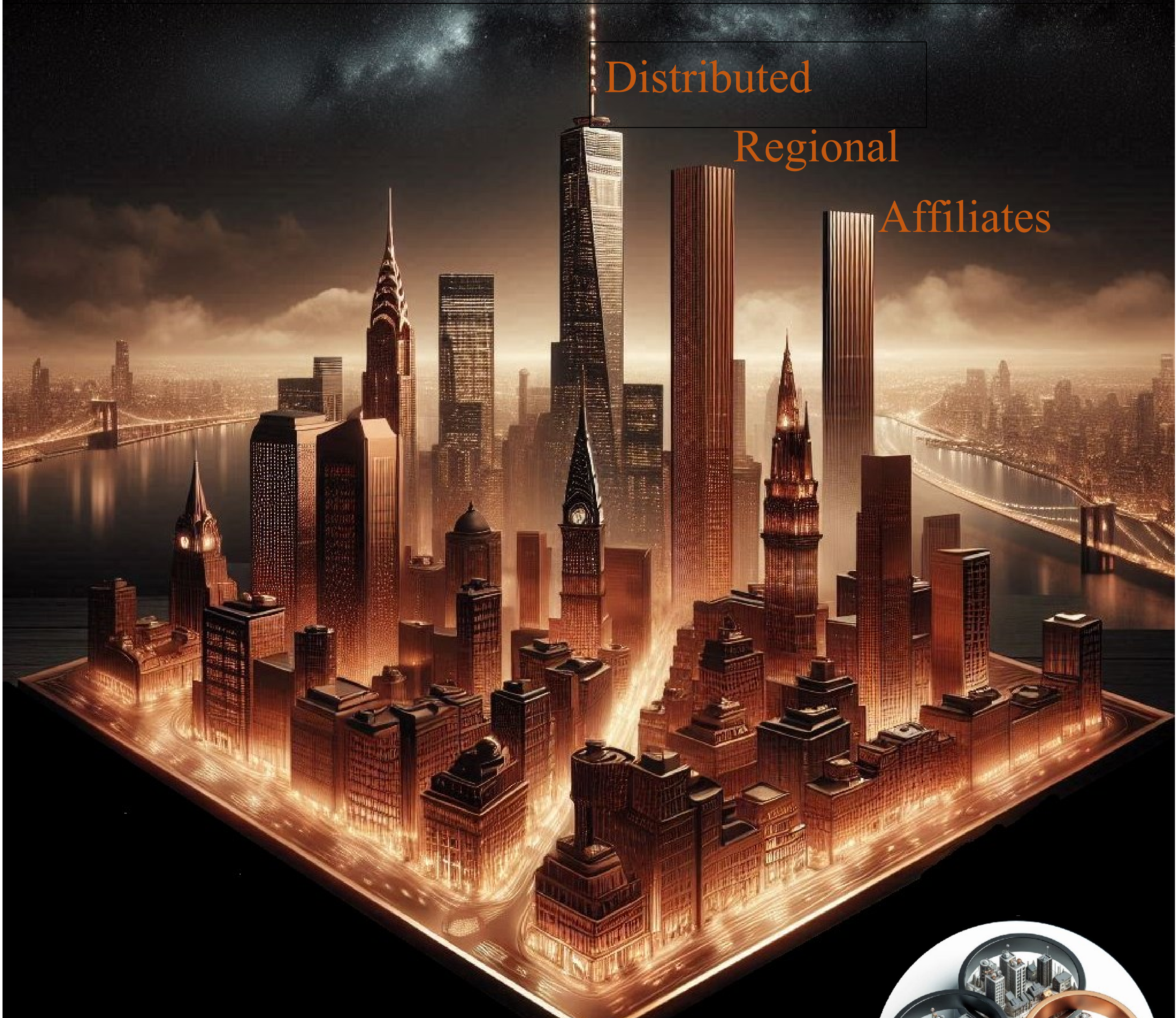
Universal Real Estate Wealth Protection Solutions™, LLC

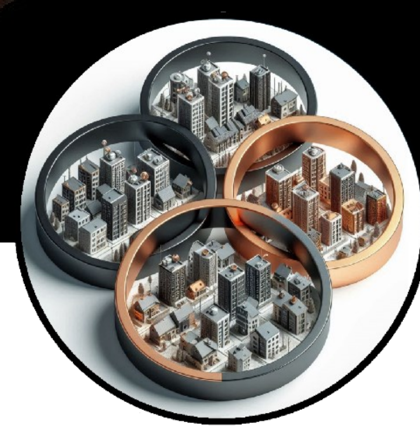
Distributed

Regional

Affiliates



Business Plan



https://UREWPS.com

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This is not a solicitation to purchase *Cu*Bit™, nor does it constitute investment, legal or tax advice

From the Desk of Sudato M. O' Benshee

Principal architect of C*u*Bit™ and founder of
Universal Real Estate Wealth Protection Solutions™, LLC

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C*u*Bit™ Distributed Regional Affiliates
A UREWPS™ Plan

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C*u*Bit™

Distributed Regional Affiliate (DRA) Business Plan

By

Universal Real Estate Wealth Protection Solutions, LLC™

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Abstract

For many years now economists have been pointing out that the prevailing economic policies of central banks around the world, including the USA, are leading to an economic collapse triggered by a collapse of fiat currencies. Fiat currency, which derives its value by government decree rather than tangible assets, is increasingly viewed as vulnerable to inflationary pressures. Central banks worldwide have adopted unprecedented measures, such as extensive quantitative easing (QE), to stimulate economic growth. Governments' rising debt levels further exacerbate the situation, with countries like the United States carrying trillions in public debt. This heavy reliance on borrowing raises questions about long-term economic stability and fiscal responsibility. Economists have argued that over-reliance on fiat currency and continuous debt accumulation could lead to hyperinflation as it did in Weimar Germany and Zimbabwe (Bordo, 2019). Bordo notes, “When central banks lose control over inflation expectations, trust in fiat currencies erodes rapidly, sometimes irreversibly” (p. 50).

Other experts argue for a return to the gold standard some[1], where each dollar is backed by a specified amount of sovereign gold reserves. Using a valuable commodity such as gold to back the value of currency is a practice that is almost as old as recorded human history[2]. For a commodity to succeed as the backing of a currency requires several characteristics:[3] portability, divisibility, durability, universally available, usability, inflation resistance, low volatility, and degree of difficulty to counterfeit.

The growing popularity of alternative assets, including cryptocurrencies, leads experts to suggest that fiat currencies could lose their dominance if people increasingly seek stable stores of value outside government-controlled currency. This shift signifies that central banks' current approaches may lead to an accelerated search for alternatives. As Saifedean Ammous (2018) warns, "In a world where governments cannot maintain fiscal prudence, alternatives like Bitcoin offer a hedge against devaluation" (p. 205). Cryptocurrencies inherently have many features needed to succeed as a currency. They are inherently portable, divisible, durable, universally available, usable, and more resistant to counterfeiting than paper money. Additionally, with the use of crypto wallets protected by twelve-word encryption keys they are invulnerable to brute-force thefts. Their biggest weakness has been the lack of any inherent value or the value of a commodity to back them.

Universal Real Estate Stable Coin™ (URESC*u*™, C*u*Bit™) couples the proven acceptance and security of the Ethereum blockchain with the undeniable commodity value of real estate to produce a receipt cryptocurrency that remedies all the shortcomings cryptocurrency as an alternative store of value.

The choice of real estate as the commodity to back C*u*Bit™ is based on multiple factors that are characteristics of a stable currency. Real estate is inarguably a finite commodity which cannot be counterfeited. Additionally, real estate has an inherent value which historically outpaces inflation. The value of real estate (in aggregate) is highly resistant to price manipulations and extreme volatility. Although real estate is readily divisible and durable, the lack of portability and lack of liquidity has prevented its use as currency. Despite those deficiencies, the historic and ongoing use of real estate to back the value transactions, and to act as security and a store of value, is embraced all over the world and is a significant element of world economics. C*u*Bit™ overcomes all the disadvantages of real estate and makes the advantages of its positive characteristics available to everyone.

To further cement the safety and security of C*u*Bit™ as a store of value, instead of leaving the key levers of the currency supply in the hands of governments or central banks, those levers are subject to decentralized control by the people who use the currency. Everyone who exchanges money for C*u*Bit™ becomes a member (Member) of the C*u*BitDAO™ (the DAO) and gains voting rights to control the currency. Finally, to prevent currency manipulation by bad actors, the DAO is a "slow DAO." Replacing automated changes to the currency

[1] James Rickards, an economist and author, argues that a gold standard could provide a stable foundation for currency value. He states, "A gold standard is not a backward step; it's a way to ensure that money retains its value over time" (Rickards, 2016, p. 45). Similarly, Steve Forbes, Chairman and Editor-in-Chief of Forbes Media, contends that a gold-backed currency would curb inflation and promote economic stability. He asserts, "The best way to achieve a stable dollar is to link it to gold" (Forbes, 2014, p. 23).

[2] "The earliest recorded use of metal as money dates back to 600 BCE, with coins minted in Lydia," explains economist Carl Menger, who argued that the scarcity and desirability of precious metals made them an ideal basis for currency (Menger, 1892, p. 40).

[3] Economist Carl Menger, a founder of the Austrian School of Economics, emphasized that for a commodity to serve as currency, it must possess "qualities that make it universally acceptable and easy to transact with" (Menger, 1892, p. 120). Menger argued that divisibility and portability are particularly critical for practical use in trade and transactions.
Friedrich Hayek, another Austrian economist, expanded on this idea, highlighting inflation resistance and durability as essential for maintaining long-term value. Hayek (1976) stated, "Only assets that cannot be rapidly inflated by arbitrary expansion will retain value and trust over time" (p. 45). This quality, he argued, was critical in ensuring the public's trust in a currency's stability.
Milton Friedman, a Nobel laureate in economics, noted the importance of low volatility and difficulty in counterfeiting. Friedman (1984) argued, "For a commodity to serve as a currency standard, it must exhibit stability in value, or it will fail to function as a reliable measure of wealth" (p. 63). He pointed out that commodities like gold, with intrinsic qualities that resist counterfeit efforts, are more effective in stabilizing economies and currencies.

found in many cryptocurrencies with a reasoned and deliberate pace and process administered by a trusted Administrator. This paper introduces the functionality of C*u*Bit™ in the context of the DAO, Administrator, and the unprecedented transparency tool, the publicly published and audited C*u*BitDAO™ Asset Ledger.

