrower		
	P.O.C.	Debit	Credit
Deposits, Credits, Debits			
HOME INSPECTION FEE - Lender Credit from Unison Agreement Corp.			\$312.50
APPRAISAL FEE - Lender Credit from Unison Agreement Corp.			\$275.00
New Loans			
Loan Amount			\$46,987.00
Appraisal Fee to Unison Agreement Corp.		\$550.00	
TRANSACTION FEE to Unison Agreement Corp.		\$1,175.00	
HOME INSPECTION FEE to Unison Agreement Corp.		\$625.00	
Title Charges			
Title - Settlement or closing fee to Lenders Title Solutions		\$850.00	
Government Recording and Transfer Charges			
Mortgage \$250.00			\$250.00
	P.O.C.	Debit	Credit
Subtotals	\$0.00	\$3,450.00	\$47,574.50
Due To Borrower		\$44,124.50	
Totals	\$0.00	\$47,574.50	\$47,574.50

Acknowledgement

We/I have carefully reviewed the ALTA Settlement Statement and find it to be a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction and further certify that I have received a copy of the ALTA Settlement Statement. We/I authorize Lenders Title Solutions to cause the funds to be disbursed in accordance with this statement.

BORROWER(S)

ALBERT L. SCROGGINS, SR.

JOHNNY KAY SCROGGINS

Not a Filed Document

Exhibit H

Prepared by,
recording requested by, and
when recorded mail to:

Unison Agreement Corp.
P.O. Box 26800
San Francisco, CA 94126-6800

Unison HomeOwner Agreement ID Number:
FRX-031861

REQUEST FOR NOTICE OF DEFAULT

In accordance with Civil Code Section 2924b, request is hereby made that a copy of any notice of default and a copy of any notice of sale under that deed of trust (or mortgage) executed by ALBERT L. SCROGGINS, SR. AND JOHNNY KAY SCROGGINS, HUSBAND AND WIFE, AS JOINT TENANTS, as Trustor, and recorded 10/14/2016, as Instrument No. 2016-0431202, in Book n/a, Page n/a, Official Records of San Bernardino County, State of California, in which FIRST AMERICAN TITLE INSURANCE COMPANY, A NEBRASKA is named as Trustee and ALBERT L. SCROGGINS, SR. AND JOHNNY KAY SCROGGINS, is named as Beneficiary, be sent to: Unison Agreement Corp. at P.O. Box 26800, San Francisco, CA 94126-6800, Attention: Asset Administration.

Unison Agreement Corp.,
a Delaware corporation

By: _____

Robert Price
Managing Director

Date Signed: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

) ss.

COUNTY OF SAN FRANCISCO)

On _____, 20____, before me _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

(seal)

Not a Filed Document

Not a Filed Document

Exhibit I

Not a Filed Document

October 2017 Unison Program Guide



Not a Filed Document

unison

HomeOwner™

Program Guide

Introduction: The Purpose of this Program Guide

Unison is a San Francisco-based real estate equity investment company that has been providing homeowners and home buyers with simple, common-sense alternatives to debt financing since 2004. We are backed by world-class institutional investors and managed by respected real estate finance veterans. We have earned national recognition from prominent newspapers and magazines including the Wall Street Journal, the New York Times, and BusinessWeek.

The Unison HomeOwner Agreement enables you to convert a portion of your home equity into cash. The cash you receive from Unison is not debt, so you pay no interest to Unison, and you make no monthly payments to Unison - ever. In exchange, we earn a return on our investment based on the future value of your home.

The purpose of this Program Guide is to provide you with a detailed explanation of the Unison HomeOwner Agreement.

Who Should Use This Program

The Unison HomeOwner Agreement is designed for use by homeowners who intend to occupy their home as their principal residence (or, in some cases, as an owner-occupied second home) for at least three years. The Unison HomeOwner Agreement is specifically not intended as a source of short-term funding. It is not designed for “flippers” or speculators or for use with an income property.

Homeowners who should consider using the Unison HomeOwner Agreement:

- › Expect to own their home for at least three more years.
- › Intend to use their home as an owner-occupied principal residence (or in some cases an owner-occupied second home).
- › Are attentive to the condition and characteristics of their property and have fully disclosed everything they know about their property to Unison.

Homeowners who should not use the Unison HomeOwner Agreement:

- › Are uncertain whether they will remain in their home for at least three years.
- › Do not intend to occupy their home as a personal residence.
- › Intend to “flip” (re-sell) their home or have some other speculative purpose.

The Unison HomeOwner Agreement contains numerous provisions and safeguards that are expressly intended to dissuade homeowners from using the Unison HomeOwner Agreement as short-term financing. These provisions and safeguards are outlined in detail in this Program Guide. Homeowners who are uncertain whether they will remain in their home for at least three years or homeowners who intend to rent, speculate in or flip property are advised to seek other options.

The Importance Of Reading Everything

We cannot overemphasize the importance of having a full understanding of the features of the Unison HomeOwner Agreement before making decisions. In addition to this Program Guide, you must also read the **Important Information Notice** and the Unison HomeOwner Agreement legal documents. You will receive these documents during the processing of your application. The Unison HomeOwner Agreement legal documents establish the legal and financial relationship between you and Unison.

If your Unison HomeOwner Agreement transaction requires special pricing, it is imperative that you read Section G and Part 2 of Section H of this Program Guide.

If there is any discrepancy or conflict between the information contained in this Program Guide and the information in the legal documents comprising the Unison HomeOwner Agreement, the Unison HomeOwner Agreement documents control.

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Please Seek Advice

You are also urged to carefully review the Unison HomeOwner Agreement legal documents and other materials with your legal, tax and financial advisors, and **family members**, to understand the following:

- › Your responsibilities under the Unison HomeOwner Agreement.
- › The cost of obtaining a Unison HomeOwner Agreement.
- › What will happen when you decide to sell your home or otherwise end your Unison HomeOwner Agreement.
- › The rights your Unison HomeOwner Agreement gives you.
- › The rights your Unison Homeowner Agreement gives Unison.
- › The tax implications of the Unison HomeOwner Agreement.
- › The Unison HomeOwner Agreement will impact the amount of interest in your home that you can leave to your heirs. You are urged to discuss this impact, and your decision to enter into a Unison HomeOwner Agreement, with your children and anyone else who may have an inheritance interest in your property.



Not a Filed Document

**You've earned
the equity in
your home - and
Unison offers
a smart new
way to make
the most of it.
Ready to realize
the possibilities
in your life?**

Section A: Understanding The Unison HomeOwner Agreement

1. What The Unison HomeOwner Agreement Is

The Unison HomeOwner Agreement is not a loan, it is not a reverse mortgage, and in fact it is not debt of any kind. It is a real estate investment agreement that enables you to convert a portion of your home equity into immediate cash. The cash you receive from Unison is not debt, so there is no interest and you make no monthly payments to Unison - ever.

At the start of the Unison HomeOwner Agreement, we invest in your home by making a lump-sum cash payment to you. You continue living in your home, and you continue to enjoy the advantages of owning your home, including any tax advantages. Unlike a loan, there are no burdensome monthly payments to make to Unison in order to gain access to your home equity. As long as you pay your mortgage payments, real estate taxes, insurance, and any other obligations that are or may become a lien on your home, and abide by the provisions of the Unison HomeOwner Agreement, you make no payments to us of any kind until the Unison HomeOwner Agreement ends.

The lump sum payment we give to you at the start does not mean we own a part of your home today. Instead, in exchange for the cash you receive, you agree that we will earn a return on our investment equal to a share of the change in value of your home. You decide how much you are comfortable sharing (maximum 70%). The more you share, the more cash you can receive.

The Unison HomeOwner Agreement typically ends when you decide to sell your home.^A At that time, we typically receive a portion of the sale proceeds. Our return on our investment can be positive or negative. If your home increases in value, we make money on our investment. If your home decreases in value, we typically lose money on our investment. It's that simple.

2. Uses For The Unison HomeOwner Cash

The Unison HomeOwner Agreement creates **Possibilities, Not Payments**.™ by giving you access to a portion of your home equity without the monthly burden of making interest payments on the amount we provide. You can

use the cash received from Unison for any purpose, including:

- › Supplementing retirement income. Seniors with limited income can invest for retirement or fund the purchase of life or health insurance.
- › Making home improvements. Remodeling can greatly increase the functionality and enjoyment of your home, but can be quite costly. With Unison HomeOwner you can make home improvements today and delay paying for them until you sell your home.
- › Paying off debt. Typical debt reduction strategies reduce the monthly payment by consolidating high interest rate credit card debt into a lower interest rate loan. With Unison HomeOwner you can instead eliminate the monthly payment entirely.
- › Qualifying for a refinance of your existing mortgage. If the amount of debt you currently have on your home exceeds the maximum refinance loan you can qualify for, Unison HomeOwner proceeds may be able to reduce your loan balance and help you qualify for a new mortgage.
- › Recouping a portion of the down payment you made to purchase your home. For many buyers, pulling together a down payment can consume all of their financial resources. These new homeowners often wish they had more cash on hand after closing to help with the financial burden of home ownership. With Unison HomeOwner you can recoup up to 75% of your down payment if you purchased your home in the last 12 months.

While there are no interest charges or monthly payments on the lump-sum cash payment provided by Unison using a Unison HomeOwner Agreement, you will be responsible for interest charges, monthly payments and financial obligations in connection with any mortgages, lines of credit or loans which you take on your home. You are also responsible for real estate taxes, hazard insurance, and any other obligations with regard to your home.

^AThe Unison HomeOwner Agreement typically ends when you decide to sell your home, but there are other ways it can end. They are discussed later in this Program Guide.

3. How The Unison HomeOwner Agreement Works

As the examples that follow illustrate, the Unison HomeOwner Agreement can be a smart way for you to access a portion of your home equity.

It is helpful to think of the Unison HomeOwner Agreement as having three stages: *Start, During and End.*

At the START of the Unison HomeOwner Agreement, we establish the terms and make an investment in your home.

- › We pre-qualify you for the Unison HomeOwner Agreement and work with you to ensure you fully understand the program.⁸ If you decide the Unison HomeOwner Agreement is right for you, you submit an application to us.
- › The fair market value of your home is determined by obtaining an appraisal from a Unison-approved independent third-party appraisal firm. That value is called the **Original Agreed Value**.
- › The cash we provide to you is called the **Unison Investment Payment**. It is the amount we invest in your home. In exchange for providing the **Unison Investment 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 is called the **Investor Percentage**. As a general rule, the more you are willing to share with us (**Investor Percentage**), the more cash you can receive (**Unison Investment Payment**).
- › The specific **Unison Investment Payment** and **Investor Percentage** for your transaction depend on the **Original Agreed Value**, the condition and characteristics of your home, your credit profile, and the tradeoff between the **Unison Investment Payment** and the **Investor Percentage** that you are ultimately comfortable with.
- › Unison completes the underwriting of your application. Upon final approval we present you with a written offer detailing the proposed terms of your Unison HomeOwner Agreement. You carefully review all of the terms,⁸ and if you accept our written offer, we enter into the Unison HomeOwner Agreement together and you receive the **Unison Investment Payment**.

In this Program Guide, we often speak about obtaining appraisals in connection with a Unison HomeOwner Agreement. Unison is committed to a fair process whenever it becomes necessary to obtain an appraisal on your home. To ensure fairness, appraisals are always obtained from licensed appraisers hired and managed by a Unison-approved independent, third-party appraisal firm.

During the term of the Unison HomeOwner Agreement, the following typically occurs:

- › You use the **Unison Investment Payment** cash for your desired purpose.
- › You make no regular payments to Unison of any kind.
- › You live in your home and enjoy the advantages of doing so, including any tax advantages.
- › You maintain your home in good condition and continue to pay the mortgage, property taxes and insurance premiums. If you have any mortgage debt on your home, you make the monthly payments on that debt. You remain responsible for any other obligations that are or could become a lien on your home.

At the END of the Unison HomeOwner Agreement, we typically receive a return on our investment based on the value of your home at that time.

- › The Unison HomeOwner Agreement typically ends when you decide to sell your home.
- › The value of your home at the end of the Unison HomeOwner Agreement is called the **Ending Agreed Value**. It is typically equal to the **Sale Price**. The change in value of your home during the term of the Unison HomeOwner 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 Unison HomeOwner Agreement, we will make money on our investment. If your home decreases in value

⁸ We urge you to include legal and financial advisors and family members in this process.

during the term of the Unison HomeOwner Agreement, we will typically lose money on our investment.

- › We make money when the home value rises, in which case you typically make money too.
- › If your home drops significantly in value, we can lose our entire investment, but nothing more. We cannot lose more than the amount we invest at the start of the Unison HomeOwner Agreement.
- › If the value of your home rises dramatically, we can earn a substantial return on our investment, but that would mean that you also make a significant profit on your home. The amount that Unison earns as its return on its investment may substantially exceed the amount of interest that you would have paid if you had borrowed a similar amount.
- › Once you have settled our investment interest in accordance with the terms of the Unison HomeOwner Agreement, we have no further interest in your property, and the Unison HomeOwner Agreement ends.

4. Determining The Amount Of Cash You Receive And The Investor Percentage

The amount of cash you can receive from the Unison HomeOwner Agreement is typically based primarily on two things:

1. The value of your home (the **Original Agreed Value**).
The more your home is worth, the more cash is available from the Unison HomeOwner Agreement.

2. The **Investor Percentage**, which is the portion of the future change in value of your home that you share with Unison as our return on investment. You decide what the **Investor Percentage** will be (subject to a minimum of 20% and a maximum of 70%). The larger the **Investor Percentage**, the more cash you can receive from the Unison HomeOwner Agreement.

To give you a feel for this, the table below displays several possible transaction structures, assuming **Original Agreed Values** of \$500,000 and \$1,000,000 and various **Investor Percentages**.

The numbers in the table assume a typical Unison HomeOwner Agreement application, where the homeowner has average or above-average credit and the home is typical for the neighborhood and occupied as a primary residence. In situations where the homeowner has below-average credit or is seeking a Unison HomeOwner Agreement on an owner-occupied second home, or the property is otherwise considered atypical, special pricing may apply. This is discussed in detail in Section G and Part 2 of Section H of this Program Guide.

Other ways to structure a Unison HomeOwner Agreement are possible, and in unusual circumstances related to your credit qualifications or your specific property, pricing may be different. Your Program Specialist will discuss your specific circumstances with you in detail.

Transaction Structure	Original Agreed Value	Share of Change in Value		Unison Investment Payment
		Unison Share (Investor Percentage)	Your Share	
A	\$500,000	70%	30%	\$87,500
B	\$1,000,000	70%	30%	\$175,000
C	\$500,000	50%	50%	\$62,500
D	\$1,000,000	50%	50%	\$125,000
E	\$500,000	30%	70%	\$37,500
F	\$1,000,000	30%	70%	\$75,000

Throughout this Program Guide, “your share of change in value” always reflects the distribution of gross equity in the property between you and Unison, based on Unison’s **Investor Percentage**, upon settlement of the Unison HomeOwner Agreement. If the Unison HomeOwner Agreement is settled by sale of your property, then “your share of change in value,” or “your share of gross sale proceeds,” or “your share of increase in value” will always be reduced by the selling costs you pay to third parties (such as real estate commissions, transfer taxes, etc.) in connection with the sale. You, and not Unison, will be responsible for paying such costs from your gross share of sales proceeds. If your Unison HomeOwner Agreement is settled other than by sale of the property, such costs will not apply.

5. Basic Unison HomeOwner Examples

In this Part 5 of Section A, we present three basic examples. Example 1 starts with the following assumptions:

1. The value of your home at the start of the Unison HomeOwner Agreement (the **Original Agreed Value**) is established as \$500,000.
2. You have an existing mortgage on your home and the remaining principal balance is approximately \$350,000 (so your loan-to-value ratio is approximately 70%).
3. We enter into the Unison HomeOwner Agreement together and because you are seeking the maximum available proceeds you decide that the return we will earn on our investment will equal 70% (the **Investor Percentage**) of the change in value of your home. We invest in your home by making a cash payment to you of \$87,500 (the **Unison Investment Payment**).
4. You decide to sell your home during year ten of your Unison HomeOwner Agreement.^c
5. You adequately maintain your home.
6. You do not make any changes to your home that impact its value.

Example 2 is based on identical assumptions except:

- › The value of your home at the start of the Unison Homeowner Agreement (the **Original Agreed Value**) is \$1,000,000.
- › You have an existing mortgage on your home and the remaining principal balance is approximately \$700,000 (so your loan-to-value ratio is approximately 70%).
- › We enter into the Unison HomeOwner Agreement together and because you are seeking the maximum available proceeds you decide that the return we will earn on our investment will equal 70% (the **Investor Percentage**) of the change in value of your home. We invest in your home by making a cash payment to you of \$175,000 (the **Unison Investment Payment**).

Example 3 is based on identical assumptions except:

- › The value of your home at the start of the Unison Homeowner Agreement (the **Original Agreed Value**) is \$500,000.
- › You have an existing mortgage on your home and the remaining principal balance is approximately \$350,000 (so your loan-to-value ratio is approximately 70%).
- › We enter into the Unison HomeOwner Agreement together and you are seeking less than the maximum available proceeds. You decide that the return we will earn on our investment will equal 50% (the **Investor Percentage**) of the change in value of your home. We invest in your home by making a cash payment to you of \$62,500 (the **Unison Investment Payment**).

All of these examples assume a typical Unison HomeOwner Agreement application, where the homeowner has average or above-average credit and the home is typical for the neighborhood and occupied as a primary residence. In situations where the homeowner has below-average credit or is seeking a Unison HomeOwner Agreement on an owner-occupied second home, or the property is otherwise considered atypical, special pricing may apply. This is discussed in detail in Section G and Part 2 of Section H of this Program Guide.

As you review the examples, keep in mind that in each scenario you have debt-free, interest-free and payment free use of the **Unison Investment Payment** over the life of the Unison HomeOwner Agreement. Only when you sell your home or the Unison HomeOwner Agreement is otherwise terminated do we receive a payment. You may use those funds to reduce debt and therefore save substantial interest charges. Or, you may diversify your assets by investing those funds, reducing your risk and potentially earning attractive investment returns. Or, you may make home improvements, or pay for a child's college education. How you use the cash is up to you.

The three examples each contain five possible future outcomes when you sell your home. Remember, the return we earn on our investment typically depends on how much the value of your home changes during

^cSpecial conditions apply if you sell your home before the third anniversary of your Unison HomeOwner Agreement. See Section B, Part 3 for more information.

Figures used in all examples in this Program Guide are for the purpose of illustration only.

The terms offered in a specific Unison HomeOwner Agreement may be materially different. Your actual Unison HomeOwner Agreement terms will be based upon your property, your credit history and financial profile, and terms being offered at that time, and will always be disclosed to you in advance in writing in a formal offer issued upon final approval of your application. Note also that the examples featured in this Program Guide do not take into account any of the costs that you will incur when you sell your home (which you would incur whether or not you had a Unison HomeOwner Agreement). You, and not Unison, will be responsible for paying, either from your share of any sale proceeds or from your other assets, all loans that are secured by liens on the property and all costs you may incur in selling your home, including real estate sales commissions and other closing costs.

Important Note About Specially Priced

Unison HomeOwner Agreements: If your Unison HomeOwner transaction requires special pricing, Unison's share of the change in value (the **Investor Percentage**) may be larger, the **Unison Investment Payment** may be smaller, other adjustments to terms may apply, and more restrictive credit requirements may apply. Under these circumstances, while the examples presented in Sections A and B of this Program Guide will still be essential to helping you understand the operation of the Unison HomeOwner Agreement, the financial terms of your transaction may differ significantly, so it is imperative that you read Section G and Part 2 of Section H of this Program Guide and speak with your Program Specialist to fully understand what financial terms will apply to you. If you have any questions about whether or not your Unison HomeOwner Agreement will require special pricing, please ask your Program Specialist.

the term of the Unison HomeOwner Agreement. The various outcomes are designed to demonstrate this important concept.

- › **Outcome 1** assumes that your home increases modestly in value. You and Unison share in the gain.
- › **Outcome 2** shows the flip side of the coin. When your home declines in value, Unison shares in the loss.
- › **Outcome 3** explains what happens when there is no change in value to share.
- › **Outcome 4** assumes that your home appreciates in value much more considerably, so there is more of a gain for you and Unison to share.
- › **Outcome 5** demonstrates how Unison can lose its entire investment if the value of your home declines very significantly.

Example 1 - Basic Unison HomeOwner Agreement

\$500,000 Home Value
70% Investor Percentage

Start

- › An appraisal from an independent third-party appraiser determines your home's current value is \$500,000. We agree that \$500,000 is the **Original Agreed Value**.
- › You are seeking the maximum available proceeds from your Unison HomeOwner Agreement, so you decide that the **Investor Percentage** will be 70%.
- › We invest \$87,500 in your home (the **Unison Investment Payment**).¹ In return for providing the **Unison Investment Payment**, Unison will earn a return on its investment equal to a 70% share of the change in value of your home (the **Investor Percentage**).

During

- › You live in your home - Unison has no ownership or occupancy rights.
- › There are no interest charges on the \$87,500 **Unison Investment Payment**.
- › You make no monthly payments to Unison.
- › You maintain your home and pay the mortgage, property taxes, and property insurance.

			Share of Change in Value	
End (Assumes during year 10)	Sale Price	Change in Value	Unison	You
Outcome 1 Moderate increase in value	Your selling price is \$550,000	Increase of \$50,000	+ \$35,000	+ \$15,000
Outcome 2 Moderate decrease in value	Your selling price is \$450,000	Decrease of \$50,000	- \$35,000	- \$15,000
Outcome 3 No change in value	Your selling price is \$500,000	\$0	\$0	\$0
Outcome 4 Large increase in value	Your selling price is \$650,000	Increase of \$150,000	+ \$105,000	+ \$45,000
Outcome 5 Large decrease in value	Your selling price is \$350,000	Decrease of \$150,000	- \$87,500 ⁴	- \$62,500 ⁴

1. At closing you will pay all transaction costs, including third party fees (such as credit and appraisal reports, and title and escrow fees) and a Unison transaction fee. This will reduce the amount of cash you receive from the transaction at closing. See Part 7 of Section A and Part 3 of Section C for more information.
2. When you sell your home you will be responsible for repaying any outstanding balance on your mortgage in full from your portion of the sales proceeds. The Unison HomeOwner Agreement has no impact on this - you would have to do this whether you have a Unison HomeOwner Agreement or not. Assuming you obtained a \$375,000 4% fixed-rate mortgage about three and a half years ago, you would have a current balance of approximately \$350,000, and in ten more years your loan balance would amortize down to approximately \$260,000 (rounding to the nearest \$10,000).

As the various outcomes demonstrate, you benefit in every case. You use the Unison Investment Payment cash for any purpose. You make no payments to Unison until you decide to sell your home. If the value of your home remains unchanged, the amount we receive typically equals the amount we invested, 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 typically incur a loss on our investment, which reduces your loss. If the value of your home increases, we make a profit, and you do too.

Distribution of Gross Sale Proceeds		
To Lender ²	To Unison	To You ³
\$260,000	\$122,500 Gain on our investment. \$35,000 more than we invested at the start	\$167,500
\$260,000	\$52,500 Loss on our investment. \$35,000 less than we invested at the start	\$137,500
\$260,000	\$87,500 No return on our investment. Equal to the amount we invested at the start	\$152,500
\$260,000	\$192,500 Gain on our investment. \$105,000 more than we invested at the start	\$197,500
\$260,000	\$0 <u>Total Loss</u> on our investment. \$87,500 less than we invested at the start	\$90,000

3. When you sell your home you will also be responsible for paying all selling costs to third parties, 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 Unison HomeOwner Agreement has no impact on this - you would have to pay these expenses whether you have a Unison HomeOwner Agreement or not. If the sales proceeds are not sufficient to pay the mortgage balance, the net amount payable to Unison, and the selling costs, you will be required to make up any shortfall. For example, assuming selling costs of 7.5% and a sale price of \$550,000 as shown in Outcome 1 above, your selling costs would be \$41,250. If your Unison HomeOwner Agreement is settled other than by sale of your home, such costs will not apply.
4. 70% of the \$150,000 decrease in value is \$105,000, but Unison's maximum loss under the Unison HomeOwner Agreement is the amount of the Unison Investment Payment, which is \$87,500. Therefore, Unison will share \$87,500 of the \$150,000 loss, and you will share the balance of the loss, or \$62,500.

Example 2 - Basic Unison HomeOwner Agreement

\$1,000,000 Home Value
70% Investor Percentage

Start

- › An appraisal from an independent third-party appraiser determines your home's current value is \$1,000,000. We agree that \$1,000,000 is the **Original Agreed Value**.
- › You are seeking the maximum available proceeds from your Unison HomeOwner Agreement, so you decide that the **Investor Percentage** will be 70%.
- › We invest \$175,000 in your home (the **Unison Investment Payment**).¹ In return for providing the **Unison Investment Payment**, Unison will earn a return on its investment equal to a 70% share of the change in value of your home (the **Investor Percentage**).

During

- › You live in your home - Unison has no ownership or occupancy rights.
- › There are no interest charges on the \$175,000 **Unison Investment Payment**.
- › You make no monthly payments to Unison.
- › You maintain your home and pay the mortgage, property taxes, and property insurance.

			Share of Change in Value	
End (Assumes during year 10)	Sale Price	Change in Value	Unison	You
Outcome 1 Moderate increase in value	Your selling price is \$1,100,000	Increase of \$100,000	+ \$70,000	+ \$30,000
Outcome 2 Moderate decrease in value	Your selling price is \$900,000	Decrease of \$100,000	- \$70,000	- \$30,000
Outcome 3 No change in value	Your selling price is \$1,000,000	\$0	\$0	\$0
Outcome 4 Large increase in value	Your selling price is \$1,300,000	Increase of \$300,000	+ \$210,000	+ \$90,000
Outcome 5 Large decrease in value	Your selling price is \$700,000	Decrease of \$300,000	- \$175,000 ⁴	- \$125,000 ⁴

1. At closing you will pay all transaction costs, including third party fees (such as credit and appraisal reports, and title and escrow fees) and a Unison transaction fee. This will reduce the amount of cash you receive from the transaction at closing. See Part 7 of Section A and Part 3 of Section C for more information.
2. When you sell your home you will be responsible for repaying any outstanding balance on your mortgage in full from your portion of the sales proceeds. The Unison HomeOwner Agreement has no impact on this - you would have to do this whether you have a Unison HomeOwner Agreement or not. Assuming you obtained a \$750,000 4% fixed-rate mortgage about three and a half years ago, you would have a current balance of approximately \$700,000, and in ten more years your loan balance would amortize down to approximately \$520,000 (rounding to the nearest \$10,000).

As the various outcomes demonstrate, you benefit in every case. You use the Unison Investment Payment cash for any purpose. You make no payments to Unison until you decide to sell your home. If the value of your home remains unchanged, the amount we receive typically equals the amount we invested, 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 typically incur a loss on our investment, which reduces your loss. If the value of your home increases, we make a profit, and you do too.

Distribution of Gross Sale Proceeds		
To Lender ²	To Unison	To You ³
\$520,000	\$245,000 Gain on our investment. \$70,000 more than we invested at the start	\$335,000
\$520,000	\$105,000 Loss on our investment. \$70,000 less than we invested at the start	\$275,000
\$520,000	\$175,000 No return on our investment. Equal to the amount we invested at the start	\$305,000
\$520,000	\$385,000 Gain on our investment. \$210,000 more than we invested at the start	\$395,000
\$520,000	\$0 <u>Total loss</u> on our investment. \$175,000 less than we invested at the start	\$180,000

3. When you sell your home you will also be responsible for paying all selling costs to third parties, 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 Unison HomeOwner Agreement has no impact on this - you would have to pay these expenses whether you have a Unison HomeOwner Agreement or not. If the sales proceeds are not sufficient to pay the mortgage balance, the net amount payable to Unison, and the selling costs, you will be required to make up any shortfall. For example, assuming selling costs of 7.5% and a sale price of \$1,100,000 as shown in Outcome 1 above, your selling costs would be \$82,500. If your Unison HomeOwner Agreement is settled other than by sale of your home, such costs will not apply.

4. 70% of the \$300,000 decrease in value is \$210,000, but Unison's maximum loss under the Unison HomeOwner Agreement is the amount of the Unison Investment Payment, which is \$175,000. Therefore, Unison will share \$175,000 of the \$300,000 loss, and you will share the balance of the loss, or \$125,000.

Example 3 - Basic Unison HomeOwner Agreement

\$500,000 Home Value
50% Investor Percentage

Start

- › An appraisal from an independent third-party appraiser determines your home's current value is \$500,000. We agree that \$500,000 is the **Original Agreed Value**.
- › You are seeking less than the maximum available proceeds from your Unison HomeOwner Agreement. You decide that the **Investor Percentage** will be 50%.
- › We invest \$62,500 in your home (the **Unison Investment Payment**).¹ In return for providing the **Unison Investment Payment**, Unison will earn a return on its investment equal to a 50% share of the change in value of your home (the **Investor Percentage**).

During

- › You live in your home - Unison has no ownership or occupancy rights.
- › There are no interest charges on the \$62,500 **Unison Investment Payment**.
- › You make no monthly payments to Unison.
- › You maintain your home and pay the mortgage, property taxes, and property insurance.

			Share of Change in Value	
End (Assumes during year 10)	Sale Price	Change in Value	Unison	You
Outcome 1 Moderate increase in value	Your selling price is \$550,000	Increase of \$50,000	+ \$25,000	+ \$25,000
Outcome 2 Moderate decrease in value	Your selling price is \$450,000	Decrease of \$50,000	- \$25,000	- \$25,000
Outcome 3 No change in value	Your selling price is \$500,000	\$0	\$0	\$0
Outcome 4 Large increase in value	Your selling price is \$650,000	Increase of \$150,000	+ \$75,000	+ \$75,000
Outcome 5 Large decrease in value	Your selling price is \$350,000	Decrease of \$150,000	- \$62,500 ⁴	- \$87,500 ⁴

1. At closing you will pay all transaction costs, including third party fees (such as credit and appraisal reports, and title and escrow fees) and a Unison transaction fee. This will reduce the amount of cash you receive from the transaction at closing. See Part 7 of Section A and Part 3 of Section C for more information.
2. When you sell your home you will be responsible for repaying any outstanding balance on your mortgage in full from your portion of the sales proceeds. The Unison HomeOwner Agreement has no impact on this - you would have to do this whether you have a Unison HomeOwner Agreement or not. Assuming you obtained a \$375,000 4% fixed-rate mortgage about three and a half years ago, you would have a current balance of approximately \$350,000, and in ten more years your loan balance would amortize down to approximately \$260,000 (rounding to the nearest \$10,000).

As the various outcomes demonstrate, you benefit in every case. You use the Unison Investment Payment cash for any purpose. You make no payments to Unison until you decide to sell your home. If the value of your home remains unchanged, the amount we receive typically equals the amount we invested, 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 typically incur a loss on our investment, which reduces your loss. If the value of your home increases, we make a profit, and you do too.

Distribution of Gross Sale Proceeds		
To Lender ²	To Unison	To You ³
\$260,000	\$87,500 Gain on our investment. \$25,000 more than we invested at the start	\$202,500
\$260,000	\$37,500 Loss on our investment. \$25,000 less than we invested at the start	\$152,500
\$260,000	\$62,500 No return on our investment. Equal to the amount we invested at the start	\$177,500
\$260,000	\$137,500 Gain on our investment. \$75,000 more than we invested at the start	\$252,500
\$260,000	\$0 <u>Total Loss</u> on our investment. \$62,500 less than we invested at the start	\$90,000

3. When you sell your home you will also be responsible for paying all selling costs to third parties, 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 Unison HomeOwner Agreement has no impact on this - you would have to pay these expenses whether you have a Unison HomeOwner Agreement or not. If the sales proceeds are not sufficient to pay the mortgage balance, the net amount payable to Unison, and the selling costs, you will be required to make up any shortfall. For example, assuming selling costs of 7.5% and a sale price of \$550,000 as shown in Outcome 1 above, your selling costs would be \$41,250. If your Unison HomeOwner Agreement is settled other than by sale of your home, such costs will not apply.

4. 50% of the \$150,000 decrease in value is \$75,000, but Unison's maximum loss under the Unison HomeOwner Agreement is the amount of the Unison Investment Payment, which is \$62,500. Therefore, Unison will share \$62,500 of the \$150,000 loss, and you will share the balance of the loss, or \$87,500.

6. The Nuts And Bolts Of The Unison HomeOwner Agreement

As the examples have shown, at the end of the Unison HomeOwner Agreement, Unison typically receives an amount equal to what we originally invested plus or minus our percentage share of the change in value. When the change in value is positive, we make a profit on our investment, and when it is negative we typically sustain a loss. Here we will introduce you to more of the Unison HomeOwner Agreement terminology, discuss the mechanics behind the Unison HomeOwner Agreement, and explain how the net result to Unison at the end is calculated in more detail.

You should already be familiar with the terms **Original Agreed Value**, **Unison Investment Payment** and **Investor Percentage**:

- › **Original Agreed Value** – the value of your home at the start of the Unison HomeOwner Agreement, determined by obtaining an appraisal from a Unison-approved independent third-party appraisal firm.
- › **Unison Investment Payment** – the cash investment we make in your home at the start of the Unison HomeOwner Agreement.
- › **Investor Percentage** – the specified percentage of the future change in value that you will share with Unison in exchange for the investment we make in your home.

The Unison HomeOwner Agreement is an option contract. It gives Unison the right to purchase a share (equal to the **Investor Percentage**) of your home in the future for an amount called the **Unison Purchase Price**.^D The **Unison Purchase Price** is equal to the **Original Agreed Value** times the **Investor Percentage**. In Example 1 above, the **Original Agreed Value** is \$500,000 and the **Investor Percentage** is 70%. Therefore the **Unison Purchase Price** is \$350,000.

Original Agreed Value	x	Investor Percentage	=	Unison Purchase Price
\$500,000	x	70%	=	\$350,000

You can think of the **Unison Investment Payment** as an initial installment on the **Unison Purchase Price**. The remaining portion of the **Unison Purchase Price** is called the **Unison Purchase Price Balance**. It is equal to the **Unison Purchase Price** minus the **Unison Investment Payment**. In Example 1, the **Unison Investment Payment** is \$87,500. Therefore the **Unison Purchase Price Balance** is \$262,500.

Unison Purchase Price	–	Unison Investment Payment	=	Unison Purchase Price Balance
\$350,000	–	\$87,500	=	\$262,500

The Unison HomeOwner Agreement typically ends when you decide to sell your home. The value of your home at the end of the Unison HomeOwner Agreement is called the **Ending Agreed Value**. When you sell your home, the **Ending Agreed Value** will typically be equal to the **Sale Price**.

We have the right to “exercise our option” at the end of the Unison HomeOwner Agreement. Exercising our option is the mechanism by which we settle the Unison HomeOwner Agreement and receive the amount we are entitled to. When we exercise our option, two very important things happen.

1. We RECEIVE a payment equal to our percentage share (the **Investor Percentage**) of the **Ending Agreed Value**.
2. We simultaneously MAKE a payment equal to the **Unison Purchase Price Balance**.

Whenever we exercise our option, the amount of the payment we RECEIVE will always be greater than the amount of the payment we MAKE, so to calculate the net result we can deduct the payment we MAKE from the payment we RECEIVE. The **Net Result To Unison** is calculated as:

Unison		Unison		
RECEIVES a Payment		MAKES a Payment		
Ending Agreed Value x Investor Percentage	–	Unison Purchase Price Balance	=	Net Result To Unison

Once the settlement process is complete, we have no further interest in your home, and the Unison HomeOwner Agreement ends.

^D It is important to note that during the term of the Unison HomeOwner Agreement we own only an option right. We do not own a share in your home. Our right to purchase a share in your home is triggered only when you sell your home or upon some other event that terminates the Unison HomeOwner Agreement.

Let's revisit Outcome 1 of Example 1 to see how this works. In Outcome 1 we assume that your home increases in value by \$50,000, to \$550,000, and that you sell it during year ten of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment		Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage	-	Unison Purchase Price Balance	= Net Result To Unison
\$550,000	70%	-	\$262,500	= \$122,500
\$385,000		-	\$262,500	= \$122,500

If you refer back to Outcome 1 on pages 6-7, you will see that the \$122,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a return on our investment equal to our share (the **Investor Percentage**) of the change in value of your home, up or down, that occurs during the term of the Unison HomeOwner Agreement. In this example, the \$35,000 profit on our investment is equal to our 70% share of the \$50,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

We will now repeat this explanation for Example 3. In Example 3, the **Original Agreed Value** is \$500,000 and the **Investor Percentage** is 50%. Therefore the **Unison Purchase Price** is \$250,000.

Original Agreed Value	x	Investor Percentage	=	Unison Purchase Price
\$500,000	x	50%	=	\$250,000

In Example 3, the **Unison Investment Payment** is \$62,500. Therefore the **Unison Purchase Price Balance** is \$187,500.

Unison Purchase Price	-	Unison Investment Payment	=	Unison Purchase Price Balance
\$250,000	-	\$62,500	=	\$187,500

Let's revisit Outcome 1 of Example 3. In Outcome 1 we assume that your home increases in value by \$50,000, to \$550,000 and that you sell it during year ten of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment		Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage	-	Unison Purchase Price Balance	= Net Result To Unison
\$550,000	50%	-	\$187,500	= \$87,500
\$275,000		-	\$187,500	= \$87,500

If you refer back to Outcome 1 on pages 10-11, you will see that the \$87,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a return on our investment equal to our share (the **Investor Percentage**) of the change in value of your home, up or down, that occurs during the term of the Unison HomeOwner Agreement. In this example, the \$25,000 profit on our investment is equal to our 50% share of the \$50,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Fully detailed calculations for each of the examples presented in this Program Guide are provided in Section H.

Example 1 Made Simple

Start

- › Unison receives an option to purchase 70% of the property for an amount equal to 70% of its current value. Since the property is worth \$500,000, our purchase price is \$350,000.
- › Unison invests \$87,500 in the property. This \$87,500 will be applied towards our purchase price of \$350,000, leaving a balance of \$262,500.

During

- › You enjoy all benefits of owning and living in your home. Unison does not co-own the home. You pay the mortgage, taxes and insurance but make no regular payments to Unison of any kind. You decide when to sell your home.

End (Outcome 1, During Year 10)

- › When you sell, Unison has the right to exercise its option and pay the balance of our purchase price (\$262,500) to complete our purchase of 70% of the property.
- › Unison would then be entitled to receive 70% of the then-current value of the home. Since the home is being sold for \$550,000, we would receive \$385,000.
- › Unison has the option to pay \$262,500 in order to receive \$385,000, so its net result is \$122,500. Payment of this \$122,500 net amount to Unison will settle Unison's option right on your home.
- › A net settlement of the Unison option right will occur as part of your sale transaction.

Example 3 Made Simple

Start

- › Unison receives an option to purchase 50% of the property for an amount equal to 50% of its current value. Since the property is worth \$500,000, our purchase price is \$250,000.
- › Unison invests \$62,500 in the property. This \$62,500 will be applied towards our purchase price of \$250,000, leaving a balance of \$187,500.

During

- › You enjoy all benefits of owning and living in your home. Unison does not co-own the home. You pay the mortgage, taxes and insurance but make no regular payments to Unison of any kind. You decide when to sell your home.

End (Outcome 1, During Year 10)

- › When you sell, Unison has the right to exercise its option and pay the balance of our purchase price (\$187,500) to complete our purchase of 50% of the property.
- › Unison would then be entitled to receive 50% of the then-current value of the home. Since the home is being sold for \$550,000, we would receive \$275,000.
- › Unison has the option to pay \$187,500 in order to receive \$275,000, so its net result is \$87,500. Payment of this \$87,500 net amount to Unison will settle Unison's option right on your home.
- › A net settlement of the Unison option right will occur as part of your sale transaction.

