



## **THE PRODUCT**

The principals of Sirius Value Protection, LLC have created a new real estate product that will protect and preserve the value of real estate. It is the company's goal to reduce the risk that buyers face by securing the value of a purchase whether bought as a primary residence, vacation home or investment. Sirius believes with the ability to offer such a product developers and institutional owners of inventory will benefit from an increase in consumer confidence which will ultimately lead to strengthened demand creating a return to enhanced sales velocity and renewed interest in these property types.

## **THE PROCESS**

Sirius will identify unsold condominium, single family and resort inventory suitable for the program and will work with owners to establish a selling price that includes the cost of their buy back program.

In order to facilitate the use of our program owners of the inventory will reduce their current basis equal to the amount of the cost of the program or allow it to be added to their current basis. When the inventory is re-priced the developer will then work with Sirius to revise their marketing materials to reflect the numerous benefits of offering the Sirius Value Protection program that will assure price protection for their buyers. Developers who market their inventory with Sirius Value Protection give themselves a competitive advantage at a time when there is an absence in the market of effective incentive programs, a lack of consumer confidence and muted enthusiasm.

With the use of our program we expect developers will see an increase in closure rates as buyers and investors return to the market with conviction and a sense of peaked interest.

## **PRODUCT COST & IMPLEMENTATION**

[http://www.siriusvpi.com/docs/Sirius\\_Pricing\\_Programs\\_v1.pdf](http://www.siriusvpi.com/docs/Sirius_Pricing_Programs_v1.pdf)

## **BUYER/INVESTOR DECISION**

After closing on a unit that includes the Sirius Value Protection program a buyer will have two electives, making one of them prior to the sixth anniversary of their purchase.

### **Exercising of the buy back option:**

By choosing this elective the owner will inform Sirius that they will be obligated to buy back their real estate on the eighth anniversary of their purchase. The price that Sirius will pay for the unit will be equal to the price paid by the buyer.

### **Exercising of the OptOut:**

By choosing this elective the buyer will inform Sirius that they no longer wish to remain in the program and by doing so will be entitled to receive a cash incentive. This bonus will be paid to them according to the following schedule and depending on when they choose to exit the program:



## SIRIUS VALUE PROTECTION™ *Charting a New Course in Real Estate Investing*

### **OptOut Bonus Schedule:**

Year 1 = No OptOut available  
Year 2 = 5% of purchase price  
Year 3 = 4% of purchase price  
Year 4 = 3% of purchase price  
Year 5 = 2% of purchase price  
Year 6 = 1% of purchase price

### **Assumptions:**

- Sirius assumes that a property owner will require a buyback should the market experience further declines but will likely delay their decision until closer to year six giving the market time to recover and benefit from appreciation in real estate values.
- By electing the Sirius Value Protection buy back option the unit owner will not forfeit the right to benefit from market appreciation and will be able to sell at any time during the program.
- Sirius assumes that buyers will exit the program if the market begins to experience appreciation or if they simply want to take advantage of receiving a cash bonus. We believe by motivating owners with the Sirius incentive they will exit the program.

### **INVESTMENT MANAGEMENT**

Sirius has aligned themselves with financial institutions that will oversee the management of the premiums collected over the course of the program and placed in an asset management account. An advisory board comprised of Sirius principals, board members and selected financial professionals will determine the investment policy and strategies for the management of the funds. It will be the responsibility of the investment managers to manage the assets in such a way as to insure the solvency of the program. To further insure that the investment policies are adhered to Sirius will contract with world-class trust managers to act as custodial agents.

By requiring participants in the Sirius program to make one of the above elections by the six year anniversary of their purchase date, Sirius will have an understanding of its future obligations enabling them to adjust the aggressiveness of the model in which the portfolio is managed over the term of the program.