This document describes the organization and operation of a C*u*Bit™ Distributed Regional Affiliate (DRA, Affiliate) and its relationship to both C*u*Bit™ and Universal Real Estate Wealth Protection Solutions™, LLC (UREWPS™, the Company) For a more complete understanding it may be helpful to also read the URESC*u*™ (C*u*Bit™) Whitepaper and the UREWPS™ Whitepaper. Both are available through UREWPS™ Whitepapers.

DRA Formation

Each DRA is established as a wholly owned subsidiary of the Company. The Private Placement Memorandum (PPM) for the Affiliate refers to the DRA as the Fund. In this document it will be referred to as the Affiliate.

The Affiliate is operationally chartered as a decentralized autonomous organization (DAO) for a specific geographic region and legally formed as a limited liability corporation. The Affiliate exists to facilitate real estate investment activities in a general geographic area.

Affiliates are established in many locales. Each Affiliate is a separate legal entity

At the incorporation of an Affiliate, the Company owns all the ownership shares. Ownership shares of each Affiliate are available for sale by the Company to Accredited Investors[4](Members). These ownership shares require Members to participate in Affiliate operations an

DRA Governance

Members profit from the operation of the Affiliate. Each ownership share may also be represented by a Governance Token (GovT) within the DAO. Shares and Governance Tokens are synonymous. Both carry the same restrictions, rights, and responsibilities.

Affiliates rely upon the treasury of the Company for funding real estate deals. The Company treasury relies heavily upon the C*u*BitDAO™[5] Asset Ledger (Asset Ledger, the Ledger). A portion of the Company treasury is pledged to support the market value of the C*u*BitDAO™ Asset Ledger. Real estate assets, obtained and operated through Affiliate operations, represent the primary source of the pledged assets of the Company treasury.

DRA Key Elements

Key aspects of each Affiliate are:

- Locally owned and operated by a select group of experienced real estate investors
- All Members are free to submit and participate in deals through the Affiliate as long as they do not act to vet or approve their own deals
- Provides local real estate investing companies (REI) access to URESC*u*™ capital to fund their deals as joint ventures
- All investments are joint ventures (JV) between a local REI, the Affiliate, and the Company
- All real estate is owned by a trust with the JV as the Beneficiary and the Company as Trustee
- The Company tokenizes every JV into non-fungible tokens (NFT also known as an ERC-721 smart contract)

[4] See Appendix E for the SEC definition of an Accredited Investor
[5] C*u*BitDAO™, URESC*u*™, UREWPS™, and CuBit™ are registered trademarks of UREWPS™, LLC

- Revenues and expenses within the deal are shared according to the terms of the JV and enforced automatically through the smart contract created by the Company
- Deals contribute indirectly to the C*u*BitDAO™ Asset Ledger which supports the value of URESC*u*™
- Qualifying Affiliates may have authorization by the Company to fund deals to a specified threshold
- The initial Affiliate Funding Threshold is zero
- The Affiliate Funding Threshold is changed at the sole discretion of the Company
- Deals exceeding the Affiliate Funding Threshold are submitted by the Affiliate for approval by the Company
- The Company maintains an Affiliate Reputational Rating (ARR) for each Affiliate
- The ARR is adjusted based on the business performance of each Affiliate
- Changes to the ARR alter the revenue sharing terms between the Affiliate and the Company for deals closed subsequent to the change (for more information see the Affiliate Reputational Rating document on www.UREWPS.com).

DRA Shares

Affiliate share prices are specified in the relevant PPM. Each Affiliate offers a maximum of 99 shares. Each Affiliate is an independent legal entity and every Affiliate, in good standing, is entitled to access a portion of the UREWPS™ treasury set aside for real estate purchases. Financial projections for the Company and Affiliates currently forecast the value of one Affiliate share at $4.4 million over the next five years.

The Company reserves the right to retain some ownership shares as well as to award some ownership shares in each DRA to individuals or companies for significant contributes to the establishment of a DRA, or significant contributions to the promotion of C*u*Bit™.

NOTHING IN THIS DOCUMENT SHOULD BE CONSTRUED AS A SOLICITATION TO PURCHASE SHARES OF ANY COMPANY OR SECURITY. NOTHING IN THIS DOCUMENT SHOULD BE CONSTRUED AS INVESTMENT, LEGAL, OR TAX ADVICE. THE READER SHOULD CONSULT WITH QUALIFIED EXPERTS OF THEIR OWN CHOOSING ON ALL THESE MATTERS.

Executive Summary

Purpose

The C*u*Bit™ Distributed Regional Affiliate companies (DRA, Affiliate) are essential to the mission of the Company to provide partnership funding for real estate investing companies of all sizes. To this end, the Affiliates are established and given access to liquid assets in the Company treasury to facilitate the formation of JV between the Company and REI in various localities. To compensate the Affiliate for fulfilling its role(s) within each JV, the Company shares with each Affiliate some of the revenues due to the Company as the funding partner.

"The problem with real estate is that it's local. You have to understand the local market."

Robert Kiyosaki

The Local Problem

Robert Kiyosaki, author of Rich Dad, Poor Dad has noted that, "The problem with real estate is that it's local. You have to understand the local market" (Kiyosaki, 2017). When the need for a local real estate perspective meets with a large, centralized funding source for real estate deals such as the Company, a significant operational and financial risk arises due to a lack of intimate knowledge of the local real estate market and local communities.

We recognize this inherent and significant risk to any real estate investment strategy that is expected to span many geographic areas. To mitigate this risk, we are establishing affiliates in selected markets. Although each affiliate will be its own legal entity, with a unique set of owners, similar to franchises, they will be linked to the Company for their source of funding and tokenization of real estate. To maintain access to our funding and branding, the Affiliate will adhere to certain standards of ethics and business practices as dictated by the Company. For more information on the Company, see ***UREWPS™ Whitepaper***.

Show Me the Money

Through the C*u*BitDAO™ Asset Ledger, the Company is raising substantial amounts of capital. We do this specifically to invest in real estate. C*u*Bit™ is a receipt currency implemented as a cryptocurrency. The value of C*u*Bit™ is primarily supported by the market value of real estate. Key factors driving the value of C*u*Bit™ are 1) stability and 2) real estate assets held by the Company. For more on C*u*Bit™ see the ***URESCu™ (CuBit™) Whitepaper***.

The establishment of a DRA in a distinct region is helpful to safely penetrate a local real estate market while achieving large economies of scale and without creating a large employee base.

The articles of incorporation, operating agreement, business plan, ownership restrictions, as well as standard operating procedures and policies closely align with those of the Company. Contingent upon specified conditions, the Company retains the right to sever the relationship between the Affiliate and the Company and disband the Affiliate while unwinding its relationship to C*u*Bit™.

The USA Market

The National Real Estate Investors Association (NREIA) proclaims that they have 40,000 members and 120 local chapters across the USA (NREIA, 2022). Each chapter is a likely candidate for the establishment of an affiliate.

The US Census Bureau (US Census Bureau, 2011) tracks 365 metropolitan areas in the USA and Puerto Rico. To qualify, the Census Bureau requires that each must have more than 50,000 residents. Of the 365 areas, 342 have more than 100,000 residents. The Company only considers metropolitan centers with 100,000 residents or more as a candidate for an Affiliate. This means that total Affiliate growth could easily reach into the hundreds.

When the Company moves into real estate markets outside the USA, the affiliate business model will provide a ready framework to create and interact with those real estate markets. The localized expertise in each Affiliate facilitates compliance with local laws and customs, rather than imposing a one-size-fits-all approach.

The Opportunity

The Industry

The real estate investment industry is pervasive. Private ownership of real estate has long been the key milestone in the quest for wealth and financial independence. In the free-market economies of the world today, private ownership of real estate is a cornerstone of their economies.

Nearly every day multiple real estate transactions occur. For every three transactions that successfully complete, one source estimates that as many as 30% of pending sales contracts fall through (Title Partners, 2022). Financing-related failure was the second most frequent cause listed.

Funding for real estate transactions typically focuses on the very large or very small deals. On the large end, commercial lenders often won't even consider loans that are under $50 million USD. The regulatory hurdles and administrative costs are so expensive that they tend to destroy the profit margin in smaller deals and don't produce sufficient revenues for the lenders to offset their costs.

Regarding small deals, banks, savings & loans, and credit unions have crafted many mortgage products aimed at the individual homeowner. However, when the purchaser is buying to expand their real estate portfolio, they are often limited in the number of loans they can get or the number of units they can hold. As soon as their deals exceed four units, they are pushed toward commercial financing, where, again, they don't want to look at anything under $50 million.

MOST REAL ESTATE INVESTORS ARE UNDERSERVED BY THE FINANCIAL INDUSTRY

This gap in financing is exactly where most REI begin trying to establish their business. They are habitually underserved. With the possible exception of private lenders, the neglect of this potentially lucrative market by banks and finance companies betrays the lack of interest, perhaps disdain even, which banks and finance companies have for REI. In contrast with traditional lenders, the business model for the Affiliate is aimed directly at meeting the needs of this underserved sector of the industry. It is partnership financing by real estate investors for real estate investors.

The Competition

Our efforts to provide real estate financing to investors compete directly with the efforts of banks, finance companies, and private lenders. The Company creates two strategic advantages over the competition. First, we consider the REI our primary target market, not a peripheral audience. In fact, we take a unique approach to win over REI. Instead of trying to engage them in the traditionally adversarial relationship of creditor and debtor, we seek to partner with them. Second, we use smart contracts and other automation to create operational efficiencies in the financing process. These efficiencies allow the Company to offer terms in our joint ventures which are more advantageous than those of many of our competitors. Further, our approach as funding partners rather than lenders is effective at bringing in deals even when the terms are comparable with those of a lender.

Banks, credit unions, and finance companies

Traditional lending institutions of banks, credit unions, and finance companies have not served REI very well. As evidence, consider that most of these lenders have no products specifically tailored to meet the unique needs of REI. For risk management, regulatory compliance, and laziness they consistently pushed REI into the same sort of loans they make available to owner occupants. Although these loans often have rates and terms more favorable than commercial loans, they nearly always require personal recourse and restrict the number of properties they will fund with one REI. This latter point has two effects: 1) it forces REI to establish additional financing avenues, and 2) it limits the size of their business.

Real Estate Investment Trusts (REITs) and Institutional Investors

Since the financial crisis of 2008, institutional investors such as real estate investment trusts (REITs), Redfin, Black Rock, and other companies have aggressively bought up residential rental properties in markets across the USA. They have deep pockets and a strong structure to successfully carry out real estate deals. These buyers are direct competition for local REI trying to make deals and, by extension, us.