7. Expenses You Pay When You Obtain A Unison HomeOwner Agreement

You will pay certain transaction costs during the application process or at closing of your Unison HomeOwner Agreement. Costs can include third party fees (such as credit and appraisal reports, and title and escrow fees) and a Unison transaction fee. Unison does not typically pay any portion of any third party fees. At closing you will reimburse Unison for any fees incurred by Unison on your behalf during the process and you will pay Unison a transaction fee. This will reduce the amount of cash you receive from the transaction at closing. Fees are discussed in more detail in Part 3 of Section C.

8. Expenses You Pay When You Sell Your Home

As mentioned previously, when you sell your home you are responsible for paying all of the costs associated with the sale, such as broker's commissions, just as you would if you did not have a Unison HomeOwner Agreement. These expenses can typically amount to 6-9% of the sale price of the home. You are also responsible for paying, from your share of the sale proceeds, any mortgage loans secured by the property and any other encumbrances on the property. If the sale proceeds are not sufficient to pay all of the mortgage loans, commissions and closing costs, and the amount due to us, you are required to make up any shortfall. For a detailed example of a shortfall situation, see Part 12 of Section E.

9. Special Termination

Beginning on the third anniversary, you have the right to end your Unison HomeOwner Agreement without selling your home by requesting a **Special Termination**. To do this, we obtain an appraisal from a Unison-approved independent third-party appraisal firm to determine the current market value of your property. Typically, you will make a payment to Unison equal to the amount of the **Unison Investment Payment** plus the profit, if any, Unison would have made if you had sold your home for the appraised value. This payment

is called the **Special Termination Price**. Upon receiving the **Special Termination Price**, the Unison HomeOwner Agreement will end and Unison will release its lien and have no further interest in your property. This is discussed in more detail in Part 2 of Section E.

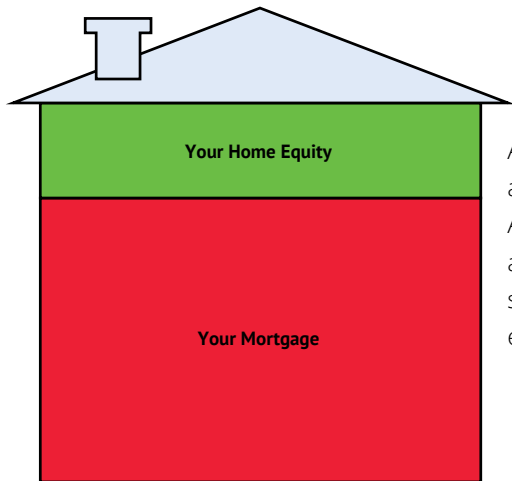
10. Determining When The Unison HomeOwner Agreement Ends

Under typical circumstances, the Unison HomeOwner Agreement ends when you decide to sell your home. It can also end if you request a **Special Termination**. There is a maximum term of 30 years, which gives you significant flexibility in deciding when to sell your home or request a **Special Termination**. If you do not sell your home or request a **Special Termination** during the term, then at the end of the term Unison will be entitled to exercise its option, and you will need to settle the Unison HomeOwner Agreement in order for Unison to release and reconvey its interest in your home.

We are not obligated to exercise our option when you sell your home. If it is not economically beneficial for us to exercise (for example, in situations where the value of your home has declined substantially, such as in Outcome 5 of Examples 1, 2 and 3), we may decide not to exercise. In that case, when you sell your home our option will expire, you will owe us nothing, we will release our lien, and the Unison HomeOwner Agreement will end.

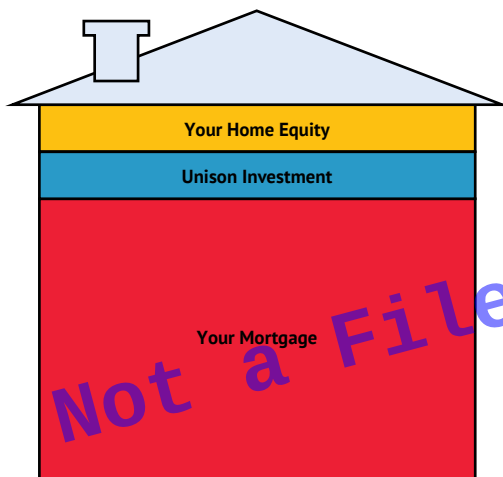
In rare circumstances, there are some other ways in which the Unison HomeOwner Agreement may end. If you fail to honor your obligations under the Unison HomeOwner Agreement and jeopardize the value of your home or our interest in your home, and you do not correct the situation within a reasonable amount of time, we may decide to exercise our option or take other action to protect our investment. See Part 11 of Section D and Part 5 of Section E for more information.

11. More About Unison's Return On Investment

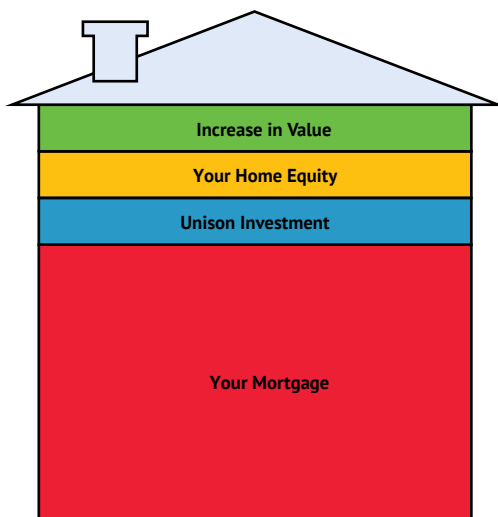


At the time you enter into a Unison HomeOwner Agreement, you own a home and have a significant amount of equity in your home.

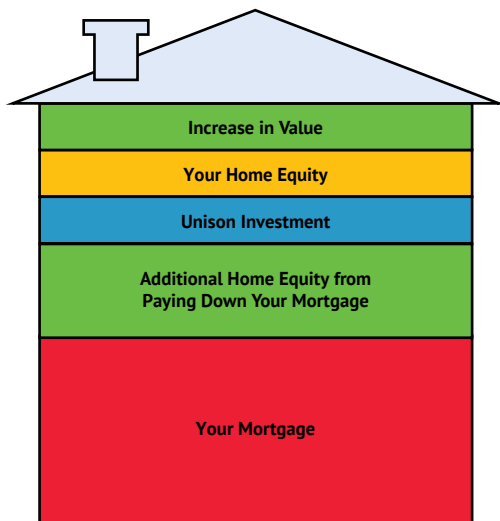
The Unison HomeOwner Agreement is based on equity sharing, but it is very important to understand that Unison does not share in all of the equity in your home. Unison's return on its investment comes ONLY from sharing in the change in value of your home, up or down. We don't share in additional equity you build over time by paying down your mortgage. We also don't share in additional equity you may create by remodeling your home. These concepts are illustrated here.



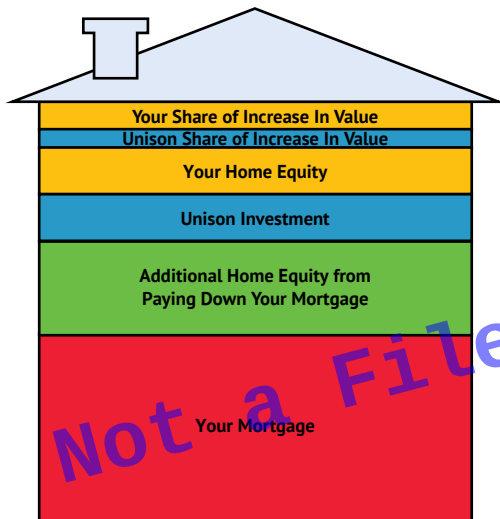
When you enter into the Unison HomeOwner Agreement, Unison converts a portion of your home equity to cash by making an investment in your home.



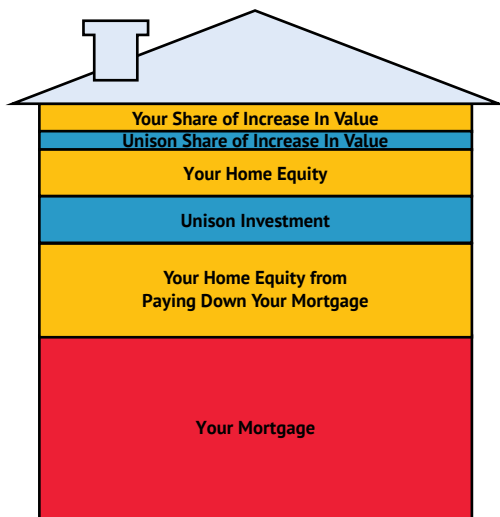
The amount of equity in your home will typically increase due to several factors. First, as shown here, the value of your home may increase over time. This increases home equity.



Second, by making your mortgage payment each month you are reducing the balance of your mortgage.[£] This also increases home equity.



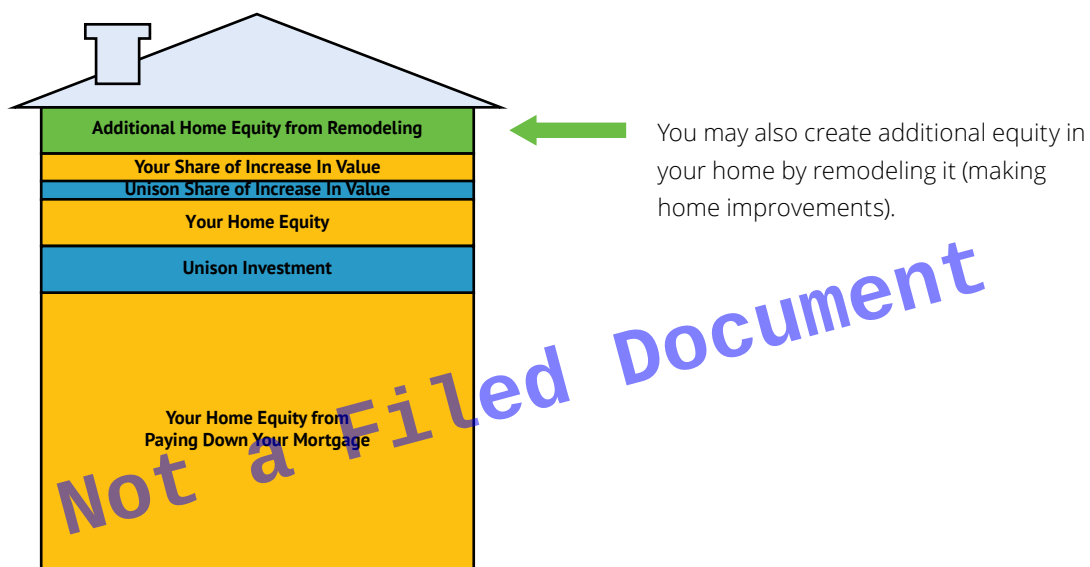
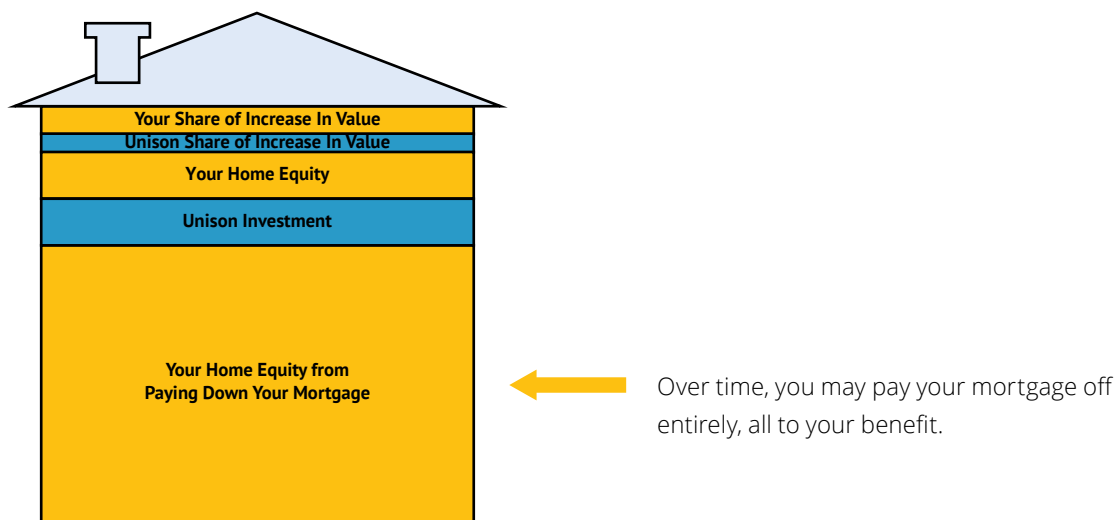
When you sell your home, you and Unison will share the increase in value.



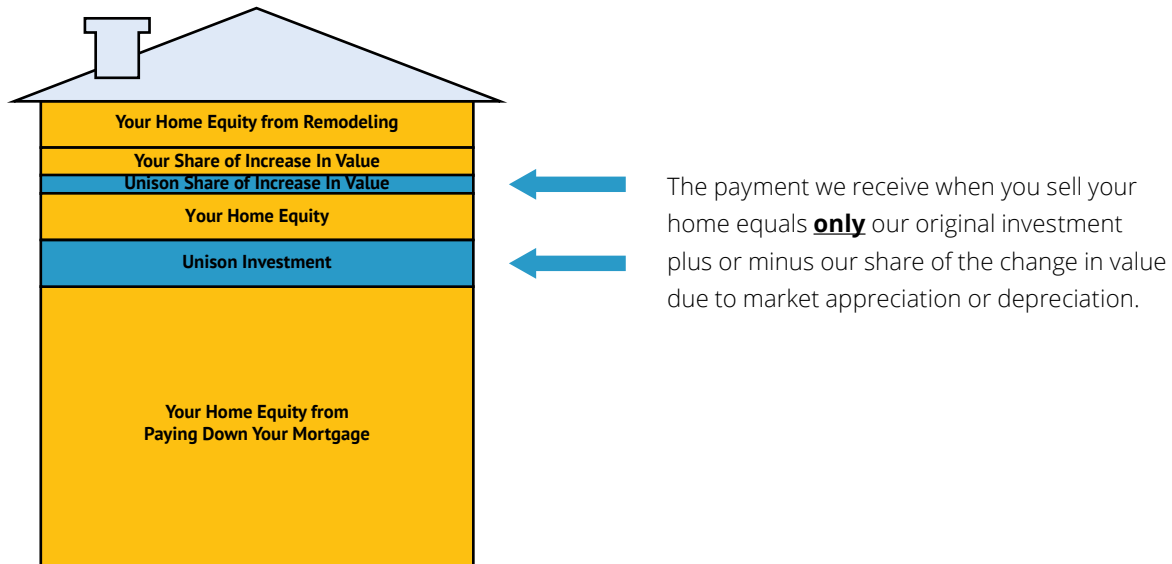
But Unison will NOT share in the additional home equity you built by paying down your mortgage over time. Simply put, that would not be fair. You made the monthly payments!

[£] This is true with most mortgage loans, which are *amortizing* loans. If you have an *interest-only* loan, the balance of your mortgage does NOT decrease each month.

11. More About Unison's Return On Investment (continued)



^F Certain conditions will apply to ensure that your remodeling is appropriately documented and evaluated. You will learn more about this feature (called the Remodeling Adjustment) in Sections B and E of this Program Guide.



With Unison HomeOwner, you are not giving up all the profit potential in your home. You are sharing a portion of it.

Section A of this Program Guide provides a basic understanding of how the Unison HomeOwner Agreement works, and how it might work for you. Much more detail is contained in the remaining sections, so please read them with care. If you have any questions, please call us at 1-800-330-9400 or contact your Program Specialist directly. We will be happy to assist you!

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Remodeling
can increase
the enjoyment
that you and
your family get
from living in
your home.

Section B: More About The Unison HomeOwner Agreement

In Section A, we described the basics of the Unison HomeOwner Agreement. In Section B, we introduce a few more key features. Each of these features can have an impact on the outcome at the end of the Unison HomeOwner Agreement.

1. Remodeling Adjustment

Remodeling your home is a great pastime. Many homeowners decide to remodel their home, and we at Unison encourage you to do so.

Remodeling can create two types of value:

- › It can increase the enjoyment you and your family get from living in your home.
- › It can increase the market value of your home.

Although most homeowners understand that making improvements can increase the value of their home, sometimes they don't focus on that aspect. More often their goal is to make improvements because they will enjoy them, or because they need more living space.

As you may know, certain home improvements add a lot of value in relation to their cost, and certain improvements don't. For example, if you spend \$80,000 adding an extension bedroom and bathroom, when you sell your home the value of that improvement might be \$60,000. If you spend \$50,000 adding an in-ground pool, when you sell your home the value of that improvement might only be \$10,000. You do not need to consult with us about making home improvements, but you can count on us to refer you to resources that might help.

If you remodel your home in accordance with the provisions of the Unison HomeOwner Agreement and any laws, regulations, local ordinances, and permit requirements that apply, you can request that we make an adjustment (called a **Remodeling Adjustment**) when performing the calculations at the end of the Unison HomeOwner Agreement. This adjustment allocates all of the increase in your home's value due to the remodeling to you at the end of the Unison HomeOwner Agreement, so that we do not share in it. While you can remodel your home at any time, a **Remodeling Adjustment** will be applied only if you sell your home or otherwise terminate the Unison HomeOwner Agreement after the third year anniversary date.

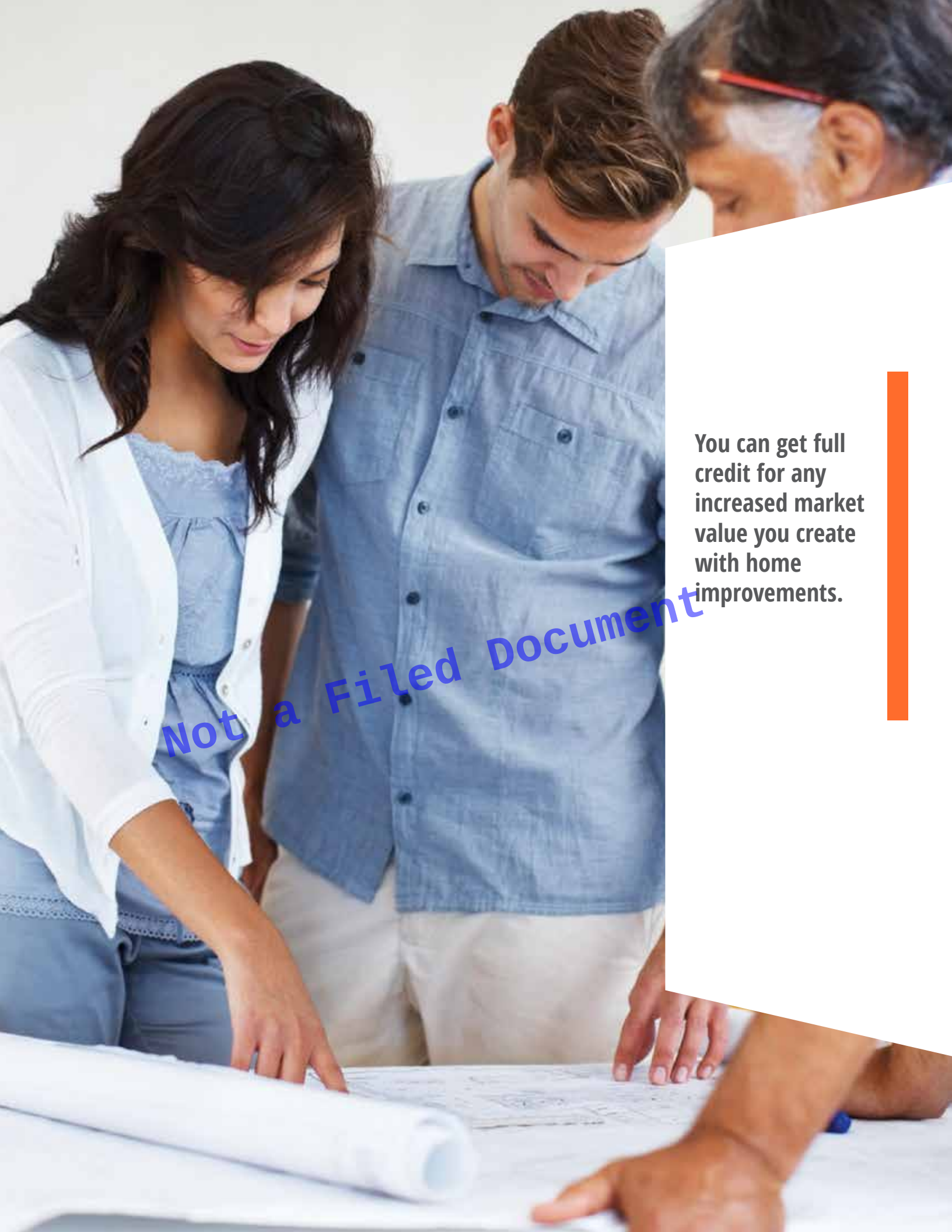
To request a **Remodeling Adjustment**, you must notify Unison in writing of your request at least 45 days in advance of your property sale, **Special Termination**, or other termination of the Unison HomeOwner Agreement. With your written request, you will be required to submit photographic and other evidence of your home's appearance and condition before your remodeling work was completed. An appraisal will be obtained from a Unison-approved independent third-party appraisal firm to determine whether your home has increased in value as a result of your remodeling. This appraised increase in value, if any, will equal the amount of your **Remodeling Adjustment**. If you are requesting a **Special Termination** of your Unison HomeOwner Agreement, the appraiser assigned to determine the **Ending Agreed Value** of your property will be instructed to determine the amount of your **Remodeling Adjustment**, if any. If you are selling your home, an appraisal will be ordered by Unison (at your expense) to determine the amount of the **Remodeling Adjustment**.

To enable the appraiser to determine what, if any, increase in value of your property is attributable to your remodeling, Unison requires that you maintain and submit clear, detailed photographic supporting evidence of your property in its condition before the remodeling work, sufficient in detail and scope that the appraiser can visually compare your remodel with the prior condition of your property. This documentation must be submitted to Unison when you request a **Remodeling Adjustment**. Unison will in turn provide your materials to the appraiser. You should prepare this documentation with care, because in the event that the appraiser reasonably finds that this documentation is insufficient in detail, clarity or scope on which to base a valuation of the property in its unmodified condition, a **Remodeling Adjustment** may not be calculable.

Based on the physical documentation you provide, the appraiser will determine the hypothetical value of your property *without* your remodeling work. The difference between this hypothetical value and the current fair market value of your home, if any, will equal the **Remodeling Adjustment**.

- › The **Remodeling Adjustment** is equal to the gain in value caused by your remodeling, determined at the end of the Unison HomeOwner Agreement by an independent appraiser. It is not based on the amount you spent on the remodeling project. The appraiser will be specifically instructed not to review the costs of your improvements, but only to determine what, if any, actual market value has been added to the property.
- › Unison is committed to a fair process to determine the amount of the **Remodeling Adjustment**. For example, assuming all of the applicable conditions are met, if you spend \$50,000 remodeling and it causes the value of your home to increase by \$50,000, we will credit you \$50,000. If you spend \$50,000 remodeling and it causes the value of your home to increase by \$30,000, we will credit you \$30,000. If you spend \$50,000 remodeling and it causes the value of your home to increase by \$60,000, we will credit you \$60,000.
- › If we are unable to agree in good faith on the **Remodeling Adjustment**, the issue will be determined through arbitration.

Example 4 adds a **Remodeling Adjustment** to Outcome 1 of Example 3 to illustrate how this works.



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You can get full credit for any increased market value you create with home improvements.

Example 4 - Remodeling Adjustment

To illustrate the impact of the **Remodeling Adjustment**, we start by reviewing Outcome 1 of Example 3.

In Outcome 1 of Example 3, market appreciation caused the value of your home to increase by \$50,000. Our 50% share of that increase is \$25,000, and your 50% share is \$25,000. Example 4 builds on Example 3, with the following additional assumptions: During the term of the Unison HomeOwner Agreement, you remodel your home by adding a new bedroom and bathroom. The remodeling project costs \$40,000. During year ten of your Unison HomeOwner Agreement you sell your home for \$580,000, an increase in value of \$80,000. An independent third party appraiser determines that the value of your home without the remodeling would have been \$550,000, solely due to market appreciation, and that the remaining \$30,000 is due to value added by the additional bedroom and bathroom. The Unison

HomeOwner Agreement provides for an adjustment of the selling price when performing the settlement calculations at the end so that you keep all of the value created by your remodeling project, and we do not share in it.

Why The Remodeling Adjustment Is Not Available During The First Three Years

The Unison HomeOwner Agreement is designed for homeowners who intend to remain in their homes for at least three years. It is not designed for homeowners who intend to make rapid improvements to their property and then sell soon after. You can receive the benefits of a **Remodeling Adjustment** for improvements you make during the first three years of the Unison HomeOwner Agreement, provided you do not decide to sell before the third year anniversary.

			Share of Change in Value	
End ² (Assumes during year 10)	Sale Price	Change in Value	Unison	You
Example 3 (Outcome 1)	Your selling price is \$550,000	Increase of \$50,000	+ \$25,000	+ \$25,000
Example 4 Remodeling Adjustment	Actual selling price is \$580,000	Actual increase of \$80,000	+ \$25,000	+ \$55,000
	Adjusted selling price is \$550,000	Adjusted increase of \$50,000	Our 50% share is based on the adjusted increase	Your share is equal to the balance of the actual increase

The appraisal process determines that your remodeling project, which cost you \$40,000, has added \$30,000 to the market value of your home. The sale price is adjusted downward by \$30,000 to \$550,000, its appraised value without your remodeling improvements, so that the increase in value due to your remodeling project does not factor in calculating our share.

Our share of the increase in value is the same as it was in Example 3, and your share is \$30,000 more than it was in Example 3. You receive the full benefit of the \$30,000 increase in value caused by the remodeling.

1. At closing you will pay all transaction costs, including third party fees (such as credit and appraisal reports, and title and escrow fees) and a Unison transaction fee. This will reduce the amount of cash you receive from the transaction at closing. See Part 7 of Section A and Part 3 of Section C for more information.
2. This example of the Remodeling Adjustment calculation presumes that your Unison HomeOwner Agreement transaction is structured such that you and Unison will share the change in value of your home 50/50 when you sell. The calculations shown above will vary if your transaction is structured differently.

Start

- › An appraisal from an independent third-party appraiser determines your home's current value is \$500,000. We agree that \$500,000 is the **Original Agreed Value**.
- › You are seeking less than the maximum available proceeds from your Unison HomeOwner Agreement. You decide that the **Investor Percentage** will be 50%.
- › We invest \$62,500 in your home (the **Unison Investment Payment**).¹ In return for providing the **Unison Investment Payment**, Unison will earn a return on its investment equal to a 50% share of the change in value of your home (the **Investor Percentage**).

During

- › You live in your home - Unison has no ownership or occupancy rights.
- › There are no interest charges on the \$62,500 **Unison Investment Payment**.
- › You make no monthly payments to Unison.
- › You maintain your home and pay the mortgage, property taxes, and property insurance.
- › You spend \$40,000 adding a new bathroom and bedroom to your home, and comply with the requirements of the Unison HomeOwner Agreement pertaining to a **Remodeling Adjustment**.

Distribution of Gross Sale Proceeds		
To Lender ³	To Unison	To You ⁴
\$260,000	\$87,500 Gain on our investment. \$25,000 more than we invested at the start	\$202,500
\$260,000	\$87,500 Gain on our investment. \$25,000 more than we invested at the start	\$232,500

3. When you sell your home you will be responsible for repaying any outstanding balance on your mortgage in full from your portion of the sales proceeds. The Unison HomeOwner Agreement has no impact on this - you would have to do this whether you have a Unison HomeOwner Agreement or not. Assuming you obtained a \$375,000 4% fixed-rate mortgage about three and a half years ago, you would have a current balance of approximately \$350,000, and in ten more years your loan balance would amortize down to approximately \$260,000 (rounding to the nearest \$10,000).

4. 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 Unison HomeOwner Agreement has no impact on this - you would have to pay these expenses whether you have a Unison HomeOwner Agreement or not. If the sales proceeds are not sufficient to pay the mortgage balance, the net amount payable to Unison, and the selling costs, you will be required to make up any shortfall. For example, assuming selling costs of 7.5% and a sale price of \$580,000 as shown in Example 4 above, your selling costs would be \$43,500. If your Unison HomeOwner Agreement is settled other than by sale of your home, such costs will not apply.

Below we compare Example 3 with Example 4.

	EXAMPLE 3 Without Remodeling Adjustment	EXAMPLE 4 With Remodeling Adjustment
Cost Of Remodeling	NA	\$40,000
Value Of Remodeling At Time Of Sale	NA	\$30,000
Original Agreed Value	\$500,000	\$500,000
Ending Agreed Value	\$550,000	\$580,000
Adjusted Ending Agreed Value	NA	\$550,000
Increase In Home Value	\$50,000	\$80,000
Our Share Of Increase	\$25,000	\$25,000
Your Share Of Increase	\$25,000	\$55,000

The \$40,000 that you spent on remodeling caused your home to increase in value by an additional \$30,000. We do not share in any of that additional \$30,000 increase in value. Your share of the change in value increases from \$25,000 to \$55,000 due to the impact of the **Remodeling Adjustment**. Our share is the same in both examples.

Although far less common, if you make changes to your home that an appraiser determines have decreased its value at the time of sale, such as converting three bedrooms to a large den, we may make a **Negative Remodeling Adjustment** that increases the amount Unison receives upon the sale so that we do not share in any decrease in value that results from your changes.

2. Deferred Maintenance Adjustment

During the term of the Unison HomeOwner Agreement, you are required to maintain your property in good condition, subject to normal wear-and-tear. If you do not, when the Unison HomeOwner 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 when performing the settlement calculations at the end of the Unison HomeOwner Agreement. Since the loss in value would be due to your failure to maintain the property, the **Deferred Maintenance Adjustment** allocates all of the loss in value due to improper maintenance to you, so that we do not share in it.

To understand why this is important to Unison, imagine a situation in which we enter into a Unison HomeOwner Agreement with a homeowner that buys a home valued at \$500,000, located in a neighborhood in

which most of the homes are also valued at \$500,000. Eight years later, our homeowner decides to sell their home. All of the homes in the neighborhood have increased in value over the eight year period to approximately \$550,000, so we are expecting to earn a positive return on our investment. However, during the eight year period, termites invaded the home we invested in, and our homeowner ignored the problem. The damage is so bad that the value of the home has actually declined to \$475,000 as a result. In this example, without the **Deferred Maintenance Adjustment** our gain on investment would become a loss on investment, due to the inaction of the homeowner. While this may be an extreme example, it demonstrates the importance of proper maintenance and the reason for the **Deferred Maintenance Adjustment**. We enter into Unison HomeOwner Agreements with the understanding that homeowners are agreeing to maintain their properties, and we must have a way to protect our investment when a homeowner fails to do that.

- › Unison is committed to a fair process to determine the value of the **Deferred Maintenance Adjustment**.
- › Typically, no **Deferred Maintenance Adjustment** will apply unless the aggregate cost of the required repairs is at least \$5,000.
- › One or more appraisals, inspections or repair estimates obtained from Unison-approved independent third-party providers are used to determine the amount of the **Deferred Maintenance Adjustment**.
- › If we are unable to agree in good faith on the amount, the issue will be determined through arbitration.

Unlike the **Remodeling Adjustment**, a **Deferred Maintenance Adjustment** can be applied whenever the Unison HomeOwner Agreement ends.

Example 5 adds a **Deferred Maintenance Adjustment** to Outcome 1 of Example 3 to illustrate how this works.

Unison requires a home inspection as a condition to entering into Unison HomeOwner Agreements. The home inspection may occasionally reveal defects or conditions which can pose clear risks to the property or its value if not properly addressed. For example, if the inspection reveals significant rot in the framing under the home's main living area, or crumbling sections of the foundation, these defects could worsen over time and significantly and negatively impact the property's future value and desirability. Unison may note these defects and conditions in a Deferred Maintenance Addendum to the Unison HomeOwner Agreement and reserve them for the application of a **Deferred Maintenance Adjustment** if the homeowner chooses not to correct them during the term.

A **Deferred Maintenance Adjustment** may also be applied by Unison if your home has declined in value during the Unison HomeOwner Agreement term as the result of a significant defect or condition in the property which you knew or should have known about before or during the term but which was not disclosed to Unison.

Not a Filed Document

EXAMPLE 5 - Deferred Maintenance Adjustment

To illustrate the impact of the **Deferred Maintenance Adjustment**, we start by reviewing Outcome 1 of Example 3.

In Outcome 1 of Example 3, market appreciation caused the value of your home to increase by \$50,000. Our 50% share of that increase is \$25,000, and your 50% share is \$25,000. Example 5 builds on Example 3, with the following additional assumptions: During year ten of your Unison HomeOwner Agreement you sell your home for \$540,000, an increase in value of \$40,000. A home inspection performed in connection with the sale reveals that during the term of the Unison HomeOwner Agreement, you did not properly maintain

your home. The roof is leaking and is badly in need of repairs costing \$10,000. Therefore, your home would have been worth \$550,000 if you had maintained it properly. The Unison HomeOwner Agreement provides for an adjustment of the selling price when performing the settlement calculations at the end so that Unison is not impacted by the loss in value due to your improper maintenance.

			Share of Change in Value	
End ² (Assumes during year 10)	Sale Price	Change in Value	Unison	You
Example 3 (Outcome 1)	Your selling price is \$550,000	Increase of \$50,000	+\$25,000	+ \$25,000
Example 5 Deferred Maintenance Adjustment	Actual selling price is \$540,000	Actual increase of \$40,000	+ \$25,000	+ \$15,000
	Adjusted selling price is \$550,000	Adjusted increase of \$50,000	Our 50% share is based on the adjusted increase	Your share is equal to the balance of the actual increase

The leaky roof is determined by independent third party experts to have reduced your selling price by \$10,000. The sale price is adjusted upward by \$10,000 so that the decrease in value due to your improper maintenance does not factor in calculating our payment.

Our share of the increase in value is the same as it was in Example 3, and your share is \$10,000 less than it was in Example 3. You absorb the full impact of the \$10,000 loss in value caused by the deferred maintenance.

1. At closing you will pay all transaction costs, including third party fees (such as credit and appraisal reports, and title and escrow fees) and a Unison transaction fee. This will reduce the amount of cash you receive from the transaction at closing. See Part 7 of Section A and Part 3 of Section C for more information.
2. This example of the Deferred Maintenance Adjustment calculation presumes that your Unison HomeOwner Agreement transaction is structured such that you and Unison will share the change in value of your home 50/50 when you sell. The calculations shown above will vary if your transaction is structured differently.

Start

- › An appraisal from an independent third-party appraiser determines your home's current value is \$500,000. We agree that \$500,000 is the **Original Agreed Value**.
- › You are seeking less than the maximum available proceeds from your Unison HomeOwner Agreement. You decide that the **Investor Percentage** will be 50%.
- › We invest \$62,500 in your home (the **Unison Investment Payment**).¹ In return for providing the **Unison Investment Payment**, Unison will earn a return on its investment equal to a 50% share of the change in value of your home (the **Investor Percentage**).

During

- › You live in your home – Unison has no ownership or occupancy rights.
- › There are no interest charges on the \$62,500 **Unison Investment Payment**.
- › You make no monthly payments to Unison.
- › You pay the mortgage, property taxes, and property insurance.
- › You fail to properly maintain the home, resulting in a leaky roof and a loss in market value.

Distribution of Gross Sale Proceeds

To Lender ³	To Unison	To You ⁴
\$260,000	\$87,500 Gain on our investment. \$25,000 more than we invested at the start	\$202,500
\$260,000	\$87,500 Gain on our investment. \$25,000 more than we invested at the start	\$192,500

3. When you sell your home you will be responsible for repaying any outstanding balance on your mortgage in full from your portion of the sales proceeds. The Unison HomeOwner Agreement has no impact on this - you would have to do this whether you have a Unison HomeOwner Agreement or not. Assuming you obtained a \$375,000 4% fixed-rate mortgage about three and a half years ago, you would have a current balance of approximately \$350,000, and in ten more years your loan balance would amortize down to approximately \$260,000 (rounding to the nearest \$10,000).

4. 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 Unison HomeOwner Agreement has no impact on this - you would have to pay these expenses whether you have a Unison HomeOwner Agreement or not. If the sales proceeds are not sufficient to pay the mortgage balance, the net amount payable to Unison, and the selling costs, you will be required to make up any shortfall. For example, assuming selling costs of 7.5% and a sale price of \$540,000 as shown in Example 5 above, your selling costs would be \$40,500. If your Unison HomeOwner Agreement is settled other than by sale of your home, such costs will not apply.

Below we compare Example 3 with Example 5.

	EXAMPLE 3 Without Deferred Maintenance Adjustment	EXAMPLE 5 With Deferred Maintenance Adjustment
Loss In Value Due To Deferred Maintenance	NA	\$10,000
Original Agreed Value	\$500,000	\$500,000
Ending Agreed Value	\$550,000	\$540,000
Adjusted Ending Agreed Value	NA	\$550,000
Increase In Home Value	\$50,000	\$40,000
Our Share Of Increase	\$25,000	\$25,000
Your Share Of Increase	\$25,000	\$15,000

Because you did not properly maintain the roof, as required by the Unison HomeOwner Agreement, the value of your home was \$10,000 less than it should have been at the time of the sale. We do not share in any of that \$10,000 loss in value. Your share of the change in value decreases from \$25,000 to \$15,000 due to the impact of the **Deferred Maintenance Adjustment**. Our share is the same in both examples.

Unison is committed to a fair process and will make a determination in good faith as to whether a **Deferred Maintenance Adjustment** is warranted, based on one or more property inspections, appraisals, or repair estimates produced by Unison-approved independent third-party professional inspectors.

Determining a fair and appropriate amount for any **Remodeling Adjustment** or **Deferred Maintenance Adjustment** at the end of the Unison HomeOwner Agreement is important to both you and Unison. Should any disagreement arise, a simple two-step process may be followed:

1. If, after reviewing the appraisal, inspection report, or repair estimate used to determine the amounts, either party may request a reconsideration, in which case additional reports or inspections may be obtained. Additional reports are typically paid for by the requesting party. If both parties are requesting additional reports, the cost is shared by both parties.
2. If you and Unison are still unable to agree in good faith on the amount, the issue will be determined through arbitration.

3. Selling Your Home During The First Three Years Of Your Unison HomeOwner Agreement

Unison does not charge any interest or receive any payments on its investment during the term of the Unison HomeOwner Agreement. We receive no return whatsoever until you decide to sell your home or the Unison HomeOwner Agreement is otherwise terminated. Unison's return on its investment depends entirely on the change in value of your home, and in order for home prices to change, up or down, time must pass. For these reasons, the Unison HomeOwner Agreement is not intended to be used as short term financing, and Unison does not recommend the Unison HomeOwner Agreement for homeowners who know they will not remain in their homes for more than three years.

You can sell your home at any time, but if you choose to sell your home during the first three years of your Unison HomeOwner Agreement and the value of your home has decreased, Unison will not share in any of that decrease in value. Unison's share of the gross sale proceeds of your home during the first three years will always equal the greater of the amount of the **Unison Investment Payment** or the amount of the **Unison Investment Payment** plus Unison's share of any increase in value of your home.

To implement this, when you choose to sell your home during the first three years of your Unison HomeOwner Agreement and the value of your home has decreased, Unison's share of the gross sale proceeds of your home will be calculated by setting the **Ending Agreed Value** of your home equal to the **Original Agreed Value**.