REITs are well regulated investment pools which have many superficial similarities to the Company. Both pool money from many investors and use it to invest in real estate. REITs pass through a portion of the cash flow from their investments to the REIT shareholders, providing them with direct returns on their investment. Unlike REITs, the Company does not pay dividends to C*u*BitDAO™ members. However, DRA Members are eligible to receive dividends as owners may in any company.

Hard Money Lenders

We are directly competing with hard money lenders for their deals. Most hard money lenders begin their business as an REI. As they work as an REI, they find they have an ability to raise money from others, or they are able to build a pool of funds of their own. Either way, they soon realize that they can make more money for less work by funding the deals of other REI. For some, this is very fulfilling. For others, they really enjoy the REI work and find themselves forced away from it by the need to continually raise money for deals.

We anticipate that many hard money lenders will realize that they can grow their wealth more reliably and with less risk by teaming with the Company and becoming part of our Affiliate. However, some will be unwilling to take a smaller part of the deal than they are accustomed to commanding. They are likely to find that our joint-venture approach will squeeze them out of the market, or push them to the edges of their local market.

Private Lenders (and Crowdfunding for Real Estate)

Private lenders – Private lenders often take the form of seller financing. At other times, they are hard money lenders. Sometimes, they are the sources of funding for crowdfunding and fractional ownership offers. They are accustomed to managing the risks of real estate lending and like the returns. Legislative trends are forcing them into tighter regulations and making them register as lenders. The appeal of C*u*Bit™ will draw in many of these competitors and convert them into C*u*BitDAO™ Members to protect their wealth.

Crowd-funded RE offerings – this avenue is increasingly used by small, medium, and large REI. It provides a cost-effective and rapid access to capital with a modicum of hurdles. Most REI have little understanding of the regulatory, litigation, and ownership risks inherent in crowdfunding. Crowd-funding creates a situation where every deal may result in a class-action lawsuit.

The Market

According to a press release on MarketWatch (IMARC Group, 2022), the global real estate market for professionally managed real estate reached a value of nearly $7 trillion USD in 2021 and will grow by another trillion dollars in the next five years. That figure pales in comparison with the residential housing market. Zillow estimates that the US housing market alone is worth $31.8 trillion USD (Stasha, 2022), and that was in 2017.

In short, there are trillions of dollars of real estate and tens of thousands of REI out there. While some of those REI may be well capitalized, many find it a daily struggle to secure funding for their real estate projects.

Business Description

Each DRA is a real estate investment business. Real estate investing businesses make money from successfully acquiring, managing, and divesting real estate. While there are a wide variety of real estate categories, real estate investment strategies are very finite.

A. **Wholesaling** – gain control of a property and sell that control to another party, generally in a short period of time
B. **Fix and Flip** – acquire control of a distressed, or undervalued property and create forced appreciation by making repairs or improvements and then sell the property for a gain
C. **Buy and Hold** – acquire control of a property and operate it for lease or rental to make money from the ongoing cash flows

In this venture, the categories of real estate and the investment strategies used depend heavily on the expertise of the members of each Affiliate. In short, they are going to be encouraged to do what they know.

This business is designed and intended to create winning solutions for all those involved. Every deal involves four parties as partners in a joint venture (JV) formed expressly for each deal:

1. **C*u*BitDAO™ Members (the DAO)** deposit their money in C*u*Bit™. They expect the value of C*u*Bit™ to increase based on the appreciation of real estate held by the Company. The DAO is the funding partner.
2. **The Company** manages the fund created by the DAO, manages each JV as the managing partner, and expects to make money on cash flow from deals and funds usage fees, all while passing natural and forced appreciation gains along to the DAO.
3. **The Affiliate** is the verification and validation partner and expects to make money on cash flow from deals, from sharing fund usage fees, and to participate in the revenue resulting from forced and natural appreciation of real estate, all without risking their own funds or credit.
4. **Local REI** is the operating partner of the JV and expects to make money from cash flow on "buy and hold" deals as well as revenues from forced and natural appreciation of "flips" without using their own money or credit for acquisition and rehabilitation costs.

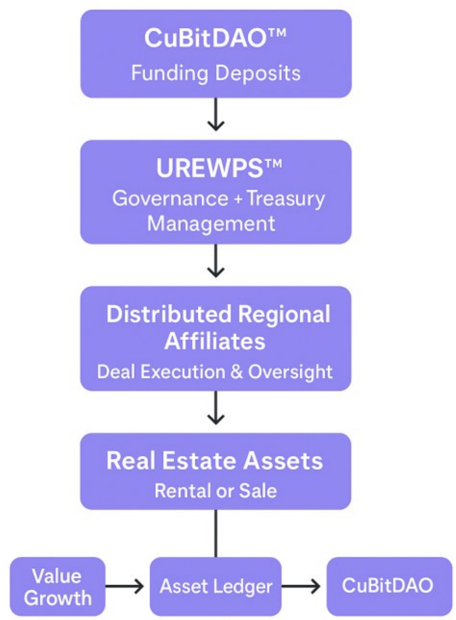

Figure 1UREWPS™ Ecosystem Stakeholder Map

Although there are four parties involved, the interests of the DAO are wholly represented by the Company. C*u*BitDAO™ Members do not have any direct ownership of deals done by the Company and deals are not submitted to the DAO for acceptance or rejection. There are several reasons for this:

- Submitting deals to the DAO would compromise the deal information by making it widely available to all DAO members enabling other parties to 'steal' deals from us.
- Publicizing deal information could compromise sensitive information of potential sellers, opening us up to substantial legal liabilities.
- DAO members are neither required nor expected to have any grasp of the specialized knowledge needed to make informed and risk-managed decisions regarding real estate investments.
- Most DAO members will lack any reliable reference points to make decisions based on localized factors that are far removed from their own physical locations.
- Real estate deals are often time sensitive. Submitting each deal for a vote of the DAO would be expensive, inefficient, and time-consuming, which would make deals less profitable and more likely to fall apart before a decision could be made.

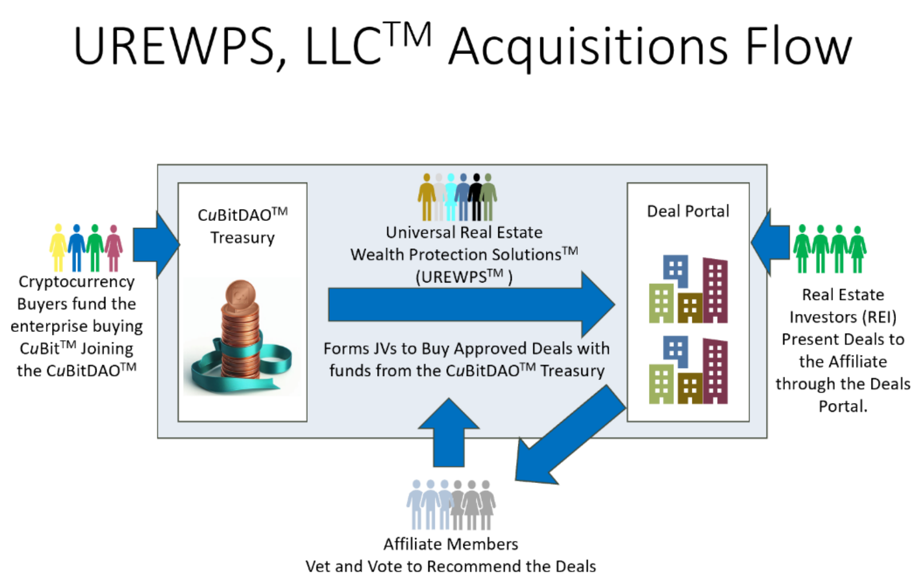

Figure 2 Acquisitions Flow

The success of the Affiliate business model depends upon the successful integration of some key factors.

C*u*Bit™ Deposits - The wealth deposited by C*u*BitDAO™ Members is the fuel in this economic engine. Deposits in the treasury of the Company provide a capital pool where Affiliates draw to fund deals. The market value of the deals in each Affiliate will typically exceed what Members of the Affiliate could achieve with only their own resources. Because these deals do not rely on loans, each real estate asset is wholly owned. Profits are not diluted with financing costs, and refinancing risks don't threaten ownership.

Expertise of DRA Owners - The second success factor is the ability of the Affiliate to successfully source and vet profitable real estate deals. Affiliate owners constitute a pool of expertise to properly vet and manage each real estate deal. Affiliate vetting reduces risks of failure, and of fraud.

Affiliate owners understand how real estate variables affect the success of the deal. They ensure that each variable is identified, correctly quantified, and assessed. This due diligence has the advantage of local market knowledge, rather than simply relying upon a generic deal analysis model.

Meeting Local REI Needs - The third factor directly impacting the success of the Affiliate is sourcing deals in the local market. Although Members may directly source deals to the Affiliate, overreliance on internal deal sourcing is likely to produce minimal deal flow and overall disappointing revenue flows. Sustainable and profitable deal flow results from meeting the underserved funding needs of local REI.

Many REI enter the business chasing promises of making money in real estate without using their own money or credit. They quickly discover that finding reliable non-recourse funding is both difficult and costly.

The Affiliate offers funding to these REI using the Company JV model. The Company is the funding partner, the Affiliate is the overseer, and the REI does the work. The REI pays funding fees for the privilege of using C*u*BitDAO™ money instead of their own money or finding a lender. Funding fees with C*u*Bit™ are more costly than commercial lenders, banks, and credit unions and less expensive than hard-money lenders.

Affiliate owners play a significant role in determining funding fees. They use their knowledge of pricing and terms in their market to set fees in the desired range.

Practical Risk Management - A fourth factor impacting Affiliate is the ownership structure of the real estate involved in each deal. Experienced real estate investors understand that many deals fall apart when one party is unable to fulfill their part of the deal. This failure often results in additional delays and expenses as ownership of the underlying real estate is transferred through foreclosure. Often, foreclosure includes mandatory notice and redemption periods, which prolong deals, create uncertainty of ownership, and incur legal fees and court costs. Sometimes foreclosures are contested, creating more delays, uncertainty, and legal fees and court costs.

To simplify ownership interests and dramatically reduce delays, uncertainty, and expenses every deal requires placing the real estate ownership into a trust. The Company is the Trustee. The JV between the REI, the Affiliate, and the Company is the sole beneficiary of the trust.

Terms of the JV include conditions of default and consequences of default for each party. The ultimate consequence of default is to be removed from the JV. Removal severs all claims to the JV and all indirect claims on the benefits of the trust. Both the JV and the trust are embodied in smart contracts. Smart contracts are computer programs on a blockchain which automate the administrative processes of the JV and the trust. This automation reduces overhead costs as well as reducing the need to trust the Trustee and the JV manager to act consistently with integrity.

This approach also benefits the REI. If the REI were working with a traditional lender to fund the deal, they might be vulnerable to civil lawsuits and judgements which would garnish their bank accounts and paychecks from their day-job. Costs of these legal actions could entail extensive legal fees as well for both the defendant and plaintiff and the unsuccessful REI may be on the hook to pay all their own and their opponents' legal fees. Additionally, money owed on mortgages might be forgiven and still incur tax consequences for the REI as the forgiveness of debt is reported by the lender to the government. Lastly, these actions could impact the credit rating of the REI and drive up their costs for many other unrelated issues that use credit ratings to drive their pricing.

In summary, there are **five ways REI benefit from practical risk management**:

- Avoiding civil lawsuits and judgements with their associated
    - Garnishments of bank accounts and paychecks

  - Legal expenses for themselves and their winning opponents
- Taxes on forgiven debts
- Adverse impacts on their credit rating with higher costs associated with many goods and services which adjust their pricing based on credit ratings (e.g., car insurance, loan interest rates, bonding, etc.).

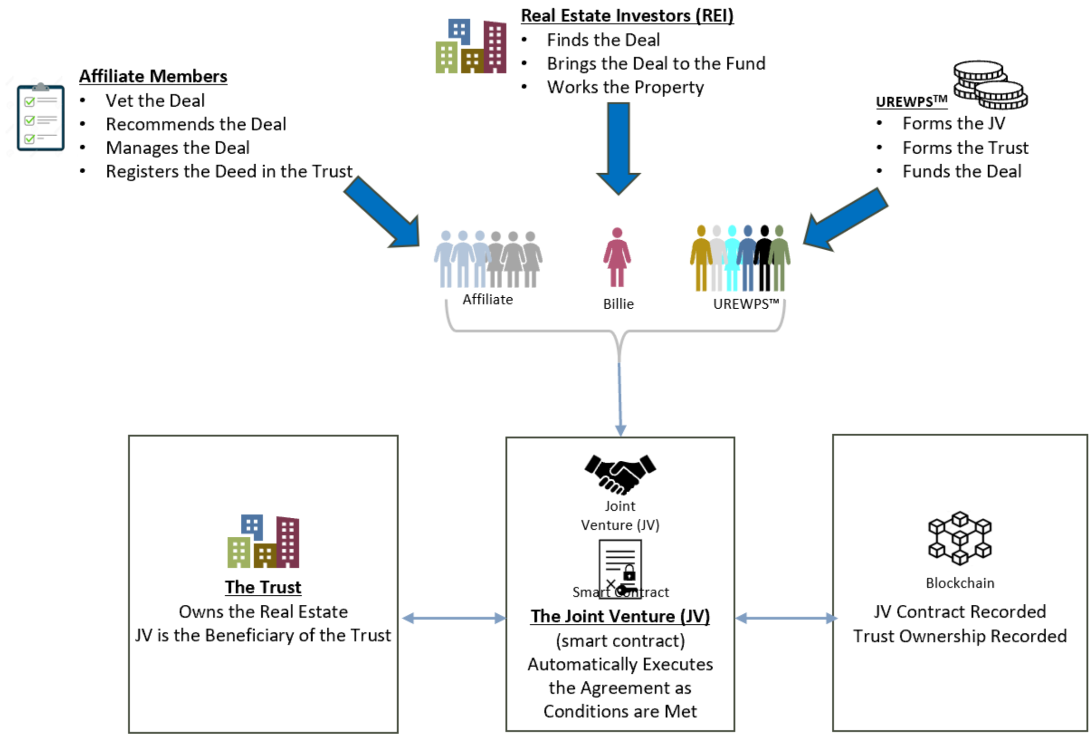

Figure 3 The Financing Partnership Model

The Affiliate and Real Estate Deals

The Company approaches the real estate investing marketplace as a capital partner teaming up with the Affiliate and local REI. In simplified terms, the REI brings the deal, the Company provides the money to fund the deal, and the Affiliate verifies and validates every aspect of the deal from inception through completion.

This partnership relationship contrasts sharply with the arm's length and slightly adversarial relationship between lenders and REI. It is also a far cry from the aggressively competitive approach which institutional investors bring to the local investing community. The interests of the REI, the Affiliate, and the Company are aligned. The Company is protective of the REI as a valuable resource rather than considering them competitors. The Company is a financial lifeline which local REI have been promised and never experienced.

Each Affiliate is responsible for vetting, and recommending real estate deals[6] for participation by the Company. Tangentially, each Affiliate is also responsible for finding these deals. They find them by attracting local REI to bring them good deals. The Company provides the Affiliate capital from the Company's treasury to fund each

[6] Real estate deals may include instruments such as promissory notes, tax liens, and other financial instruments backed by real estate as well as outright purchases of real estate.

approved deal through a smart contract[7] allowing for the automatic release of funds when required conditions have been met.

The Company and Real Estate Deals

The Company establishes the JV and the trust as legal entities in the jurisdiction where the subject property exists while providing the smart contracts and other tokenization requirements for every deal funded by the Company.

Each JV has common components. Values associated with each component vary depending on the deal and the partners. The REI is committed to doing most of the work to make the deal successful. The primary reward for the REI comes from the equity realized when the go-to-market plan for the deal is successfully implemented.

The Affiliate is an operational partner, committed to overseeing the work of the REI to make sure all commitments are properly met. Affiliate rewards are a share of the funding fees and interest payments made by the REI for the use of funds. In some deals, the Affiliate and the Company participate with the REI in the equity rewards from the deal.

The Company is a funding and managing partner providing the capital to execute the deal, as well as handling the substantial administrative burdens of the deal. The Company rewards are primarily derived from the funding fees, including interest paid by the REI. Any Company share in the equity from the deal is passed on to the C*u*BitDAO™.

Each JV is embodied in a smart contract and a trust[8]. In government records, the trust holds legal title to the real estate. Within the trust the JV is listed as the trust beneficiary and the Company, or its designated representative, is the trustee.[9] Because the trust and JV are built into smart contracts, risks traditionally associated with a trustee and a JV managing partner are dramatically reduced. The contracts automatically carry out the terms of the trust and JV as required conditions are met. In the parlance of the industry, these are "trustless trusts." This means that because they are a blockchain computer program, they don't require the trust of the parties involved to operate as intended.

Affiliate Reputational Rating

Each Affiliate has a Reputational Rating maintained by the Company. As an Affiliate completes deals the Reputational Rating for the Affiliate is adjusted up or down based on the performance of the deal. Reputational Rating changes may affect revenue sharing percentages. An extremely low reputational rating could result in the Company revoking the Affiliate charter. This will terminate funding and cancel permission to use the Company's funding, branding and other assets. The bylaws of each Affiliates stipulate that loss of funding precipitates the dissolution of the Affiliate.

Scope of Real Estate Deals

For the purposes of the Company, real estate includes real estate and financial instruments whose value is backed by real estate. This allows the Company to approve investments in a wide variety of assets. Below is an

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[7] Smart contracts are computer programs stored on a blockchain that run when predetermined conditions are met. They typically are used to automate the execution of an agreement so that all participants can be immediately certain of the outcome, without any intermediary's involvement or time loss. They can also automate a workflow, triggering the next action when conditions are met. (IBM, as viewed 3/29/22)

[8] The creation of these NFT is to optimize efficiency and reliability of the functions of the JV and the trust.

[9] In addition to the recording of appropriate documents with the local government, all the details of the JV and the trust will be codified into a smart contract and stored on the blockchain as a non-fungible token (NFT). This makes the information immutable and readily retrievable.

exemplary list of the types of investments the Company and the Affiliate consider to be a real estate investment. Sample qualifying criteria are provided for clarification.

Table 1 Eligible Real Estate Examples and Criteria

Asset Type	Description	Fundamental Requirements
Single Family Homes (SFR)	• Residential buildings with 1 to 4 dwelling units	• Property a reasonable person would be happy to own • Property with economic profit potential and cash flow potential • Property with sufficient value to offset the investment amount by a comfortable margin (+30% or more) • Opportunity to own the property without encumbrances of other liens
Multi-Family Housing (MFH)	• Residential buildings with more than 4 dwelling units • Mobile Home Parks • Residential developments	
Commercial	• Office buildings • Warehouses • Storage facilities • Industrial • Health Care	
Retail	• Single business buildings • Strip malls • Enclosed shopping malls • Townhouse-style business units • Hotels / Motels • Restaurants • Mixed-use properties	
Tax Liens	• Sovereign liens which have not been foreclosed	
Private Notes	• Must be secured by real estate and able to be converted to a 1st lien position.	
Agricultural Land and Raw Land	• Not acceptable unless part of an acceptable development deal.	

Although raw land and agricultural land are generally excluded from consideration, experienced real estate investors will recognize that the list above is comprehensive of nearly all types of real estate investments.

Attributes of Each Deal

1. Every deal is separately configured as a JV and trust between (for additional information on trusts see ***Appendix D: A Simplified Explanation of Trusts***). This allows the Company to ensure that Company standards for asset management are upheld and provide transparency between REI, the Affiliate, the C*u*BitDAO™, and the Company.
2. The trust owns the property with the Company as trustee.
3. In addition to forming the JV and the trust according to the laws of the relevant state, both entities are embodied in smart contracts.
4. Relevant details of the property, including ownership of the bundle of rights associated with the property are recorded on The Worldwide Property Rights Registry™ (TWPRR™) blockchain, becoming a matter of public record.
5. Revenues and expenses in the JV are handled according to the terms of the JV.

6. Each JV impacts the Asset Ledger of the Company. Updates to the Asset Ledger, stemming from the JV are carried out (directly or indirectly) by the smart contract controlling the JV.

Affiliate Ownership and Governance

Each Affiliate is established as a DAO and an LLC with a maximum of 99 governance tokens (ownership shares). Other than the Company, no party may own, control by proxies, or both, more than 18% of the Affiliate. Affiliates have the option to establish a Deal Approval Committee, under the direction of the Affiliate owners, to review and recommend deals. However, the Affiliate governance tokens must vote to approve each deal they want to fund. Additionally, Affiliates have the option to establish a Property Management Committee to oversee all properties owned by the Affiliate in whole or in part on behalf of the entire DAO.