To demonstrate this, Example 6 revisits Example 3, but we now assume you are selling your home during the third year of your Unison HomeOwner Agreement instead of during the tenth year.

The Unison HomeOwner Agreement puts you in control - you decide how much of the future change in value of your home you share, how to use the cash you receive, how to manage your home, and when your Unison HomeOwner Agreement ends.



Example 6 - Sale in Years 1-3 When Value has Decreased

To illustrate the calculation that applies when you sell your home during the first three years and its value has decreased, we start by reviewing Outcome 2 of Example 3. In Outcome 2 of Example 3, the **Original Agreed Value** of your home was \$500,000, but market depreciation caused the value to decrease by \$50,000. Our 50% share of that decrease is \$25,000, and your 50% share is \$25,000. Example 6 builds on Outcome 2 of Example 3, with the following additional assumption: You decide to sell your home in year three instead of year ten, therefore Unison does not share in any decrease in value.

Start

- › An appraisal from an independent third-party appraiser determines your home's current value is \$500,000. We agree that \$500,000 is the **Original Agreed Value**.
- › You are seeking less than the maximum available proceeds from your Unison HomeOwner Agreement. You decide that the **Investor Percentage** will be 50%.
- › We invest \$62,500 in your home (the **Unison Investment Payment**).¹ In return for providing the **Unison Investment Payment**, Unison will earn a return on its investment equal to a 50% share of the change in value of your home (the **Investor Percentage**).

			Share of Change in Value	
End ²	Sale Price	Change in Value	Unison	You
Example 3 (Outcome 2)	Your selling price is \$450,000	Decrease of \$50,000	-\$25,000	-\$25,000
Example 6 Sale in Years 1-3 When Value Has Decreased	Actual selling price is \$450,000	Actual decrease of \$50,000	\$0	-\$50,000
	Adjusted selling price is \$500,000	Adjusted decrease of \$0	Our share is based on the adjusted decrease	Your share is equal to the actual decrease

When you sell during the first three years, if the value of your home has decreased, Unison's payment will be based on an adjusted selling price equal to the **Original Agreed Value**, not the actual **Sale Price**.

Because you are selling during the first three years, Unison does not share in any decrease in value. Since our share of the decrease in value is zero, your share is \$50,000.

1. At closing you will pay all transaction costs, including third party fees (such as credit and appraisal reports, and title and escrow fees) and a Unison transaction fee. This will reduce the amount of cash you receive from the transaction at closing. See Part 7 of Section A and Part 3 of Section C for more information.
2. This example presumes that your Unison HomeOwner Agreement transaction is structured such that you and Unison will share the change in value of your home 50/50 when you sell. The calculations shown above will vary if your transaction is structured differently.
3. When you sell your home you will be responsible for repaying any outstanding balance on your mortgage in full from your portion of the sales proceeds. The Unison HomeOwner Agreement has no impact on this - you would have to do this whether you have a Unison HomeOwner Agreement or not. Example 3 assumes you obtained a \$375,000 4% fixed-rate mortgage about three and a half years ago, so you would have a current balance of approximately \$350,000 when you entered into the Unison HomeOwner Agreement, and in ten more years your loan balance would

During

- › You live in your home – Unison has no ownership or occupancy rights.
- › There are no interest charges on the \$50,000 **Unison Investment Payment**.
- › You make no monthly payments to Unison.
- › You maintain your home and pay the mortgage, property taxes, and property insurance.

Distribution of Gross Sale Proceeds		
To Lender ³	To Unison	To You ⁴
\$260,000	\$37,500 Loss on our investment. \$25,000 less than we invested at the start.	\$152,500
\$260,000	\$62,500 No return on our investment. Equal to the amount we invested at the start.	\$127,500 ⁵

have amortized down to approximately \$260,000 (rounding to the nearest \$10,000). Example 6 assumes a holding period of less than three years, therefore the amortization would be much smaller and the remaining loan balance would be greater (with a holding period of 2.5 years, the amortization would be approximately \$20,000 and the remaining loan balance would be approximately \$330,000). For purposes of comparing Example 6 to Example 3, and to focus just on demonstrating the impact of selling your home during the first three years when its value has decreased, we hold the amount of loan amortization constant in both Examples.

4. 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 Unison HomeOwner Agreement has no impact on this - you would have to pay these expenses whether you have a Unison HomeOwner Agreement or not. If the sales proceeds are not sufficient to pay the mortgage balance, the net amount payable to Unison, and the selling costs, you will be required to make up any shortfall. For example, assuming selling costs of 7.5% and a sale price of \$450,000 as shown in Example 6 above, your selling costs would be \$33,750. If your Unison HomeOwner Agreement is settled other than by sale of your home, such costs will not apply.
5. As described in footnote 3, amortization on the loan was held constant in this example. With a holding period assumption of 2.5 years, amortization would be approximately \$20,000 and the remaining loan balance would be approximately \$330,000. After paying the loan and the \$62,500 amount due to Unison, your gross from the sale would be \$57,500. After paying selling costs of \$33,750, your net from the sale would be \$23,750.

Below we compare Example 3 with Example 6

	EXAMPLE 3 Selling In Year 10	EXAMPLE 6 Selling In Year 3
Original Agreed Value	\$500,000	\$500,000
Sale Price	\$450,000	\$450,000
Ending Agreed Value	\$450,000	\$500,000
Decrease In Home Value	\$50,000	\$50,000
Our Share Of Decrease	\$25,000	\$0
Your Share Of Decrease	\$25,000	\$50,000

The comparison above illustrates the impact of selling your home during the first three years of the Unison HomeOwner Agreement when its value has decreased. Your share of the decrease in value is \$50,000 instead of \$25,000. Our share of the decrease in value is \$0 instead of \$25,000.

Because Unison does not share in any decrease in value of your home when you sell during the first three years of your Unison HomeOwner Agreement, if you are unsure about whether you will keep your Unison HomeOwner Agreement for at least three years, the Unison HomeOwner Agreement may not be suitable for you, and you should compare the Unison HomeOwner Agreement with other choices.

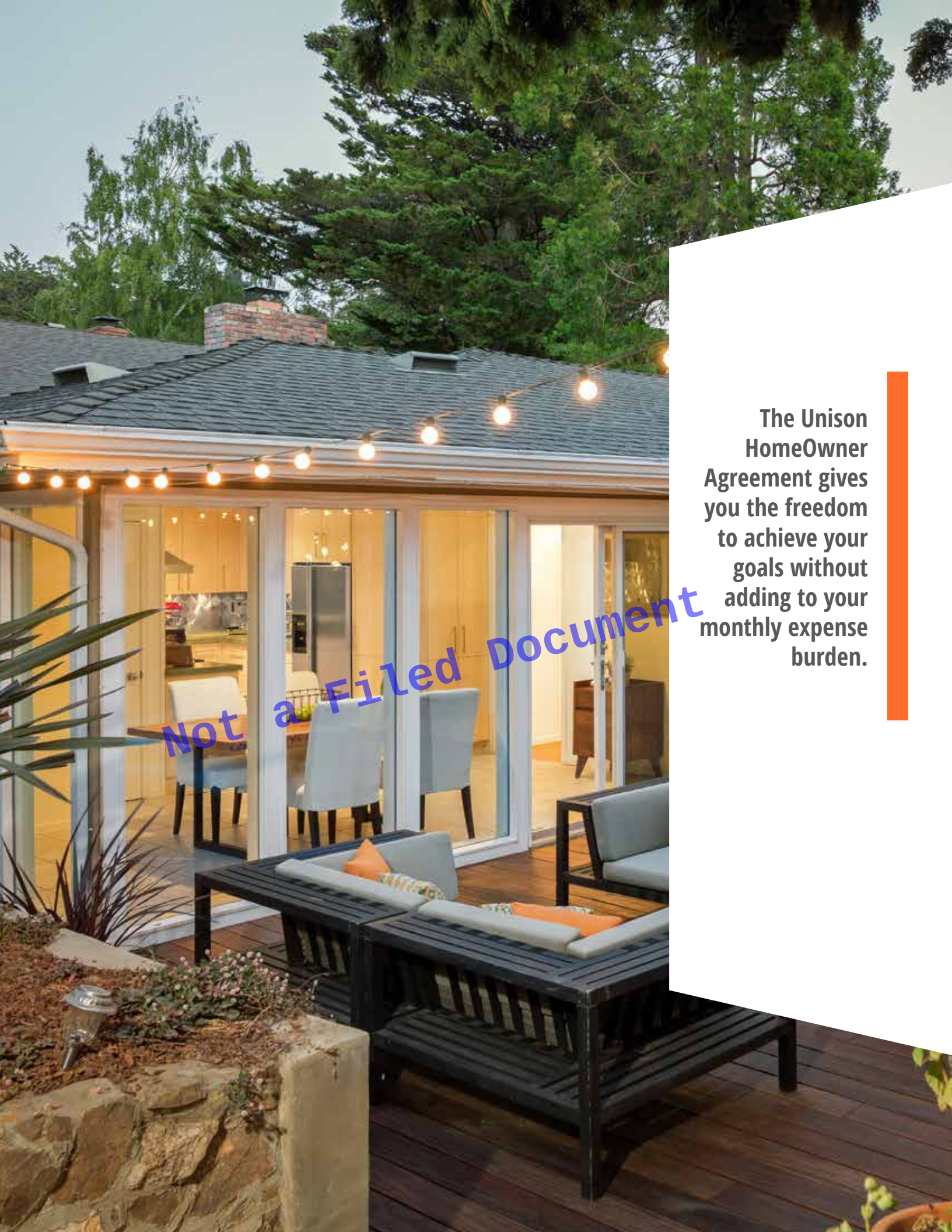
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Remember, your Program Specialist is always available to help you with any of the information presented in this Program Guide.



The Unison HomeOwner Agreement is designed to promote fairness and minimize its impact on the way you live in and manage your home.

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The Unison
HomeOwner
Agreement gives
you the freedom
to achieve your
goals without
adding to your
monthly expense
burden.

Section C: Obtaining A Unison HomeOwner Agreement

1. Understanding The Process

The process for obtaining a Unison HomeOwner Agreement is not significantly different than for other real estate transactions with which you are already familiar, such as buying a home or obtaining a home loan. Of course, unlike a home loan, with the Unison HomeOwner Agreement there are no monthly payments made to Unison.

We will take steps to verify the information you provide in your application, and review your credit, property title and history of financial responsibility. We will ask you to document your income, assets, loans, insurance and other information. We will determine the value of your home by obtaining an appraisal from a Unison-approved independent third-party appraisal firm.

If we determine that you (and your home) meet the criteria for a Unison HomeOwner Agreement, we will extend you a written offer (the **Offer Letter**) that outlines the specific terms of your Unison HomeOwner Agreement, including the **Original Agreed Value**, the **Unison Investment Payment**, and the **Investor Percentage**.

After you accept the offer, we will open escrow and schedule the closing. You will sign the Unison HomeOwner Agreement documents, and after a three-day cancellation period (during which time you will have the right to cancel the Unison HomeOwner Agreement) the transaction will close and you will receive the **Unison Investment Payment** (less fees, closing costs and other disbursements that you have authorized).

2. Step By Step

Step 1: Pre-Qualifying

Pre-qualifying is quick and easy - just a brief phone call with a Unison HomeOwner Agreement Program Specialist who will ask you some basic questions about your credit and income, your property, any loans secured by your property, and any other existing debt you might have. The Program Specialist will also answer any preliminary questions you have. If you pre-qualify and choose to proceed, the Program Specialist will be specifically assigned to work with you for the duration of the process. You will receive an **Application Package**

Unison HomeOwner Education

Education is not a “step” but is essential and required for all homeowners. It is very important that you understand fully the terms and conditions of the Unison HomeOwner Agreement. Education includes reviewing the Unison HomeOwner Program Guide and the legal documents plus multiple conversations with your Unison Program Specialist, including a formal Program Knowledge Review, to ensure all of your questions have been answered. All homeowners should speak with their financial, tax, estate planning and legal advisors, and family or other heirs, before entering into a Unison HomeOwner Agreement. Your Program Specialist will be happy to discuss Unison HomeOwner with them as well, with your authorization.

including this Unison HomeOwner Agreement Program Guide, which contains a fully detailed description of the program.

Before proceeding with the application process, it is important that you understand the current qualifying criteria for the Unison HomeOwner Agreement, including:

- › In general, you must intend to occupy the home as your primary residence, although some owner-occupied second homes may qualify. Rental properties do not qualify.
- › In general, the home must be a single family residence, townhouse, or condominium.
- › The home must be “typical” for the area. To better understand what we mean by “typical”, think about what kind of property might not be considered typical. For example, imagine an eight bedroom home in the middle of a neighborhood in which all of the homes have three or four bedrooms, or a home built on a ten acre lot in the middle of an area in which the lot sizes are all less than one acre.
- › The home must be in good condition and not at greater-than-average risk from natural or environmental hazards.
- › The home must be located in an area served by Unison.

- › You must have a history of financial responsibility and good credit. Certain credit exceptions may be allowed depending on circumstances.
- › You must not have an excessive amount of debt on your property.

These criteria may not encompass all the factors considered by Unison in determining qualification for a Unison HomeOwner Agreement and may change over time.

Step 2: Education & Application

The **Application Package** includes an estimate of all fees and expenses related to the Unison HomeOwner Agreement and our property insurance requirements. You are urged to carefully review the entire **Application Package** and this Program Guide with your legal, tax and/or financial advisors, and family members.

If you decide to proceed, you will complete and return the application, and you will continue the mandatory Unison HomeOwner education process. The completed application must include information about, and be signed by, all persons who are on title. You will need to gather certain information that documents your income, assets, insurance and loans and attach it to the application.

Step 3: Underwriting & Approval

When we receive your completed application package, we will then begin processing your application, starting with a thorough credit check. We will review your application and supporting documentation that you provided. Your Program Specialist will contact you to acknowledge that your application has been received and will let you know if any additional documentation related to your income, assets, loans, property, insurance or other items is required in order to complete your file. We will also provide you with an updated estimate of all fees and expenses related to the Unison HomeOwner Agreement, insofar as those costs can be estimated at this point in the process.

If your credit history meets our guidelines, and you feel comfortable with your understanding of the features of the Unison HomeOwner Agreement, we will then order an appraisal of your home from a Unison-approved independent third party appraisal firm. Unison will also

order a comprehensive property inspection report from a Unison-approved independent third party property inspection firm. The inspection requirement may be waived if you live in a newly constructed home.

Once the appraisal and inspection have been ordered, it is your responsibility as the homeowner to accommodate the appraisal and inspection appointments. You will be responsible for paying for the appraisal and inspection (although in some situations Unison will share the inspection cost). Typically, the cost will be charged to your credit card based on a payment authorization form that is included with the application. You will receive copies of the appraisal and inspection. Your assistance with promptly scheduling the appraisal and inspection and providing us with whatever additional information we require can greatly improve the efficiency with which your application can be processed.

Once we have received the appraisal, inspection and all requested additional information, we will underwrite the completed **Application Package** in accordance with our guidelines. We may obtain a preliminary title report and will determine if additional inspection or other reports may be required. Following approval, an **Offer Package** will be prepared and sent to you.

As with the Unison HomeOwner Agreement **Application Package**, you are expected to review the Unison HomeOwner Agreement **Offer Package** very carefully, and in consultation with family members and legal, tax, financial and other advisors. The **Offer Package** will include a document called the **Important Information Notice** and a copy of the **Total Unison Cost Estimate (TUCE)**. It will include a list of any conditions that must be satisfied (for example, adding us as an “additional named insured” on your property insurance policy) and when conditions must be satisfied (either before the legal documents can be signed or prior to closing). This will vary from state to state. If you choose to accept our offer, you do so by signing and returning to us the **Offer Letter**, **Important Information Notice** and other disclosure documents. The value of your home as determined by the appraisal process is called the **Original Agreed Value**. The **Original Agreed Value** will be set forth in the **Offer Letter**. By accepting the offer, you are agreeing to that value.

At this stage of the process, time is of the essence. The offer will be valid until a stated expiration date and can be accepted before the deadline by following the stated instructions. The offer will also stipulate that the transaction must be closed within a specified deadline. If either the offer acceptance deadline or the transaction closing deadline passes, we will no longer be obligated to enter into the Unison HomeOwner Agreement with you. We may elect to extend either or both of the deadlines; however, any such extension must be made by us in writing to be valid. Of course, if a deadline passes you can always reapply for a Unison HomeOwner Agreement, but it is possible that you would have to pay for a new appraisal and the terms may not be same.

Step 4: Closing

The signing will be handled by the closing services provider (escrow company, settlement agent or closing attorney) in accordance with customary practice in the area where you live. Unison will deliver a **Closing Package** to the closing services provider, consisting of closing documents and closing instructions. All involved parties will work together to satisfy any remaining closing conditions. The closing services provider will schedule the signing appointment with you.

At the signing you will receive a final closing statement for the Unison HomeOwner Agreement, containing the exact dollar amounts involved in the transaction. You will sign the Unison HomeOwner Agreement legal documents and any other documents related to the transaction.

We will review the signed Unison HomeOwner Agreement documents and verify that all closing conditions have been met. Then, we will deposit funds into the escrow account and instruct the closing services provider to close the transaction. The closing services provider will then record the Unison HomeOwner Agreement legal documents with the county recorder and disburse funds according to the **Closing Statement**, including paying you the **Unison Investment Payment**. Note that closing costs, including but not limited to the Unison transaction fee and costs of closing services and title insurance, as well as any amounts that you have authorized the closing services provider to disburse to

Reviewing The Unison HomeOwner Legal Documents

During the application process, you may request a generic sample set of the Unison HomeOwner Agreement legal documents (described in Section F of this Program Guide). You are urged to carefully review these documents with your legal, tax and financial advisors, and family members.

Regarding Wills And Trusts

The Unison HomeOwner Agreement allows homeowners to hold title to the property in the name of a revocable inter vivos family trust if at least one trustor resides in the home as their primary residence, and all trustees and trustors sign the Unison HomeOwner Agreement in such capacities and as individuals, and agree to be bound by all of the terms of the Unison HomeOwner Agreement.

As long as the Unison HomeOwner Agreement remains in effect, upon the death of the last remaining signatory to the Unison HomeOwner Agreement, your representatives and heirs will need to either:

1) End the Unison HomeOwner Agreement by selling your home.

- or -

2) If your heirs wish to keep the home, they will need to pay Unison the value of its interest in the home at that time.

pay insurance premiums, taxes, and other payments, will be deducted from the funds you receive. This will result in you receiving net cash from the transaction that is less than the amount of the **Unison Investment Payment**. The process for closing your Unison HomeOwner Agreement may vary somewhat from state to state.

3. Fees Associated With The Unison HomeOwner Agreement

As in most real estate transactions, in a Unison HomeOwner transaction there are fees you will pay to third parties, such as appraisal, inspection, title, settlement and recording fees. Because each transaction is unique, the types and amounts of fees that are required to close a Unison HomeOwner Agreement can vary greatly with the location and value of the home. It is difficult to provide exact figures prior to processing an application. This section provides an example and description of the major categories of fees and the expected price range for each category.

Important Note About Specially Priced Unison HomeOwner Transactions:

Certain homes may be subject to special pricing. Special pricing may also apply based on an evaluation of your financial picture. If your Unison HomeOwner transaction requires special pricing, Unison's share of the change in value (the **Investor Percentage**) may be larger, the **Unison Investment Payment** may be smaller, other adjustments to terms may apply, and more restrictive credit requirements may apply. Under these circumstances, while the examples presented in Sections A and B of this Program Guide will still be essential to helping you understand the operation of the Unison HomeOwner Agreement, the financial terms of your transaction may differ significantly, so it is imperative that you read Section G and Part 2 of Section H of this Program Guide to fully understand what financial terms will apply to you. If you have any questions about whether or not your Unison HomeOwner Agreement will require special pricing, please ask your Program Specialist.

Not a Filed Document

The actual process and requirements for your particular Unison HomeOwner transaction may vary somewhat from the description provided in this Section C, depending on the state and locality where you live, and your specific circumstances. If you are using a Unison HomeOwner Agreement to help you refinance your mortgage, the mortgage loan portion of your transaction will be processed separately according to that particular lender's policies and guidelines, and Unison does not take part in the lender's actions or decisions, but the new loan and the Unison HomeOwner Agreement will close simultaneously. The four steps described above provide only a general outline of a typical Unison HomeOwner Agreement transaction.

Using The Unison HomeOwner Agreement To Help You Refinance Your Mortgage

If you are using the cash obtained from a Unison HomeOwner Agreement to help you refinance your first mortgage, you will also work with a participating lender and apply for a mortgage loan through them. The lender will review your loan application and, if you qualify, follow its standard procedures with respect to the processing of your loan.

The lender will obtain a preliminary title report and order a property appraisal according to their standard procedures. You will receive a copy of the appraisal from the lender. Unison will typically use the lender's appraisal to underwrite the Unison HomeOwner Agreement. Unison will provide you with an estimate of all fees and expenses related to the Unison HomeOwner Agreement to be paid at closing, including title, settlement, escrow and transaction fees, and title insurance (if required). The lender will separately provide you with an estimate of the fees related to your new loan.

Unison and the lender will separately process and underwrite your transaction. Either of us may ask you to provide additional documentation related to your income, assets, loans, insurance or other items, but we will typically share the information that you provide, with your permission, so that you do not need to provide the same information twice. You will be notified about property insurance requirements. Additional appraisal, inspection, or other reports may be required by Unison. Your assistance with providing whatever additional information is required will greatly improve the speed and efficiency of your transaction.

Upon approval, Unison and the lender will each provide you with a separate approval or commitment. Unison's commitment will consist of a formal offer outlining final terms and conditions of the Unison HomeOwner Agreement, including the **Original Agreed Value**, the **Unison Investment Payment**, and the **Investor Percentage**. The lender will provide a loan approval letter.

The closing will be facilitated by the closing services provider in accordance with customary practice in the area where you live. Unison and the lender will each deliver a package of closing documents and closing instructions to the closing services provider. All involved parties will work together to satisfy any remaining closing conditions. The closing services provider will schedule a signing appointment with you.

At the signing you will receive the final closing statement for the Unison HomeOwner Agreement and for the loan, containing the exact dollar amounts involved in the transaction. You will sign the Unison HomeOwner Agreement legal documents, the loan documents provided by the lender, and any other documents related to the transaction. Unison and the lender will deposit funds into the escrow account and the closing services provider will disburse funds and close the transaction. The lender's lien on the property will be recorded first, so that it is senior to Unison's lien. Closing costs, including but not limited to transaction fees and costs of escrow services and title insurance - as well as any other amounts that you have authorized the escrow agent to disburse - will be deducted from the funds in escrow.

Participating lenders receive no fees from Unison for their participation, nor does Unison receive any fees from participating lenders. The participating lender's decision to extend credit is entirely independent of Unison.

Obtaining A Unison HomeOwner Agreement - Process Steps

Step 1: Prequalifying

- › A simple phone call with Unison pre-qualifies you for a Unison HomeOwner Agreement.
- › A Unison HomeOwner Program Specialist is assigned to you. Your Program Specialist explains the basics and the program requirements and answers questions.
- › You receive a Unison HomeOwner Application Package. You also receive the Unison HomeOwner Program Guide.

Step 2: Education & Application

- › You review the Unison HomeOwner Program Guide and Application Package. Your Program Specialist answers all of your questions about Unison HomeOwner (we recommend that you include your advisors and family in the education process). You work to complete the mandatory Unison HomeOwner education requirements.
- › You submit the Unison HomeOwner application, including information documenting your income, assets, insurance and loans.
- › Upon request, we will send you a sample set of Unison HomeOwner Agreement legal documents for review (again, we recommend that you include your advisors and family in the process). You complete a Program Knowledge Review with your Program Specialist.

Step 3: Underwriting & Approval

- › Unison begins the underwriting process by determining if any additional documentation is required relating to your income, assets, loans, property or insurance.
- › Unison then orders an appraisal and property inspection with your authorization.
- › Unison then underwrites the transaction including a thorough review of the appraisal and inspection, and determines final terms and closing conditions.
- › Upon approval, you receive an **Offer Package** containing proposed terms for your Unison HomeOwner Agreement and required conditions to close. You sign and return the **Offer Package** to Unison in order to proceed.
- › You work with Unison to satisfy all pre-closing conditions for your Unison HomeOwner Agreement, including providing Unison with any additional required documentation related to your income, assets, loans, or insurance.

Step 4: Closing

- › Unison provides a **Closing Package** to the closing services provider. All parties cooperate to satisfy any remaining closing conditions. The closing services provider schedules the signing.
- › You receive the final **Closing Statement** for the Unison HomeOwner Agreement and sign all documents related to the transaction.
- › Unison deposits funds into escrow and instructs the closing services provider to close.
- › The closing services provider records the legal documents and disburses funds to close the transaction.

Example Of The Costs Of Obtaining A Unison HomeOwner Agreement

Important note: The following is just one example of the costs of obtaining a Unison HomeOwner Agreement. The fees can change from time to time and can be quite different depending on where your property is located.

If we assume you are obtaining a Unison HomeOwner Agreement on a home with an **Original Agreed Value** of \$1,000,000 and a **Unison Investment Payment** of \$100,000, no recording tax or mortgage tax is payable, no additional appraisal or inspection reports are needed, and no title insurance is required, the cost of obtaining the Unison HomeOwner Agreement is estimated to be \$4,900, calculated as follows:

The fees shown in this section are only representative of those typically incurred when obtaining a Unison HomeOwner Agreement. The fees included here are estimates; actual amounts may be higher or lower. Your transaction may not involve all of the fees outlined and/or it may involve additional fees not detailed here. In addition to providing you with advance estimated statements of costs and fees following our receipt of your application, and again when you receive an **Offer Package**, you will receive a final Unison HomeOwner Agreement **Closing Statement** at the signing that itemizes the actual fees associated with your transaction. Some of these fees, such as the credit report fee, may be collected by Unison on behalf of third parties and will therefore be listed as payments to Unison on the **Closing Statement**. There may also be certain indirect costs associated with your Unison HomeOwner Agreement, such as additional insurance premiums should your insurance coverage need to be increased.

At every step along the way, your Unison HomeOwner Program Specialist is available toll-free at 1-800-330-9400 to answer any questions that you, your advisors, or your heirs may have about your Unison HomeOwner Agreement.

Fees paid at closing (escrow, processing and recording fees specific to the Unison HomeOwner Agreement) _____ \$1,400
Transaction fee paid at closing (based on a percentage of the **Unison Investment Payment**) _____ \$2,500
Appraisal and home inspection fees _____ \$1,000
Total cost of obtaining the Unison HomeOwner Agreement _____ \$4,900

The table below contains descriptions and typical amounts for the various fees that are (or may be) applicable.

ITEM	DESCRIPTION	AMOUNT
Appraisal Fees	This fee is paid to an independent third-party appraisal firm for the appraisal of your property. We use this appraisal to underwrite your application and to arrive at the Original Agreed Value of your home. You should review the appraisal carefully and feel comfortable that your Original Agreed Value is accurate before entering into the Unison HomeOwner Agreement. Because of the importance of an appraisal to you and to Unison, approved appraisers are screened for experience, expertise, and quality. The appraisers will carefully review comparable properties as well as complete a thorough assessment of your home. The exact cost can be quoted to you before the appraisal is scheduled.	Typically \$450 - \$800.
Property Inspection Fees	This fee is paid to an independent third-party property inspection firm for a comprehensive property inspection report. We use this inspection to underwrite your application and to determine the condition of your property. Unison sometimes pays a portion of this fee.	Depends on inspection type. Typically \$300-\$500 per inspection.
Additional Property Inspection / Appraisal Fees (if needed)	In addition to an initial property inspection, one or more physical inspections, such as home, pest or other inspections, may be required in order to accurately determine the condition of the home. These additional inspections will always be discussed with you prior to being scheduled. In certain instances, more than one appraisal, or a review of the initial appraisal, may be required.	Depends on inspection type. Typically \$300-\$500 per inspection. Appraisal fees are typically \$450-\$800.
Title Insurance Premium or Title Report Fees	Title insurance and/or title reports are used to help secure the option interest that is granted to Unison under the Unison HomeOwner Agreement. Title insurance is not always required. If it is, the premium will be based on the amount of the home value and can vary based on the title company.	Typically \$200 or less. If title insurance is required, the fee is based on home value and can cost \$1,000 or more. You will be notified of the amount in advance.

ITEM	DESCRIPTION	AMOUNT
Third-Party Report Fees	These fees are paid to independent third-party vendors that provide reports to us, such as your credit report.	Typically \$50 or less.
Settlement and Escrow Fees and Recording or Mortgage Tax	These are additional closing fees which may include, but are not necessarily limited to, the following: - Settlement or Closing Fee - Tax Service Fee - Notary Fee - Recording Fees - Courier/Delivery/Wire Fees - Recording and/or Mortgage Tax – City, County, State (not required in most jurisdictions) (Note: These fees can vary; there may be additional taxes and fees in some jurisdictions.)	Typically \$1400 or less if no recording or mortgage tax is required.
Transaction Fee	This fee offsets a portion of the underwriting, closing and administration costs of your Unison HomeOwner Agreement.	Typically based on a percentage of the Unison Investment Payment . ⁶

⁶At the time of this publication, the fee is 2.5%. The fee is subject to change. Your Unison HomeOwner Program Specialist will provide you with the current fee when you apply.





Not a Filed Document

**The Unison
HomeOwner
Agreement
leaves you in
control - manage
your home as
you see fit.**

Section D: Living With The Unison HomeOwner Agreement

When you sign your Unison HomeOwner Agreement documents, you agree to observe certain requirements that are intended to preserve your home's value. Parts 1-8 in this section provide a summary of those requirements.¹¹ Part 9 discusses provisions related to changes in title or ownership. Part 10 talks about fees you may incur in the future for administrative services related to your Unison HomeOwner Agreement. Part 11 addresses what happens if you fail to honor your responsibilities or otherwise jeopardize the value of Unison's interest in your property.

1. Keep Your Home As Your Principal Residence

You must keep the home that is subject to the Unison HomeOwner Agreement as your principal residence. In order to comply with this requirement, you must occupy your home as living and sleeping quarters:

- › for a total of 180 days or more in every 365-day period
- › and never be absent for 60 or more consecutive days.

If at any time you cannot meet this principal residence requirement, you will be required to end your Unison HomeOwner Agreement by selling the property or requesting a **Special Termination**. Leaving your home vacant - except for vacations or other temporary absences - or renting it out would violate the terms of your Unison HomeOwner Agreement. If you know that you will be away from your home for a period that exceeds that which is allowed in the Unison HomeOwner Agreement, you must contact us in advance to determine if you can make arrangements satisfactory to us for the care of the property during your absence.

Some vacation homes may qualify for a Unison HomeOwner Agreement, provided they are owner occupied. In this case, Unison's principal residence requirement may be waived. Special pricing may apply. See Section G, Part 3 for more information.

2. Keep Your Payments Current

You must promptly pay your taxes, insurance, and any mortgage payments or other obligations that affect your home. For example, if you hire a roofer to replace the roof, you must pay the roofer promptly. Otherwise, the roofer could place a lien on your home. Allowing such a lien would violate the terms of your Unison HomeOwner Agreement.

If you receive a bill that is wrong, you should work diligently to get the bill corrected or withdrawn. For example, if the county tax authority assesses your home incorrectly, you must contact them promptly and pursue any appeals in a timely fashion. Once you have exhausted your appeals, you must pay the bill to keep your home free from any liens or encumbrances that have not been approved by Unison.

3. Maintain Proper Insurance

The Unison HomeOwner Agreement requires you to maintain hazard insurance equal to the replacement cost of your home, in very much the same way that mortgage lenders do. Each year, if the replacement costs have appreciated, you must increase your coverage. Your insurance policy must cover fire risk and other hazards that homeowners with similar homes typically maintain in your area (including, if appropriate, flood insurance). There may be other insurance requirements, depending on where your home is located. These requirements are similar to what a lender requires.

If there is damage to your home during the term of the Unison HomeOwner Agreement that affects its value, you will be expected to repair it using insurance proceeds or other funds if insurance proceeds are insufficient to repair the damage, just as your mortgage lender will require whether or not you have a Unison HomeOwner Agreement.

Unison must be named on all your home insurance policies (even if the particular coverage is not required by us), and you will need to provide us with copies of all policies upon issuance and provide proof of insurance upon request. Unison will also request permission to speak with your insurance representatives directly regarding insurance coverage.

¹¹ Please note that what is presented here is a summary of a number of relevant provisions. The Unison HomeOwner Agreement legal documents contain additional provisions and details regarding these requirements, so the legal documents should be reviewed carefully, as their actual wording governs the legal relationship between you and Unison.

4. Keep Your Home In Good Repair

Poorly maintained homes are worth less. To preserve your home's value, you are required to keep your home in good condition (subject to ordinary wear and tear) and to repair any defects and conditions on the property that may affect its future value. If you fail to maintain your property, or a significant defect or condition on your property is not addressed during the term of your Unison HomeOwner Agreement, a **Deferred Maintenance Adjustment** may be applied when your Unison HomeOwner Agreement ends. See Section B, Part 2 of this Program Guide for additional information.

5. Keep Unison Informed Of Major Changes

You must promptly notify us of any developments that could have a material effect on your home or our rights under the Unison HomeOwner Agreement. For example, you must notify us if:

- › you decide to sell or transfer your home.
- › you receive an offer to purchase your home.
- › any lien is placed on your home.
- › you file for bankruptcy or you have an involuntary bankruptcy proceeding filed against you.
- › fire (or some other hazard) damages or destroys your home.
- › you receive a notice of condemnation concerning your home.
- › a non-signatory to the Unison HomeOwner Agreement becomes an owner or a principal resident of your home.
- › any other event occurs which could have a significant impact on the value of your home.

6. Observe The Maximum Authorized Debt Limit

While your Unison HomeOwner Agreement is in effect, we will typically subordinate to new loans secured by your home up to a total principal amount called the **Maximum Authorized Debt** limit. The principal limit includes any available but undrawn credit lines secured by your home (for example, a home equity line of credit). We will not typically consent to a reverse mortgage, shared appreciation loan, or any

loan with a negative amortization feature which could result in the total principal amount of all loans exceeding the **Maximum Authorized Debt** limit. If the value of your home has declined during the term of the Unison HomeOwner Agreement, we may refuse to subordinate to new or modified debt if the total amount of debt on the property will increase as a result.

If you get a new loan or refinance an existing one, you will be required to pay us a subordination fee for the administrative process of subordinating our interest in your property to the new debt.

The **Maximum Authorized Debt** limit does not apply to personal borrowing or financing that is not secured by your home, such as credit cards, car loans, unsecured loans, or secured loans in which your home is not the collateral, nor does any of this personal borrowing require that you provide notice to or obtain permission from us.

While Unison will typically subordinate to new loans you get in an amount up to the **Maximum Authorized Debt** limit, we cannot guarantee whether mortgage lenders will agree to lend on a property with a Unison HomeOwner Agreement to the same extent or on the same terms as they would for a property without a Unison HomeOwner Agreement.

Example of the Maximum Authorized Debt limit

Assume that at some point in the future you have mortgage debt of \$550,000 and the **Maximum Authorized Debt** limit under your Unison HomeOwner Agreement is \$750,000. We will subordinate to additional debt secured by your home up to an amount of \$200,000, subject to the restrictions mentioned above. If you borrow an additional \$200,000, so that your debt increases to \$750,000, and then some years later you have reduced your total mortgage debt to \$450,000 and you have no other debt secured by your home, at that time we would subordinate to additional debt up to an amount of \$300,000 (again subject to the restrictions mentioned above).

The **Maximum Authorized Debt** limit is set at a fixed dollar amount at the beginning of the Unison HomeOwner Agreement, typically equal to 75% or less of the **Original Agreed Value**. **Maximum Authorized Debt** limits of up to 80% of the **Original Agreed Value** may be allowed for certain transaction types.

7. Comply With All Applicable Laws

You must not violate any laws or regulations relating to your home or allow illegal activities to occur on your property. For example, if local housing codes require that certain repairs or other work be performed by licensed tradespeople, such as plumbers, electricians or contractors, you cannot allow unlicensed persons to perform such work. It is particularly important to keep your home free from any hazardous materials violations. For example, storing flammable liquids or other hazardous materials in your home or garage may be unlawful and, as such, would violate the terms of your Unison HomeOwner Agreement.

8. Assist Unison In Monitoring Its Investment

The Unison HomeOwner Agreement gives Unison the right to survey homeowners (by questionnaire) and inspect or appraise properties it has invested in, at no cost to the homeowner. This helps us manage our investments and reassess the current value of those investments for financial reporting purposes.

From time to time, but never more than once per year, we may provide you with a homeowner questionnaire. The questionnaire will ask a few simple questions about the condition of and changes to your property and the surrounding area. You are expected to complete and return the questionnaire promptly. Failure to do so can result in us arranging for a home inspection or appraisal at your expense in order to obtain the information. The questionnaire simply allows us to check in with you to see if everything is okay, and to offer any help we might be able to provide on issues having to do with your home.

In addition, each year, at our expense, we may select a limited number of properties for inspection or

appraisal. If we happen to select your home, we will always provide you with plenty of advance notice. In most instances, these services will be performed by independent professionals in the area.

9. Addressing Changes That Affect Title And/Or Ownership Of Your Home

During the term of the Unison HomeOwner Agreement, life changes may occur that necessitate altering the status and/or ownership of your home. We will work to help you manage such changes as they relate to your Unison HomeOwner Agreement, including:

- › placing your home in a family trust.
- › adding a spouse to the title of your home.
- › adding or removing one or more persons from the title of your home.
- › notifying us if a person that is not a signatory to the Unison HomeOwner Agreement begins to occupy your home as their principal residence.

If you add a spouse, partner, or other new person onto title to your property during the term of your Unison HomeOwner Agreement, it is important that their interests be protected by ensuring that they become a signatory to the Unison HomeOwner Agreement, complete the Unison HomeOwner education process, and understand the operation of the Unison HomeOwner Agreement and all of its terms. Thus it is important that you contact Unison early in the process of adding a new title holder, so that we can ensure that they are included as a signatory to the Unison HomeOwner Agreement, and have the opportunity to review the Unison HomeOwner Agreement documents and to understand how the Unison HomeOwner Agreement operates.

Depending on the type and amount of work required to accommodate the changes, there may be reasonable fees charged. The Unison HomeOwner Agreement outlines the process and requirements for handling certain of these changes. The current fee schedule can be found in Section J of this Program Guide and will also be provided as part of your **Offer Package** as an exhibit in the sample and draft legal documents.

10. Pay Asset Administration Fees If And When They Are Charged

During the term of the Unison HomeOwner Agreement, Unison will charge homeowners reasonable event-related fees to cover the administrative cost of providing services such as subordinations, changes in title ownership, transfer of title to a trust, and other events, usually in response to homeowner requests. These fees are referred to as Asset Administration Fees. A current schedule of Asset Administration Fees and the events which occasion them is contained in Section J of this Program Guide. You will also be provided with a copy of the Asset Administration Fee Schedule when your transaction closes. You should note that Asset Administration Fees may change from time to time over the term of your Unison HomeOwner Agreement, but they will always reflect the actual, reasonable administrative costs to Unison, or the amounts paid to third parties, when processing events that affect your Unison HomeOwner Agreement. New fee schedules will be available as fees change, and you may request a copy of the current schedule of Asset Administration Fees from Unison at any time.

11. Failing To Honor Your Responsibilities

Types of Default

In certain cases - should you fail to honor certain responsibilities, jeopardize Unison's rights or impair the value of your property - you can be held in default under your Unison HomeOwner Agreement, and we may need to take action to protect our investment. We may also assess fees to cover costs and expenses associated with the default (legal, appraisal, etc.), but only where such fees are bona fide, actually expended, reasonable and customary in the jurisdiction where the property is located.