Each USA-based Affiliate is created through a private placement memorandum of offering (PPM) in accordance with the laws and regulations of the USA and the state where incorporated. The Company defines the geographic boundaries associated with each Affiliate. This is a rough estimate and should not be construed as a strict geographic exclusivity.

The reason for establishing these regional affiliates is not only to reduce overhead; it is also driven by the fact that real estate investors tend to enjoy better results when they are investing in geographic regions with which they are very familiar. This is not to imply that the governance tokens are limited for sale to qualified investors only within a specified region.

Special Provisions

Ownership restrictions include measures to prevent any one party from gaining majority control of the Affiliate. Other than the Company, no party can own directly or control by proxies more than 18% of the Affiliate ownership shares. By virtue of chartering the Affiliate, the Company is the original owner of all shares of the Affiliate. The Company can provide its proxy to a representative to vote on any number of its shares.

When votes are called, at least half of the ownership shares must be represented to establish a quorum. A majority of the quorum must vote in favor to accept any deal.

Starting an Affiliate

At startup, in addition to selling ownership shares, the Company may award ownership shares to individuals or entities which contribute significantly to the establishment of the DRA.

At least one officer of the Company will be responsible for getting the Affiliate fully operational and in conformance with the requirements of the Company and will be awarded at least seven (7) of the 99 ownership shares, establishing them as a DRA Director.

The designated Company representative will handle sales of the remaining Affiliate governance tokens on behalf of the Company in conformance with all applicable securities laws and the requirements of the smart contract comprising the governance tokens. This includes a vote by existing governance token holders to approve each new owner as well as compliance with the investor requirements established by law.

Use of Proceeds

Proceeds from the sales of these governance tokens are handled according to the smart contract for Affiliate governance tokens. In theory, use of the proceeds is entirely at the discretion of the Company. In practice, some proceeds may be used to defray the costs of establishing the DRA, others may be used to ensure it is staffed and operated adequately. Proceeds from sales of shares not owned by the Company may be used by their seller as they see fit.

After the Affiliate is established, the designated Company representative is free to sell their own governance tokens and relinquish ownership interests in the Affiliate, or retain those shares and continue to work with the Affiliate, at their discretion and subject to the Bylaws of the Affiliate.

Responsibilities of Affiliate Owners

Every owner of shares in each Affiliate is committed to providing some material participation in the Affiliate beyond their capital contribution(s).

1. Affiliate owners are responsible for evaluating proposed real estate deals and make appropriate recommendations for funding.
2. Affiliate owners are responsible for declaring dividends for their Affiliate.
3. Affiliate owners may be relieved of their duties and required to sell their shares for cause (illegal or other activities which may adversely impact the reputation of the Affiliate, the Company, other owners, or participating REI) or inactivity.
4. Owners of Affiliate shares may be unilaterally bought out by the Company or the Affiliate for cause if their actions bring disrepute to the Affiliate or violate their fiduciary duties to the Company, the Affiliate, or the REI.

Affiliate Projected Financials

All income and obligations from deals flow through the smart contract JV created by the Company and are apportioned to the participants in the JV according to the terms of that contract. Exact amounts due to the Affiliate differ with the values of each JV and the Affiliate Income Ratio (AIR) applied to each deal. AIR is the percentage of the funding due to the Affiliate. It does not represent a percentage of the total deal. Rather, it is a percentage of the non-REI portions of the deal.

Financial projections for the Affiliate are based on estimates and national averages, not on any specific market (See Table 4 Affiliate Five Year Financial Projection in Appendix C). Projections show potential results of revenue sharing with the Company as the Affiliate manages the deployment of the capital provided by the Company into the local real estate market (See Table 11 Affiliate Five Year Financial Projection in Appendix C: Affiliate Financial Forecasts).

As seen in the referenced table, income to the Affiliate comes from a sharing of three categories of revenues: Fee Income, Interest Income, and Equity Revenues.

Affiliate Income Streams

Funding fees and funding usage fees are paid by the REI to the JV for the use of the investment principal. The Company and Affiliate share this revenue. **Operating revenue** (also known as rental revenue) comes from the net operating cash flows from properties held for lease or rent. These may be shared between the REI, Affiliate, and the Company. **Equity revenue** comes from the equity share of properties sold. Equity revenue is shared between the REI, the Affiliate, and the C*u*BitDAO™. The Company is excluded from sharing in equity revenue.

Affiliate owners invest a modest amount of time and energy to evaluate, recommend, and oversee deals. Additionally, they continue to verify and validate the deal while they hold an ownership interest in the JV.

There is no prohibition against Affiliate owners acting in the role of the REI and thus earning revenue shares due to the REI in addition to those they merit through the DRA. However, the principle of segregation of duties prohibits any Affiliate owner who is taking the role of REI from taking part in the oversight duties, reporting, and submission for their subject property(s). In the parlance of renown financial expert Charles J Givens, every Affiliate owner and the REI are making money in real estate by using "other peoples' money." (Givens, 1988)

Affiliate Expenses

It is expected that an Affiliate may have a certain amount of administrative overhead expenses. Ordinary operating expenses for the Affiliate are estimated at just 20% of Affiliate gross revenues. This low number is assumed because the Company performs many functions for the Affiliate and the use of smart contracts further reduces many ordinary administrative expenses. The operating expenses of the Affiliate are distinct from those associated with each property or JV.

Another reason this operating expense item is estimated so low is the express reliance on Members to perform most, or all, of the work needed to vet and manage deals. If Members choose to outsource many of the vetting activities, that will drive up their operating expenses. Ongoing property management expenses are funded out of the JV, so they are not included in this operating expense line.

Tax Reporting

Incomes and expenses of the Affiliate are reported in conformance with Internal Revenue Service requirements and Company requirements at least quarterly. Each Affiliate will prepare an internal balancing of the books each month. Within the USA, for legal purposes the Affiliate will be an LLC and for tax purposes it will behave like an S-Corp. This means that profits and losses flow to the Members without being taxed at the corporate level.

Financial Disclaimer

Financial projections are pro forma and based on forward-looking key assumptions which may differ from actual events and performance. These projections are forward-looking statements and not assertions of fact. Actual performance of an Affiliate will vary from these projections. These projections are not intended to convey tax, accounting, or investment advice, and are not a solicitation to invest.

Affiliate Lifecycle and Exit Procedures

Each DRA™ follows a structured lifecycle designed to ensure operational stability, accountability, and alignment with UREWPS™ standards:

- **Formation:** Affiliates are chartered by UREWPS™ and seeded with initial ownership shares, governance structures, and operational frameworks.
- **Operation:** Affiliates execute real estate investments, manage buy-fix-hold properties, and maintain local community engagement while adhering to Company guidelines.
- **Governance:** Affiliates must maintain active Member participation, regular deal flow, and uphold minimum Reputational Ratings to preserve funding access.
- **Dissolution or Exit:** An Affiliate may be dissolved or restructured under the following conditions:
    - Prolonged failure to maintain deal flow.
    - Reputational Rating falling below minimum thresholds.
    - Voluntary decision by Members to disband.
    - Breach of governance, fiduciary, or ethical standards.

- **Liquidation:** In the event of dissolution, any remaining revenues and assets will be distributed in accordance with the Affiliate's bylaws and DAO governance rules, with UREWPS™ retaining rights to oversee orderly wind-down and safeguard CuBit™ reserves.

This lifecycle approach provides a clear operational path while protecting all stakeholders from unmanaged risks.

Operational Plans

Evaluating Deals

Every deal which is a candidate for funding is evaluated (underwritten) using procedures, processes, and tools based on a combination of industry standards, Company requirements, and the judgement of the owners of the Affiliate. Combined, all these evaluation efforts are often referred to as due diligence. This term is based on law and means that an appropriate amount of diligence is exercised to determine the necessary facts before a decision is made.

Due diligence includes evaluating all the relevant factors and elements which are, or may, impact the success or failure of the deal. Every party to a deal is expected to conduct their own due diligence and to be completely transparent with the other parties about the results of their investigations. Discovering a problem and either hiding it, misconstruing it, or failing to disclose it to the other parties in the deal is fraud. Fraud is not tolerated by the Company. It may result in civil and criminal prosecution and termination of business relationships.

Deal Proposals

Every REI proposing a deal is required to complete a deal evaluation analysis which is checked by key members of the Affiliate. If the deal is outside the funding authority of the Affiliate[10], then the package, along with the recommendation of the Affiliate, is forwarded to the Company for review and possible approval. This does not change the fees or responsibilities of any of the parties.

While the general activities to evaluate a deal are consistent regardless of the property type, the considerations within each activity change with each type of real estate deal. For instance, a market evaluation relative to a single-family-residence (SFR) deal looks at different data than a market evaluation for a self-storage facility, even when both deals are located in the same community.

Also, some components of deal evaluation may be reusable across multiple deals of the same type, for a limited period of time. Again, using the example of a market analysis. A general analysis of the SFR market in a specific area can be reused across multiple SFR deals in the same area for at least a month. After a month, certain key indicators must be refreshed to determine if market conditions have changed for the better or worse.

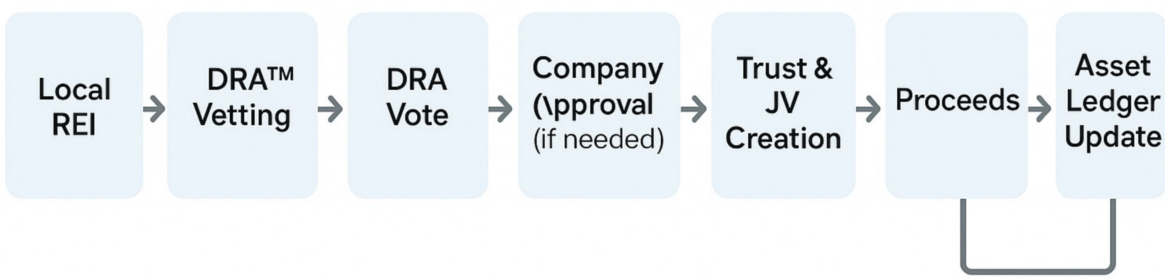

Figure 4 Real Estate Investment Deal Flow Through Affiliate Operations

[10] This statement assumes that at some point an Affiliate may be authorized to exercise some discretionary level of deal funding. Initially the discretionary level for every Affiliate is zero.

Parts of the Deal

Every deal has the following components that must be evaluated:

1. Market
2. Property
3. Partner
4. Deal Structure
5. Deal Strategy

Figure 5 Components of Deal Evaluation

Each of these aspects of deal evaluation are worthy of a small book to both explain and standardize. Standardizing manages risks in a uniform manner. The Company works with Affiliates to implement and maintain an appropriate level of documentation for deal evaluation which allows the Affiliates to operate with some degree of latitude and apply appropriate risk controls so that the Company can have confidence that deals recommended by the Affiliate are worthy of funding.

Market Evaluation

A market evaluation should reveal the current and expected market trends which may support or adversely impact the deal. This includes supply ratios and current turnover periods for similar properties in the market where the property is located. Other market factors such as whether demand is increasing or decreasing, trends in property valuation, and the economic prospects of the community where the property is located all should be included in the market evaluation.

Property Evaluation

Each property must have a realistic assessment of its current condition and as-is value (Current Condition Value, CCV), as well as an estimate of the value of the property after it has been brought up to market-ready standards (After Repair Value, ARV). This includes analysis of comparable properties and recent sales of comparable properties within a reasonable distance of the subject property. Embedded in this is an assessment of the probable case, best case, and worst case scenarios for the cost of repairs and the schedule.

Every property must be evaluated under both the successful go-to-market scenario and under the projection where the REI fails to fulfill their obligations and their rights are terminated, leaving the burden for completing the deal to the Company and the Affiliate.

Evaluating the REI Partner

The ability of the REI to fulfill their commitments depends upon their experience, skill, and financial resources. Although the financial resources of the REI are less important than they might be in other funding models, it is still necessary for the REI to demonstrate that they can pay the funding fees of the deal. Funding fees typically mimic interest only payments during the construction or rehab phases of the deal as well as origination fees, tokenization fees, and closing fees.

If the REI fails to meet their obligations within the JV, they lose their place in the deal, forfeiting fees already paid.

To properly evaluate the REI requires the Affiliate to expertly evaluate three key attributes of the REI:

1. **Character** – Reliability, attitude, responsiveness, self-investment, partnership
2. **Credit** – Financial reliability and ability to pay their part(s) of the deal
3. **Capacity** – Experience, time, resources

Deal Structure

Terms of the deal must make good economic sense for all parties to the JV. The aim of the Company is for deals to be win-win-win, meaning that all three parties have a high probability of getting a worthwhile return from the deal. As noted above, the legal structure of the deal is already determined and the financial structure of the deal is subject to the terms of the JV.

Deal Strategy Evaluation

Acquisition Strategy

Experienced real estate investors know that there are a variety of strategies which can be used to gain control of a property. Each approach has its own risks and rewards. The Affiliate team will evaluate the soundness as well as the risks and rewards of the proposed acquisition strategy.

Management Strategy

Whether the deal is a wholesale, a flip, or a buy-and-hold the property and the deal both need to be managed during the entire period when the deal is active. For the property this includes things like insurance, security, rental contracts or leasing, tenant management, maintenance, and all aspects of property management.

Managing the deal includes regular and clear communication between the parties involved with transparency and appropriate escalation of all issues. It also includes ensuring that payments, expenses, and cash draws are timely, appropriate, and verified.

Exit or Go-to-Market Strategy

Elaborating the habits of highly successful people, author Stephen R Covey (Covey, 2004) noted that they "begin with the end in mind." Successful real estate investors never acquire a property without defining their preferred go-to-market strategy and alternative exit strategies which can be employed if the preferred approach fails. The Affiliate team evaluates the proposed strategy and alternatives associated with each proposed deal. They identify the risks, probabilities, rewards, and soundness of the go-to-market strategy.

It may be worth noting here that exiting the deal can only take one of two forms:

A. Selling the property to a third party – Payouts are settled, and the JV is dissolved.
B. Partner Buyout – The JV is altered by one or more of the partners being paid to leave the JV.

Recommending or Approving the Deal

Affiliate owners are required to review and provide their concurrence or dissent regarding all the elements of the deal evaluation package. Affiliate owners who are participating as an REI or seller in a deal must disclose their participation and recuse themselves from voting on and vetting these deals. Affiliate owners need to vote to approve / recommend, or reject, each deal.

The Company tracks the evaluations, the votes, and the results of each deal and adjusts the Reputational Rating of the Affiliate according to their success in these areas. Repeated failures, neglect of duties, or violation of fiduciary duties may result in the cancellation of ownership rights for individuals and could result in revocation of the Affiliate charter as an affiliate of the Company, with a subsequent loss of access to the Company as a funding source.

REI Education

Success in any endeavor requires knowledge; real estate investing is no exception. Although many aspects of the business remain constant, other aspects change over time. Because of these changes, even experienced professionals need to keep their knowledge current.

One important way the Affiliate reduces their own efforts for vetting and managing deals is by educating REI on finding and creating good real estate deals. The quality of the REI deal directly impacts how much work the Members invest to make deals viable and attractive for the Company to fund.

Because the success of the Affiliate hinges on the efforts of the REI, it is in the interests of the Members to actively participate in the professional education of REI. They may do this in many ways.

- Affiliate owners may teach classes to REI for free or fee
- Affiliates may sponsor classes and educational events for REI
- Affiliates may contract with other real estate professionals and real estate educators to recruit and teach REI
- Affiliates collaborate with local Real Estate Investor Associations (REIA) for educational opportunities
- Affiliate owners may create and sell their own coaching or mentoring services to REI

There is no set amount of REI education required by an Affiliate or its Members. However, failure to cultivate the local REI community hinders the success of the Affiliate.

Tenant Loyalty Program: Worthy Renter's Assistance Program™ (WRAP™)

To enhance tenant retention, property care, and community stability, Affiliates managing rental properties may integrate the **Worthy Renter's Assistance Program™ (WRAP™)** (UREWPS™, 2024). WRAP™ rewards tenants for responsible financial behaviors such as on-time rent payment, property upkeep, and participation in financial education programs.

Benefits of WRAP™ integration include:

- Lower vacancy and turnover rates.
- Higher rent collection consistency.
- Improved asset value and reputation.
- Seamless pathway for tenants toward HOOPS™ homeownership opportunities.

By aligning tenant incentives with Affiliate and community success, WRAP™ strengthens long-term asset performance and advances the UREWPS™ mission of building individual financial sovereignty.

DRA Marketing

Each affiliate needs to attract two different audiences. The Company recognizes that its success depends on the successful marketing of the Affiliate. Many of the social media and other marketing efforts of the Company can be leveraged by the Affiliate to promote their local operation. They can reshare Company posts and materials while adding a link to their Affiliate to drive up interest in their local area.

Affiliate Owners

Until the Affiliate ownership is sufficiently robust to fulfill the obligations of the Member, the Affiliate needs to attract shareholders. These prospects are converted into Affiliate owners when they purchase an ownership share in the Affiliate.

Prospective Affiliate owners are typically drawn from the ranks of very successful local real estate investors. Each prospective member must be an Accredited Investor (using current SEC standards).

Prospective Affiliate owners may be attracted through a variety of advertising or marketing efforts. The most commonly used approach is through presentations in local REIA meetings. The frequency of these presentations depends on the activity and volume of REIA membership. REIA presentations may be augmented with tightly targeted presentations at real estate educational events.

The PPM and appropriate vetting are necessary to qualify prospective members before they are allowed to purchase an interest in the Affiliate.

REI Partners

REI partners are the REI who bring deals to the Affiliate. They are the second target market of the Affiliate. The purpose of the Affiliate Marketing Plan is to encourage REI to bring their deals to the Affiliate.

REIA presentations and professional education events are prime opportunities to attract deals from REI and to recruit REI to regularly present deals for funding.

As noted elsewhere, many REI enter the business after hearing promises of being able to make money in real estate without using their own money or credit. Every Affiliate offers the opportunity to fulfill that dream for the REI.

Conclusions

C*u*Bit™ and the Company represent a significant innovation for funding real estate investments. The Company provides oversight and overall governance to how the funds provided by C*u*BitDAO™ Members are invested. With knowledge and action in local markets the Affiliate plays a major role in the successful investment in profitable real estate ventures in select regions.

Bringing together the REI, the Affiliate, the C*u*BitDAO™, and the Company into a JV controlled by a smart contract is a uniquely efficient and relatively liberal funding mechanism for both experienced and inexperienced real estate investing companies. The expertise of the Affiliate owners enables nascent REI to realize their real estate investing goals with guidance from more experienced investing companies. Ownership in the Affiliate allows experienced investors to build their businesses to levels that aren’t readily available with traditional funding approaches. It also allows them to continue to successfully create real estate deals instead of diverting their energy into building a capital management business.

In a very real sense, the Affiliate model brings the power of syndicated real estate investing to the doorstep of large and small investors while relieving them of much of the risks and expenses common to real estate syndications. At the same time, it allows C*u*BitDAO™ Members to enjoy the lower volatility and hedge against inflation that comes from real estate investing while spreading the risk of non-performing investments across a portfolio of real estate investment opportunities. This innovative approach allows the Company to efficiently and effectively find, fund, and manage large and small real estate investments, creating a portfolio of successful real estate investments. At the same time, this approach manages the risks inherent with each specific geographic market. This in turn produces value for all stakeholders.

Strategic Defensibility and Competitive Advantage

The DRA™ model possesses multiple structural advantages that protect against competition and imitation:

- **Decentralized Governance:** Through DAO oversight and Affiliate ownership, no single entity controls deal flow or outcomes.
- **Trustless Trusts and Smart Contract JVs:** Automation enforces transparency, mitigates fraud, and lowers operational risks without requiring human intervention.
- **Blockchain Asset Ledger (CuBitDAO™):** Public, auditable real estate asset records bolster CuBit™'s credibility and market value.
- **Sovereign Partnership Potential:** Future integration with municipal and sovereign bodies through TWPRR™ offers regulatory alignment and market access advantages that are difficult to replicate.
- **Tenant Advancement Programs:** Loyalty programs such as WRAP™ enhance asset performance and community trust, creating embedded competitive barriers.

Together, these features form a powerful, compounding moat around the DRA™ and CuBit™ ecosystem.

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Appendix A: Risks

Risk is inherent in every aspect of our lives and our businesses. Being unaware of risks or failing to take reasonable steps to manage risks is gambling. The management team of the Company has extensive risk management experience.