Below is a list of some of the key events that can result in a default under the Unison HomeOwner Agreement:

1. You cease using the property as your principal residence.
2. You jeopardize the value of your home or Unison's rights by:
 - › failing to make your mortgage payments.

- › failing to pay real estate taxes when due or to promptly contest any delinquency asserted.
 - › failing to maintain required property insurance coverage.
 - › failing to maintain your home in essentially the same condition as when you entered into the Unison HomeOwner Agreement, such as allowing the condition of your home to deteriorate beyond normal wear-and-tear, or failing to correct a defect or condition that affects the value of the property.
 - › failing to restore your home to its original condition after damage - for example, your three-car garage is destroyed by a fire and you replace it with a one-car garage.
 - › violating the law in the use of your home - for example, you construct an addition in violation of local zoning restrictions or without proper building permits.
 - › using your home for commercial purposes.
 - › becoming insolvent, declaring bankruptcy, having bankruptcy proceedings brought against you, or having a receiver appointed for you or your property.
 - › leasing, selling or transferring your property (or the Unison HomeOwner Agreement) to another person, except as expressly permitted by the Unison HomeOwner Agreement.
3. You permit a lien on the home other than as agreed to by Unison, such as:
 - › taking on a mortgage loan that exceeds or may exceed the **Maximum Authorized Debt** limit.
 - › permitting any other lien - for example, not paying a contractor for work done on your home, resulting in a mechanic's lien.
 4. You do not settle your Unison HomeOwner Agreement in accordance with its provisions at the end of its term.
 5. Your heirs do not settle your Unison HomeOwner Agreement in accordance with its provisions at the end of its term.

Protective Advances

Should you fail to honor your responsibilities during the term of the Unison HomeOwner Agreement and your actions jeopardize the value of our interest in your property, we will have the right (after notifying you) to take action to protect the value of our interest. A **Protective Advance** is money that Unison spends, on your behalf, to correct a problem that you have caused. For example, if you fail to pay your property tax bill, we might decide to correct the problem by making a **Protective Advance** to pay it. The Unison HomeOwner Agreement gives us the right to make **Protective Advances** when we deem necessary. You will always be responsible to repay any **Protective Advances** we make on your behalf, and you will be assessed a fee each time a **Protective Advance** is made. You will also be charged interest on the balance of any **Protective Advance** until it is repaid.¹ This is the only circumstance in which interest is ever paid under the Unison HomeOwner Agreement; interest is never paid on the Unison Investment Payment.

If there are any **Protective Advances** (and any associated fees or interest) still owed to us at the time your Unison HomeOwner Agreement ends, we will be repaid in full at that time, out of the sale proceeds, or by you if your Unison HomeOwner Agreement terminates other than by property sale.

Curing Problems Prior to Default

We will notify you of any problem we are aware of that requires your attention. You will always have time to cure any problem in advance of any default being declared under the Unison HomeOwner Agreement, unless in our reasonable judgment the problem can have an immediate, material, and permanent impact on the value of your property or our interest in your property. We will communicate with you regarding what action or inaction led to the problem and request action on your part to correct the problem (for example, payment of property taxes or repayment to us of **Protective Advances**) within 30 days. It is imperative that you respond promptly to these notices. You can choose not to correct the problem, and instead settle

your Unison HomeOwner Agreement. However, if the problem remains uncured and you do not take steps to settle your Unison HomeOwner Agreement, you will be in default.

Protecting Our Investment

If you are in default under the Unison HomeOwner Agreement and that default is material and uncured, Unison will have the right to notify you that it intends to exercise its option by giving you an option exercise notice. If Unison does exercise its option, you will be obligated to cooperate and Unison may obtain ownership and possession of its **Investor Percentage** in and to your property as a co-owner. Moreover, although Unison always regards foreclosure as a last resort, the performance of your material obligations under the Unison HomeOwner Agreement is a secured interest of Unison under the **Unison HomeOwner Security Instrument**. Thus your material and continuing default will give rise to Unison's right to commence foreclosure proceedings against your property under the **Unison HomeOwner Security Instrument** according to its provisions and those of applicable state law. This right is very similar to the right that a mortgage lender has to protect its interest if you default on your mortgage loan. In any foreclosure proceedings, your property would be sold through a judicial sale or public auction, according to the law of the state where your property is located, and title to your home would be transferred to the purchaser.

Before any foreclosure sale, you will always have an opportunity to cure the circumstances that caused the foreclosure action. Unison will notify you about any foreclosure proceeding as required by applicable state law. The amount that Unison is entitled to receive through a foreclosure sale is referred to as a liquidated investor bid amount. This amount is essentially the value of Unison's interest in your property determined according to the terms of the Unison HomeOwner Agreement plus the amount of any **Protective Advances** and any interest thereon, plus any bona fide, actual, reasonable and customary costs and fees incurred by Unison as a result of the default

¹ Interest is charged at a contractually determined rate that is reasonably calculated to reflect the possibility of unknown future losses.

and foreclosure. Applicable state law will always govern and protect you in any such proceedings, and you will have the opportunity to settle your Unison HomeOwner Agreement within statutory time limits before such proceedings culminate in an actual foreclosure. See Section E, Part 5 of this Program Guide for additional information.

In certain cases of very serious default, such as intentional fraud or misrepresentation, or a material, prolonged and uncured circumstance of default, Unison will have a contractual right to increase the amount it receives when the Unison HomeOwner Agreement is settled by an amount equal to ten percent (10%) of the **Unison Investment Payment**.

Option Exercise And Orderly Sale as an Alternative to Foreclosure

In circumstances in which the homeowner becomes delinquent on their mortgage or property taxes and is in danger of losing their home to foreclosure by the lender or a tax authority, Unison can choose to offer the homeowner a remedy of **Option Exercise And Orderly Sale** in lieu of the foreclosure proceeding, by offering to cure the circumstance of default. The homeowner will have the right to accept or reject this offer. Should the homeowner accept the offer, Unison will make one or more **Protective Advances** to cure the homeowner's default, and the homeowner will give Unison the right to market and sell the property in an orderly sale in the customary manner in its local market. **Option Exercise And Orderly Sale** is designed to prevent the home from becoming a "distressed" property and going to foreclosure, which preserves the market value of the property, and the value of both the homeowner's and Unison's equity interest in the property. Following the **Option Exercise And Orderly Sale**, the homeowner and Unison will share the proceeds according to the provisions of the Unison HomeOwner Agreement.

This remedy of **Option Exercise And Orderly Sale** in the case of a default can be of great benefit to homeowners. We know that in some circumstances, otherwise responsible homeowners find themselves in

default as a result of life events (e.g. job loss, serious illness) not within their control. Because Unison is an equity investor, not a creditor, our interest and your interest will often be strongly aligned in a situation in which you are in danger of losing your home. Unlike a lender, Unison benefits from protecting your property from foreclosure, preserving its value, and assisting you through difficult circumstances. Thus we may be able to offer you an advantage you do not have with debt-based financing: assisting you to achieve a better financial outcome and preserving your credit under difficult circumstances.

Not a Filed Document

You can use the cash from your Unison HomeOwner Agreement for any purpose you choose, such as reducing debt, enabling a refinance of your first mortgage, financing retirement, making home improvements, or taking a dream vacation.



**The Unison
HomeOwner
Agreement is
designed to
end when you
decide to sell
your home.**

Section E: Ending The Unison HomeOwner Agreement

Ways in which the Unison HomeOwner Agreement can end	
Typical Case	1. You sell your home.
Other Possibilities	2. You end your Unison HomeOwner Agreement by requesting a Special Termination . 3. The last signatory to the Unison HomeOwner Agreement passes away. 4. The Unison HomeOwner Agreement reaches the end of its maximum 30-year term. 5. You default and Unison takes steps to end the Unison HomeOwner Agreement. 6. Your home is condemned or destroyed and not rebuilt. 7. Unison cancels its investment.

In this section, we will take a closer look at how the Unison HomeOwner Agreement can end, including some special circumstances that can apply.

1. You Sell Your Home

As the homeowner, you have the right to sell your home whenever you want. You simply need to notify Unison as soon as you decide to sell or transfer the ownership of your home. If at least three years have passed and you intend to request a **Remodeling Adjustment**, you must also do so at that time.

In order to perform the settlement calculations, the value of your home at the time of sale is determined in accordance with the terms of the Unison HomeOwner Agreement. This value is called the **Ending Agreed Value**. Typically, the **Ending Agreed Value** is equal to the **Sale Price** to a bona fide, arms-length, third-party buyer. It includes the fair market value of any non-cash consideration, and does not include deductions for closing costs, taxes, documentary fees, mortgage loans, other liens or secured loans, sales commissions, or appraisal expenses.

After we receive notice of your intent to sell your home, we will assess the circumstances and we may decide to obtain an appraisal from a Unison-approved independent third-party appraisal firm at your expense. In addition to providing an independent measure of your home's value, an appraisal will always be used to determine the appropriate amount of a **Remodeling Adjustment** if you have requested one and may help determine if a property inspection should be conducted to determine if a **Deferred Maintenance Adjustment** is required.

If there are any outstanding **Protective Advances**, they will be taken into account, including any interest charges that may have accrued on them.

Once the amounts discussed above are determined, the net amount payable to Unison upon the sale of your property will be calculated in accordance with the terms of your Unison HomeOwner Agreement. If you are selling your home during the first three years of your Unison HomeOwner Agreement and its value has decreased, Unison will not share in the decrease. How much you will receive will depend on the net amount payable to us, plus the balances of any loans secured by the property, and real estate commissions and other costs associated with the sale of your home.

Keeping Unison informed of offers

We share your desire to have your home sell for the highest amount possible. During the sale process, you must promptly send us copies of all listing agreements and all offers to purchase your home, as well as copies of any documents related to a prospective sale. This includes copies of inspections, appraisals, financing documents, preliminary title reports, and escrow instructions. An additional appraisal will also be required in calculating any **Remodeling Adjustment** or **Deferred Maintenance Adjustment**.

Closing

Closing the property sale must take place through a closing agent. At closing, Unison will be paid by the closing agent, and quitclaim its rights to the property and release the lien created by the Unison HomeOwner Agreement, enabling you to pass clear title to the purchaser. The payment to Unison will equal its **Investor Percentage** of the **Ending Agreed Value**, minus the **Unison Purchase Price Balance**, plus any outstanding **Protective Advances** (including any interest charges that may have accrued on them) and any other obligations to Unison at the time of sale. The closing services provider will disburse the amount due to Unison out of proceeds in escrow.

Selling your home before the third year anniversary of your Unison HomeOwner Agreement

As described earlier in this Program Guide, the Unison HomeOwner Agreement is not intended as a source of short-term funding. Unison receives no interest or monthly payments on its investment, and earns a positive return only if the property appreciates in value. It typically takes three years or more for a home to appreciate significantly enough for Unison to recoup the transaction costs it expended in originating its investment and have a chance to earn a fair return. Therefore, if you choose to sell your home before the third year anniversary of your Unison HomeOwner Agreement and its value has decreased, the amount payable to Unison will be calculated by designating the **Original Agreed Value** as the **Ending Agreed Value**, rather than the property's **Sale Price**. As a result, Unison will not share in any of the decrease in value of the property, and the minimum amount payable to Unison will be the amount of our original investment in your home (the **Unison Investment Payment**). This applies ONLY if you choose to sell your home during the first three years of your Unison HomeOwner Agreement and its value has decreased. Homeowners who are not certain they will own their home for a period of at least three years should understand that Unison does not share any loss in value if the homeowner sells the property during the first three years of the Unison HomeOwner Agreement.

2. You Request A Special Termination Of Your Unison HomeOwner Agreement

Beginning on the third anniversary, you have the right to end your Unison HomeOwner Agreement without selling your home by requesting a **Special Termination**. To do this, you pay us an amount called the **Special Termination Price**, which typically equals the amount of the **Unison Investment Payment** plus any profit Unison would have made if instead you were to sell your home at that time. Note that the amount of the **Special Termination Price** can never be less than the amount of the **Unison Investment Payment**. When you request a **Special Termination**, you are essentially cancelling the Unison HomeOwner Agreement by not allowing it to continue to its originally intended term.

The **Special Termination** process begins with you notifying us of your intention. Unison will provide you with a written application for **Special Termination**, which you must complete and return to us. If you intend to request a **Remodeling Adjustment**, you must do so as part of the written application.¹ Unison will then request an appraisal from an independent third party appraisal firm and, where applicable, a property inspection. In some cases more than one appraisal or inspection may be obtained.

Following receipt of the appraisal and inspection reports, Unison will calculate your **Special Termination Price** and provide you a statement of the amount. This amount may then be wired to Unison or paid by cashier's check. Upon receipt, Unison will deliver to you all documents such as quitclaim deeds and lien releases that are required to terminate its interest in your home. You will be responsible for ensuring that these documents are recorded in the jurisdiction where your property is located and for the costs of such filing. If you prefer to use escrow services for the repurchase process, the exchange of the **Special Termination Price** and releasing documents may also be accomplished through a Unison-approved independent closing services provider at your expense.

¹To qualify for a Remodeling Adjustment, your request must comply with all the provisions outlined in the Unison HomeOwner Agreement.

Understanding The Special Termination Price Calculations

When you request a **Special Termination** of your Unison HomeOwner Agreement, we start by calculating the net amount that Unison would receive if you were to sell your home instead. In Section A of this Program Guide we saw how that amount, which we called the **Net Result To Unison**, was calculated as:

$$\text{Ending Agreed Value} \times \text{Investor Percentage} - \text{Unison Purchase Price Balance} = \text{Net Result To Unison}$$

Since you are not selling your home when you request a **Special Termination**, there is no **Sale Price**, so an appraisal is obtained at your expense from a Unison-approved independent third-party appraisal firm to determine the **Ending Agreed Value**. The calculations are subject to the following adjustments, just as they would be if you were selling your home, including:

Applying any **Remodeling Adjustment** to the **Ending Agreed Value**.

Applying any **Deferred Maintenance Adjustment** to the **Ending Agreed Value**.

Once we have calculated the amount of the **Net Result To Unison**, we can determine the **Special Termination Price** as follows:

The **Special Termination Price** equals the **Unison Investment Payment** or the **Net Result To Unison**, whichever is greater.

If there are any outstanding **Protective Advances** (including any interest charges that may have accrued on them) or you have any other obligations to Unison at the time of **Special Termination**, those amounts will be added to the **Special Termination Price**.

The Unison HomeOwner Agreement is intended to remain in place until you sell your home, the end of its term, or the last signatory to the Unison HomeOwner Agreement passes away. But circumstances in life sometimes change, so the **Special Termination** feature is available after the third anniversary to provide you with a means to end the Unison HomeOwner Agreement without selling your home. Note that a fee will be charged to you for the administrative processes involved in specially terminating your Unison HomeOwner Agreement in advance of the natural expiration of its term. The current fee schedule can be found in Section J of this Program Guide.

Steps Involved In Cases Of Disagreement

Agreeing to an accurate fair market value of the home at **Special Termination** of the Unison HomeOwner Agreement is important to both you and Unison. Should any disagreement arise, a simple two-step process may apply:

1. If, after reviewing the appraisal used to determine the **Ending Agreed Value** of the home, either you or Unison believes that the appraisal contains an omission or error, one or both parties may request a reconsideration of the appraisal within ten days of its receipt. One or more additional appraisals or appraisal reviews may be obtained at the expense of the requesting party.
2. If you and Unison are still unable to agree in good faith on the value, the issue will be determined through arbitration.

3. The Last Signatory To The Unison HomeOwner Agreement Passes Away

At the start of the Unison HomeOwner Agreement, all purchasers/owners of the property, as reflected on title to the property, are required to be signatories to the Unison HomeOwner Agreement. If you die during the term of your Unison HomeOwner Agreement and you are survived by a spouse or other co-owner of your property who is also a signatory to the Unison HomeOwner Agreement, the obligations and benefits of your Unison HomeOwner Agreement will continue unaffected.

If you die during the term of your Unison HomeOwner Agreement and you are not survived by anyone else who is a signatory to the Unison HomeOwner Agreement, then your heirs or estate will be required to settle the Unison HomeOwner Agreement within a certain period of time following your death by either selling the home or paying Unison the value of its interest in the home at that time. For this reason, it is of the utmost importance that you discuss your decision to enter into the Unison HomeOwner Agreement with your heirs, so that they understand the effect of the Unison HomeOwner Agreement on your estate.

We provide your heirs and representatives an extended opportunity (up to 180 days, or longer under certain circumstances) to settle the Unison HomeOwner Agreement, provided Unison is given appropriate notice. If your heirs or estate wish to keep the home, and the home's value has increased substantially during the term of the Unison HomeOwner Agreement, the amount due to Unison may be substantial. If your heirs or estate are unable to pay Unison the value of its interest in the home at that time, they may need to sell the property in order to settle the Unison HomeOwner Agreement. This is why it is so important that you explain the terms of the Unison HomeOwner Agreement to your heirs and executor during your lifetime.

If your estate does not end the Unison HomeOwner Agreement by selling your home or otherwise settling the Unison HomeOwner Agreement in accordance with its terms within the provided time period, the effect will be the same as if there were a material breach under the Unison HomeOwner Agreement, and Unison will have

the right to commence foreclosure proceedings. Before any such proceeding your estate would have further opportunity to cure the circumstances that caused the default, or avoid foreclosure under applicable state law, which will govern and protect the estate in any such proceeding.

In addition, Unison may first offer your estate the remedy of **Option Exercise And Orderly Sale**, by which your estate will grant Unison an undivided interest in the property and the right and power to market, sell and convey the property to a new buyer. Unison will then market and sell the property in an orderly, non-distressed fashion, intending to preserve the market value of the property, and share the proceeds with your estate according to the provisions of the Unison HomeOwner Agreement. Your estate will also have a right of first refusal in connection with any such sale.

Because the Unison HomeOwner Agreement does potentially have a significant impact on your survivors and heirs, if there are any adults (such as a spouse, domestic partner, or an adult family member) that will co-occupy your home but will not co-own the property with you, you and they will be required to sign a form listing these occupants and verifying that you have notified them that the Unison HomeOwner Agreement may impact their ability to continue to occupy or retain possession of the home in the event of your death. If the status of non-owner occupants changes during the term of the Unison HomeOwner Agreement, you are required to provide Unison with an update of this form.

4. The Unison HomeOwner Agreement Reaches The End Of Its Maximum 30 Year Term

If you are still living in your home at the end of year 30 you are required to end the Unison HomeOwner Agreement by either selling your home or paying Unison the value of its interest in your home at that time.

If you do not end the Unison HomeOwner Agreement at the end of the 30 year term Unison will have the right to exercise its option, become a co-owner of your home, and place the home on the market. Unison will also have the right to foreclose on your home if you do not settle the Unison HomeOwner Agreement by either selling your home or paying Unison the

value of its interest in your home at that time.

Before we exercise any of our rights under such circumstances, you will always have the opportunity to sell your home on your own, provided you give Unison appropriate notice.

5. You Default And Unison Takes Steps To End The Unison HomeOwner Agreement

Typically, you determine how and when the Unison HomeOwner Agreement ends. However, if you do not honor your obligations under the Unison HomeOwner Agreement and materially breach the Agreement, Unison has a contractual right to exercise its option and to take other actions to protect our interest, including the right of foreclosure.

Default circumstances are covered in more detail in Part 11 of Section D. They include:

- › Ceasing to use the property as your principal residence.
- › Jeopardizing the value of the home or our rights under the Unison HomeOwner Agreement.
- › Permitting a lien on the home other than as agreed to by us.
- › Not settling the Unison HomeOwner Agreement in accordance with its provisions at the end of its term.
- › Failing to repay any **Protective Advances** we make to protect our interest in the property.

Only under default circumstances, and only after you have been provided with ample opportunity to cure the default, can Unison indicate its intent to exercise its option in response to your default, or commence foreclosure proceedings against your property (similar to the right that a mortgage lender has to protect its interest if you default on your mortgage loan). Before any such proceeding you would have further opportunity to cure the circumstances that caused the default, or avoid foreclosure under applicable state law which will govern and protect you in any such proceeding.

Moreover, Unison regards foreclosure as a last resort, and in many cases will not foreclose unless it has first offered you a remedy of **Option Exercise And Orderly Sale**. If you choose to accept an **Option Exercise And Orderly Sale**, you will deliver into escrow the required deed or other documentation granting Unison an

undivided interest in the property in the amount of the **Investor Percentage**, and you will provide Unison with an executed, notarized power of attorney giving Unison the right and power to market, sell and convey the property to a new buyer. In exchange, if your circumstance of default involves delinquent mortgage payments or property taxes, Unison will cure the default. Unison will then market and sell your property in an orderly, non-distressed fashion, intending to preserve the market value of your property, the value of both your and Unison's equity interest in the property, and your credit score. Following the sale, you and Unison will share the proceeds according to the provisions of the Unison HomeOwner Agreement. You will also have a right of first refusal in connection with any sale of the property that Unison arranges. For example, assume that you and Unison agree to an **Option Exercise And Orderly Sale**, and Unison receives an acceptable offer to purchase the property. Unison will notify you about the offer, and you will then have the right, but not the obligation, to match that offer within three business days after you are notified.

6. Your Home Is Condemned Or Destroyed And Not Rebuilt

If your property is condemned in whole or in part, any condemnation proceeds will be allocated between you and Unison as specified in the Unison HomeOwner Agreement. However, if the condemnation is a partial condemnation, your Unison HomeOwner Agreement may continue.

If your property is destroyed or damaged by a hazard for which insurance coverage is required (for example, by a fire, or a flood if the property is in a flood area), any and all insurance proceeds will be applied to restore or repair the property to at least the same condition and characteristics as of the time immediately preceding its damage or destruction. If the property was underinsured, you must pay for the restoration or repair out of your other assets. Therefore, it is important that you maintain full replacement cost insurance with building ordinance and law coverage as your home appreciates in value and building codes change over time. In this case, your Unison HomeOwner Agreement will continue.

If restoration or repair is not economically feasible, the insurance proceeds and remaining property value will be allocated between you and Unison as specified in the Unison HomeOwner Agreement. We will be entitled to a share of the proceeds, based on the market value of the home prior to the damage or destruction, as if the home had been fully insured and rebuilt.

At the time of closing, Unison must be named on all property insurance policies as a “second lien holder,” whether or not such insurance is required as a condition to the Unison HomeOwner Agreement, in a form agreeable to us, and it is required that we remain named as a second lien holder throughout the term of the Unison HomeOwner Agreement, even if the insurance carrier has changed. Adding Unison as a second lien holder to your insurance policies is a simple process that is handled by your insurance provider.

7. Unison Cancels Its Investment

Although very unlikely, we can decide to cancel a Unison HomeOwner Agreement at any time during its term. If we do this, the **Unison Investment Payment** is yours to keep, and we will no longer have any interest in your property. This might occur if your property declines substantially in value or for other reasons. The **Unison Investment Payment** may be taxable at that time. Please consult your tax professional. Unison will provide prompt written notice to you in the event we decide to cancel your Unison HomeOwner Agreement, and provide you with all documents such as quitclaim deeds and lien releases which are required to terminate its interest in your home.

8. More About Remodeling Adjustments

You are free to remodel your home at any time. Unison simply requires that you comply with any laws, regulations, local ordinances, and permit requirements that apply. For example, county regulations may require that you obtain construction permits for remodeling projects, use licensed tradespeople for substantial work, and submit architectural drawings for additions or changes. Under the Unison HomeOwner Agreement, you must comply with these requirements.

If you remodel your home in accordance with the provisions of the Unison HomeOwner Agreement, and your Unison HomeOwner Agreement has been in place at least three years, we will give you full credit for the increase in value due to your remodeling when you sell the home or otherwise end your Unison HomeOwner Agreement if you properly apply for a **Remodeling Adjustment**. You must request a **Remodeling Adjustment** from Unison in writing at least 45 days prior to the proposed termination date of your Unison HomeOwner Agreement, and provide clear, detailed photographic evidence demonstrating the state and condition of your property before the remodeling work. An appraisal obtained from a Unison-approved independent third-party appraisal firm at the time the Unison HomeOwner Agreement ends will determine how much the remodeling has added to your home’s market value. The appraisal firm will examine your home and supporting materials and determine your home’s hypothetical market value assuming you had not done the remodeling. The amount of the **Remodeling Adjustment** is the difference between this hypothetical value and the actual fair market value of your home. All of the increase in value caused by your remodeling will be allocated to you, so that we do not share in it.

It should be noted that not all remodeling work improves the resale value of a home, and that the value of some remodeling work will depreciate over time. Typical changes that increase the resale value of the home include remodeling the kitchen, adding bedrooms and bathrooms, and making sizeable increases in the square footage of the home. Some changes, like added square footage, typically will not depreciate over time. However, the value of a remodeled kitchen or bathroom, and many other home improvement projects, may depreciate over a period of years. And some remodeling work adds little or no resale value, or may actually decrease the fair market value of your home, despite being desirable to you as the homeowner. Examples of such changes may include adding a hot tub, installing expensive flooring, removing bedrooms and/or bathrooms, and reducing usable square footage. In rare cases where a remodeling has reduced the value of the home, Unison may apply a **Negative Remodeling**

Adjustment that gives us credit for the value lost due to the remodeling.

In Section B, we saw an example of a **Remodeling Adjustment** where the homeowner's improvement increased the value of the property. Let us now consider an example of a **Negative Remodeling Adjustment**.

A few years after entering into their Unison HomeOwner Agreement, the homeowners convert three bedrooms into a large den by removing walls and closets. The total cost of this work is \$15,000, and the work is completed by properly licensed tradespeople in compliance with applicable laws. When the homeowners decide to sell their home, a **Negative Remodeling Adjustment** is calculated. An independent appraiser determines the current value of the home to be \$660,000 with the changes and \$700,000 without - meaning that the changes have resulted in a \$40,000 decline in the market value of the

There may be - and often is - a significant difference between the actual cost of remodeling and the increase in market value attributable to the remodeling as of the time of sale. For example, installation of a swimming pool and deck can easily cost \$50,000 or more, yet may add only \$10,000 to the market value of the home. Unison is committed to a fair process and will use an appraisal completed by a Unison-approved independent third-party appraisal firm to determine the market value of any changes you make. Please remember that, for purposes of determining the **Remodeling Adjustment**, it does not matter how much your changes cost. An independent third-party appraiser will determine how much market value they add or subtract at the time the Unison HomeOwner Agreement ends. When you apply for a **Remodeling Adjustment**, you must provide us with the supporting documentation required under the Unison HomeOwner Agreement, including permits, a description of the work, and detailed photos taken before starting the project.

home (the number of bedrooms is often a major factor in determining the value of a home). Even though the work was seen as an improvement by the homeowners, who enjoy spending time in their spacious den, home buyers in that market want bedrooms and will not pay as much for a home with fewer of them. If the home sells for \$660,000, the settlement calculations under the Unison HomeOwner Agreement will be based on a home value of \$700,000.

Routine maintenance of your home, even if it entails some significant expenditure like replacing a roof, will not qualify for a **Remodeling Adjustment**.

9. Special Situations Affecting The Sale Or Special Termination Of Your Unison HomeOwner Agreement

Ensuring A Fair Sale Price When You Sell Your Home

When you end your Unison HomeOwner Agreement by selling your home, Unison will have certain safeguards which afford it assurance that your home is being sold for its fair market value. You will be asked to copy Unison on all the documentation pertaining to your sale, including the listing and commission agreement, multiple listing information, disclosures or inspection and appraisal reports you obtain or provide as part of the sale process, and copies of all offers you receive on the property.

As soon as you receive an offer for the sale of your home that you are willing to accept, you must inform us and provide us with the terms of the offer. If Unison believes that the proposed sale price differs materially from the fair market value of the property, Unison may require one or more appraisals of the property to validate the sale price. Under certain circumstances, we may require other assurances from you, your buyer, and your respective real estate brokers that your property sale is at arm's length. Your sale is important to us and we share your desire to have your home sell at its highest possible price, so Unison has designed these safeguards to enable it to obtain assurance of an arm's-length sale at a market price by means which are least likely to burden you, and which will ensure the smooth processing of your property sale.

Requirements relating to sale of the home by owner, non-MLS sales, or intra-family sales

You are not required to use a real estate professional to assist with your home sale. However, if you sell your home without placing the home on the open market (with or without the assistance of a real estate broker), we will obtain an appraisal from a Unison-approved independent third-party appraisal firm at your expense. Based on that appraisal, if we determine that you are selling your home for less than its fair market value, we have the right to use that appraised value when performing the settlement calculations under the Unison HomeOwner Agreement.

Example of a sale by owner: You decide to sell your home without placing the home on the open market, and eventually secure an offer of \$850,000. Unison requests an appraisal, and the appraisal determines that the fair market value of the home is \$900,000. In its discretion, Unison may elect to perform the settlement calculations under the Unison HomeOwner Agreement based on the appraised value of \$900,000.

Unison will also have the right to use an appraised value to calculate its settlement amount under the Unison HomeOwner Agreement if you are selling to a family member in an “intrafamily sale,” or if the buyer of your property is a business entity rather than an individual person.

Unison's rights following the sale of your home shortly after you complete a Special Termination of your Unison HomeOwner Agreement

If you sell or transfer your home within 180 days following a **Special Termination** of your Unison HomeOwner Agreement, we reserve the right to determine how much we would have received had the **Special Termination** not occurred and compare it with the amount we received from the **Special Termination**. If the amount we received from the **Special Termination** is less, and Unison concludes that you completed the **Special Termination** of your Unison HomeOwner Agreement under circumstances indicating a lack of good faith and fair dealing, you will be responsible to pay Unison an additional amount equal to the difference.

10. Unison's Standards And Procedures For Fair Valuation Of Your Property By Appraisal

There are a number of circumstances in which the value of your home, the value of improvements you have made to it, or a decline in its value due to deferred maintenance will be determined at the termination of the Unison HomeOwner Agreement by appraisal. These circumstances include **Special Termination** (discussed in Part 2 of Section E) and may include property sale by owner, intrafamily sale, sale to an entity, or a sale in which Unison believes that a sale price differs significantly from the property's fair market value. An appraisal will also be performed in connection with any termination of your Unison HomeOwner Agreement in which a **Remodeling Adjustment** and/or a **Deferred Maintenance Adjustment** is calculated. The fairness, objectivity and accuracy of the appraisal process is thus fundamental to the fairness of the Unison HomeOwner Agreement, and Unison is committed to these goals in its standards and procedures for appraisal. These standards and procedures include the following:

- › The appraiser must be a neutral third party unaffiliated with either Unison or the homeowner.
- › The appraiser must satisfy the existing requirements of Fannie Mae, Freddie Mac or FHA, and any applicable federal or state laws and regulations governing appraisals and appraisers, as of the date of the appraisal, in the state where the appraisal is conducted.

Unison is committed to fair dealing with all Unison HomeOwner Agreement clients, and the Unison HomeOwner Agreement is designed to minimize its impact on the way you manage your home.

You have plenty of flexibility in determining not only when, but how you sell your home or end your Unison HomeOwner Agreement. All we require is a way to ensure fairness to both parties at the end of your Unison HomeOwner Agreement transaction.

- › The appraiser must at all times comply with the Uniform Standards of Professional Appraisal Practice and acknowledge this compliance in writing.

In the same interests of fairness, objectivity and accuracy, Unison also requires its homeowners to cooperate in the appraisal process by:

- › Granting the appraiser full and prompt access to the property.
- › Making available any and all relevant documentation to the appraiser pertaining to the lot, home, or the condition of either.
- › Ensuring that the home is presented in reasonable repair and condition to be appraised.

If, after receiving an appraisal report, either you or Unison believes that an appraisal is factually incorrect, either may request a timely reconsideration of the appraisal, or an additional appraisal, within ten days of its receipt. Generally the party requesting the additional appraisal will do so at their own cost. In the unlikely event that you and Unison are unable to agree on the appraised value of your property or any **Remodeling Adjustment** or **Deferred Maintenance Adjustment**, the issue will be determined through arbitration.

Who Orders And Who Pays For The Appraisal?

Under almost all circumstances, appraisals will be ordered by Unison directly through a Unison-approved appraisal management company or Unison-approved neutral third party appraiser who must meet the criteria and standards outlined herein. The homeowner is typically responsible to pay for the first appraisal ordered by Unison in connection with any termination of the Unison HomeOwner Agreement or the calculation of Unison's investment interest in the property. If either or both parties wish to conduct new appraisals to challenge the results of a former appraisal, the expense will be borne by the party challenging the prior appraisal, or split if both parties are requesting a new valuation.

11. Tax Treatment Of The Payments You Receive Under The Unison HomeOwner Agreement

Since each homeowner's tax situation is unique, you should consult with and rely on the advice provided by your tax advisor, not Unison, for a full explanation of the tax treatment related to the Unison HomeOwner Agreement. Unison does not make any representations or warranties concerning tax matters or the tax treatment of payments made or obligations owed under the Unison HomeOwner Agreement.

The Unison HomeOwner Agreement is relatively new and the IRS and state tax agencies have not expressly published decisions regarding the tax treatment of Unison HomeOwner Agreement proceeds. Unison believes that it will be Unison's responsibility to pay taxes on its share of any gain in value of the home when that value is realized, and this should reduce the homeowner's capital gain, since the homeowner should not owe tax on the portion of the gain shared with Unison.

Unison believes that, under current tax law, a homeowner entering into a Unison HomeOwner Agreement should not have to pay taxes on the **Unison Investment Payment** at the time the homeowner purchases their home. Instead, the homeowner may be subject to taxes:

- › When the homeowner sells the home.
- › If Unison cancels its investment.

Once again, Unison disclaims any representation or warranty concerning tax treatment of the Unison HomeOwner Agreement, whether generally or as it applies to your unique situation. Unison recommends that you contact your tax professional for any tax advice regarding the Unison HomeOwner Agreement.

12. Selling Your Property When Sales Proceeds Are Insufficient To Satisfy All Of Your Obligations

In all of the examples presented previously in this Program Guide, there is significant equity in the home at the time of sale, due to amortization of the mortgage loan and/or home price appreciation, so the sale proceeds are sufficient to pay the mortgage loan, selling commissions and closing costs, and the amount due to Unison. No shortfall results in any scenario in those examples.

However, under unusual circumstances there may not be sufficient equity in your home to pay the mortgage loan, selling commissions and closing costs, and the amount due to Unison. While unlikely, a shortfall can result from one or a combination of several factors:

- › The value of your home may decrease, reducing equity.
- › When you pay your mortgage each month, a portion of your monthly payment reduces the loan balance. This process by which your loan is slowly repaid is called amortization. Amortization builds equity in your home over time. If your Unison HomeOwner Agreement ends relatively soon after you purchase your home, there will be little additional equity in your home due to amortization.
- › If your Unison HomeOwner Agreement ends during the first three years and your home's value has decreased, Unison will not share in the loss, and therefore the amount due to Unison will be the amount of our original investment.^K

As described earlier in this Program Guide, the Unison HomeOwner Agreement is not intended to be used as short term financing, and Unison does not recommend the Unison HomeOwner Agreement for homeowners who know they will not remain in their homes for more than three years. However, in rare cases, a homeowner may decide to sell their home, or be forced to sell it, or may otherwise default on their obligations, relatively soon after purchasing the home. And in a small subset of these cases, the sale may also coincide with a decrease in property value.

To illustrate the potential for a shortfall situation as described above, we present an example which assumes the unlikely coincidence where the value of your home decreases, reducing equity, you decide to sell or you are forced to sell relatively soon after buying your home, so little amortization has occurred and Unison does not share in any loss in value, therefore the amount due to Unison equals our original investment. We then present a similar example which illustrates how the outcome would differ if you had borrowed the money you needed instead of using Unison HomeOwner.

Our first example assumes that the **Original Agreed Value** of your home is \$500,000, you have a \$400,000 mortgage loan on the home, and you receive a \$50,000 Unison HomeOwner investment. You sell your home 2.5 years later, therefore only a modest amount of loan amortization has occurred. We assume the value of your home has decreased, reducing the amount of equity in your home, and Unison does not share in the loss in value. We provide three future home value assumptions: decreases in value of 4%, 8%, and 12%.

Sale Price	Change in Value	Share of Decrease in Value		Distribution of Sale Proceeds			
		Unison (0%)	You (100%)	Selling Expenses ¹	To Lender ²	To Unison ³	To You ⁴
\$480,000	-\$20,000	\$0	-\$20,000	\$36,000	\$382,000	\$50,000	\$12,000
\$460,000	-\$40,000	\$0	-\$40,000	\$35,000	\$382,000	\$50,000	\$7,000 Shortfall
\$440,000	-\$60,000	\$0	-\$60,000	\$33,000	\$382,000	\$50,000	\$25,000 Shortfall

1. 7.5% of the sale price (calculation is rounded). 2. The \$400,000 mortgage loan balance has amortized down to \$382,000 after making monthly payments for 2.5 years (calculation is rounded). Assumes a 30-year 4% fixed-rate mortgage. 3. If you sell your home during the first three years of your Unison HomeOwner Agreement and its value has decreased, Unison does not share in the decrease, so the amount payable to Unison is the amount of our original investment. 4. Sale price minus selling expenses minus payments to lender and Unison.

^K This provision, which applies only during years one through three, is designed to serve as a disincentive to use Unison HomeOwner as short-term financing.

As you can see, in the “perfect storm” scenario displayed on the previous page, when you sell your home at a loss soon after purchasing it, you could face a shortfall. However, if you borrowed \$50,000 against your home using a home equity line of credit instead of obtaining that cash using Unison HomeOwner, the shortfall will typically be approximately the same, as we will now illustrate.

Our second example assumes that you own a home valued at \$500,000, you have a \$400,000 mortgage loan on the home, and you then borrow another \$50,000 against the home using a home equity line of credit. All other assumptions are identical.

Sale Price	Change in Value	Share of Decrease in Value	Distribution of Sale Proceeds		
		You (100%)	Selling Expenses ¹	To Two Lenders ²	To You ³
\$480,000	-\$20,000	-\$20,000	\$36,000	\$432,000	\$12,000
\$460,000	-\$40,000	-\$40,000	\$35,000	\$432,000	\$7,000 Shortfall
\$440,000	-\$60,000	-\$60,000	\$33,000	\$432,000	\$25,000 Shortfall

1. 7.5% of the sale price (calculation is rounded). 2. The \$400,000 first mortgage loan balance has amortized down to \$382,000 after making monthly payments for 2.5 years (calculation is rounded). Assumes a 30-year 4% fixed-rate mortgage. The \$50,000 home equity line of credit is assumed to be an interest-only loan, as is typical. You make the interest payments for 2.5 years and the balance on the loan is still \$50,000. The balance on the two loans totals \$432,000. 3. Sale price minus selling expenses minus payments to two lenders.

As the two examples above demonstrate, when your home value declines and you sell soon after obtaining Unison HomeOwner financing or additional debt financing, you can face a significant shortfall.

It is worth noting that in the examples above, if you sell your home more than three years after obtaining the financing, the shortfall situation with Unison HomeOwner improves, whereas the shortfall situation with additional debt does not, since Unison shares in the decrease in home value after three years have passed.

A Lower Monthly Payment

The two examples provided here demonstrate that a shortfall potential exists if you finance with Unison HomeOwner investment or if you finance with more debt. However, it is worth noting that with Unison HomeOwner there is also a significant monthly payment savings. In the second example you are taking on another monthly obligation: the payment on the home equity line of credit. If we assume a 4.5% interest rate on the home equity line of credit, over the 2.5 year period your total additional monthly payments would add up to about \$5,600.



Not a Filed Document

The Unison
HomeOwner
Agreement lets
you access your
home equity
to invest in
your children
or retirement
or whatever
you'd like.