Risk Management Responses

This business involves a variety of risks. There are general risks, business risks, financial risks, market risks, operational risks, real estate specific risks, cryptocurrency specific risks, legal/compliance/regulatory risks, technology risks, etc. Regardless of the wide variety of risks, there are a limited set of risk management strategies.

1. **Avoidance** – a risk may be avoided by not engaging in activities which carry a specific risk
2. **Transference** – the costs and impacts of a risk may be transferred to another party such as when we use hazard insurance to transfer the risk of property damage from ourselves to an insurer
3. **Mitigation** – the costs and impacts of a risk may be reduced (mitigated) through a variety of controls, preventative tactics, and countermeasures
4. **Acceptance** – we accept risks when we decide that the costs of a risk are within acceptable bounds relative to the reward, the costs to reduce the risk, the cost of risk avoidance, or risk transference

Residual Risk

Done correctly, risk management strategies reduce, but don't eliminate the inherent risk in an activity. Risk that remains after applying risk manage strategies is referred to as residual risk. For risks we choose not to avoid, we must resolve to accept some portion of the risk, either the entire inherent risk, or the residual risk.

Costs of Risk Avoidance

Other than through avoidance, it is unrealistic and unreasonable to assert that risk has been eliminated. Avoidance comes with a cost. Avoiding risk deprives us of the opportunity to enjoy the rewards of successfully managing a particular risk. If this were not true, insurance companies of any sort would not exist.

Thoughtful Risk Management

The three-fold partnership between the Affiliate, the Company, and the REI naturally creates a situation where each of the parties provides checks and balances to ensure that all parties involved meet performance expectations. The engagement of accredited investors as Members of the Affiliate brings to bear significant business acumen to identify and manage many of these risks in a local setting.

What follows is a list of many of the specific risks related to this venture and associated risk management tactics. In each case, inherent risk has been assessed and measures devised to reduce residual risk to acceptable levels. Many of these same risks are called out in the PPM.

Business Risks

Table 2 Business Risks

Category	Business Risk	Preventative and Countermeasures
Business Disruption Due to Natural Disaster or hacking.	Risk of losses due to disruption of business (e.g., process, people, facilities, etc.) due to a natural or human-induced disaster. Inherent Probability: 100% Inherent Severity: 50%	URESC*u*™ uses the Ethereum blockchain. A blockchain is a distributed ledger. It distributes entries across computers all over the world. Because of this, it is inherently resilient in the face of natural disasters. The offsite data storage is spread all over the world and the entire database can be rebuilt from just one verified instance.

Category	Business Risk	Preventative and Countermeasures
		Ethereum has one of the most well-built security infrastructures to prevent the success of intentional efforts to corrupt entries. The URESC*u*™ contract itself will be security-audited by a reliable 3rd party before being deployed into production. Residual Probability: 100% Residual Severity: 25%
Regulatory non-conformance	Risk of losses due to nonconformance with accounting, financial or tax regulations. Inherent Probability: 100% Inherent Severity: 100%	UREWPS™ will be subject to outside audits once, or twice each year. Additionally, an internal audit function will ensure compliance with all relevant regulations. Residual Probability: 10% Residual Severity: 25%
Collateral Recovery Process Failure	Risk of losses due to an inability, in the event of borrower default, to recover the full collateral due to operational or policy failures in collateral management processes (e.g., letting insurance lapse, untimely release of collateral). Loans/lines and counterparty/repos are considered separately. Inherent Probability: 5% Inherent Severity: 25%	The JV business structure used for all real estate deals includes a provision that holds the assets (the collateral) in a trust and makes the JV the trust beneficiary. In the event of default, the defaulting party is removed from the JV. This allows for prompt transfers of control. The smart contract used for the JV also includes measures to monitor the placement of insurance. We will use 3rd party monitors to ensure we are aware of any liens placed against the assets. Residual Probability: 5% Residual Severity: 5%
Unethical Employees	Risk of financial losses, regulatory scrutiny, or reputational damage due to employees acting unethically, in a manner inconsistent to the company's principles as described in the Code of Conduct or violating laws, policies, or regulatory requirements. Inherent Probability: 50% Inherent Severity: 100%	The Company will apply standard practices for segregation of duties as well as a combination of internal and external audits. Residual Probability: 50% Residual Severity: 50%
Transaction Default	Risk of losses due to a counterparty to a transaction defaulting or deteriorating in creditworthiness before the final settlement. Inherent Probability: 5% Inherent Severity: 50%	The joint ventures used to carry out the core work of the company include provisions to remove JV partners in the event of default. The creditworthiness of the other partners is not relevant to the deal because their credit is not a factor. Residual Probability: 5% Residual Severity: 10%
Deteriorating Economic Condition in a Country the Company does Business	Risk of losses due to economic, social and political conditions and events that might adversely affect the company's interests in a country including, but not limited to political and social upheaval, nationalization and expropriation of assets, government repudiation of internal indebtedness, exchange	Until further notice, we are only doing business in the USA. As one of the most stable nations in the world, this insulates us from these concerns. Residual Probability: 10% Residual Severity: 100%

Category	Business Risk	Preventative and Countermeasures
	controls and currency depreciation or devaluation. Inherent Probability: 100% Inherent Severity: 100%	
Pool Transaction Risk	Risk of losses due to a pool of transactions (including both loans/lines and securities) failing simultaneously because of a common underlying characteristic. Inherent Probability: 50% Inherent Severity: 25%	The geographic diversity of where our assets are helps when we consider common physical characteristics. Regarding the common business contracts we use, it is another matter. We will have all our contracts reviewed by legal experts before use. We will use the same contracts in every deal. We will have our common contracts reviewed once each year to ensure they are adjusted for changing legal conditions. Residual Probability: 15% Residual Severity: 10%
Obligor Failure to Meet Terms	Risk of losses due to an obligor's failure to meet the terms of any contract with the Company or otherwise perform as agreed. Inherent Probability: 5% Inherent Severity: 25%	The joint ventures used to carry out the core work of the company include provisions to remove JV partners in the event of default. The role of the affiliates is to validate that the REI is performing the work in a timely and quality manner. Residual Probability: 5% Residual Severity: 5%
Owned Asset Rating Downgrade	Risk of losses due to rating downgrade of owned assets. Inherent Probability: 100% Inherent Severity: 35%	Our policy is to not pay more than 70%, less the cost of repairs, for any real estate asset. This provides a significant safety margin for potential devaluations. As a part of our internal audit processes, we will review and update the market value of real estate assets every six months. The results will flow to the Asset Ledger. Our liquid assets will be vulnerable to this to the extent they are held in volatile currencies. Residual Probability: 10% Residual Severity: 35%
Data Misuse	Risk of adverse impacts to the confidentiality, integrity and availability of data owned, stored or processed by the Company. Inherent Probability: 25% Inherent Severity: 100%	The enterprise will take all required measures to prevent the misuse of data gathered by the company. This includes both general data security protocols and tools to prevent external access as well as specific policies and procedures to limit internal access to data to those with a legitimate business need to know. Use of the data will be monitored, and exfiltration of data counteracted. Residual Probability: 5% Residual Severity: 100%
Strong, Current Cybersecurity Strategy	Risk of loss due to the lack of a defined cybersecurity management strategy that will expose the company to cyber-attack. Inherent Probability: 100% Inherent Severity: 100%	The enterprise retains the services of cyber security experts and implements appropriate recommendations to prevent and defend against cyber-attacks. Residual Probability: 25% Residual Severity: 10%

Category	Business Risk	Preventative and Countermeasures
Asset Loss to Natural Disaster	Risk of losses due to damage to physical assets from natural disaster or other events. Inherent Probability: 100% Inherent Severity: 20%	Hazard insurance and liability insurance are required to be in place for every property we are dealing with. Residual Probability: 100% Residual Severity: 5%
Reporting Analytics Inaccuracies	Risk of loss due to incomplete or inaccurate data leading to inaccurate internal, financial, and regulatory reporting and analytics. Inherent Probability: 100% Inherent Severity: 25%	The deal vetting process used by the Affiliate is developed by experts. It is anticipated that this will result in robust information for each property and deal which will enable accurate deal analysis and produce reliable recommendations. The Company maintains records on each deal, property, and all financials in a secure repository. Much of this is committed to a blockchain to protect against data losses. Residual Probability: 50% Residual Severity: 25%
Inadequate Data Security	Risk of loss due to inadequate data security of non-public customer or proprietary information. Inherent Probability: 50% Inherent Severity: 100%	All information systems and repositories used by the Company and those held by the Affiliate will be assessed for cybersecurity threats and appropriate preventative measures implemented. Additionally, countermeasures to fend off cyber-attacks are in place. Residual Probability: 10% Residual Severity: 10%
Legal Action	Risk of losses due to legal action resulting from actual or perceived conduct/misconduct, services, or other events. Inherent Probability: 15% Inherent Severity: 100%	Maintaining liability insurance on each property and umbrella liability is mandatory. Additionally, errors and omissions insurance will be required for key personnel. The LLC structure limits the financial extent of legal actions. Residual Probability: 5% Residual Severity: 15%
Liquidity Shortage due to Foreign Market Exchange	Risk of a liquidity shortage due to the inability to raise funds in foreign currency markets and to transfer a liquidity surplus from one currency to another and across jurisdictions and legal entities. Inherent Probability: 50% Inherent Severity: 50%	The Company will maintain a balance of 20% to 50% of all assets as liquid assets. While we don't deal in foreign currencies, we may deal in several different crypto currencies. We are limiting routine currency usage to ETH, BTC, C*u*Bit™, and USD. Blockchain technology does not explicitly recognize sovereign borders. Residual Probability: 5% Residual Severity: 5%
Foreign Exchange Rate Fluctuations	Risk of losses due to unfavorable fluctuations in exchange rates. Inherent Probability: 75% Inherent Severity: 50%	The Company maintains and enforces policies which limit our exposure to volatile currencies such as BTC and ETH. URESC*u*™ value is updated for the market each month through the Asset Ledger. This will serve to keep C*u*Bit™ value relatively stable. Residual Probability: 25% Residual Severity: 25%
Fraud	Risk of loss due to unauthorized or illegal acts by persons with the intent to obtain assets, to avoid payment or loss, or to obtain business or personal advantage. Inherent Probability: 50% Inherent Severity: 25%	The immutable nature of blockchain records is a significant impediment to many fraudulent activities. Applying this technology to record asset ownership transactions will significantly mitigate this risk. Placing assets inside of trusts will further impede fraud. Residual Probability: 25% Residual Severity: 10%