Section F: The Unison HomeOwner Agreement Legal Documents

What we refer to in this Program Guide as a Unison HomeOwner Agreement consists of four related legal documents.

- › **Unison HomeOwner Option Agreement** – this document contains the basic financial terms of the Unison HomeOwner Agreement option and describes how the option mechanism works.
- › **Unison HomeOwner Covenant Agreement** – this document outlines your rights and responsibilities under the Unison HomeOwner Agreement throughout its term and defines the various ways in which the Agreement can end.
- › **Unison HomeOwner Recorded Memorandum** – this document highlights specific features of the Unison HomeOwner Agreement for public notice, and is recorded in the jurisdiction where your property is located.
- › **Unison HomeOwner Security Instrument** – this document creates a secured lien on your home during the term of the Unison HomeOwner Agreement, and is recorded in the jurisdiction where your property is located.

In this section of the Program Guide, we summarize some of the most important terms of these legal documents, but you must read each of these documents in their entirety prior to entering into the Unison HomeOwner Agreement. If there is any discrepancy or conflict between the information contained in this Program Guide and terms of the legal documents comprising the Unison HomeOwner Agreement, the legal documents control.

1. The Unison HomeOwner Option Agreement

The **Unison HomeOwner Option Agreement** grants Unison an option to purchase a specified percentage of your home at certain times and upon the occurrence of certain events for an amount called the **Unison Purchase Price**. The Unison HomeOwner option has a maximum term of 30 years.

The amount of cash Unison invests in your home at the beginning of the Unison HomeOwner Agreement is called the **Unison Investment Payment**. The **Unison Investment Payment** is not a loan, so no interest is payable or accrues on it.

The **Unison HomeOwner Option Agreement** spells out the specific terms of your Unison HomeOwner option, including the **Original Agreed Value** of the property, the **Investor Percentage** in the property which the investor is purchasing an option to buy, the **Unison Purchase Price** the investor must pay to buy the **Investor Percentage** on option exercise, the **Unison Investment Payment**, the **Unison Purchase Price Balance**, and the **Maximum Authorized Debt**.

Although the **Unison HomeOwner Option Agreement** gives Unison the right to buy a percentage of your home, Unison is not interested in dividing your home and purchasing, for example, the guest bedrooms and den. Rather, it allows Unison to purchase an undivided percentage interest in your home and to participate in a percentage of your home's increase (or decrease) in value at the time of sale.

2. The Unison HomeOwner Covenant Agreement

The **Unison HomeOwner Covenant Agreement** explains your rights and responsibilities concerning the property throughout the term. It requires, among other things, that you use your home as your principal residence (unless otherwise permitted by Unison), pay your property taxes on time, maintain your home in good condition, maintain proper insurance on your home, make all payments on loans that are secured by liens on your home, and do not borrow against your home in an amount greater than the **Maximum Authorized Debt** limit.

The document spells out in full detail the specific circumstances (typically sale of the property, end of the term, or death of the last surviving property owner) in which Unison can exercise its option and purchase its **Investor Percentage** in your home, and the mechanisms for doing so. It describes how any sales of your property are to be handled by you or by Unison and how the sales proceeds are to be shared. It also explains what happens if your home is damaged, destroyed or condemned. It provides certain protections for you and for Unison. And, the **Unison HomeOwner Covenant Agreement** also spells out your right to end the Unison HomeOwner Agreement after the third anniversary in advance of an option exercise event by requesting a **Special Termination**.

3. The Unison HomeOwner Recorded Memorandum

The **Unison HomeOwner Recorded Memorandum** is a document recorded in the public records in the jurisdiction where your property is located. It has two purposes:

- (1) It notifies third parties that Unison has an option to purchase a specified percentage of your property.
- (2) It notifies third parties that anyone who owns the property will be subject to certain requirements as long as the Unison HomeOwner Agreement is in effect.

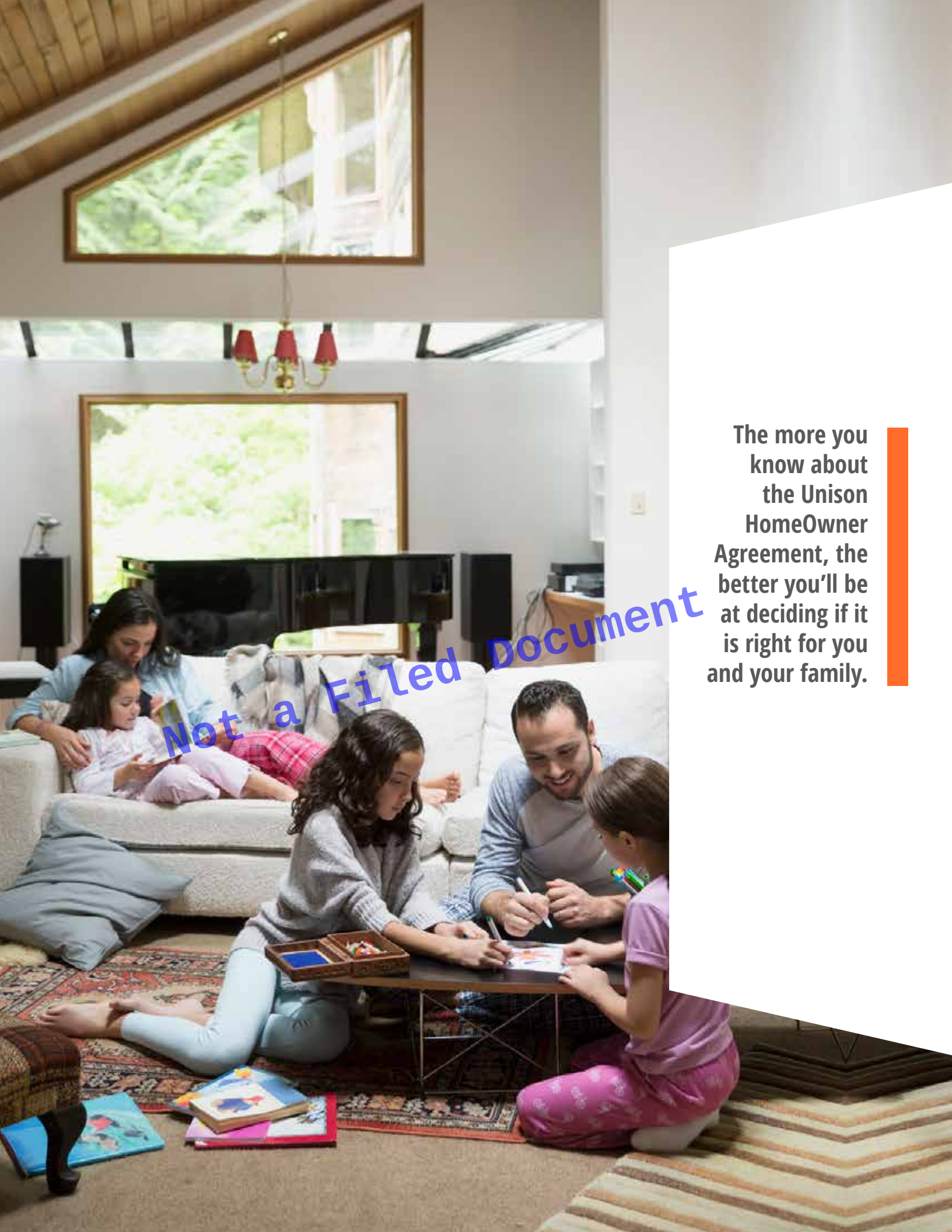
4. The Unison HomeOwner Security Instrument

The **Unison HomeOwner Security Instrument** is a Deed Of Trust or Mortgage depending on what state you live in, and is recorded as a lien on the title to your home in the public records of the jurisdiction where your property is located. The lien will be removed if your home is sold as provided in the Unison HomeOwner Agreement or if the option is otherwise validly terminated before such a sale. The **Unison HomeOwner Security Instrument** protects Unison in case you fail to abide by the terms of the Unison HomeOwner Agreement or refuse to recognize Unison's interest in the property by giving Unison the right to foreclose, subject to all the protections afforded you as a homeowner under the Unison HomeOwner Agreement and applicable law.



The Unison HomeOwner
Agreement offers what
lenders can't: access to
your home equity without
taking on additional debt.

Not a Filed Document



The more you
know about
the Unison
HomeOwner
Agreement, the
better you'll be
at deciding if it
is right for you
and your family.

Section G: Specially Priced Unison HomeOwner Transactions

IMPORTANT: YOU ARE REQUIRED TO READ THIS SECTION G CAREFULLY IF YOUR UNISON HOMEOWNER TRANSACTION REQUIRES SPECIAL PRICING.

By applying special pricing, Unison is able to approve certain transactions that would otherwise not qualify under our guidelines and help more homeowners. For example:

- › Certain homes may require special pricing if they are atypical for the neighborhood or located in rural areas, or if they have unusual physical characteristics.
- › Certain very recently constructed homes, especially those located in growth areas where a large number of new homes are being built, may require special pricing.
- › Certain owner-occupied second homes may qualify only with special pricing.
- › Special pricing may apply in certain situations where the homeowner desires the maximum amount of cash available from the Unison HomeOwner Agreement.
- › Special pricing can compensate for certain situations where there are credit issues that don't meet our guidelines, such as:
 - › Lower FICO score
 - › Higher debt-to-income ratio
 - › History of bankruptcy or foreclosure
 - › Other income, asset or credit-related issues

Numerical examples and calculations given in Sections A and B of this Program Guide, which you will have read and be familiar with, will vary significantly in a Unison HomeOwner Agreement approved based on special pricing. Qualifying requirements may also differ. This Section G provides information and presents modified numerical examples which will apply with special pricing. If you have any questions about the financial terms and conditions of a specially priced Unison HomeOwner Agreement, or how the terms will differ from more typical Unison HomeOwner transactions, please consult your Program Specialist.

1. The Unison HomeOwner Exchange Of Value

You should already have a good understanding of how Unison HomeOwner works from reading the previous sections of this Program Guide. When you enter into a Unison HomeOwner Agreement, the basic transaction between you and Unison can be described very simply.¹

- › Unison provides you with a specified amount of cash that you can use for any purpose (the **Unison Investment Payment**).
- › In exchange for receiving the cash, you agree to share a specified portion of the future change in value of your home, up or down, as Unison's return on investment (the **Investor Percentage**).

In this Section G, we will present two examples which demonstrate the impact of special pricing by comparing against Examples 1 and 3 from Section A.

- › In highly simplified terms, in the Unison HomeOwner transaction structure chosen for Example 1 in Section A, the homeowner receives cash equal to 17.5% of the home's appraised value at origination, and in exchange for providing the cash, earns a return on investment equal to a 70% share of the future change in home value.
- › In the Unison HomeOwner transaction structure chosen for Example 3 in Section A, the homeowner receives cash equal to 12.5% of the home's appraised value at origination and, in exchange for providing the cash, earns a return on investment equal to a 50% share of the future change in home value.

Unison takes on substantial risks by investing in homes through the Unison HomeOwner program, including:

- › An unknown (and often lengthy) investment term and a highly illiquid investment. The homeowner can use the cash provided by Unison for a very long time (up to 30 years) without making any payments, and the homeowner controls the timing of when they sell their home or end the Unison HomeOwner Agreement by requesting a **Special Termination**.
- › An unknown investment return and potential for large losses. Unison's return is tied to the future value of the home, which is unknown. Home values rise and fall in different locations over various time periods for

¹ The basic description that follows is intended to highlight only the very core of the transaction between the homeowner and Unison; namely that Unison provides a specified amount of cash in exchange for a right to earn a return on its investment equal to a specified share of the future change in home value. Other terms and provisions, which are explained in detail throughout this Program Guide, including provisions which may apply during the first three years of your Unison HomeOwner Agreement, are omitted here for simplicity's sake.

many different reasons. If value rises, Unison can earn a decent or even handsome return. If value does not change, Unison's return will be zero. If value declines, Unison will typically lose money, and with a significant decline Unison can sustain a total loss.

- › Significant additional risks. A number of other things can go wrong over the life of such a long-term transaction, such as the homeowner having financial difficulty and defaulting on their mortgage or property taxes, the property being damaged or destroyed by fire or other hazard or natural causes, or a significant general decline in real estate values due to recession or other economic cause.

The relative amounts of the **Unison Investment Payment** and the **Investor Percentage** presented in Examples 1 and 3 assume typical Unison HomeOwner circumstances and create a fair exchange of value under those circumstances. In very basic terms, those examples are structured this way:

- › 17.5% **Unison Investment Payment** in exchange for 70% **Investor Percentage**
- › 12.5% **Unison Investment Payment** in exchange for 50% **Investor Percentage**

In both of these cases, the homeowner receives something of great value – they are able to convert a portion of their home equity to cash without taking on any debt to do so – and Unison earns a return on investment that appropriately compensates for the risk. Certain transactions have increased investment risk for Unison and can therefore qualify only with special pricing. There are three basic ways in which Unison can structure a transaction differently to compensate for increased risk:

1. Adjust the **Investor Percentage** upward.
2. Adjust the **Unison Investment Payment** downward.
3. Tighten various qualifying requirements, such as requiring a higher credit score, a lower debt-to-income ratio, a lower loan-to-value ratio, or a lower **Maximum Authorized Debt** amount.

Let's take a more detailed look at why certain transactions may require special pricing.

2. What's Different About A New Construction Home?

If you live in a newly constructed home, you are likely using a Unison HomeOwner Agreement to recoup a portion of the down payment you made to purchase your home. For many buyers, pulling together a down payment can consume all of their financial resources. These new homeowners often wish they had more cash on hand after closing to help with the financial burden of home ownership. With Unison HomeOwner you can recoup up to 75% of your down payment.

Many home buyers are understandably attracted to the idea of buying a brand new home. New construction offers the significant appeal of up-to-date amenities, new fixtures and appliances, and in many cases allows the buyer to select and customize their new home with their own choice of floor plans, features, finishes, and upgrades.

Newly constructed homes will sometimes present increased investment risks to an equity investor such as Unison that most existing homes do not. You will recall from earlier sections of this Program Guide that in order for Unison to earn a return on its equity investment in your home, your home must appreciate over time. While most newly constructed homes, like existing homes, are likely to appreciate over time, studies show that in many cases new homes may not appreciate as much as existing homes, and this can significantly increase Unison's investment risk. There are several reasons for this potential difference in appreciation.

First, in order to be able to move into a home that is brand new, buyers are understandably often willing to pay up to a 10-20% higher price than they would pay for an existing home in the same location. But in the future, upon resale, that home may not command as much of a premium as it did when it was "100% brand new." In other words, upon its first resale, there may be some depreciation of value to what was a formerly "brand new home."

Second, while the opportunity for an individual buyer to customize a new home by choosing finishes that reflect personal preferences and tastes, such as cabinetry and countertop materials, or to select upgrades that suit their individual lifestyle, such as a playroom instead of an extra bedroom, is a wonderful benefit to the buyer,

these upgrades and selections are just that - personal. The additional costs for such customized choices or special upgrades that are passed to the buyer in the form of a higher price for the brand new home purchase to be paid to the builder may or may not actually result in additional resale value of the home when that buyer resells it. While some selected upgrades - such as an extra bathroom, an extra garage, or additional square footage - typically will not depreciate and will maintain their value, many other upgrades which are selected and paid for to suit a buyer's particular taste may be primarily cosmetic in nature and may not add value, or may depreciate significantly.

Third, certain newly constructed homes fall into a category known as "tract home" new construction. A "tract home" development typically consists of multiple homes all being built by one builder on a tract of land which was not previously developed. "Tract homes" can sometimes be riskier for Unison because:

- › Many "tract home" developments are built in phases at different price points, over a somewhat lengthy period of time (several years). Until some of the newly constructed homes are eventually resold by their original buyers, there is uncertainty about what the real market value will be for homes in the development.
- › When the development is in an early phase, there is uncertainty about buyer demand and whether the builder will ultimately be able to complete the development according to plan. If anticipated buyer demand does not materialize, the builder may have to lower prices or scale down the average size or quality of the homes built in subsequent phases in order to complete the development, and may decide not to complete the development at all.
- › A portion of the price charged by a builder for a "tract home" may go towards the expense of establishing neighborhood infrastructure (playgrounds, parks, schools, or other common areas).
- › There is a possibility that the builder itself may run into financial or other problems and fail to complete the entire development as planned.

Many newly constructed homes will not require special pricing, while others will, and this determination can change over time. Your Program Specialist will inform you when special pricing is required for a specific newly constructed home.

Not All New Construction Developments Will Qualify

Due to the increased risks mentioned here, and depending on what phase a new home development is currently in and how the development is progressing, Unison may determine that an entire new home development is too risky for investment.

Pricing A Unison HomeOwner Agreement Versus Pricing A Mortgage

Mortgage lenders assess the specific risk of each loan application they receive. When a lender deems a particular transaction to be riskier, they might:

- › Decline the loan application.
- › Offer to make the loan but provide a reduced amount of funding (i.e. at a "lower loan-to-value ratio") to compensate for the additional risk.
- › Raise the price by offering to make the loan at a higher interest rate to compensate for the additional risk.

Unison also assesses the specific risk of each Unison HomeOwner application it receives. Since Unison HomeOwner is not debt, the pricing mechanics work differently. There is no interest rate that can be raised in order to compensate for additional risk, so when a particular transaction is deemed riskier, Unison might:

- › Decline the Unison HomeOwner application.
- › Offer a Unison HomeOwner Agreement but compensate for the additional risk by doing one or more of the following:
 - › Raise the price by requiring a larger share of the future change in value (i.e. a higher **Investor Percentage**).
 - › Raise the price by providing a reduced amount of funding (i.e. a reduced **Unison Investment Payment**).
 - › Tighten various qualifying requirements, such as requiring a higher credit score, a lower debt-to-income ratio, or a lower **Maximum Authorized Debt** amount.

3. What's Different About An Owner-Occupied Second Home?

Owning a second home can be a dream come true, providing a family with a peaceful retreat and a place to entertain, in reliable, familiar and comfortable surroundings. However, owner-occupied second homes can sometimes present increased investment risks to an equity investor such as Unison that homes used as a primary residence do not. You will recall from earlier sections of this Program Guide that, in order for Unison to earn a return on its equity investment in your home, your home must appreciate over time. While most second homes, like primary homes, are likely to appreciate over time, studies show that in many cases, second homes may not appreciate as much as primary homes, and this can significantly increase Unison's investment risk. There are several reasons for this difference in appreciation.

- › Second homes are often located in areas with large percentages of second homes compared to primary residences ("vacation spots" such as beach or ski resort towns). Many vacation homes are bought at the peak of economic cycles when people are feeling most wealthy and sold at the bottom of economic cycles when people are feeling most economically threatened. In markets dominated by second homes, these cycles may drive prices for the entire local housing market. This can increase home price volatility and negatively impact appreciation prospects.
- › Owners of second homes, when faced with financial problems, will logically prioritize protecting their primary home investment ahead of protecting their second home investment, so defaults are more frequent on second homes.
- › Second homes may occasionally sit empty for long periods of time, and are frequently not maintained as well as primary homes. This can negatively impact value.

Lenders Are Aware of These Risks Too

When a lender makes a loan on a second home, the interest rate is typically higher, or the loan-to-value ratio is typically lower, or both, versus a loan on a primary home.

To mitigate the additional risk associated with second homes, Unison will consider second home transactions that meet the following criteria:

- › The property must be a bona fide owner occupied second home, not an investment property and not rented out.
- › Unison will be more likely to approve second homes located in markets that are dominated by primary residences, and less likely to approve second homes located in more concentrated second home markets (vacation spots). For example, a second home in the city of San Francisco is more likely to be approved than a second home in Lake Tahoe.
- › Higher credit standards may apply.
- › Higher pricing may apply, in the form of a higher **Investor Percentage**, a reduced **Unison Investment Payment**, or other adjustments to terms.

4. Other Specially Priced Unison HomeOwner Transactions

Every Unison HomeOwner transaction has its own specific characteristics; no two homeowners are the same from a credit quality perspective and no two properties are the same in terms of condition and investment characteristics. Unison will occasionally approve transactions, on an exception basis, that don't meet all of our investment criteria, but in order to do so we will typically require one or more mitigating factors (such as a higher credit score, lower debt-to-income ratio, lower loan-to-value ratio, exceptionally attractive property characteristics, etc.) and/or higher pricing (in the form of a higher **Investor Percentage**, lower **Unison Investment Payment**, or changes to other terms, such as a lower **Maximum Authorized Debt** amount). Making such exceptions enables us to bring the value of Unison HomeOwner to a wider range of homeowners, including some that don't qualify under our standard guidelines. In addition, transactions in which the homeowner is requesting the maximum available proceeds, or an amount close to the maximum available proceeds, may be considered riskier by Unison and may be available only with special pricing. Your Program Specialist will discuss your specific circumstances with you in detail.

Not a Filed Document

You can use the cash we provide for up to thirty years, without interest charges or monthly payments.



5. Special Pricing Impact On Typical Transaction Structures

Special pricing is most typically implemented by increasing the **Investor Percentage** and/or reducing the **Unison Investment Payment**. To illustrate the impact that special pricing can have on the **Investor Percentage** and/or **Unison Investment Payment**, we will revisit two common Unison HomeOwner transaction structures which were presented as Examples 1 and 3 in Section A, and for each of them compare the terms available with standard pricing versus examples of terms that may be available with typical special pricing.

The table below demonstrates how higher pricing might impact the transaction structure that was presented as Example 1 in Section A (where the homeowner requested maximum available proceeds) if something about the property and/or homeowner indicated increased investment risk for Unison. Special pricing is implemented by decreasing the **Unison Investment Payment**. Other ways to structure this transaction with special pricing may be possible.

	Standard Pricing (Example 1)	Typical Special Pricing (Example 7)	Impact
Unison Investment Payment	Unison will provide a Unison Investment Payment equal to 17.5% of the home value. Assuming a \$500,000 home value, Unison will provide a Unison Investment Payment of \$87,500.	Unison will provide a Unison Investment Payment equal to 14% of the home value. Assuming a \$500,000 home value, Unison will provide a Unison Investment Payment of \$70,000.	To compensate for additional risk, the maximum amount of Unison HomeOwner funding made available is reduced from 17.5% of the purchase price to 14% of the purchase price.
Investor Percentage	The Investor Percentage is 70%.	The Investor Percentage is 70%.	No change.

The table below demonstrates how higher pricing might impact the transaction structure that was presented as Example 3 in Section A (where the homeowner requested less than maximum available proceeds) if something about the property and/or homeowner indicated increased investment risk for Unison. Special pricing is implemented by increasing the **Investor Percentage**. Other ways to structure this transaction with special pricing may be possible.

	Standard Pricing (Example 3)	Typical Special Pricing (Example 8)	Impact
Unison Investment Payment	Unison will provide a Unison Investment Payment equal to 12.5% of the home value. Assuming a \$500,000 home value, Unison will provide a Unison Investment Payment of \$62,500.	Unison will provide a Unison Investment Payment equal to 12.5% of the home value. Assuming a \$500,000 home value, Unison will provide a Unison Investment Payment of \$62,500.	No change.
Investor Percentage	The Investor Percentage is 50%.	The Investor Percentage is 62.5%.	To compensate for the additional risk, the Investor Percentage is increased from 50% to 62.5%.

Detailed examples are provided for each of these two sample transaction structures on the following four pages. Many other ways to structure a transaction with special pricing are possible. Your Program Specialist will discuss your specific circumstances with you in detail.

Example 7 - Typical Specially Priced Transaction (seeking maximum proceeds)

Start

- › An appraisal from an independent third-party appraiser determines your home's current value is \$500,000. We agree that \$500,000 is the **Original Agreed Value**. Unison determines that special pricing will apply.
- › You are seeking the maximum available proceeds from your Unison HomeOwner Agreement, so you decide that the **Investor Percentage** will be 70%.
- › We invest \$70,000 in your home (the **Unison Investment Payment**).¹ In return for providing the **Unison Investment Payment**, Unison will earn a return on its investment equal to a 70% share of the change in value of your home (the **Investor Percentage**).

During

- › You live in your home - Unison has no ownership or occupancy rights.
- › There are no interest charges on the \$70,000 **Unison Investment Payment**.
- › You make no monthly payments to Unison.
- › You maintain your home and pay the mortgage, property taxes, and property insurance.

			Share of Change in Value	
End (Assumes during year 10)	Sale Price	Change in Value	Unison	You
Outcome 1 Moderate increase in value	Your selling price is \$550,000	Increase of \$50,000	+ \$35,000	+ \$15,000
Outcome 2 Moderate decrease in value	Your selling price is \$450,000	Decrease of \$50,000	- \$35,000	- \$15,000
Outcome 3 No change in value	Your selling price is \$500,000	\$0	\$0	\$0
Outcome 4 Large increase in value	Your selling price is \$650,000	Increase of \$150,000	+ \$105,000	+ \$45,000
Outcome 5 Large decrease in value	Your selling price is \$350,000	Decrease of \$150,000	- \$70,000 ⁴	- \$80,000 ⁴

- At closing you will pay all transaction costs, including third party fees (such as credit and appraisal reports, and title and escrow fees) and a Unison transaction fee. This will reduce the amount of cash you receive from the transaction at closing. See Part 7 of Section A and Part 3 of Section C for more information.
- When you sell your home you will be responsible for repaying any outstanding balance on your mortgage in full from your portion of the sales proceeds. The Unison HomeOwner Agreement has no impact on this - you would have to do this whether you have a Unison HomeOwner Agreement or not. Assuming you obtained a \$375,000 4% fixed-rate mortgage about three and a half years ago, you would have a current balance of approximately \$350,000, and in ten more years your loan balance would amortize down to approximately \$260,000 (rounding to the nearest \$10,000).

As the various outcomes demonstrate, you benefit in every case. You use the Unison Investment Payment cash for any purpose. You make no payments to Unison until you decide to sell your home. If the value of your home remains unchanged, the amount we receive typically equals the amount we invested, 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 typically incur a loss on our investment, which reduces your loss. If the value of your home increases, we make a profit, and you do too.

Distribution of Gross Sale Proceeds		
To Lender ²	To Unison	To You ³
\$260,000	\$105,000 Gain on our investment. \$35,000 more than we invested at the start	\$185,000
\$260,000	\$35,000 Loss on our investment. \$35,000 less than we invested at the start	\$155,000
\$260,000	\$70,000 No return on our investment. Equal to the amount we invested at the start	\$170,000
\$260,000	\$175,000 Gain on our investment. \$105,000 more than we invested at the start	\$215,000
\$260,000	\$0 <u>Total loss</u> on our investment. \$70,000 less than we invested at the start	\$90,000

3. When you sell your home you will also be responsible for paying all selling costs to third parties, 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 Unison HomeOwner Agreement has no impact on this - you would have to pay these expenses whether you have a Unison HomeOwner Agreement or not. If the sales proceeds are not sufficient to pay the mortgage balance, the net amount payable to Unison, and the selling costs, you will be required to make up any shortfall. For example, assuming selling costs of 7.5% and a sale price of \$550,000 as shown in Outcome 1 above, your selling costs would be \$41,250. If your Unison HomeOwner Agreement is settled other than by sale of your home, such costs will not apply.

4. 70% of the \$150,000 decrease in value is \$105,000, but Unison's maximum loss under the Unison HomeOwner Agreement is the amount of the Unison Investment Payment, which is \$70,000. Therefore, Unison will share \$70,000 of the \$150,000 loss, and you will share the balance of the loss, or \$80,000.

Example 8 - Typical Specially Priced Transaction (seeking less than maximum proceeds)

Start

- › An appraisal from an independent third-party appraiser determines your home's current value is \$500,000. We agree that \$500,000 is the **Original Agreed Value**. Unison determines that special pricing will apply.
- › You are seeking \$62,500 from your Unison HomeOwner Agreement, less than the maximum available proceeds. Special pricing results in an **Investor Percentage** of 62.5%.
- › We invest \$62,500 in your home (the **Unison Investment Payment**).¹ In return for providing the **Unison Investment Payment**, Unison will earn a return on its investment equal to a 62.5% share of the change in value of your home (the **Investor Percentage**).

During

- › You live in your home - Unison has no ownership or occupancy rights.
- › There are no interest charges on the \$62,500 **Unison Investment Payment**.
- › You make no monthly payments to Unison.
- › You maintain your home and pay the mortgage, property taxes, and property insurance.

			Share of Change in Value	
End (Assumes during year 10)	Sale Price	Change in Value	Unison	You
Outcome 1 Moderate increase in value	Your selling price is \$550,000	Increase of \$50,000	+ \$31,250	+ \$18,750
Outcome 2 Moderate decrease in value	Your selling price is \$450,000	Decrease of \$50,000	- \$31,250	- \$18,750
Outcome 3 No change in value	Your selling price is \$500,000	\$0	\$0	\$0
Outcome 4 Large increase in value	Your selling price is \$650,000	Increase of \$150,000	+ \$93,750	+ \$56,250
Outcome 5 Large decrease in value	Your selling price is \$350,000	Decrease of \$150,000	- \$62,500 ⁴	- \$87,500 ⁴

1. At closing you will pay all transaction costs, including third party fees (such as credit and appraisal reports, and title and escrow fees) and a Unison transaction fee. This will reduce the amount of cash you receive from the transaction at closing. See Part 7 of Section A and Part 3 of Section C for more information.
2. When you sell your home you will be responsible for repaying any outstanding balance on your mortgage in full from your portion of the sales proceeds. The Unison HomeOwner Agreement has no impact on this - you would have to do this whether you have a Unison HomeOwner Agreement or not. Assuming you obtained a \$375,000 4% fixed-rate mortgage about three and a half years ago, you would have a current balance of approximately \$350,000, and in ten more years your loan balance would amortize down to approximately \$260,000 (rounding to the nearest \$10,000).

As the various outcomes demonstrate, you benefit in every case. You use the Unison Investment Payment cash for any purpose. You make no payments to Unison until you decide to sell your home. If the value of your home remains unchanged, the amount we receive typically equals the amount we invested, 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 typically incur a loss on our investment, which reduces your loss. If the value of your home increases, we make a profit, and you do too.

Distribution of Gross Sale Proceeds		
To Lender ²	To Unison	To You ³
\$260,000	\$93,750 Gain on our investment. \$31,250 more than we invested at the start	\$196,250
\$260,000	\$31,250 Loss on our investment. \$31,250 less than we invested at the start	\$158,750
\$260,000	\$62,500 No return on our investment. Equal to the amount we invested at the start	\$177,500
\$260,000	\$156,250 Gain on our investment. \$93,750 more than we invested at the start	\$233,750
\$260,000	\$0 <u>Total loss</u> on our investment. \$62,500 less than we invested at the start	\$90,000

3. When you sell your home you will also be responsible for paying all selling costs to third parties, 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 Unison HomeOwner Agreement has no impact on this - you would have to pay these expenses whether you have a Unison HomeOwner Agreement or not. If the sales proceeds are not sufficient to pay the mortgage balance, the net amount payable to Unison, and the selling costs, you will be required to make up any shortfall. For example, assuming selling costs of 7.5% and a sale price of \$550,000 as shown in Outcome 1 above, your selling costs would be \$41,250. If your Unison HomeOwner Agreement is settled other than by sale of your home, such costs will not apply.

4. 62.5% of the \$150,000 decrease in value is \$93,750, but Unison's maximum loss under the Unison HomeOwner Agreement is the amount of the Unison Investment Payment, which is \$62,500. Therefore, Unison will share \$62,500 of the \$150,000 loss, and you will share the balance of the loss, or \$87,500.

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The Unison
HomeOwner
Agreement can
help you modify
or furnish your
home to fit
your needs.

Section H - Part One: Detailed Calculations For Examples 1 - 6

Sections A and B of this Program Guide contain six numerical examples which demonstrate the operation of the Unison HomeOwner Agreement. These examples are presented in an easy-to-understand and intuitive format. They focus on the economic impact of the agreement between you and Unison under various scenarios of changing home values, and how the **Remodeling Adjustment**, **Deferred Maintenance Adjustment**, and **Special Termination** provisions operate and impact the net amount received by Unison at the end of the Unison HomeOwner Agreement.

Part 6 of Section A is entitled “The Nuts and Bolts of the Unison HomeOwner Agreement”. In that part we explain the actual calculations that underlie the numerical examples presented in Sections A and B. We include reviews of Examples 1 and 3 to see how the actual calculations work, and we show how those calculations produce the same economic results as the more basic, intuitive example format.

In Section H, Part One, we present actual “nuts and bolts” calculations underlying all of the examples contained in Sections A and B. It may be helpful for you to review each of the examples in Sections A and B before reviewing the corresponding “nuts and bolts” versions of the examples in this section.

Examples 1 through 6 are based on the following assumptions:

1. The market value of your home at the start of the Unison HomeOwner Agreement, called the **Original Agreed Value**, is determined by independent third-party appraisal. In Examples 1, 3, 4, 5 and 6 the **Original Agreed Value** is determined to be \$500,000. In Example 2 the **Original Agreed Value** is determined to be \$1,000,000.
2. Unison invests in your home by providing you with a lump-sum cash payment.
 - › In Example 1 we invest \$87,500. The \$87,500 investment we make is called the **Unison Investment Payment**. In return for providing the \$87,500 **Unison Investment Payment**, you agree that we will earn a return on our investment equal to 70% of the change in value of your home. Our 70% share is called the **Investor Percentage**.
 - › In Example 2 we invest \$175,000. The \$175,000 investment we make is called the **Unison Investment Payment**. In return for providing the \$175,000 **Unison Investment Payment**, you agree that we will earn a return on our investment equal to 70% of the change in value of your home. Our 70% share is called the **Investor Percentage**.
 - › In Examples 3, 4, 5 and 6 we invest \$62,500. The \$62,500 investment we make is called the **Unison Investment Payment**. In return for providing the \$62,500 **Unison Investment Payment**, you agree that we will earn a return on our investment equal to 50% of the change in value of your home. Our 50% share is called the **Investor Percentage**.

The Unison HomeOwner Agreement is an option contract. It gives Unison the right to purchase a share (equal to the **Investor Percentage**) of your home in the future for an amount called the **Unison Purchase Price**. The **Unison Purchase Price** is equal to the **Original Agreed Value** times the **Investor Percentage**. In Example 1 the **Original Agreed Value** is \$500,000 and the **Investor Percentage** is 70%. Therefore the **Unison Purchase Price** is \$350,000.

Original Agreed Value	x	Investor Percentage	=	Unison Purchase Price
\$500,000	x	70%	=	\$350,000

In Example 2 the **Original Agreed Value** is \$1,000,000 and the **Investor Percentage** is 70%. Therefore the **Unison Purchase Price** is \$700,000.

Original Agreed Value	x	Investor Percentage	=	Unison Purchase Price
\$1,000,000	x	70%	=	\$700,000

In Examples 3, 4, 5 and 6 the **Original Agreed Value** is \$500,000 and the **Investor Percentage** is 50%. Therefore the **Unison Purchase Price** is \$250,000.

Original Agreed Value	x	Investor Percentage	=	Unison Purchase Price
\$500,000	x	50%	=	\$250,000

You can think of the **Unison Investment Payment** as an initial installment on the **Unison Purchase Price**. The remaining portion of the **Unison Purchase Price** is called the **Unison Purchase Price Balance**. It is equal to the **Unison Purchase Price** minus the **Unison Investment Payment**. In Example 1 the **Unison Purchase Price** is \$350,000 and the **Unison Investment Payment** is \$87,500. Therefore the **Unison Purchase Price Balance** is \$262,500.

Unison Purchase Price	-	Unison Investment Payment	=	Unison Purchase Price Balance
\$350,000	-	\$87,500	=	\$262,500

In Example 2 the **Unison Purchase Price** is \$700,000 and the **Unison Investment Payment** is \$175,000. Therefore the **Unison Purchase Price Balance** is \$525,000.

Unison Purchase Price	-	Unison Investment Payment	=	Unison Purchase Price Balance
\$700,000	-	\$175,000	=	\$525,000

In Examples 3, 4, 5 and 6 the **Unison Purchase Price** is \$250,000 and the **Unison Investment Payment** is \$62,500. Therefore the **Unison Purchase Price Balance** is \$187,500.

Unison Purchase Price	-	Unison Investment Payment	=	Unison Purchase Price Balance
\$250,000	-	\$62,500	=	\$187,500

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Important Note

The Unison HomeOwner Agreement is not intended to be used as short term financing, and Unison does not recommend the Unison HomeOwner Agreement for homeowners who know they will not remain in their homes for more than three years. You can sell your home at any time, but if you choose to sell your home during the first three years of your Unison HomeOwner Agreement and the value of your home has decreased, Unison will not share in any of that decrease in value.

Therefore, under the Unison HomeOwner Agreement, when you choose to sell your home during the first three years and the value of your home has decreased, Unison's share of the gross sale proceeds of your home will be calculated by setting the **Ending Agreed Value** of your home equal to the **Original Agreed Value**, instead of the **Sale Price**. The impact of this is seen in Example 6. For more information, see Section B, Part 3.

The Unison HomeOwner Agreement typically ends when you decide to sell your home. The value of your home at the end of the Unison HomeOwner Agreement is called the **Ending Agreed Value**. When you sell your home, the **Ending Agreed Value** will typically be equal to the **Sale Price**.

We have the right to “exercise our option” at the end of the Unison HomeOwner Agreement. Exercising our option is the mechanism by which we settle the Unison HomeOwner Agreement and receive the amount we are entitled to. When we exercise our option, two very important things happen.

1. We RECEIVE a payment equal to our percentage share (the **Investor Percentage**) of the **Ending Agreed Value**.
2. We simultaneously MAKE a payment equal to the **Unison Purchase Price Balance**.

Whenever we exercise our option, the amount of the payment we RECEIVE will always be greater than the amount of the payment we MAKE, so to calculate the net result we can deduct the payment we MAKE from the payment we RECEIVE.

The **Net Result To Unison** is calculated as:

$$\begin{array}{c} \text{Unison} \\ \text{RECEIVES a Payment} \end{array} \quad \begin{array}{c} \text{Unison} \\ \text{MAKES a Payment} \end{array} \\
 \text{Ending Agreed Value} \times \text{Investor Percentage} \quad - \quad \text{Unison Purchase Price Balance} = \text{Net Result To Unison}$$

Once the settlement process is complete, we have no further interest in your home, and the Unison HomeOwner Agreement ends.

Each of the calculations presented in Part One of Section H corresponds with one of the examples presented in Sections A or B.

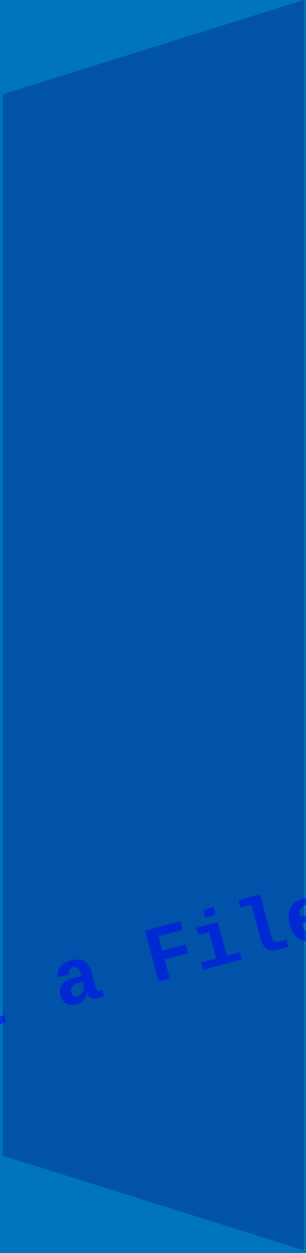
- › Examples 1, 2 and 3 each contain five outcomes.
 - › Outcome 1 assumes that your home increases modestly in value. You and Unison share in the gain.
 - › Outcome 2 shows the flip side of the coin. When your home declines in value, Unison shares in the loss.
 - › Outcome 3 explains what happens when there is no change in value to share.
 - › Outcome 4 assumes that your home appreciates in value much more considerably, so there is more of a gain for you and Unison to share.
 - › Outcome 5 demonstrates how Unison can lose its entire investment if the value of your home declines very significantly.
- › Example 4 is an extension of Example 3 and it demonstrates how the **Remodeling Adjustment** can change the settlement calculations at the end of the Unison HomeOwner Agreement when you make improvements to your home that increase its value, and you decide to sell your home or otherwise end your Unison HomeOwner Agreement after the first three years.
- › Example 5 is an extension of Example 3 and it demonstrates how the **Deferred Maintenance Adjustment** can change the settlement calculations at the end of the Unison HomeOwner Agreement when you fail to properly maintain your home, resulting in a significant loss in value.
- › Example 6 is an extension of Example 3 and it demonstrates how the Unison HomeOwner Agreement settlement calculations change when you end your Unison HomeOwner Agreement by selling the Property during the first three years and its value has decreased.

As you review the examples, keep in mind that in each scenario over the life of the Unison HomeOwner Agreement you pay no interest and make no monthly payments to Unison on the **Unison Investment Payment** we provide. Only when you sell your home or otherwise terminate the Unison HomeOwner Agreement do we receive a payment.

Note: Figures used in all examples in this Program Guide are for the purpose of illustration only. The terms offered in a specific Unison HomeOwner Agreement may be materially different. Note also that the examples presented in this Program Guide do not take into account any of the costs that you may incur when you sell your home (which you would incur whether or not you had a Unison HomeOwner Agreement). You, and not Unison, will be responsible for paying - either from your share of any sale proceeds or from your other assets - all loans that are secured by liens on the property and all costs you may incur in selling your home (which can typically amount to 6-9% of the selling price), including real estate sales commissions and the cost of an appraisal. If the sale proceeds are not sufficient to pay all of the mortgage loans, commissions and closing costs, and the amount due to us, you are required to make up any shortfall.

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At every step along the way, your Unison HomeOwner Program Specialist is available toll-free at 1-800-330-9400 to answer any questions that you, your advisors, or your heirs may have about your Unison HomeOwner Agreement.



We're invested with you.

When you realize a gain
in your home's value, so
do we. If you take a loss,
we typically share in that
too, reducing your loss.

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Example 1, Outcome 1

In Outcome 1 we assume that your home increases in value by \$50,000, to \$550,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	= Net Result To Unison
\$550,000	x	70%	-	\$262,500	= \$122,500
\$385,000			-	\$262,500	= \$122,500

If you refer back to Section A, Example 1, Outcome 1 (on pages 6-7), you will see that the \$122,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a \$35,000 profit on our investment equal to our 70% share (the **Investor Percentage**) of the \$50,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 1, Outcome 2

In Outcome 2 we assume that your home decreases in value by \$50,000, to \$450,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	= Net Result To Unison
\$450,000	x	70%	-	\$262,500	= \$52,500
\$315,000			-	\$262,500	= \$52,500

If you refer back to Section A, Example 1, Outcome 2 (on pages 6-7), you will see that the \$52,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we sustain a \$35,000 loss on our investment equal to our 70% share (the **Investor Percentage**) of the \$50,000 decrease in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 1, Outcome 3

In Outcome 3 we assume that the value of your home does not change, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$500,000	x	70%	-	\$262,500	=	\$87,500
			-	\$262,500	=	\$87,500
\$350,000						

If you refer back to Section A, Example 1, Outcome 3 (on pages 6-7), you will see that the \$87,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. Since there is no gain or loss to share, the net result of the two simultaneous payments is that we receive an amount equal to what we originally invested (the **Unison Investment Payment**) and earn no return on our investment during the term of the Unison HomeOwner Agreement.

Example 1, Outcome 4

In Outcome 4 we assume that your home increases in value by \$150,000, to \$650,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$650,000	x	70%	-	\$262,500	=	\$192,500
			-	\$262,500	=	\$192,500
\$455,000						

If you refer back to Section A, Example 1, Outcome 4 (on pages 6-7), you will see that the \$192,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a \$105,000 profit on our investment equal to our 70% share (the **Investor Percentage**) of the \$150,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 1, Outcome 5

In Outcome 5 we assume that your home decreases in value by \$150,000, to \$350,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$350,000	x	70%	-	\$262,500	=	- \$17,500
$\underbrace{\hspace{10em}}_{\$245,000}$			-	\$262,500	=	- \$17,500 \$0

When the calculated amount is less than zero, Unison will receive \$0.

When we calculate the amounts of the two simultaneous payments, we see that because the value of the home has decreased substantially, the \$245,000 payment Unison would RECEIVE is actually \$17,500 less than the \$262,500 payment Unison would MAKE. Because the maximum loss that Unison can sustain is the amount of the **Unison Investment Payment**, whenever the calculated **Net Result To Unison** is less than zero, Unison will choose not to exercise its option, and the option will expire worthless. The result is that we will receive \$0, sustain a total loss of \$87,500 on our investment during the term of the Unison HomeOwner Agreement, and have no further interest in the property. If you refer back to Section A, Example 1, Outcome 5 (on pages 6-7), you will see that the \$0 payment to Unison shown above is consistent with the amount displayed there.

Example 2, Outcome 1

In Outcome 1 we assume that your home increases in value by \$100,000, to \$1,100,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$1,100,000	x	70%	-	\$525,000	=	\$245,000
$\underbrace{\hspace{10em}}_{\$770,000}$			-	\$525,000	=	\$245,000

If you refer back to Section A, Example 2, Outcome 1 (on pages 8-9), you will see that the \$245,000 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a \$70,000 profit on our investment equal to our 70% share (the **Investor Percentage**) of the \$100,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 2, Outcome 2

In Outcome 2 we assume that your home decreases in value by \$100,000, to \$900,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage		Unison Purchase Price Balance	=	Net Result To Unison
\$900,000	x 70%	-	\$525,000	=	\$105,000
\$630,000		-	\$525,000	=	\$105,000

If you refer back to Section A, Example 2, Outcome 2 (on pages 8-9), you will see that the \$105,000 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we sustain a \$70,000 loss on our investment equal to our 70% share (the **Investor Percentage**) of the \$100,000 decrease in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 2, Outcome 3

In Outcome 3 we assume that the value of your home does not change, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage		Unison Purchase Price Balance	=	Net Result To Unison
\$1,000,000	x 70%	-	\$525,000	=	\$175,000
\$700,000		-	\$525,000	=	\$175,000

If you refer back to Section A, Example 2, Outcome 3 (on pages 8-9), you will see that the \$175,000 **Net Result To Unison** calculated above is consistent with the amount displayed there. Since there is no gain or loss to share, the net result of the two simultaneous payments is that we receive an amount equal to what we originally invested (the **Unison Investment Payment**) and earn no return on our investment during the term of the Unison HomeOwner Agreement.

Example 2, Outcome 4

In Outcome 4 we assume that your home increases in value by \$300,000, to \$1,300,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$1,300,000	x 70%	-	\$525,000	=	\$385,000
\$910,000		-	\$525,000	=	\$385,000

If you refer back to Section A, Example 2, Outcome 4 (on pages 8-9), you will see that the \$385,000 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a \$210,000 profit on our investment equal to our 70% share (the **Investor Percentage**) of the \$300,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 2, Outcome 5

In Outcome 5 we assume that your home decreases in value by \$300,000, to \$700,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$700,000	x 70%	-	\$525,000	=	- \$35,000
\$490,000		-	\$525,000	=	- \$35,000 \$0

When the calculated amount is less than zero, Unison will receive \$0.

When we calculate the amounts of the two simultaneous payments, we see that because the value of the home has decreased substantially, the \$490,000 payment Unison would RECEIVE is actually \$35,000 less than the \$525,000 payment Unison would MAKE. Because the maximum loss that Unison can sustain is the amount of the **Unison Investment Payment**, whenever the calculated **Net Result To Unison** is less than zero, Unison will choose not to exercise its option, and the option will expire worthless. The result is that we will receive \$0, sustain a total loss of \$175,000 on our investment during the term of the Unison HomeOwner Agreement, and have no further interest in the property. If you refer back to Section A, Example 2, Outcome 5 (on pages 8-9), you will see that the \$0 payment to Unison shown above is consistent with the amount displayed there.

Example 3, Outcome 1

In Outcome 1 we assume that your home increases in value by \$50,000, to \$550,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$550,000	x 50%	-	\$187,500	=	\$87,500
\$275,000		-	\$187,500	=	\$87,500

If you refer back to Section A, Example 3, Outcome 1 (on pages 10-11), you will see that the \$87,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a \$25,000 profit on our investment equal to our 50% share (the **Investor Percentage**) of the \$50,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 3, Outcome 2

In Outcome 2 we assume that your home decreases in value by \$50,000, to \$450,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$450,000	x 50%	-	\$187,500	=	\$37,500
\$225,000		-	\$187,500	=	\$37,500

If you refer back to Section A, Example 3, Outcome 2 (on pages 10-11), you will see that the \$37,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we sustain a \$25,000 loss on our investment equal to our 50% share (the **Investor Percentage**) of the \$50,000 decrease in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 3, Outcome 3

In Outcome 3 we assume that the value of your home does not change, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison	
\$500,000	x 50%	-	\$187,500	=	\$62,500	
<u>\$250,000</u>		-	\$187,500	=	\$62,500	

If you refer back to Section A, Example 3, Outcome 3 (on pages 10-11), you will see that the \$62,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. Since there is no gain or loss to share, the net result of the two simultaneous payments is that we receive an amount equal to what we originally invested (the **Unison Investment Payment**) and earn no return on our investment during the term of the Unison HomeOwner Agreement.

Example 3, Outcome 4

In Outcome 4 we assume that your home increases in value by \$150,000, to \$650,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison	
\$650,000	x 50%	-	\$187,500	=	\$137,500	
<u>\$325,000</u>		-	\$187,500	=	\$137,500	

If you refer back to Section A, Example 3, Outcome 4 (on pages 10-11), you will see that the \$137,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a \$75,000 profit on our investment equal to our 50% share (the **Investor Percentage**) of the \$150,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 3, Outcome 5

In Outcome 5 we assume that your home decreases in value by \$150,000, to \$350,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$350,000	x	50%	-	\$187,500	=	- \$12,500
\$175,000			-	\$187,500	=	- \$12,500 \$0

When the calculated amount is less than zero, Unison will receive \$0.

When we calculate the amounts of the two simultaneous payments, we see that because the value of the home has decreased substantially, the \$175,000 payment Unison would RECEIVE is actually \$12,500 less than the \$187,500 payment Unison would MAKE. Because the maximum loss that Unison can sustain is the amount of the **Unison Investment Payment**, whenever the calculated **Net Result To Unison** is less than zero, Unison will choose not to exercise its option, and the option will expire worthless. The result is that we will receive \$0, sustain a total loss of \$62,500 on our investment during the term of the Unison HomeOwner Agreement, and have no further interest in the property. If you refer back to Section A, Example 3, Outcome 5 (on pages 10-11), you will see that the \$0 payment to Unison shown above is consistent with the amount displayed there.

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Example 4

Example 4 is based on Example 3, Outcome 1, but there are important differences in the assumptions between the two examples. In Example 3, Outcome 1, we assume that your home increases in value by \$50,000, to \$550,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. In that example, 100% of the \$50,000 increase in value is assumed to be the result of market appreciation - rising home prices in the neighborhood in which the property is located. In Example 4, we assume that your home increases in value by \$80,000, to \$580,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. We also assume that \$30,000 of the \$80,000 increase in value is the result of remodeling work you did on your home, and the remaining \$50,000 is assumed to be due to market appreciation. Under the Unison HomeOwner Agreement, it is not intended that Unison share in gains in value that result from your remodeling project. Unison is entitled to share only in the increase in value due to market appreciation, so the **Ending Agreed Value** is adjusted downward by \$30,000 before performing the settlement calculations.

Base Ending Agreed Value = \$580,000 (the actual sale price)

Remodeling Adjustment = \$30,000 (the value of your improvements at the time of sale)

Base Ending Agreed Value	-	Remodeling Adjustment	=	Adjusted Ending Agreed Value
\$580,000	-	\$30,000	=	\$550,000

Therefore, the **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment		Unison MAKES a Payment		
Ending Agreed Value	× Investor Percentage	Unison Purchase Price Balance	=	Net Result To Unison
\$550,000	× 50%	- \$187,500	=	\$87,500
\$275,000		- \$187,500	=	\$87,500

If you refer back to Section B, Example 4 (on pages 24-25), you will see that the \$87,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments (calculated after applying the **Remodeling Adjustment** to the **Ending Agreed Value**) is that we earn a \$25,000 profit on our investment equal to our 50% share (the **Investor Percentage**) of the increase in value of your home due to market appreciation that occurred during the term of the Unison HomeOwner Agreement. We share in a \$50,000 increase in value, not an \$80,000 increase. Therefore, all of the \$30,000 increase in value attributable to your remodeling project benefits you.

Example 5

Example 5 is also based on Example 3, Outcome 1, but there are important differences in the assumptions between the two examples. In Example 3, Outcome 1, we assume that your home increases in value by \$50,000, to \$550,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. In Example 5, we assume that your home increases in value by \$40,000, to \$540,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. We also assume that during the term of the Unison HomeOwner Agreement, you allowed the condition of the property to deteriorate beyond normal wear and tear. The roof is leaking badly and is in need of repairs costing \$10,000. Therefore, the value of your home due to market appreciation, if you had properly maintained it, would have been \$550,000 instead of \$540,000. Under the Unison HomeOwner Agreement, it is not intended that Unison share in losses in value that result from neglected maintenance. Unison is entitled to share in the full increase in value due to market appreciation, so the **Ending Agreed Value** is adjusted upward by \$10,000 before performing the settlement calculations.

Base Ending Agreed Value = \$540,000 (the actual sale price)

Deferred Maintenance Adjustment = \$10,000 (the loss in value due to neglected maintenance)

Base Ending Agreed Value	+	Deferred Maintenance Adjustment	=	Adjusted Ending Agreed Value
\$540,000	+	\$10,000	=	\$550,000

Therefore, the **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment		Unison MAKES a Payment		
Ending Agreed Value	×	Investor Percentage	-	Unison Purchase Price Balance
\$550,000	×	50%	-	\$187,500
\$275,000		-		\$187,500
			=	\$87,500

If you refer back to Section B, Example 5 (on pages 28-29), you will see that the \$87,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments (calculated after applying the **Deferred Maintenance Adjustment** to the **Ending Agreed Value**) is that we earn a \$25,000 profit on our investment equal to our 50% share (the **Investor Percentage**) of the increase in value of your home due to market appreciation that occurred during the term of the Unison HomeOwner Agreement. We share in a \$50,000 increase in value, not a \$40,000 increase. The entire \$10,000 decrease in value due to the neglected maintenance is allocated to you.

Example 6

Example 6 is based on Example 3, Outcome 2, but there is one important difference in the assumptions between the two examples. In Example 3, Outcome 2, we assume that your home decreases in value by \$50,000, to \$450,000, and that you sell it ten years after purchase. In Example 6, we also assume that your home decreases in value by \$50,000, to \$450,000, but now we assume that you sell it during year three of your Unison HomeOwner Agreement. Under the Unison HomeOwner Agreement, if you sell your home during the first three years, the **Ending Agreed Value** will equal the greater of the **Original Agreed Value** and the **Sale Price**.

In Example 3, Outcome 2, the **Ending Agreed Value** is \$450,000, and the **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	= Net Result To Unison
\$450,000	x	50%	-	\$187,500	= \$37,500
<u>\$225,000</u>			-	\$187,500	= \$37,500

The net result of the two simultaneous payments is that we sustain a \$25,000 loss on our investment equal to our 50% share (the **Investor Percentage**) of the \$50,000 decrease in value of your home that occurred during the term of the Unison HomeOwner Agreement.

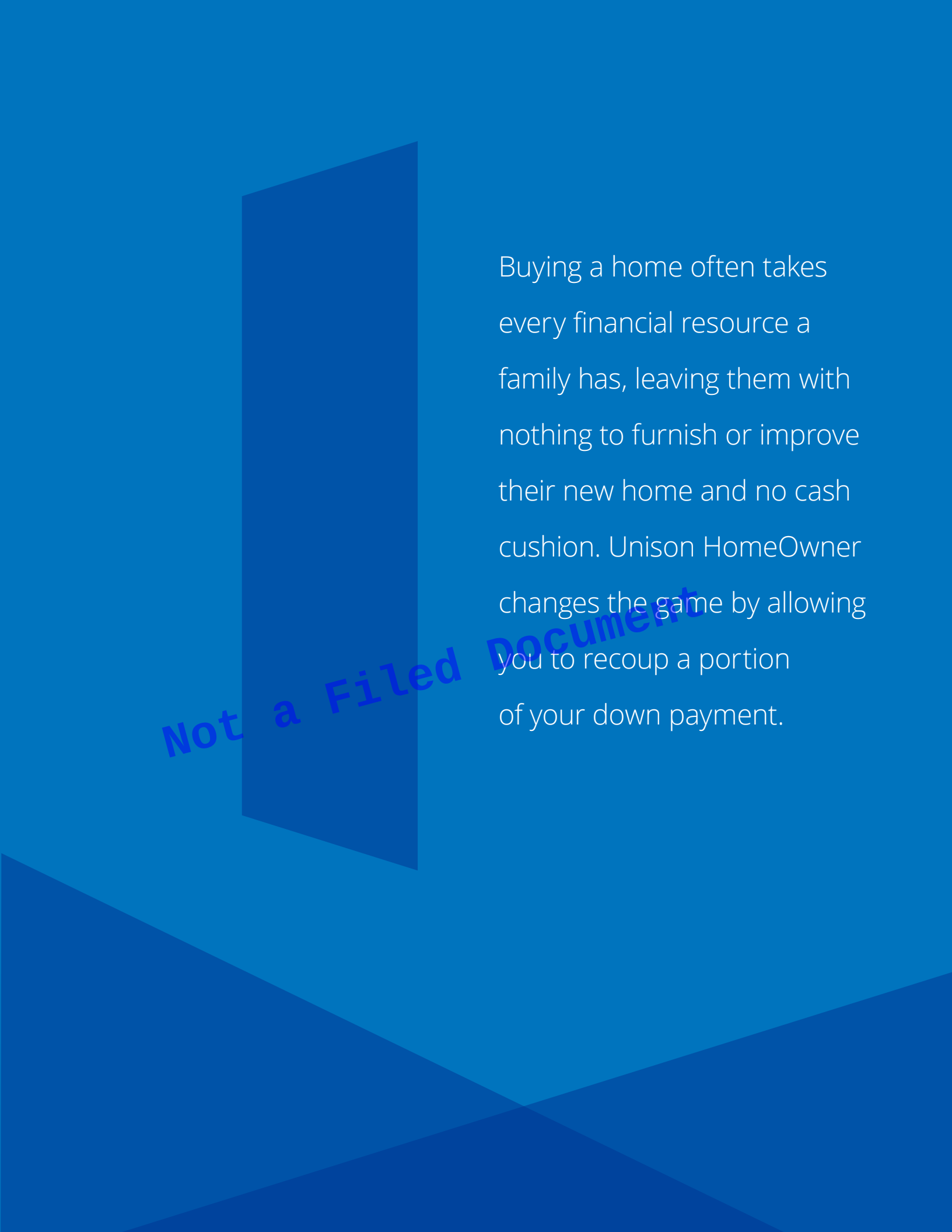
In Example 6, since you are selling during the first three years:

- The **Ending Agreed Value** equals the greater of the **Original Agreed Value** and the **Sale Price**.
- The **Original Agreed Value** = \$500,000, and the **Sale Price** = \$450,000.

Therefore, the **Ending Agreed Value** = \$500,000, and the **Net Result To Unison** is calculated as::

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	= Net Result To Unison
\$500,000	x	50%	-	\$187,500	= \$62,500
<u>\$250,000</u>			-	\$187,500	= \$62,500

If you refer back to Section B, Example 6 (on pages 32-33), you will see that the \$62,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of setting the **Ending Agreed Value** equal to the **Original Agreed Value** during years one through three when the value of your home has decreased is to offset any loss that Unison might have incurred on its investment. Remember, this provision applies only during the first three years of the Unison HomeOwner Agreement. It will not apply if you sell your home after the third anniversary of the purchase date.



Buying a home often takes every financial resource a family has, leaving them with nothing to furnish or improve their new home and no cash cushion. Unison HomeOwner changes the game by allowing you to recoup a portion of your down payment.

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**Unison
HomeOwner**
lets you do
things that will
enrich your life,
without taking
on more debt or
making monthly
payments.

Section H - Part Two: Detailed Calculations For Examples 7 - 8

Section G of this Program Guide contains two numerical examples which demonstrate the operation of the Unison HomeOwner Agreement. These examples are presented in an easy-to-understand and intuitive format. They focus on the economic impact of the agreement between you and Unison under various scenarios of changing home values, specifically under circumstances in which the Unison HomeOwner Agreement transaction requires special pricing.

In Section H, Part Two, we present actual “nuts and bolts” calculations underlying the two examples contained in Section G. It may be helpful for you to review each of the examples in Section G before reviewing the corresponding “nuts and bolts” versions of the examples in this section.

Examples 7 and 8 are based on the following assumptions:

1. The market value of your home at the start of the Unison HomeOwner Agreement, called the **Original Agreed Value**, is determined by independent third-party appraisal to be \$500,000.
2. Unison invests in your home by providing you with a lump-sum cash payment.
 - › In Example 7 we invest \$70,000. The \$70,000 investment we make is called the **Unison Investment Payment**. In return for providing the \$70,000 **Unison Investment Payment**, you agree that we will earn a return on our investment equal to 70% of the change in value of your home. Our 70% share is called the **Investor Percentage**.
 - › In Example 8 we invest \$62,500. The \$62,500 investment we make is called the **Unison Investment Payment**. In return for providing the \$62,500 **Unison Investment Payment**, you agree that we will earn a return on our investment equal to 62.5% of the change in value of your home. Our 62.5% share is called the **Investor Percentage**.

The Unison HomeOwner Agreement is an option contract. It gives Unison the right to purchase a share (equal to the **Investor Percentage**) of your home in the future for an amount called the **Unison Purchase Price**. The **Unison Purchase Price** is equal to the **Original Agreed Value** times the **Investor Percentage**. In Example 7 the **Original Agreed Value** is \$500,000 and the **Investor Percentage** is 70%. Therefore the **Unison Purchase Price** is \$350,000.

Original Agreed Value	x	Investor Percentage	=	Unison Purchase Price
\$500,000	x	70%	=	\$350,000

You can think of the **Unison Investment Payment** as an initial installment on the **Unison Purchase Price**. The remaining portion of the **Unison Purchase Price** is called the **Unison Purchase Price Balance**. It is equal to the **Unison Purchase Price** minus the **Unison Investment Payment**. In Example 7 the **Unison Purchase Price** is \$350,000 and the **Unison Investment Payment** is \$70,000. Therefore the **Unison Purchase Price Balance** is \$280,000.

Unison Purchase Price	-	Unison Investment Payment	=	Unison Purchase Price Balance
\$350,000	-	\$70,000	=	\$280,000

In Example 8 the **Original Agreed Value** is \$500,000 and the **Investor Percentage** is 62.5%. Therefore the **Unison Purchase Price** is \$312,500. The **Unison Investment Payment** is \$62,500. Therefore the **Unison Purchase Price Balance** is \$250,000.

Original Agreed Value	x	Investor Percentage	=	Unison Purchase Price
\$500,000	x	62.5%	=	\$312,500

Unison Purchase Price	-	Unison Investment Payment	=	Unison Purchase Price Balance
\$312,500	-	\$62,500	=	\$250,000

The Unison HomeOwner Agreement typically ends when you decide to sell your home. The value of your home at the end of the Unison HomeOwner Agreement is called the **Ending Agreed Value**. When you sell your home, the **Ending Agreed Value** will typically be equal to the **Sale Price**.

We have the right to “exercise our option” at the end of the Unison HomeOwner Agreement. Exercising our option is the mechanism by which we settle the Unison HomeOwner Agreement and receive the amount we are entitled to. When we exercise our option, two very important things happen.

1. We RECEIVE a payment equal to our percentage share (the **Investor Percentage**) of the **Ending Agreed Value**.
2. We simultaneously MAKE a payment equal to the **Unison Purchase Price Balance**.

Whenever we exercise our option, the amount of the payment we RECEIVE will always be greater than the amount of the payment we MAKE, so to calculate the net result we can deduct the payment we MAKE from the payment we RECEIVE. The **Net Result To Unison** is calculated as:

$$\begin{array}{c}
 \text{Unison} \\
 \text{RECEIVES a Payment} \\
 \text{Ending Agreed Value} \times \text{Investor Percentage}
 \end{array}
 -
 \begin{array}{c}
 \text{Unison} \\
 \text{MAKES a Payment} \\
 \text{Unison Purchase Price Balance}
 \end{array}
 = \text{Net Result To Unison}$$

Once the settlement process is complete, we have no further interest in your home, and the Unison HomeOwner Agreement ends.

Not a Filed Document

Important Note

The Unison HomeOwner Agreement is not intended to be used as short term financing, and Unison does not recommend the Unison HomeOwner Agreement for homeowners who know they will not remain in their homes for more than three years. You can sell your home at any time, but if you choose to sell your home during the first three years of your Unison HomeOwner Agreement and the value of your home has decreased, Unison will not share in any of that decrease in value.

Therefore, under the Unison HomeOwner Agreement, when you choose to sell your home during the first three years and the value of your home has decreased, Unison’s share of the gross sale proceeds of your home will be calculated by setting the **Ending Agreed Value** of your home equal to the **Original Agreed Value**, instead of the **Sale Price**. The impact of this is seen in Example 6. For more information, see Section B, Part 3.

Each of the calculations presented in Part 2 of Section H corresponds with one of the examples presented in Section G.

- › Examples 7 and 8 each contain five outcomes.
 - › Outcome 1 assumes that your home increases modestly in value. You and Unison share in the gain.
 - › Outcome 2 shows the flip side of the coin. When your home declines in value, Unison shares in the loss.
 - › Outcome 3 explains what happens when there is no change in value to share.
 - › Outcome 4 assumes that your home appreciates in value much more considerably, so there is more of a gain for you and Unison to share.
 - › Outcome 5 demonstrates how Unison can lose its entire investment if the value of your home declines very significantly.

As you review the examples, keep in mind that in each scenario over the life of the Unison HomeOwner Agreement you pay no interest and make no monthly payments to Unison on the **Unison Investment Payment** we provide. Only when you sell your home or otherwise terminate the Unison HomeOwner Agreement do we receive a payment.

Note: Figures used in all examples in this Program Guide are for the purpose of illustration only. The terms offered in a specific Unison HomeOwner Agreement may be materially different. Note also that the examples presented in this Program Guide do not take into account any of the costs that you may incur when you sell your home (which you would incur whether or not you had a Unison HomeOwner Agreement). You, and not Unison, will be responsible for paying - either from your share of any sale proceeds or from your other assets - all loans that are secured by liens on the property and all costs you may incur in selling your home (which can typically amount to 6-9% of the selling price), including real estate sales commissions and the cost of an appraisal. If the sale proceeds are not sufficient to pay all of the mortgage loans, commissions and closing costs, and the amount due to us, you are required to make up any shortfall.

At every step along the way, your Unison HomeOwner Program Specialist is available toll-free at 1-800-330-9400 to answer any questions that you, your advisors, or your heirs may have about your Unison HomeOwner Agreement.

Example 7, Outcome 1

In Outcome 1 we assume that your home increases in value by \$50,000, to \$550,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$550,000	x	70%	-	\$280,000	=	\$105,000
\$385,000			-	\$280,000	=	\$105,000

If you refer back to Section G, Example 7, Outcome 1 (on pages 78-79), you will see that the \$105,000 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a \$35,000 profit on our investment equal to our 70% share (the **Investor Percentage**) of the \$50,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 7, Outcome 2

In Outcome 2 we assume that your home decreases in value by \$50,000, to \$450,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$450,000	x	70%	-	\$280,000	=	\$35,000
\$315,000			-	\$280,000	=	\$35,000

If you refer back to Section G, Example 7, Outcome 2 (on pages 78-79), you will see that the \$35,000 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we sustain a \$35,000 loss on our investment equal to our 70% share (the **Investor Percentage**) of the \$50,000 decrease in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 7, Outcome 3

In Outcome 3 we assume that the value of your home does not change, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x Investor Percentage		Unison Purchase Price Balance		=	Net Result To Unison
\$500,000	x 70%	-	\$280,000		=	\$70,000
\$350,000		-	\$280,000		=	\$70,000

If you refer back to Section G, Example 7, Outcome 3 (on pages 78-79), you will see that the \$70,000 **Net Result To Unison** calculated above is consistent with the amount displayed there. Since there is no gain or loss to share, the net result of the two simultaneous payments is that we receive an amount equal to what we originally invested (the **Unison Investment Payment**) and earn no return on our investment during the term of the Unison HomeOwner Agreement.

Example 7, Outcome 4

In Outcome 4 we assume that your home increases in value by \$150,000, to \$650,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x Investor Percentage		Unison Purchase Price Balance		=	Net Result To Unison
\$650,000	x 70%	-	\$280,000		=	\$175,000
\$455,000		-	\$280,000		=	\$175,000

If you refer back to Section G, Example 7, Outcome 4 (on pages 78-79), you will see that the \$175,000 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a \$105,000 profit on our investment equal to our 70% share (the **Investor Percentage**) of the \$150,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 7, Outcome 5

In Outcome 5 we assume that your home decreases in value by \$150,000, to \$350,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$350,000	x	70%	-	\$280,000	=	- \$35,000
$\underbrace{\hspace{10em}}_{\$245,000}$			-	\$280,000	=	- \$35,000 \$0

When the calculated amount is less than zero, Unison will receive \$0.

When we calculate the amounts of the two simultaneous payments, we see that because the value of the home has decreased substantially, the \$245,000 payment Unison would RECEIVE is actually \$35,000 less than the \$280,000 payment Unison would MAKE. Because the maximum loss that Unison can sustain is the amount of the **Unison Investment Payment**, whenever the calculated **Net Result To Unison** is less than zero, Unison will choose not to exercise its option, and the option will expire worthless. The result is that we will receive \$0, sustain a total loss of \$70,000 on our investment during the term of the Unison HomeOwner Agreement, and have no further interest in the property. If you refer back to Section G, Example 7, Outcome 5 (on pages 78-79), you will see that the \$0 payment to Unison shown above is consistent with the amount displayed there.

Example 8, Outcome 1

In Outcome 1 we assume that your home increases in value by \$50,000, to \$550,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment			
Ending Agreed Value	x	Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$550,000	x	62.5%	-	\$250,000	=	\$93,750
$\underbrace{\hspace{10em}}_{\$343,750}$			-	\$250,000	=	\$93,750

If you refer back to Section G, Example 8, Outcome 1 (on pages 80-81), you will see that the \$93,750 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a \$31,250 profit on our investment equal to our 62.5% share (the **Investor Percentage**) of the \$50,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 8, Outcome 2

In Outcome 2 we assume that your home decreases in value by \$50,000, to \$450,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage		Unison Purchase Price Balance	=	Net Result To Unison
\$450,000	x 62.5%	-	\$250,000	=	\$31,250
\$281,250		-	\$250,000	=	\$31,250

If you refer back to Section G, Example 8, Outcome 2 (on pages 80-81), you will see that the \$31,250 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we sustain a \$31,250 loss on our investment equal to our 62.5% share (the **Investor Percentage**) of the \$50,000 decrease in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 8, Outcome 3

In Outcome 3 we assume that the value of your home does not change, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage		Unison Purchase Price Balance	=	Net Result To Unison
\$500,000	x 62.5%	-	\$250,000	=	\$62,500
\$312,500		-	\$250,000	=	\$62,500

If you refer back to Section G, Example 8, Outcome 3 (on pages 80-81), you will see that the \$62,500 **Net Result To Unison** calculated above is consistent with the amount displayed there. Since there is no gain or loss to share, the net result of the two simultaneous payments is that we receive an amount equal to what we originally invested (the **Unison Investment Payment**) and earn no return on our investment during the term of the Unison HomeOwner Agreement.

Example 8, Outcome 4

In Outcome 4 we assume that your home increases in value by \$150,000, to \$650,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$650,000	x 62.5%	-	\$250,000	=	\$156,250
\$406,250		-	\$250,000	=	\$156,250

If you refer back to Section G, Example 8, Outcome 4 (on pages 80-81), you will see that the \$156,250 **Net Result To Unison** calculated above is consistent with the amount displayed there. The net result of the two simultaneous payments is that we earn a \$93,750 profit on our investment equal to our 62.5% share (the **Investor Percentage**) of the \$150,000 increase in value of your home that occurred during the term of the Unison HomeOwner Agreement.

Example 8, Outcome 5

In Outcome 5 we assume that your home decreases in value by \$150,000, to \$350,000, and that you sell it during year 10 of your Unison HomeOwner Agreement. The **Net Result To Unison** is calculated as:

Unison RECEIVES a Payment			Unison MAKES a Payment		
Ending Agreed Value	x Investor Percentage	-	Unison Purchase Price Balance	=	Net Result To Unison
\$350,000	x 62.5%	-	\$250,000	=	- \$31,250
\$218,750		-	\$250,000	=	- \$31,250

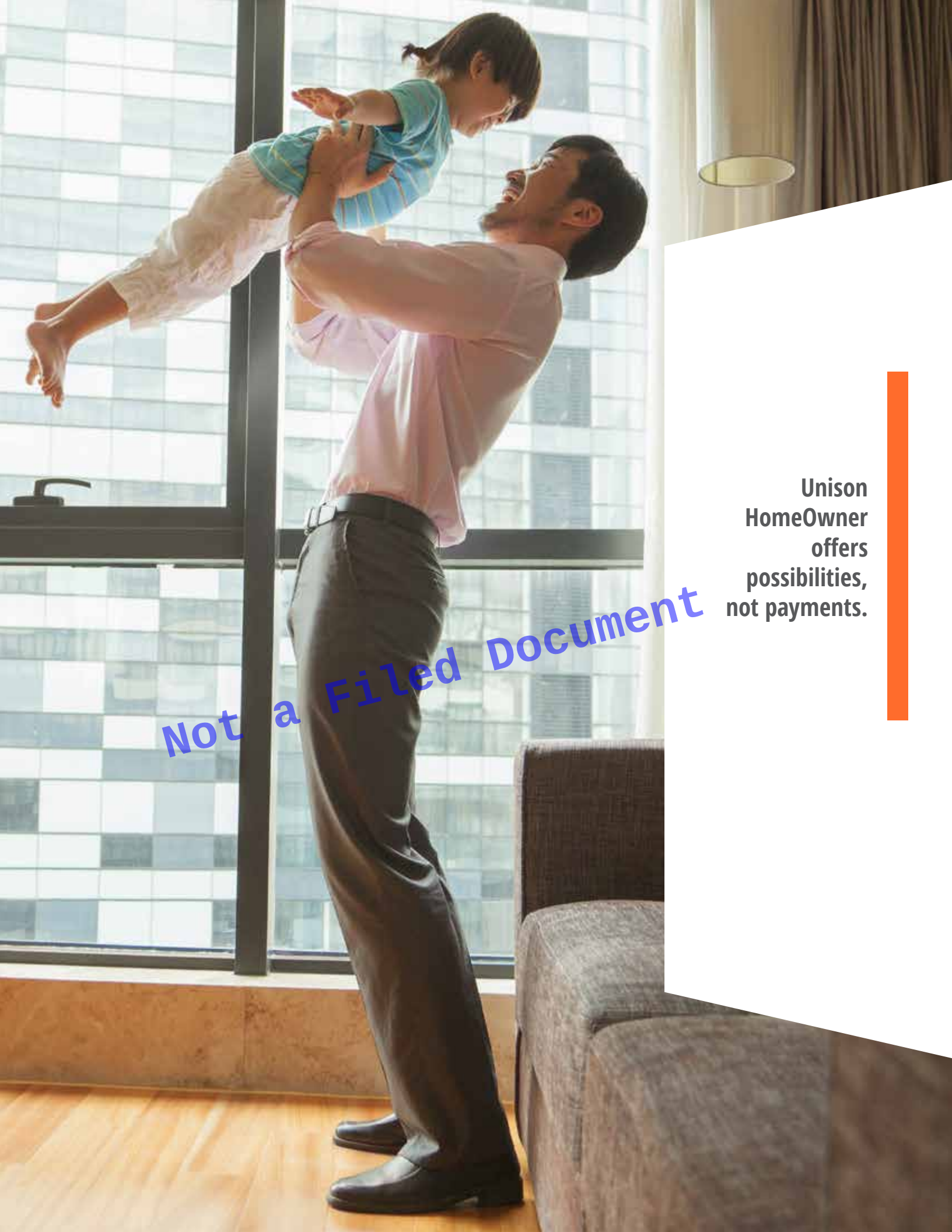
When the calculated amount is less than zero, Unison will receive \$0.

When we calculate the amounts of the two simultaneous payments, we see that because the value of the home has decreased substantially, the \$218,750 payment Unison would RECEIVE is actually \$31,250 less than the \$250,000 payment Unison would MAKE. Because the maximum loss that Unison can sustain is the amount of the **Unison Investment Payment**, whenever the calculated **Net Result To Unison** is less than zero, Unison will choose not to exercise its option, and the option will expire worthless. The result is that we will receive \$0, sustain a total loss of \$62,500 on our investment during the term of the Unison HomeOwner Agreement, and have no further interest in the property. If you refer back to Section G, Example 8, Outcome 5 (on pages 80-81), you will see that the \$0 payment to Unison shown above is consistent with the amount displayed there.



Unison HomeOwner
is designed to be easy
to understand, and we
believe our customer
education process sets
a new standard in the
financial services industry.

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Unison
HomeOwner
offers
possibilities,
not payments.

SECTION I: Glossary Of Terms

Application Package

The materials that Unison provides to the homeowner after they have been pre-qualified and the homeowner indicates they wish to apply for the Unison HomeOwner Agreement. The package includes:

- › Application
- › Brochure
- › Credit Card Authorization Form
- › IRS Form 4506T (request for Transcript of Tax Return)
- › Hazard Insurance Requirements
- › Estimate Of Fees
- › Homeowners' Certification, Authorization & Acknowledgment

See Section C for more information.

Closing Package

The materials that Unison sends to the escrow officer or closing attorney after the homeowner accepts the offer conveyed in the **Offer Letter**. The package includes (but it not limited to):

- › Closing Instructions
- › Estimated **Closing Statement**
- › **Unison HomeOwner Option Agreement**
- › **Unison HomeOwner Covenant Agreement**
- › **Unison HomeOwner Security Instrument**
- › **Unison HomeOwner Recorded Memorandum**
- › Assignment of Agreement
- › Name Affidavit, if applicable
- › **Important Information Notice**
- › Notice And Acknowledgment Regarding Spouses, Partners And Co-Occupants Who Are Not Signatories To The Unison HomeOwner Agreement

See Sections C and F for more information.

Closing Statement

The **Closing Statement** provided at the close of your transaction will show the amount of the **Unison Investment Payment** and specify all fees paid in connection with obtaining the Unison HomeOwner Agreement, either to third parties or to Unison. You will also have the opportunity to review the costs and fees of your transaction in advance of its closing. Both estimated and final **Closing Statements** are prepared for your review and approval.

See Section C for more information.

Deferred Maintenance Adjustment

At any time when the property is sold or the Unison HomeOwner Agreement is otherwise terminated, the **Ending Agreed Value** may be adjusted to reflect any maintenance that should have been performed while the Unison HomeOwner Agreement was in effect. This has the effect of allocating any and all loss in value caused by the neglected maintenance (other than ordinary wear and tear), or conditions which caused a decrease in value of the property not due to market forces to the homeowner, so that Unison does not share in it. Unison will make this determination in good faith, based upon one or more inspections obtained from Unison-approved independent, third-party home inspectors, repair estimates from Unison-approved licensed contractors and/or an appraisal obtained from a Unison-approved independent third-party appraisal firm.

See Sections B, D, E and H for more information.

Ending Agreed Value

The **Ending Agreed Value** is a primary input to the settlement calculations performed at the end of the Unison HomeOwner Agreement. When you end your Unison HomeOwner Agreement by selling your home, the **Ending Agreed Value** is typically equal to the **Sale Price**.

If you end your Unison HomeOwner Agreement by requesting a **Special Termination**, the **Ending Agreed Value** will factor into the calculations that determine the **Special Termination Price**. In this case, as well as in calculations of Unison's interest in the home when there is no **Sale Price**, the **Ending Agreed Value** will typically be the appraised value of your home. With a **Special Termination**, if the value of your home has decreased, the **Ending Agreed Value** will typically equal the **Original Agreed Value**.

If your Unison HomeOwner Agreement ends during the first three years, the **Ending Agreed Value** will equal the greater of the **Original Agreed Value** and the **Sale Price**.

See Sections A, B, E, G and H for more information.

Important Information Notice

A component of the **Offer Package**, the **Important Information Notice** summarizes and reiterates key provisions of the Unison HomeOwner Agreement. It must be returned to Unison along with the signed **Offer Letter** in order for you to formally accept Unison's offer to enter into a Unison HomeOwner Agreement.

See Section C for more information.

Investor Percentage

The percentage of the future change in value of your home that you will typically share with Unison as Unison's return on its investment; also equals the percentage interest in the property that Unison has the right to acquire and you have agreed to sell upon option exercise. Typically, the larger the **Original Agreed Value** and the larger the **Investor Percentage**, the more cash available from the Unison HomeOwner Agreement. The **Investor Percentage** typically ranges from 25% to 70%.

See Sections A through H for more information.

Maximum Authorized Debt

While the Unison HomeOwner Agreement is in effect, the total dollar amount of debt secured by the property is subject to the **Maximum Authorized Debt** limit, which is established at the start of the Unison HomeOwner Agreement. The limit includes any available, but undrawn, credit lines secured by the home.

See Sections D and F for more information.

Negative Remodeling Adjustment

An unusual circumstance in which a **Remodeling Adjustment** may apply if an appraiser determines that your remodeling project has decreased the value of your home instead of increasing it. A **Negative Remodeling Adjustment** will adjust the **Ending Agreed Value** upwards. Examples of remodeling that can decrease the value of the home include converting multiple bedrooms into a large den or removing usable square footage.

See Sections B and E for more information.

Net Result To Unison

The Unison HomeOwner Agreement typically ends when you sell your home. At that time we have the right to exercise our option. When we exercise, two payments are made. Unison RECEIVES a payment equal to the **Investor Percentage** times the **Ending Agreed Value**. Unison simultaneously MAKES a payment equal to the **Unison Purchase Price Balance**. Whenever we exercise our option, the amount of the payment we RECEIVE will always be greater than the amount of the payment we MAKE, so to calculate the net result we can deduct the payment we MAKE from the payment we RECEIVE.

Ending Agreed Value x Investor Percentage - Unison Purchase Price Balance = Net Result To Unison

See Sections A and H for more information.

Offer Letter

Notifies the homeowner that their application for a Unison HomeOwner Agreement has been approved and defines the actual terms that Unison is able to offer, including:

- › The **Original Agreed Value** of the home.
- › The **Investor Percentage** the homeowner will share with Unison.
- › The **Unison Purchase Price**, the **Unison Investment Payment**, and the **Unison Purchase Price Balance**.
- › The **Maximum Authorized Debt**.

The **Offer Letter** details conditions, subject to deadlines, that must be met in order to accept the offer and in order for us to close the transaction.

See Section C for more information.

Offer Package

The package that Unison sends the homeowner after their application has been underwritten and approved. It includes:

- › **Offer Letter**
- › **Important Information Notice**
- › Conditions Of Offer
- › Current Asset Administration Fee Schedule
- › **Total Unison Cost Estimate (TUCE)**
- › Estimated **Closing Statement**
- › Notice And Acknowledgment Regarding Spouses, Partners And Co-Occupants Who Are Not Signatories To The Unison HomeOwner Agreement

See Sections C, D and F for more information.

Option Exercise And Orderly Sale

A process by which Unison may offer to assist a homeowner that is in default on their mortgage or property taxes. The homeowner may elect to accept or reject Unison's offer of assistance. If the offer is accepted, Unison will make one or more **Protective Advances** to cure the homeowner's default, and in return, Unison will be given the right to market and sell the property in an orderly manner. This process is designed to prevent the home from becoming a "distressed" property and going to foreclosure, which may preserve the market value of the property, the value of both the homeowner's and Unison's equity interest in the property, and the homeowner's credit.

See Sections D and E for more information.

Original Agreed Value

The fair market value of the home at the beginning of the Unison HomeOwner Agreement. It is typically determined by an appraisal obtained from a Unison-approved independent third-party appraisal firm. The **Original Agreed Value** is set forth in the **Offer Letter** and agreed to by you and Unison.

See Sections A, B, C, D, F, G and H for more information.

Primary Residence

Defined for purposes of the Unison HomeOwner Agreement as the homeowner(s) using the property as living and sleeping quarters:

- For a total of 180 days or more in any 365-day period
- While also never being absent for 60 or more consecutive days.

See Sections C and G for more information.

Protective Advances

Any monies that Unison is compelled to advance to protect its interest in the property due to inaction on the part of the homeowner (for example, if they fail to pay their property tax bill and Unison pays it). The homeowner will be assessed a service fee each time Unison makes a **Protective Advance** and interest will be charged on the amount advanced until Unison is reimbursed by the homeowner. This is the only circumstance in which interest can ever be payable under the Unison HomeOwner Agreement.

See Sections D and E for more information.

Remodeling Adjustment

Following the third anniversary of the Unison HomeOwner Agreement, when the property is sold or the Unison HomeOwner Agreement is otherwise validly terminated, if you have remodeled your home during the term of your Unison HomeOwner Agreement, then based on an appraisal obtained from a Unison-approved independent third-party appraisal firm, and subject to other conditions, an adjustment to the **Ending Agreed Value** (called a **Remodeling Adjustment**) may be made to reflect the value of the remodeling. This has the impact of allocating all of the gain in value caused by the remodeling to you by adjusting the **Ending Agreed Value** downwards. Examples of remodeling that can increase the value of your home include adding square footage, bedrooms or bathrooms or substantially upgrading the quality of existing features such as major kitchen renovations. The Unison HomeOwner Agreement specifies what types of remodeling qualify for the **Remodeling Adjustment**.

See Sections A, B, E and H for more information.

Unison HomeOwner Agreement

The Unison HomeOwner Agreement is a real estate investment agreement comprised of four related legal documents. It enables homeowners to unlock a portion of their home equity and convert it into immediate cash without incurring any additional debt, in exchange for an investor right to earn a return on investment based on the future change in value of the home. The Unison HomeOwner Agreement is not a form of debt so there are no interest charges and no monthly payments associated with the cash provided to the homeowner by Unison.

See Sections A through H for more information.

Unison HomeOwner Covenant Agreement

One of four legal documents that comprise the Unison HomeOwner Agreement. It spells out your rights and responsibilities under the Unison HomeOwner Agreement throughout its term and defines the various ways in which the Agreement can end.

See Section F and review the actual **Unison HomeOwner Covenant Agreement** for more information.

Unison HomeOwner Option Agreement

One of four legal documents that comprise the Unison HomeOwner Agreement. It grants Unison an option to purchase a specified percentage of your home at certain times and upon the occurrence of certain events for a specified amount. It contains the basic financial terms of the Unison HomeOwner Agreement option and describes how the option mechanism works, and the events that trigger option exercise.

See Section F and review the actual **Unison HomeOwner Option Agreement** for more information.

Unison HomeOwner Recorded Memorandum

One of four legal documents that comprise the Unison HomeOwner Agreement. It is recorded in the public records in the jurisdiction where the property is located. It notifies third parties of:

- › Unison's option interest.
- › The homeowner's and Unison's responsibilities under the Unison HomeOwner Agreement.

See Section F and review the actual **Unison HomeOwner Recorded Memorandum** for more information.

Unison HomeOwner Security Instrument

One of four legal documents that comprise the Unison HomeOwner Agreement. It is a Deed Of Trust or Mortgage depending on what state you live in and is recorded as a lien on the home in the public records of the jurisdiction where the property is located. It protects Unison in case you fail to abide by the **Unison HomeOwner Option Agreement** or **Unison HomeOwner Covenant Agreement**, or refuse to recognize Unison's interest in your property.

See Section F and review the actual **Unison HomeOwner Security Instrument** for more information.

Unison Investment Payment

The cash payment received by the homeowner and the amount Unison invests in the home at the start of the Unison HomeOwner Agreement; also the portion of the **Unison Purchase Price** that is paid to the homeowner at the start of the Unison HomeOwner Agreement.

See all Sections, A through H, for more information.

Unison Purchase Price

The total amount that Unison pays or credits to the homeowner to purchase its percentage of the property. The **Unison Purchase Price** is equal to the **Original Agreed Value** multiplied by the **Investor Percentage**. A portion of the **Unison Purchase Price** is paid at the beginning of the Unison HomeOwner Agreement (the **Unison Investment Payment**), and the balance is paid when the option is exercised or the Unison HomeOwner Agreement is otherwise validly terminated (the **Unison Purchase Price Balance**).

See Sections A, B, D, E, F, G and H for more information.

Unison Purchase Price Balance

The unpaid portion of the **Unison Purchase Price** after the **Unison Investment Payment** has been paid. Upon option exercise Unison can complete its purchase of an undivided percentage interest in the property by making a payment equal to the **Unison Purchase Price Balance**.

See Sections A, B, E, F, G and H for more information.

Sale Price

The gross **Sale Price** to a bona fide arm's length third-party buyer, including any non-cash consideration, without any deduction for any closing costs, taxes, liens, secured loans, sales commissions or appraisal expenses. Referred to in the **Unison HomeOwner Covenant Agreement** as the Effective Sale Price.

See Sections A, B, D, E, G and H for more information.

Special Termination

The process by which the homeowner can end the Unison HomeOwner Agreement after the third anniversary prior to the natural expiration of its term.

See Sections A, B, D, E and F for more information.

Special Termination Price

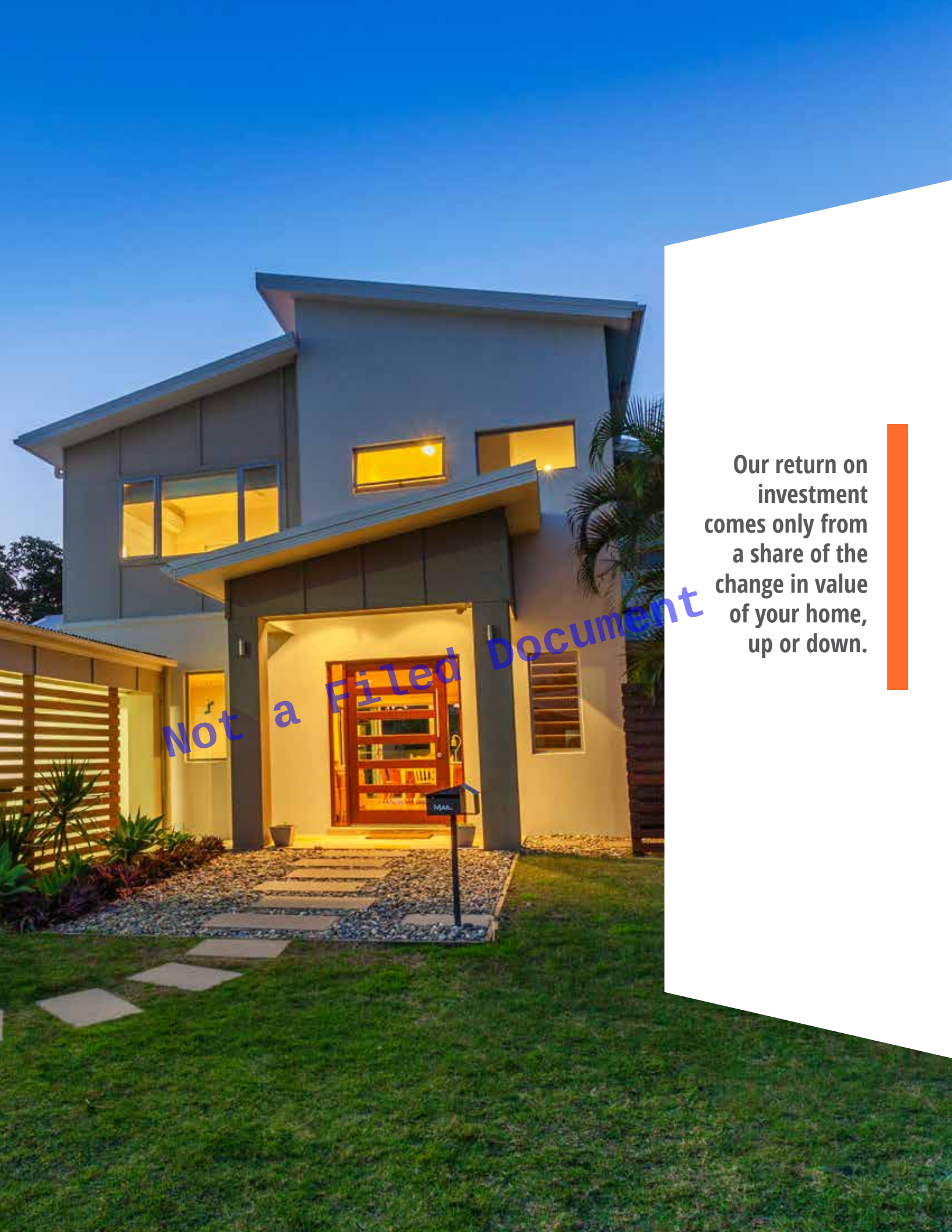
The amount the homeowner pays to Unison in order to end their Unison HomeOwner Agreement after the third anniversary by requesting a **Special Termination** prior to the natural expiration of the Unison HomeOwner Agreement. Assuming the value of the home has increased during the term of the Unison HomeOwner Agreement, this amount is typically equal to the proceeds Unison would have received had the home been sold for an amount equal to its appraised value at the time of the **Special Termination**. The minimum **Special Termination Price** is equal to the amount of the **Unison Investment Payment**.

See Sections A and E for more information.

Total Unison Cost Estimate (TUCE)

A disclosure that provides you with an estimate of the annual cost of the Unison HomeOwner Agreement, assuming various terms and various rates of annual home price appreciation and depreciation.

See Section C for more information.



Our return on investment comes only from a share of the change in value of your home, up or down.

SECTION J - Asset Administration Fee Schedule¹

Changes To Title:	\$300.00
Addition of Unison HomeOwner Agreement signatory	
Removal of Unison HomeOwner Agreement signatory	
Other changes to title including change of title to trust	
Advances Made By Unison (per advance) Due To Non-Payment Of:	\$250.00²
Property insurance payment	
Property tax payment	
Deferred maintenance	
Mortgage and other unpaid obligations	
Processing Subordination Requests:	\$300.00
Recording And Reconveyance (per document):	\$75.00
Release of lien	
Quitclaim deeds	
Other requested release documentation	
Payoff Estimate (per request, when requested more than once per calendar year)	\$75.00
Special Termination	\$1250.00
Processing Of Property Sale	\$650.00
Administering Owner Events Of Default	\$500 - \$3500 (estimated)³

In addition to the administration fees itemized above, other actual, necessary, bona fide, reasonable, out-of-pocket fees and costs, customary to the area, which are paid by Unison to third parties (including persons and entities retained by Unison) may be charged to the homeowner from time to time during the term or at the termination of a Unison HomeOwner Agreement, including fees and costs related to title, legal, recording, and appraisal, whether incurred in connection with homeowner default or termination.

The above listed fees are based on the current costs of the service provided. These fees are subject to change as the actual costs of providing any such services change. If a fee has changed at the time the homeowner requests any one of the above services, a disclosure of the then-current charge will be provided to the homeowner. Please note that additional fees for expediting requests may apply.

¹ Current as of February, 2017. Subject to change.

² Plus interest on amounts advanced, in accordance with the Unison HomeOwner Agreement.

³ The range of administrative fees that may be charged by Unison in connection with homeowner defaults is an estimate only, given the difficulty of actually predicting the internal cost to Unison of processing such defaults. As a result, the actual amount of such fees may vary depending on the duration, and difficulty of resolution, of any given homeowner default. In unusual cases, such fees may significantly exceed the estimates given here. Under no circumstances, however, shall Unison charge any administrative fees in connection with a homeowner default unless such fee is customary, reasonable, bona fide, imposed in good faith, and demonstrably appropriate in relation to the event of default.

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Unison Home Ownership Investors

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Unison expressly reserves the right to modify, change, or waive certain terms and conditions on which a Unison HomeOwner Agreement may be offered, in their sole discretion, to the extent permissible by law. Information, policies and procedures described in this Program Guide are subject to change without notification. AZ DRE #CO670710000, CA BRE License #2012710, CT REB License #0791352, DC REC License #C098374562, IL DFPR License #478026863, MA BR License #422177, MD REC License #6027, NJ REC License #1649879, NY DL License #10991223540, OR REA License #201219728, PA EN #6428873, VA REB License #0226-025731, WA DL License #19288. Unison is an independent investor and is not affiliated with any bank or lender.

Version UHO-8037 dated October 2017.
Contact Unison to ensure you have the latest information.

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May 2023 Unison Program Guide



Program Guide

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May 2023



What we do

Owning a home is big investment. Unison helps you free up cash by tapping into your home's equity. And we do it without any of the downsides associated with traditional lenders.

Here's how

We offer a smart alternative to a traditional loan or line of credit by letting you convert existing equity in your home to cash. Unlike a loan, with a Unison home equity sharing agreement, there are no monthly payments or interest charges. We're able to do this by extending a cash payment to you today in exchange for an option to share in your home's change in value, up or down. You make no payments to us until you sell your home or 30 years pass.

At that time, we'll settle up based on the value of Unison's option, and you'll owe us an amount equal to the cash payment we gave you, plus or minus a percentage of your home's change in value.

Learn more

Curious about how our program works? Want to see the math? Keep reading and we'll walk you through the basics.

What is Unison?

We're a San Francisco-based real estate investment company that's been helping homeowners since 2004.

All of us are committed to common-sense alternatives to debt financing and our leadership team are all well-seasoned, highly respected real estate finance professionals.

Our work has earned us accolades from national publications, including:

Wall Street Journal, New York Times, and Forbes.

How it works

1

We give you a cash payment for up to 15% of your home's current market value.

2

You use the money however you want. You don't make any payment to us until you sell your home (or 30 years pass).

3

Ready to move? Great. When the sale goes through, you'll make a single payment to us from the sale's proceeds. Regardless of whether your home's value goes up, down, or stays the same, you will benefit. We'll show you how on page 13.

What's the catch?

The short answer: There isn't a catch. So, how do we survive if we're waiting upwards of 30 years for our investments to come back? Are we just really patient people? Actually, yes. Our investors are big institutions (think university endowment funds, pension funds, etc.) with patient capital focused on a long-term investment horizon. This is why we can offer our money for up to 30 years without monthly payments or interest charges.

Take a good close look

We want you to make the best decision for you and your family. And while we do our best to explain everything, we highly recommend you carefully review the Unison HomeOwner Agreement and other information about our program available online. It's a good idea to do this with family members, as well as with your legal and financial advisors. In fact, we advise you to do so. Your Program Specialist will be happy to provide you with all the necessary documents.

Your home equity is yours.

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NOTE: The examples we provide in this guide are only examples. The specific package we offer you may vary due to a few factors, including: a) your property's value b) your credit history c) your financial profile and d) the packages we're able to offer at that time. We will always let you know (in writing) exactly what you're being offered prior to final approval of your application.

The basics: Unison 101

When we begin working together, we give you a cash payment. This cash payment is referred to as the Initial Payment and in exchange, it allows us to invest in a percentage of your home's future value alongside you, up or down. Choosing to receive less money from us today means the percentage in which we share will be lower, and choosing to receive more money means that percentage will be higher (pages 8–9). We'll let you know what you qualify for — the amount you choose to unlock is for you to decide.

Once you receive your payment, you're free to do whatever you want:

fund a remodeling project, pay for tuition, start a business, etc. Until you sell (or 30 years pass), there won't be much interaction with us — unless you need us. All you need to do during that time is keep your home in good repair and stay current on your mortgage, real estate taxes, insurance, etc. You're still the owner of the home, so all the advantages of owning are completely yours, including any tax advantages.

When you sell your home (or 30 years pass) your agreement with Unison ends. This is when you'll send us a payment equal to our Initial Payment, plus (or minus, in some cases) our portion of the change in your home's value. Read on for some examples to see how this works.

Unison HomeOwner vs. Other options

You already know there are a lot of financing options out there. And you also probably know many of them aren't that great for homeowners. We noticed that, too, which is why we created HomeOwner. If you're wondering how we stack up against more traditional financing, here's a quick breakdown:

Us	Them
Unison HomeOwner: With us, there are no interest rates or monthly payments. In addition, you control the length of the term by deciding when to sell your home. You can also buy out the Unison agreement at any time without a sale transaction (called a Special Termination, which is discussed more below). This gives you the flexibility to do what's best for your family. NOTE: There is a maximum term of 30 years. We only get a portion of the future change in value. All the home equity you build after we start working together remains yours; we just convert a portion of it to cash for you.	Home Equity Loans: (for example, home equity lines of credit) These provide access to cash, but require monthly payments, often over a short ten-year term. Another downside is that many of these have a variable interest rate, which can end up costing you a lot more than you budgeted. Not ideal (unless you're the bank).
	Reverse Mortgages: With reverse mortgages, your home's equity typically decreases over time. That means, over a period of time, a reverse mortgage can actually consume 100% of your home equity, leaving you with a big financial loss. On top of that, it's difficult to qualify due to age and debt restrictions — all situations that are not ideal.

Is Unison HomeOwner right for me?

We know you're the only one who can ultimately determine which products and solutions are best for you and your finances. But as general guidelines, Unison might be right for you if:

1. You have lived in your home and built up equity,
2. You plan to stay in place for a while (we suggest at least five years, as the benefits of Unison kick in over time) and
3. You need access to cash without an additional monthly financial burden.
For example, you can use Unison to fund a remodeling project, consolidate debt or retire more comfortably.

Have questions? Reach out. We're always happy to discuss your unique situation and make sure it's the right fit for you.

How much money can I get?

The amount of Unison's Initial Payment to you depends primarily on your home's value (that's usually the appraised value) and the Investor Percentage (that's the percent of the change in value that goes to us). In practice, we typically arrive at an Initial Payment amount and Investor Percentage like this:

Breakdown	
A	Your home's value This is the first consideration when determining how much you're eligible to receive. Simply put, the more your home is worth, the more cash we're able to provide. The less it's worth, the less we can provide.
B	The percentage of your home's value + Initial Payment We can provide an Initial Payment to you for up to 15% of your home's value today.
+	
C	If your house is worth \$500,000 we can, for example, multiply that by 10% to arrive at an Initial Payment of \$50,000 if that's what you need. Which leads to...
D	Investor Percentage This is what determines how much of your home's change in value is paid to us later, and it is tied to how much money you receive. In a typical HomeOwner deal, the Investor Percentage is calculated by multiplying the percentage of your home's value you are receiving today by four. So, if you receive 10% of your home's value today, the Investor Percentage is likely going to be 40%. Choosing to receive less money from us will result in a lower Investor Percentage, and receiving more money from us will result in a higher Investor Percentage. Regardless, our minimum Investor Percentage is 20% and our maximum is 60%.

NOTE:

- The maximum Initial Payment amount you can receive from Unison is \$500,000 or 15% of your home's value — whichever is lower. Our minimum investment size is \$30,000.
- There is a 5.0% risk adjustment applied to the property value at origination to set the Original Agreed Value. This 5.0% adjustment to your home's appraised value helps account for the uncertainty inherent in the appraisal process. It also allows Unison to deliver your home equity sharing agreement faster and without the added costs of multiple appraisals. But we still provide you the Initial Payment based on your home's appraised value, without a risk adjustment applied
- There is a one-time transaction fee equaling 3.9% of the Initial Payment due to Unison at closing, which is deducted from the Initial Payment you receive.
- Additionally, you are responsible for third-party costs such as appraisal, inspection and settlement costs (includes title, state taxes and recording fees). Appraisal fees generally range from \$450 to \$1,250, inspection costs range from \$650 to \$1,050 and settlement costs range from \$700 to \$1,750, depending on the area. Your exact costs will be provided to you prior to closing and are deducted from the Initial Payment you receive.

Here you'll see how your home's value and the amount of money you receive affects the Investor Percentage. In these examples, we chose homes worth \$1,000,000 and \$500,000, respectively. Since the most you can receive is 15% of your home's value (with a max of \$500,000), we start with 15% and go down from there.

Your Initial Payment & the Investor Percentage

A	B	C	D
Home's value	Percentage of home value	Would provide you with	In exchange for an investor percentage of
\$1,000,000	12.5%	\$125,000	50%

Let's look at that again with some different numbers...

How much money we can provide largely depends on your home's value and the Investor Percentage. As you may recall, the Investor Percentage is the portion of your home's appreciated value due to us at the time of sale. Let's take a look at how the numbers break down in some additional possible situations:

A	B	C	D
Home's value	Percentage of home value	Would provide you with	In exchange for an investor percentage of
\$1,000,000	15%	\$150,000	60%
	7.5%	\$75,000	30%
	5%	\$50,000	20%

You can see that choosing the highest percent of your home's starting value gives you the most money, but it also requires a higher Investor Percentage.

A	B	C	D
Home's value	Percentage of home value	Would provide you with	In exchange for an investor percentage of
\$500,000	15%	\$75,000	60%
	12.5%	\$62,500	50%
	7.5%	\$37,500	30%
	5%	\$25,000	20%

NOTE: The numbers in the tables are for a client with average/above average credit, whose Unison HomeOwner Agreement is made on their primary residence, and whose home is typical of other homes in the neighborhood. In situations where a client has below-average credit or otherwise differs, the money offered may be lower and/or the Unison Investment Percentage higher. To focus on how the Initial Payment impacts the Investor Percentage, the above values do not take into account transaction fees, closing costs, or the Risk Adjustment. Please refer to page 8 for a detailed breakdown of the fees, and page 12 for a detailed explanation of the Risk Adjustment. Your Program Specialist will discuss your specific transaction terms with you.

What can I do with the money?

The short answer is “anything!” However, we highly recommend clients use it for something of long-term benefit. Most commonly, people use it for things like remodeling their home, paying for college, starting a business, making a down payment on a rental property, or funding retirement.

Another excellent idea is to use your Unison payment to diversify your investments. Since a house can tie up a large percentage of your portfolio, being able to take out some of that equity and invest in stocks and/or bonds can help prevent putting too many eggs in one basket.

In some cases, we may require that some of your payment from Unison go towards paying down debt, or making fixes to your home. We may not know whether this is required until after you have submitted your complete application for review.



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How does Unison determine the home's change in value?

So far, we've discussed how your home's starting value determines how much money you can receive when you enter into an equity sharing agreement with Unison. We've also gone over how Unison's equity sharing agreement allows us to share in your home's change in value over time.

Two other important terms you should know are Original Agreed Value ("OAV") and Ending Agreed Value ("EAV"). The difference between these two values is the change in value in which Unison shares.



Let's explore what happens when your home's value goes up, down or stays the same. You'll notice that, depending on the amount of equity you choose to access in the beginning, how much your benefit changes in the end. This example assumes:

- The home's value at the start of the Agreement is \$500,000
- The Initial Payment provided to the client is \$50,000 and the amount of change in value in which Unison shares ("The Investor Percentage") is 40%.

Value at the start of the Agreement and the Risk Adjustment

Your home's Original Agreed Value is the value we agree on at the start of your Unison Agreement. It's determined by applying a small adjustment to the Original Appraised Property Value.

Original Agreed Value = Appraised Value – 5.0%

For example, if your home has an Original Appraised Property Value of \$500,000, your Original Agreed Value will equal \$475,000. This 5.0% adjustment to your the Original Appraised Property Value helps account for the uncertainty inherent in the appraisal process. It also allows Unison to deliver your home equity sharing agreement faster and without the added costs of multiple appraisals.

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Value at the end of the Agreement

Ending Agreed Value is the value we agree on at the end of your Unison Agreement — generally, when you sell your home or 30 years pass — and it's determined by the sales price or the final appraised value.

Let's say you sell your home for \$575,000:

Home's change in value = \$575,000 (EAV) – \$475,000 (OAV) = \$100,000

This \$100,000 difference between the Ending Agreed Value and the Original Agreed Value is shared between you and Unison, in proportions that will vary with the size of the Initial Payment you selected at the beginning (our share is the "Investor Percentage"). Keep in mind as we go forward that what your home appraises for today (the Original Appraised Property Value) will receive a 5.0% risk adjustment for purposes of setting your Original Agreed Value.

Unison sample scenarios

Over the next few pages, you'll find a few examples of what a basic agreement with Unison looks like, start to finish. We hope these sample scenarios will help you get a better feel for how the program works and why it's beneficial.

Home's Original Appraised Value	Percentage of home value	To give you a payment of	In exchange for an Investor Percentage of	Original Agreed Value
\$500,000	10%	\$50,000	40%	\$475,000

Then let's say 10 years after we begin working together, you decide to sell your home.

If your home's value increases

We make a profit and so do you.

Sale price (EAV)	Change in value (From the OAV)	Unison 40% share	To Unison	To You
↑ \$575,000	\$100,000	+ \$40,000	\$90,000	\$485,000

Distribution of sale proceeds
Sale price - Unison payment = Proceeds to you

If your home's value decreases

We share in the loss, which reduces your loss. That means you lose less than you would have without Unison.

Sale price (EAV)	Change in value (From the OAV)	Unison 40% share	To Unison	To You
↓ \$375,000	\$100,000	- \$40,000	\$10,000	\$365,000

Distribution of sale proceeds
Sale price - Unison payment = Proceeds to you

If your home's value stays the same

Sale price (EAV)	Change in value (From the OAV)	Unison 40% share	To Unison	To You
→ \$500,000	\$25,000	+ \$10,000	\$60,000	\$440,000

Distribution of sale proceeds
Sale price - Unison payment = Proceeds to you

NOTE: The sample scenarios above do not include any transaction fees or settlement costs and do not take into account any Equity Appreciation Limit (see page 21).

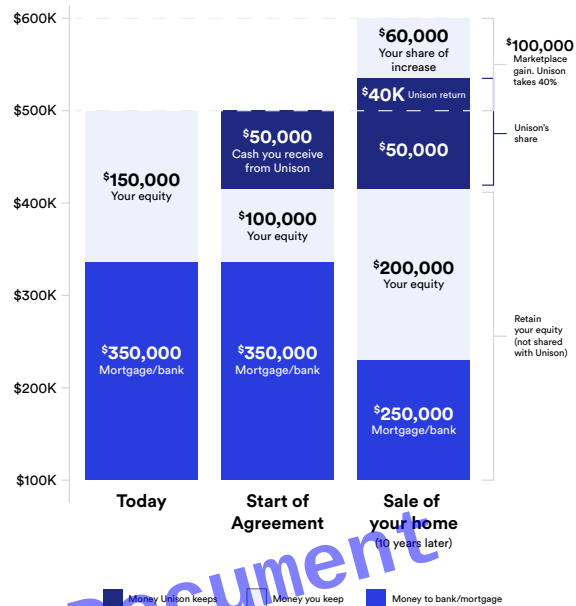
A more detailed breakdown

The following two scenarios show what happens with mortgage paydowns and remodeling over the course of your Unison Agreement.

It's good news for you on both fronts: you keep the equity you build through mortgage payments and remodeling work.

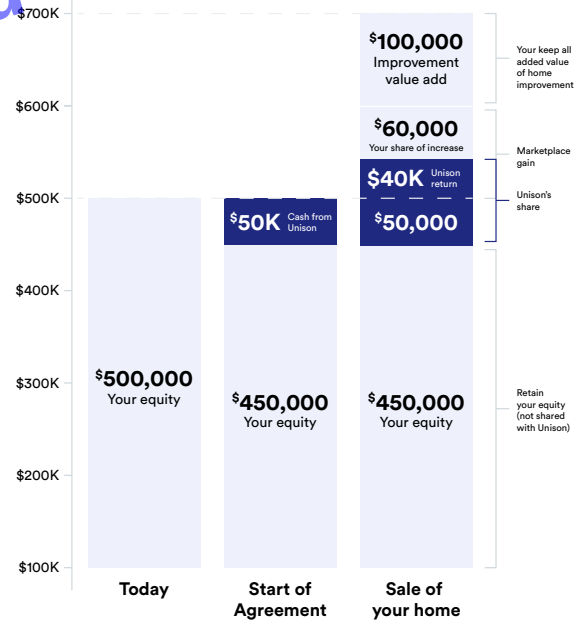
You keep the equity you build

This example focuses on mortgage payments. Here you'll see how the initial mortgage balance of \$350,000 decreases with time (as you make the monthly payments). Also note how the corresponding equity you gain from doing so only benefits you, not Unison.



You keep gains from remodeling work

This example focuses on what happens when you remodel your house while working with Unison. Here you'll also see that any documented change in your home's value due to remodeling is 100% yours after the third anniversary of your Unison Agreement.



NOTE: To focus on how Unison Agreement impacts the equity you build through mortgage payments and remodeling work, the above values do not take into account transaction fees, closing costs, or the Risk Adjustment. Please refer to page 8 for a detailed breakdown of the fees, and page 12 for a detailed explanation of the Risk Adjustment.

What's an Option Contract?

Our concept is simple: we invest in a person's home today in exchange for a percentage of its change in value later on. But how the underlying contract (called an Option Contract) works can seem a bit complicated.

First though, we want to take a moment here to recognize that the math we've presented in the sample scenarios so far is different than the math in the Option Contract mechanics. That said, we want to emphasize that the amount you receive at the beginning and the amount Unison receives at the end is the same under both.

When it comes to your home, Unison's Option Contract essentially states that we're willing to pay, say, 40% of your home's value today in exchange for getting 40% of its value in the future.

You've seen this 40% before — it's called the **Investor Percentage**, which is the percentage of your home's future change in value that Unison has the option to purchase, for a price we agree on today. What Unison pays you for its Investor Percentage is called the **Total Option Price**. Now here's where it gets tricky, so pay attention. The Total Option Price comes to you in two parts.

1

Initial Payment — this is the money we give you at the beginning of your Agreement.

2

Balance Payment — that is what we still owe you when our Agreement ends to *complete* the purchase of our 40% share.

The HomeOwner Agreement is an Option Contract that enables you to convert your home's equity into cash while avoiding additional debt.



For example, say we invest with you on a home with an Original Appraised Property Value of \$500,000, and an Original Agreed Value of \$475,000 after the Risk Adjustment. You'll grant us the option to purchase 40% of your home's Original Agreed Value and that option costs us \$190,000 (40% of the OAV). Part of that — a sum of \$50,000 — is given to you upfront as an Initial Payment.

Then we wait — for up to 30 years. You

get to live in your home and use the cash from your Unison Agreement however you like, with no interest or monthly payments due to Unison.

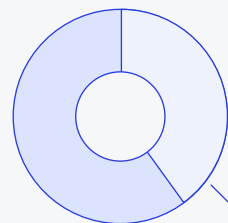
Hopefully, the home appreciates in that time so that we can both share in the gains.

Then, let's say you sell your home for \$600,000. Here's what happens:

Unison has an option to receive 40% of that sale price, which equals \$240,000 (40% of that sales price). But to get it, we have to complete our option purchase, by crediting you with the Balance Payment of \$140,000. So to settle up, we deduct the \$140,000 we owe you from the \$240,000 you owe us. The remaining \$100,000 is what Unison gets. The rest of the sales price goes to you (although you still have obligations like your remaining mortgage to pay off).

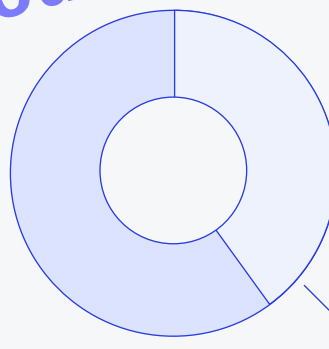
So that's how it all works. 40% of your home's Original Agreed Value now in exchange for getting 40% of its Ending Agreed Value when you sell or end the Agreement. We give you some of that 40% up front and the rest carries over until the Agreement ends. Then we settle up and share in the ups (or downs) together.

Value of home at Agreement is \$500,000



The initial payment for Unison's option for 40% of your home's value is \$50,000

Value of home when you sell is \$600,000



The balance payment for Unison's option for 40% of your home's value is \$140,000

Option to receive 40% of \$600,000 sale price equating to \$240,000

What ifs?

Answers about remodeling,
home maintenance, restrictions
and Equity Appreciation Limit
before the fifth year

Curious about a couple 'what if' scenarios
that might occur over your life as a
homeowner? We've got you covered.



The Remodeling Adjustment

Remodeling can turn an average home into a place that makes you want to throw a dinner party every Friday. And, of course, it doesn't hurt that it can increase your home's asking price when you decide to sell it. You'll probably be happy to know that with a Unison Agreement, any significant and documented increase in your home's value attributed to your remodeling work, like a new kitchen or master suite, is entirely yours — as it should be. We ensure this through a feature called the Remodeling Adjustment.

It works like this: before you begin any significant remodeling project, just let us know. We'll make sure you know how to document your project, so that you are credited with a Remodeling Adjustment when you decide to sell your home or end our agreement.

That includes preparing clear, detailed photos of your property in its original condition before the remodeling work — you'll need to submit these whenever you request an adjustment. These photos need to be varied (meaning detailed shots as well as wider-scope ones) so that an independent, third-party appraiser can visually compare the previous condition of the property with the current one. They will decide how much of the home's increase in value is attributable to remodeling.

**Remodeling isn't just a dream.
Make it a reality with Unison.**

We'll also make sure you have the other guidelines laid out in the Unison HomeOwner Agreement, such as using licensed contractors and applying for proper permits, to ensure your adjustment can be made.

Once the Remodeling Adjustment amount is determined by the appraiser at the end of the Agreement, that amount is deducted from the Ending Agreed Value before we calculate our share in the change in value.

Please note that while you can remodel or sell your home at any time, the Remodeling Adjustment only applies after the three-year anniversary of your Unison Agreement.

Refer back to the example titled “You keep the gains from remodeling work”

on page 14 to see this in action. This appraisal helps determine how the \$100,000 of added value to the home's sale price due to home improvement, is in turn adjusted from the return to Unison, and therefore remains yours.

NOTE: The cost of a remodeling project is not one and the same with how much your home's value increases. For example, if adding a new bedroom and bath costs you \$40,000, it's possible your home's value may only increase by \$30,000. Routine home up-keep and maintenance (e.g., replacing carpet or paint) will not qualify for a Remodeling Adjustment.

**Renovating a home can be
hard work, which is why all
the value you add goes to you.**

Deferred Maintenance Adjustment

During your Agreement with Unison, we trust that you will keep your property in good condition. While we obviously anticipate there will be some wear and tear (we know children, and some adults for that matter, aren't always gentle), but still, excessive damage and deterioration aren't expected. That's where something called a Deferred Maintenance Adjustment comes in.

Deferred Maintenance Adjustments are made in cases where a loss in property value is due to poor upkeep. In such instances, the property's loss in value is theoretically added to the sale price for the purposes of settling our agreement fairly. For example, if you sell your home for \$400,000 and an appraiser determines that this value was \$30,000 less than it should have been because of extensive termite damage, Unison would make a Deferred Maintenance Adjustment when figuring out your return to us. To figure out the fair change in value, we would add the \$30,000 loss of value due to termite damage to the selling price, bringing it to \$430,000, and then determine your return based on the same Initial Payment plus appreciation share like normal (see page 13). This essentially puts the loss of \$30,000 on you since your action (or inaction) caused the loss, rather than market forces.

NOTE: The amount of the Deferred Maintenance Adjustment is always decided by one or more third party appraisals, inspections, or repair estimates.

Restriction Period

Since your home is yours, you are always free to sell it at any time during your agreement with us. However, as we mentioned earlier, we recommend customers only sign a contract with us

if they plan to stay in their home for at least five years. That's how the Unison equity sharing agreement was designed to be used, as the major advantages of working with us kick in over time. Because we only encourage you to use Unison for long-term financing, we have built in a restriction period where some homeowner benefits will not be available.

- **Sharing in a decrease in your home's change in value if you sell.** In the case that you wish to move in the first five years, the transaction would proceed as usual except if the home's value has gone down. During the restriction period, Unison does not share in a decrease of value – meaning the Ending Agreed Value for your property will be at least equal to the Original Appraised Property Value, even if your property value has decreased since the start of your agreement. Thus, at a minimum, you'll have to pay the Initial Payment (together with any amounts attributed to the Risk Adjustment). Due to the Risk Adjustment, the amount due when a sale occurs during the restriction period can be greater than the initial investment you received from Unison by 20% or more.
- **Remodeling Adjustment.** As discussed at the start of Chapter 3, Unison will not share in the value attributed to home remodeling projects. However, you are eligible for a remodeling adjustment only after the third anniversary of the Unison Agreement.

NOTE: Some agreements are only subject to a three-year waiting period before Unison shares in a decrease in value. Check with your Unison representative to see which applies to you.

Deferred Maintenance Addendum

Prior to signing an agreement with Unison, we typically require a home inspection. While many inspections don't reveal anything new (maybe a lost sock?), they sometimes uncover defects or conditions that can affect the property value if not addressed.

For example, an inspection might reveal significant rot in the framing under the home's main living area. Issues like this may worsen over time, thus negatively impacting the property's future value and desirability.

If a significant issue(s) is found during the inspection, Unison may make note of it in a Deferred Maintenance Addendum. Ideally, the homeowner will arrange for the necessary repairs to be made. However, if the homeowner doesn't, Unison reserves the right to treat the issue as a Deferred Maintenance Adjustment scenario in the future.

NOTE: You will always be notified if this Addendum is part of your original agreement.



Equity Appreciation Limit

To balance the investment return while Unison does not share in a decrease in property value, Unison places a limit on the maximum return on Unison's equity investment if you end the agreement during the restriction period. This is called the Equity Appreciation Limit. During the first 12 months of the agreement, the limit is a fixed percentage. After the first 12 months of the agreement, the limit is compounded monthly (including partial months) on top of the fixed percentage. The Equity Appreciation Limit does not apply after the restriction period.

Here are a couple examples to show how it works:

Original Appraised Property Value	\$1,000,000
Original Agreed Value	\$950,000
Initial Payment	\$100,000
Investor Percentage	40.00%
Max Appreciation Factor	20.00%
Ending Agreed Value	\$1,200,000
Program Floor	36

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	Scenario 1	Scenario 2
Months Since Origination, Rounded	7	15
Payment to Unison	\$120,000	\$125,596
Payment to Unison without Equity Appreciation Limit	\$200,000	\$200,000

Unison HomeOwner requirements

We do have some basic rules homeowners need to follow. These guidelines are meant to ultimately benefit both of us and are outlined on the next page.

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1. Keep your home as your primary residence

While we won't be checking in on you, we do require that the home on your Unison contract is your primary address (i.e., no rental properties). That means you should:

1. Live/sleep in your home for a total of 180 days or more in every 365-day period, and
2. Never be absent for 60 or more consecutive days.

2. Keep your payments current

Be sure all payments related to your home are made on time. This includes but isn't limited to mortgage payments, property taxes, and insurance.

3. Maintain proper insurance

Just like most mortgage lenders, Unison requires you to maintain hazard insurance equal to the value of your home. If your home's value increases, you'll need to increase your coverage accordingly. In addition, your insurance policy must cover fire risk and other hazards that homeowners typically have in your area (flood insurance in areas that tend to flood, earthquake coverage in San Francisco, etc.). Your Program Specialist will inform you of any requirements prior to signing. Again, this is similar to what mortgage lenders usually require, so you would be doing this whether or not you were in a Unison HomeOwner Agreement.

4. Keep your home in good repair

It may seem obvious, but poorly maintained homes aren't worth as much as homes that receive proper care. Since a decreased home value affects us, too, we require you to keep your home in good condition.

Any serious defects and/or issues on the property should be fixed prior to sale. In instances where clients fail to maintain their property (or if a pre-existing defect is not addressed), a Deferred Maintenance Adjustment may be applied when the Unison Agreement ends.

5. Keep Unison informed of major changes

As partners in your home, we need to be in-the-know about important changes. You'll need to promptly notify us in the event that you:

- Decide to sell or transfer your home.
- If you receive a notice of condemnation concerning your home.
- File for bankruptcy or have an involuntary bankruptcy proceeding led against you.
- If a fire (or some other hazard) damages/destroys your home.
- Have a lien placed on your home.
- If a non-signatory to the Unison HomeOwner Agreement becomes an owner or a principal resident of your home.
- If other events occur that could significantly impact your home's value, like a remodel.

Stay below the Maximum Authorized Debt Limit

While working with Unison, it's possible you'll want a supplementary loan from another provider. This is okay with Unison as long as you don't exceed the Maximum Authorized Debt Limit. This limit is based on your mortgage amount and financial situation at the time of your Unison Agreement and does not adjust upwards as your home appreciates in value.

The Unison equity sharing agreement itself does not count towards the limit — remember, our program is not debt!

There are, however, some cases where we may not approve new debt, including certain types of loans, such as reverse mortgages, interest-only loans, shared appreciation loans, or any loan with a negative amortization feature that could result in all loans exceeding the Maximum Authorized Debt limits. Additionally, we're sometimes unable to approve new debt on a home whose value has declined over the course of our agreement.

Refinancing when you have a Unison home equity sharing agreement

If you have an existing mortgage or if you obtain a new one, your Unison agreement will be a form of subordinate financing. It's likely that some mortgage lenders will decline to provide new loans to you because you have subordinate financing from Unison. In particular, lenders that make loans conforming to Fannie Mae/Freddie Mac guidelines may decline your application, as these guidelines do not allow subordinate financing that shares in equity or home appreciation. If you are considering refinancing your mortgage in the near future, you may wish to do so before taking out a Unison home equity sharing agreement.

Addressing changes that affect title and/or ownership of your home

As you work with Unison, things in your life may change, which may in turn affect your home. We can help you manage some of these changes, including:

- Placing your home in a family trust
- Adding someone (such as a spouse) to the title of your home
- Removing someone from the title of your home

Dealing with unexpected circumstances

Nobody likes to think about unexpected problems and complications, but it's important to know what your options are if a difficult situation occurs. We understand that in some circumstances, otherwise responsible homeowners find themselves unable to keep up with mortgage payments or home repairs due to events beyond their control (e.g., job loss, serious illness). Whatever the situation, Unison is committed to working with you and assisting in any way we can.

What if I get behind on my mortgage?

If you find yourself behind on your mortgage and the lender starts the foreclosure process, Unison may be able to help by offering you something called an Orderly Sale. This process is designed to prevent your home from going into foreclosure. Besides preventing foreclosure, this is good because 1) it helps protect your credit and 2) it usually results in a better sale price since foreclosures often sell below market value. This feature is unique to Unison and an excellent protection for homeowners.

What if I get behind on my property taxes?

Another unique Unison feature is something we call a Protective Advance. A Protective Advance is money that Unison spends on your behalf if the value of your home is at risk due to non-payment of a bill(s). If, for example, you don't pay your property taxes, Unison can (after notifying you) use a Protective Advance to pay the bill for you.

In situations like this, the client is always responsible for repaying Unison. In addition, we also charge interest on the balance of any Protective Advance until it's repaid in full (NOTE: this is the only time we charge interest). If there are any Protective Advances still owed to us at the time the Unison Agreement ends, they must be repaid, either out of the house sale proceeds or directly by the client. As we realize it is not ideal, we will always try to help homeowners avoid this type of scenario.

**Unison is committed to working with you to
get through unforeseen circumstances.**



Ending your Unison HomeOwner Agreement

Here are some ways you can wrap up an agreement with us.

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1. You sell your home

When you decide to sell, simply let Unison know. At that time, we typically require a home appraisal. This will always be done by an independent, approved third-party appraisal firm and will be paid for by you. This happens for a few reasons:

- To help determine the value of your Remodeling Adjustment (if applicable and selling after three years)
- To provide an unbiased measure of your home's value
- To decide if a property inspection is needed (in instances where a Deferred Maintenance Adjustment might be requested)

When your home sells, Unison will then calculate the payment owed to us based on your home's value. This is called the Ending Agreed Value and it is typically equal to the sale price (the exceptions are cases where adjustments are made due to remodeling considerations, poor maintenance, or where the sale occurs during the restriction period). Keep in mind that the Ending Agreed Value does not include deductions for closing costs, taxes, documentary fees, mortgage loans, other liens or secured loans, sales commissions, or appraisal expenses. These expenses are your responsibility.

2. You request a Special Termination

You have the right to end your Unison Agreement by requesting a Special Termination. You can do this for whatever reason you wish. However, if you choose to do this, Unison does not share in any decrease in the home's value. See page 29 for more details on the Special Termination Price.

If you do decide to request a Special Termination, you need to first notify us of your intent. Unison will then provide you with a written application for Special Termination, which you must complete and return. An appraisal will then take place, and in some cases, a property inspection will also be required. Based on the appraisal and inspection reports, Unison will calculate your Special Termination Price. You'll send the payment, and we will release to you all relevant documents (such as quitclaim deeds, lien releases, etc.) in order to fully terminate our investment in your home.

Note: A material and uncured default of your obligations under the Agreement may also result in the termination of the Agreement.

3. The Agreement reaches the end of the maximum 30 year term

If 30 years pass and you haven't otherwise ended your agreement with Unison, there are two options available to you:

- A. Pay us the value of our interest in your home at that time.
- B. Sell your home.

It's important you understand that if for some reason you choose not to end the Agreement by taking either of these steps, Unison has the right to exercise its option and purchase its interest in your property. In rare cases this may even involve Unison putting the house into foreclosure. Again, since our interests are aligned to increase the value of your home, we will always try to work with you and give you every opportunity to sell your home yourself, provided you give Unison appropriate notice.

4. The last signatory to the Unison HomeOwner Agreement passes away

While difficult to think about, it's crucial that clients understand how a Unison Agreement might affect their family and estate in the event of their death. Below we'll discuss what happens in this situation.

NOTE: This only applies if all signatories to the Unison Agreement pass away, as long as one or more of the signatories is alive, the Unison Agreement is still valid.

In the case that everyone has passed away, the client's heirs (or estate) will need to work with Unison to end the Agreement by either:

- 1. Pay us the value of our interest in your home at that time.
- 2. Sell your home.

While a six-month grace period will be provided to allow heirs (or the estate) to decide what they want to do, we strongly recommend you discuss your decision to enter into the Unison HomeOwner Agreement with your family and heirs before you sign your agreement.

Additionally, your agreement with Unison also has the potential to impact family members who live in your home but who are not co-owners of the property with you. Because the last signatory's death requires the house be sold or a payment made to Unison, this can affect their ability to remain living in the home in cases where it winds up being sold. To provide full transparency, Unison may ask you to verify (in writing) the names of any non-signatories living in your home, as well as confirmation that you notified them about your Unison contract.

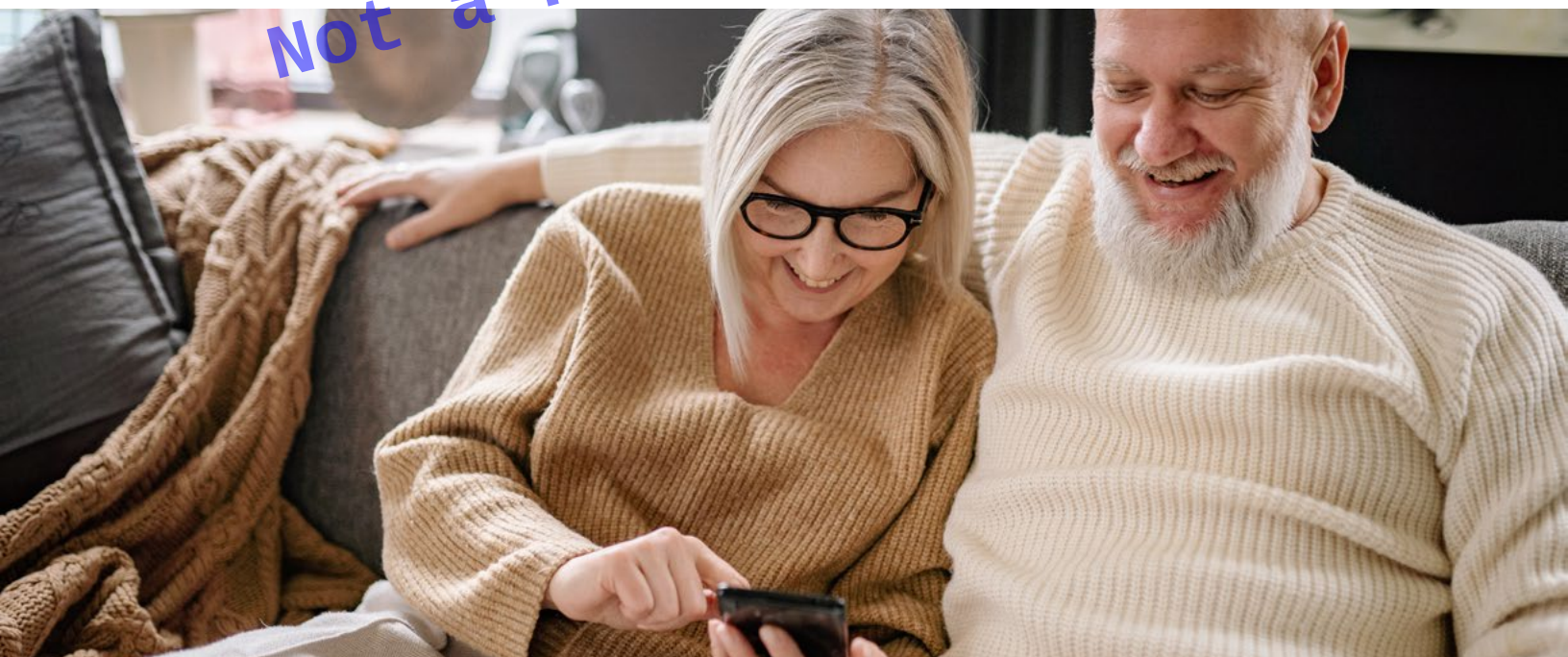
Special Termination

While a Unison equity sharing agreement is meant to be a long term investment, we fully support your right to buy us out at any time during the 30 years of the agreement. If you wish to end your agreement early, contact us and request a Special Termination. We will use a third-party appraisal to establish the Ending Agreed Value. In some cases, a property inspection will also be required.

The Special Termination process is similar to selling your home, except we will use the appraised value instead of a sale price - since you're not selling. The main difference with a Special Termination is that Unison does not share in any decrease of value – meaning the Ending Agreed Value for your property will at least equal the Original Appraised Property Value even if your property value has decreased since the start of your agreement. So at a minimum, you'll have to pay the original investment (together with any amounts attributed to the Risk Adjustment) even if your home appraises for less than it was worth at the start of the agreement.

Since Unison's funding is not intended to be short-term financing, Special Terminations have a different cost. Due to the Risk Adjustment, the amount due under a Special Termination can be greater than the initial investment you received from Unison by 20% or more.

Once you send the payment, we will release all relevant documents (such as quitclaim deeds, lien releases, etc.) in order to fully terminate our investment in your home.



What if there's a disagreement?

Toward the end of your Unison Agreement, your home may be assessed by third party inspectors to determine your home's fair market value, your Remodeling Adjustment, and/or your Deferred Maintenance Adjustment. While we always use reliable, impartial inspectors, we are happy to work with you in cases where you feel an assessment is inaccurate. If there is any disagreement, you have a few options:

- Request a reconsideration. Either party may do this and it's the responsibility of the requesting party to pay the costs associated with the inspection. If both parties are requesting additional reports, the cost is shared.
- If there's still a disagreement following a second inspection, we'll use a professional arbitration service to work things out.

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Pro Tip:

Read the Unison HomeOwner Agreement prior to closing your Agreement. Ask your Program Specialist for a free copy.

Legal documents

Unison recommends that you read the Unison HomeOwner Agreement. It holds a lot of important information you'll want to know. Here's an outline of the legal documents contained within the Unison HomeOwner Agreement.

Not a Filed Document



Option Agreement

This contains the basic financial terms of the Unison HomeOwner Agreement and describes in further detail how this particular Option Contract works. The Option Contract structure means we have incentives to work with you through difficult circumstances (foreclosure by your lender, damage to the house, etc.). Because we want your home to be worth as much as possible (just like you do), we want to have the best possible circumstances when you're ready to sell. This makes the relationship set up by the option contract different, in a good way.

Covenant Agreement

This outlines your rights and responsibilities under the Unison HomeOwner Agreement, as well as the various ways the Agreement can come to an end. It also documents the legal protections available to both you and Unison.

Security Instrument

This document creates a secured lien on the home during the term with Unison and says the lien will be recorded in the jurisdiction where the property is located. It also discusses the fact that the Security Instrument is typically subordinated to any existing mortgage on your property.

Memorandum

This document highlights specific features of the Agreement for public notice and is also recorded on the property. Your Program Specialist will be happy to provide you with a copy of the Unison HomeOwner Agreement prior to closing.

**Think Unison HomeOwner is right
for you and your family?
Turn the page to get started.**

Next steps

If you're ready to begin the application process, here's a quick, step-by-step guide to help you out...

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	Action items	Items to review
Step 1 Pre-qualify 	There are two easy ways to pre-qualify: • prequalify.unison.com • 1.800.330.9400	Your dedicated program specialist will send you a copy of the Unison HomeOwner Application Package and the Unison HomeOwner Program Guide (that's what you're reading now)
Step 2 Apply 	Complete an online application (a physical copy is also available upon request): apply.unison.com	We strongly recommend you read the Unison HomeOwner Program Guide, the Application Package, and all Legal Documents
Step 3 Underwriting & approval 	• Complete a quick knowledge review of the program • Once your application is approved, we'll work with you to set up an appraisal and property inspection • Upload documents (we will need tax returns or W2 to verify income)	• Review reports to create the final terms and the closing conditions of your deal • We'll send you an offer letter to sign and return to us
Step 4 Finalizing the Agreement 	Unison sends out your closing package; you sign, and then we distribute the funds to you	• Unison will deposit funds into escrow, then to you once everything is finalized • We'll take aerial photos of your property within a few weeks of closing to complete our documentation process

**Call a Program Specialist at 1-800-330-9400
or visit unison.com to get started!**

NOTE: There is a one-time transaction fee equaling 3.9% of the Unison Initial Payment proceeds due to Unison at closing, which is deducted from the proceeds you receive. You are also responsible for third-party costs such as appraisal, inspection and settlement costs (includes title, state taxes and recording fees). The exact third-party costs will be disclosed to you prior to closing and deducted from your proceeds



Questions? Concerns? Just want to talk to a real, live person?
Call **1-800-330-9400** to speak with a Program Specialist.

At Unison, we're committed to transparency and education in all aspects of our business. There's never any sales pressure or obligation to work with us. Really.

Learn about Unison Homeowner and see if it may be right for you. Call 1-800-330-9400 to speak with a Unison Program Specialist, email ps@unison.com, or visit unison.com to find interactive tools, calculators and video success stories.

Unison Home Ownership Investors
650 California Street, Suite 1800
San Francisco, CA 94108

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Unison is a San Francisco-based real estate investment company that's been helping homeowners and home-buyers since 2006. All of us are committed to common-sense alternatives to debt financing, and our leadership team are well-seasoned, highly-respected real estate finance professionals. Our work has earned us accolades from national publications including: *Wall Street Journal*, *New York Times*, and *Forbes*.

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Information, policies and procedures described in this Program Guide are subject to change without notification.

Version UHO-100050 dated May, 2023

Contact Unison to ensure you have the latest information.



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Unison Webpage 05/16/2017

7 Respond to a Mail Offer

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Unison Webpage 02/24/2018

Homeownership, Re-invented

PRE-QUALIFY IN 60 SECONDS

Pre-qualify and see if you're eligible

Respond to a Mail Offer

UNISON HomeBuyer

Want to purchase a new home?

Unison HomeBuyer typically provides half of the down payment for the home you need. The money we provide is an investment, not a loan, so there are no interest charges and no monthly payments.

LEARN MORE ABOUT UNISON HOMEBUYER

UNISON HomeOwner

Want to access equity in your home?

Unison HomeOwner offers an innovative solution for people looking to access the equity in their homes. This is not a home equity loan—it's a home ownership investment.

LEARN MORE ABOUT UNISON HOMEOWNER

What is Unison HomeBuyer?



UNISON CONTRIBUTES UP TO HALF OF YOUR HOME PAYMENT
By meeting your share payment, Unison gives you flexibility and access to ownership through any other program.



REDUCE YOUR PAYMENTS AND AVOID MORTGAGE INSURANCE
Unison HomeBuyer can give you the benefit of having a 15% down payment. This results in a lower mortgage, or lower monthly payments, access to your mortgage insurance (MIP).



PURCHASE THE HOME YOU REALLY WANT
With Unison you can get your share of the home you want. You'll have greater choice over continuing to live in it or sell it and use the proceeds of a home.

PRE-QUALIFY IN 60 SECONDS

LEARN MORE

What is Unison HomeOwner?



UNISON GIVES YOU UP TO 20% OF THE MARKET VALUE OF YOUR HOME
This money can be used for any purpose you want. You can pay for a down payment on your home, or for a home renovation, or for a home equity loan.



ENJOY NO INTEREST CHARGES AND NO MONTHLY PAYMENTS
With Unison HomeOwner, you can get your share of the home you want. You'll have greater choice over continuing to live in it or sell it and use the proceeds of a home.



WHEN YOU DECIDE TO SELL YOUR HOME
We have to make a profit in our investment by selling it at a profit. We'll make a profit when we sell it. If we don't, we'll have a loss. We'll have a loss when we sell it. We'll have a loss when we sell it.

PRE-QUALIFY IN 60 SECONDS

LEARN MORE

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"Unison was a great fit. Rather than looking like a long-term debt, it felt more like a partnership. It enabled us to free up some money and to lower our monthly payment. It was very appealing. Taking the time to understand the program, we realized - wow...this is a great fit for us as a family."



SEE HOW TREVOR AND LINDSAY GOT THE HOME THEY WANTED WITH UNISON HOMEBUYER.



The Latest from Unison

HOMEOWNERS & HOMEOWNING TIPS STRAIGHT FROM THE UNISON TEAM



How to Get the Most Out of Your Kitchen (Unison's Guide)



Unison and John Deere Financial Services: A New Partnership



Get Unison's New Guide to the Value of Your Home



How Unison Home Owner's Program Can Help You

VISIT THE UNISON RESOURCE CENTER

It takes just minutes to see how Unison can help you. Start today!

GET STARTED NOW

- Home
- Homeowner
- Home Buyer
- Home Equity
- Home Loan
- Home Mortgage
- Home Ownership

- Homeowner
- Home Buyer
- Home Equity
- Home Loan
- Home Mortgage
- Home Ownership
- Homeowner

UNISON
Unison Program Specialists: 1-800-225-1400

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Unison Webpage 2019

[Redeem Offer Code >](#)unison[Apply now](#)

Welcome home

Now there is a smarter, better way to buy and own homes. We call it home co-investing.

With a home co-investment from Unison, you get cash today in exchange for a share in the appreciation or depreciation of your home. Don't think loan. There's no extra debt, no interest and no monthly payments. Just you, turning your dream life into your real life.

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Together, you can...



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Increase your down payment with HomeBuyer

[Apply now](#)[Buy your first home](#)[Buy your dream home](#)

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Forbes

Millennials Get A New Way To Clear The Down Payment Hurdle To Homeownership



Getting down payment help now. Sharing home gain (or loss) later with Unison.

Unlock equity in your home with HomeOwner

**unison**

This revolutionary company will double your down payment. What's the

[Apply now](#)

We open doors

Whether you're in a home or trying to get into one, a Unison home co-investment helps you turn your dream life into your real life.





 unison

Apply now



Too good to be true?

The Hall family used [HomeBuyer](#) to move into their dream home.



Watch



≡ unison

Apply now



Think it's impossible?

With HomeOwner the Cyphers made their new home, their dream home.

▶ Watch



 unison

[Apply now](#)



**\$3.5
Billion**

the total value of homes we've invested in.

[Learn about our funding >](#)

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[Apply now](#)

Questions? We're here to help.

We've made home co-investments with thousands of people. Let's do the same for you.

[Chat with someone](#)

unison

Unison Program Specialists: 1-800-330-9400

Contact



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Unison Webpage 2021

The Wayback Machine - <https://web.archive.org/web/20210211083644/https://www.unison.com/>

Welcome home

Now there is a smarter, better way to own homes. We call it
home co-investing.

With a home co-investment from Unison, you get cash today in
exchange for a share in the appreciation or depreciation of your
home. Don't think loan. There's no extra debt, no interest and no
monthly payments. Just you, turning your dream life into your
real life.

[Get started](#)

Together, you can



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Unlock equity in your home with HomeOwner



Pay off debt



Renovate your home



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We open doors

Whether you want to pay off debt, renovate your home or retire, a Unison co-investment helps you live your life, your way--starting today.



How it works



Success stories



Think it's impossible?



unison

With **HomeOwner**, the Cyphers made
their new home their dream.



Watch



the total value of homes we've invested in.

[Learn about our funding >](#)



Questions? We're here to help.

We've made home co-investments with thousands of people. Let's do the same for you.

[Read our FAQs](#)

unison

For existing customers:

1-800-330-5800 | MyUnison Portal

For applicants:

1-800-330-9400 | Application Portal



[Contact](#)

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[Careers](#)

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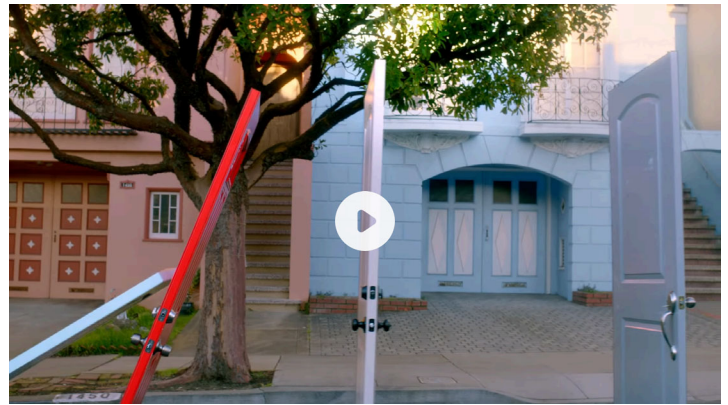
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Unison Webpage 2022

Welcome home

A smarter way to unlock the home equity you already own, without interest, debt, or monthly payments.

[Let's go](#)

NOW

Unlock home equity

Trade a portion of your home equity for cash, then use your funds how you want – from paying debt to funding retirement.

FOR 30 YEARS

Live your life

Create years of memories in your home, without monthly payments. Unison is your partner, here when you need us.

[Learn more >](#)

WHEN YOU SELL

Share the appreciation

When it's time to sell, we'll share in the change in your home's value. We win when you win.

How will you use Unison?



Home renovation

Your dream home doesn't have to wait any longer. Start your project!



Eliminate debt

Say no to aggressive interest and overwhelming monthly payments.



Start your business

Bring your idea to life, no business loans or investors needed.



Make a large purchase

Keep your savings intact and fund important purchases debt-free.



Recover your savings

Get back your down payment and protect your financial future with a healthy savings account.



Questions?

Your Unison team is here to guide you at every step of the way.

[How much can you unlock?](#)



\$5.3 Billion

the total value of homes we've invested in.

[Learn about us >](#)

Here's the process

01

Get an estimate

See how much equity you can potentially access. It takes seconds and doesn't affect your credit.

[Get started >](#)

02

Apply in minutes

Fill out a quick and easy application to see if Unison is the right partner for you.

03

Appraise your home

We'll work with you to set up an appraisal to determine your home's value.

04

Unlock your equity

Determine how much cash you want to access and receive your funds in just a few days.

Open doors without adding debt

We help unlock your home's equity in exchange for a portion of your home's appreciation when you sell. No extra debt, no interest, no monthly payments. Plus, we share in the upside and the down.

[Book a call with us >](#)



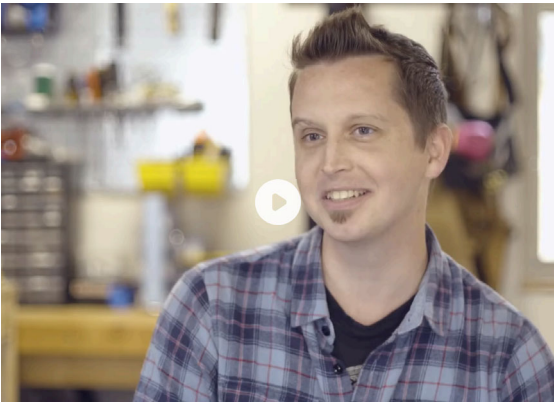
They tell it **best**

HOME IMPROVEMENTS

“There were projects that I would have to put off for years, because we didn’t have the capital to take them on.”

Jonathan & Lindsay
Olympia, WA

Jonathan and Lindsay’s home was a work-in-progress, by design. Both love the process of renewing, improving, and refreshing their well-loved home, but ran into a roadblock when it came to the bigger projects on their to-do list. Between their mortgage and student debt, they couldn’t afford more monthly payments or interest. With Unison, Jonathan and Lindsay were able to turn their fixer-upper into the finished product – a place to garden, gather, and grow.



“Unison enabled me to pay for some serious home repairs that were out of my price range.”

Joseph
Riverside, CA

“I no longer need to choose between paying for bills or medications. Unison helped us catch up!”

Sandra
Bremerton, WA

[View more success stories](#)

Find out how much cash
you can unlock

Enter your address to get your instant estimate

Type in your street address

Get an instant estimate

✓ Free Estimate

✓ Apply in 5 Minutes

✓ No Credit Check

Learn

- How it works
- Frequently asked questions
- Blog

Why Unison

- Success stories
- Home renovation
- Pay off debt
- Start a business
- Make a large purchase
- Down payment

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Stay informed.

Sign up to receive premium insights into homeownership, financing options, and maximizing your home value.

Enter your email address

Submit

Speak to a Program Specialist

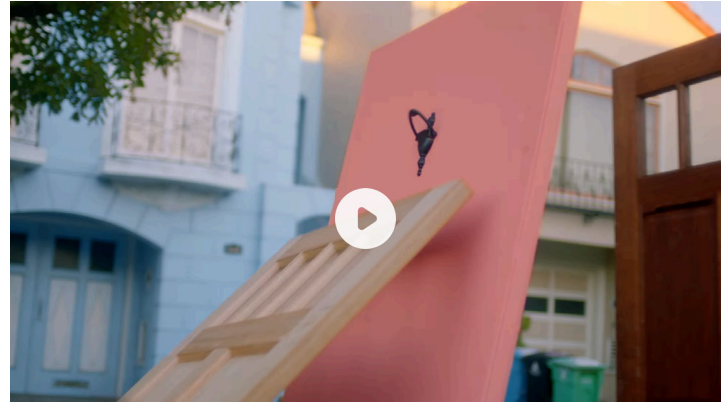
1-855-930-5770

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Unison Webpage 2023

Welcome home

A smarter way to access the home equity you already own, without interest, debt, or monthly payments.

[Get my equity](#)

Now

Unlock home equity

Trade a portion of your home equity for cash, then use your funds how you want – from paying debt to funding retirement.

For 30 Years

Live your life

Create years of memories in your home, without monthly payments. Unison is your partner, here when you need us.

When You Sell

Share the appreciation

When it's time to sell, we'll share in the change in your home's value. We win when you win.

[Learn more >](#)

How will you use Unison?



Eliminate debt

Free up capital to use elsewhere. Say no to aggressive interest and overwhelming monthly payments.



Home renovation

Your dream home doesn't have to wait any longer. Start your project and increase the value of your home.



Start your business

Bring your idea to life, no business loans or investors needed.



Make a large purchase

Make a large purchase or diversify your investment portfolio. Keep your savings intact and fund important purchases debt-free.



Recover your savings

Get back your down payment and protect your financial future with a healthy savings account.



Questions?

Your Unison team is here to guide you at every step of the way.

[How much can you unlock?](#)

\$8.2 Billion



the total value of homes
we've invested in.

[Learn about us >](#)

Here's the process

01

Get an estimate

See how much equity you can potentially access. It takes seconds and doesn't affect your credit.

[Get started >](#)

02

Apply in minutes

Fill out a quick and easy application to see if Unison is the right partner for you. Contact us at 1-855-930-5770 if you need any assistance.

03

Appraise your home

We'll work with you to set up an appraisal to determine your home's value.

04

Unlock your equity

Determine how much cash you want to access and receive your funds as quickly as possible.

Open doors without adding debt

We help access your home's equity in exchange for a portion of your home's appreciation when you sell. No extra debt, no interest, no monthly payments. Plus, we share in the upside and the down.

[Book a call with us >](#)



They tell it **best**

LARGE PURCHASES

“Unison enabled us to fulfill our dream – it was the perfect investment for us.”

The Alpaslan Family
Princeton, NJ

The Alpaslans identified the perfect investment opportunity: a beautiful apartment that they could rent out immediately, then later move into once their kids left the nest. With a Unison equity sharing agreement, they were able to use the equity in their family home to fund an aggressive down payment on their new apartment, helping them avoid debt and monthly payments, and enabling them to get their investment property at the lowest price possible.



“Unison enabled me to pay for some serious home repairs that were out of my price range.”

Joseph
Riverside, CA

“I no longer need to choose between paying for bills or medications. Unison helped us catch up!”

Sandra
Bremerton, WA

[View more success stories](#)

Find out how much equity you could access

Enter your address to get your instant estimate

Type in your street address

Get an instant estimate

✓ Free Estimate ✓ Apply in 5 Minutes ✓ Zero Impact on Credit

Learn

[How it works](#)
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Why Unison

[Success stories](#)
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[Home renovation](#)
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Sign up to receive premium insights into homeownership, financing options, and maximizing your home value.

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Submit

Speak to a Program Specialist

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**Unison Direct-Mail Solicitation (Filed
in Olson v. Unison Agreement Corp.)**

**The same mailer was filed in the
appellate record in Olson v. Unison
Agreement Corp., Case No. 23-2835
(9th Cir.), Dkt. Entry 13.1 (Plaintiffs-
Appellants' Excerpts of Record: Vol.
1) at ER-28.**

PAY TO THE
ORDER OF:

Charles Olson

1-415-960-3083

YOU COULD RECEIVE

\$79,850.00

Seventy-Nine Thousand Eight Hundred Fifty and ⁰⁰/₁₀₀

DOLLARS

PAY TO THE ORDER OF:

P01/40/1741/3

Charles Olson
3718 S. 256th Ct.
Kent, WA 98032-9726



Kari McCormick

Kari McCormick, Customer Success Manager

Offer Code: 111902

Learn more at Unison.com

54689: 27 05619: 477320006

Dear Charles Olson,

Great news! You're pre-approved to access the equity locked in your home.¹

With Unison, you can receive \$79,850 and use that money for any purpose you choose — **with no monthly payments and no interest.** Yes, you read that correctly. It's almost too good to be true.

This offer is possible because Unison invests in your home — with you. We pay you a percent of your home's current value. You make no payments to us until you sell. If the value of your home increases from its current value, when you sell, Unison will share in a portion of the increase and make a profit. If the value decreases, we incur a loss.² It's that simple.

It's quick and easy. Unison can provide the funds you need without the burden of additional debt. Contact us today!

Sincerely,

Kari McCormick

Kari McCormick,
Customer Success Manager
Unison

NO INTEREST CHARGES

Unlike a home equity loan or home equity lines of credit, you'll pay no interest with Unison.

NO MONTHLY PAYMENTS

Use the money now, for up to 30 years, and pay nothing until you decide to sell.³

NO ADDED DEBT

By partnering with Unison you do not take on any additional debt.

As featured in:

Bloomberg Forbes



USATODAY

YAHOO!
FINANCE

MarketWatch

Los Angeles Times

CBS

The New York Times

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Exhibit J

Exhibit J – Composite Image of Unison “Mailer”¹

Front Panel – Left (White Text)

Front Panel – Right (Blue Text)

Dear [REDACTED]

Congratulations! Your home has been pre-approved for the Unison HomeOwner program.¹

Do you wish you could access the equity locked in your home? With Unison, you can receive [REDACTED] and use the funds for any purpose you choose—with no monthly payments and no interest charges. And for a limited time, you can also receive a **\$1,000 Visa® gift card.⁵** Yes, you read that correctly. It's almost too good to be true.

This offer is possible because Unison invests in your home—with you. We pay you a percent of your home's current value. You make no payments to us until you sell. If the value of your home increases from its current value, when you sell, Unison will share in a portion of the increase and make a profit. If the value decreases, we incur a loss.² It's that simple.

It's quick and easy. Apply and close by no later than March 29, 2019 and Unison can provide the funds you need and a **\$1,000 Visa® gift card.⁵**

Sincerely,

Kari McCormick

Kari McCormick,
Customer Success Manager
Unison

NO INTEREST CHARGES

Unlike a home equity loan or home equity lines of credit, you'll pay no interest with Unison.

NO MONTHLY PAYMENTS

Use the money now, for up to 30 years, and pay nothing until you decide to sell.³

NO ADDED DEBT...REALLY

By partnering with Unison you do not take on any additional debt.

¹ This composite image was assembled from publicly available footage of the Unison Mailer displayed in the *BeatTheBush* YouTube video cited in the Complaint. See *BeatTheBush, Access Home Equity with No Payments – Unison Review, YouTube* (Mar. 6, 2019), at 0:30–2:00, <https://www.youtube.com/watch?v=YtlpO8gljsE> (last visited Oct. 30, 2025). The screenshots are compiled for illustrative purposes; the exhibit reflects the front and back panels of Unison's direct-mail solicitation.

Terms and Conditions	
Interest Rates and Interest Charges	
Annual Percentage Rate (APR)	0%
Your Monthly Payments	NONE
Additional Debt	NONE
Fees	
Annual Fee	\$0
Title and Escrow/Closing Fees	\$0
Appraisal Fee	\$0
Transaction Fee	3.9% of Unison HomeOwner investment ⁴
Home Ownership Investment	
Unison Profit or Loss	Unison shares in the change in value of your home, up or down, from the time of our investment, in an amount that varies with the size of our investment as a percentage of your home.
Calculating the Change in Value	An independent valuation of your home is obtained at the time of our

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