Category	Business Risk	Preventative and Countermeasures
Non-conformance	Risk of losses due to violations of, or nonconformance with, business regulations and/or legal action. Inherent Probability: 25% Inherent Severity: 100%	UREWPS™ will be subject to outside audits once, or twice each year. Additionally, an internal audit function will ensure compliance with all relevant regulations. Residual Probability: 5% Residual Severity: 25%
Liquidity Risk to Earnings or Capital	Risk to current or anticipated earnings or capital arising from an inability (or perceived inability) to meet obligations when they come due as a result of a shortage in liquid assets. Inherent Probability: 25% Inherent Severity: 100%	The Company will maintain a balance of 20% to 50% of all assets as liquid assets. While we don't deal in foreign currencies, we may deal in several different crypto currencies. We are limiting routine currency usage to ETH, BTC, *Cu*Bit™, and USD. The Company does not carry debt on real estate, thus reducing obligations. The Company funds each deal for both acquisition and go-to-market at the inception of deal. Residual Probability: 5% Residual Severity: 25%
Poor Decisions Based upon Misused Model	Risk of losses or other adverse consequences resulting from decisions based on incorrect or misused model outputs and reports. Inherent Probability: 20% Inherent Severity: 50%	Use of models is limited and generally used to inform, not make decisions. All models are periodically reviewed for soundness and accuracy. Their assumptions and formulas are likewise reviewed and adjusted as necessary. Residual Probability: 10% Residual Severity: 10%
Capital or Earnings Reduction	Risk of material damage to the Company's reputation, resulting in a reduction of earnings or capital. Inherent Probability: 25% Inherent Severity: 50%	The Affiliate Reputational Rating (ARR) program is a substantial mitigator of reputational risk. It incents each Affiliate to deliver quality results. Residual Probability: 10% Residual Severity: 50%
Decreased Value of Leased Assets	Risk of losses due to the residual value of leasing assets becoming impaired due to fluctuations in market prices of the property being leased. Inherent Probability: 25% Inherent Severity: 25%	At present, leasing of assets is not part of our business model. Residual Probability: 10% Residual Severity: 5%
Limited or Denied Availability to Technology	Risk of adverse impact to business operations or customers due to reduced or denied availability or inadequate value delivery caused by technology-related assets, infrastructure, strategy or processes. Inherent Probability: 25% Inherent Severity: 25%	Most, if not all, of our key processes will be initially carried out with "paper", rather than relying heavily on technology. While we will automate at every reasonable opportunity, the paper-based processes are always available as a backup. Residual Probability: 10% Residual Severity: 10%
Third Party Breach	Risk of loss from breach or cyber event of third parties. Inherent Probability: 50% Inherent Severity: 50%	Affiliates and the Company will use only approved software which will include appropriate protections against viruses and other malware. Residual Probability: 15% Residual Severity: 15%
Performance Failure to Meet Expectations	Risk of material damage to the company's reputation due to failure to meet market expectations, poor financial performance, or other unforeseen financial setbacks.	The Affiliate Reputational Rating expressly adjusts based on the financial and schedule performance of every deal recommended by the Affiliate. This incents Affiliates to properly vet and manage deals to protect against unforeseen financial setbacks. Residual Probability: 15%

Category	Business Risk	Preventative and Countermeasures
	Inherent Probability: 25% Inherent Severity: 25%	Residual Severity: 15%
Vendor / Supplier Mis-management	Risk of losses due to contracts with vendors which impair the Company's ability to meet the needs of its customers and encompasses inadequate monitoring and management of existing vendors. Inherent Probability: 50% Inherent Severity: 25%	Affiliates bear responsibility for monitoring vendor performance for all deals they recommend. Affiliates are expected to vet their vendors and communicate vendor performance within the Affiliate so that poor performers are excluded from deals. Residual Probability: 25% Residual Severity: 10%
Process Failure or Human Error	Risk of losses due to inadequate or failed internal processes or systems, human errors / misconduct or adverse external events. Inherent Probability: 100% Inherent Severity: 15%	Process controls are built into each process to notify of process failures. Additionally, personnel will be required to take approved training and periodically renew their training. Residual Probability: 100% Residual Severity: 5%

Cryptocurrency Risks

Table 3 Cryptocurrency Risks

Category	Cryptocurrency Risk	Preventative and Countermeasures
Smart contracts are vulnerable to hackers	Smart contract risk can take the form of a logic error in the code or an economic exploit in which an attacker can withdraw funds from the platform beyond the intended functionality. DeFi is built on code. This software foundation gives attackers a larger surface than the threat vectors of traditional financial institutions. As long as smart contract risk threatens the DeFi landscape, application adoption and trust will suffer as users hesitate to trust the contracts they interact with and that custody their funds. Inherent Probability: 100% Inherent Severity: 100%	The Company will employ skilled smart contract programmers and market-tested smart contract structures for all smart contracts. The Company may employ reputable auditing firms which specialize in auditing smart contracts to help bolster their defenses against hackers and employ other best practices for smart contracts. Residual Probability: 25% Residual Severity: 25%
Activist investors might take control of UREWPS or Affiliate	In traditional companies, activist investors can buy shares and vote to tilt the company's direction as they desire. DeFi protocols with governance tokens are similar, except governance systems are launched much earlier into a protocol's life, which can create greater risks. Furthermore, in traditional companies, even activist	The Company and affiliates are closely held companies. The smart contract for the governance tokens prohibits single entity ownership or control of more than 14 tokens. For activists to gain control would require a conspiracy of several Directors or a change in the smart contract rules. Residual Probability: 25% Residual Severity: 25%

Category	Cryptocurrency Risk	Preventative and Countermeasures
	investors are bound by a legally enforceable fiduciary "duty of loyalty" to minority shareholders, whereas in DeFi this does not exist. Inherent Probability: 50% Inherent Severity: 100%	
Oracle risks unsolved	Oracles are one of the last unsolved problems in DeFi and are required by most DeFi protocols to function correctly. Fundamentally, oracles aim to answer the simple question: How can off-chain data be securely reported on chain? Without oracles, blockchains are completely self-encapsulated and have no knowledge of the outside world other than the transactions added to the native blockchain. Many DeFi protocols require access to secure, tamper-resistant asset prices to ensure that routine actions such as liquidations and prediction market resolutions function correctly. Protocol reliance on these data feeds introduces oracle risk. If an oracle's cost of corruption is ever less than an attacker's potential profit from corruption, the oracle is extremely vulnerable to attack. Oracles, as they exist today, represent the highest risk to DeFi protocols that rely on them. All on-chain oracles are vulnerable to front-running, and millions of dollars have been lost due to arbitrageurs.14 Additionally, oracle services like Chainlink and Maker have suffered crippling outages with catastrophic downstream effects.15 Until oracles are blockchain native, hardened, and proven resilient, they represent the largest systemic threat to DeFi today. Inherent Probability: 100% Inherent Severity: 100%	To date, three types of oracle solutions have been introduced, developed, and used. The first is a Schelling-point oracle, which relies on the owners of a fixed-supply token to vote on the outcome of an event or report the price of an asset. Examples of this type of oracle include Augur and UMA.12 While Schelling-point oracles preserve the decentralization components of protocols that rely on them, they suffer from slow times to resolution. Second is an API oracle, a centralized entity that responds asynchronously to requests for data or prices. Examples include Provable, Oraclize, and Chainlink.13 All systems relying on API-based oracles must trust the data provider to respond accurately to all queries. The third type of oracle is a custom, application-specific oracle service used by Maker and Compound. Perhaps the most important oracle for URESC*u*™ is the UREWPS™ Asset Ledger. The values in this ledger drive coin value and money supply decisions. This oracle will be readily viewable by all parties. To thwart the effects of a hack of this ledger, when the CuBitDAO™ detects the ledger is out of tolerances, before it calls a vote it will handshake with a private copy of the ledger to confirm the apparent ledger state. If the two don't align, then the CuBitDAO™ will notify of the error and refuse to call a vote. Both the public and private versions of the Asset Ledger are controlled by UREWPS™. Write access to the public ledger will be tightly restricted. Write access to the private ledger will be done routinely by most of the smart contracts executed by UREWPS. The private ledger may be maintained off-chain or sidechain. making it less vulnerable to unauthorized changes. Residual Probability: 25% Residual Severity: 25%
Scaling risks unsolved	The current version of Ethereum is currently limited to a maximum of 30 transactions per second (TPS), yet almost all of DeFi today resides on this blockchain. Compared with	CuBitDAO™ is expected to be a "slow DAO", meaning its transactions are not especially time sensitive and may be carried out over a relatively large window of time. Additionally, at this point the daily volume of transactions relative to URESC*u*™, UREWPS™, and Affiliate are not expected to be noteworthy. The exception might be in the event of a

Category	Cryptocurrency Risk	Preventative and Countermeasures
	Visa, which can handle upward of 65,000 TPS, Ethereum is capable of handling less than 0.1 percent of the throughput. Ethereum's lack of scalability places DeFi at risk of being unable to meet requisite demand. Inherent Probability: 100% Inherent Severity: 25%	CuBitDAO™ vote. Because such a vote would likely have a 30-calendar day window the daily traffic volume would be smoothed. Exchange activity related to people trading URESC*u*™ is outside the scope of either C*u*BitDAO™, UREWPS™, or Affiliate and rests wholly with whatever exchanges include URESC*u*™ as a currency for exchange. Additionally, the extremely limited number of governance tokens for UREWPS™ and Affiliate are unlikely to drive any frenzy of transactions which would collide with scaling concerns. When the real estate NFTs created by UREWPS™ are positioned to become widely accepted by sovereigns for trading, scaling risk may become a real concern. If the underlying blockchain on which URESC*u*™, UREWPS™, and Affiliate are built update to address their own scaling risk, those entities will likely convert to the new protocol Residual Probability: 100% Residual Severity: 25%
DEX risks are unsolved	DEXs are able to eliminate counterparty risk while offering traders a non-custodial and trustless exchange platform. Several decentralized exchanges use an entirely off-chain order book, retaining the benefits of a non-custodial DEX while circumventing the market making and scaling problems posed by on-chain order-book DEXs. These exchanges function by settling all position entries and exits on chain while maintaining a limit-order book entirely off chain. This allows the DEX to avoid the scaling and UX issues faced by on-chain order-book DEXs but also presents a separate set of problems around regulatory compliance. Although risks abound in the DEX landscape today, they should shrink over time as technology advances and market players increase in sophistication. Inherent Probability: 100% Inherent Severity: 100%	The Company will not operate an exchange. Instead, we will rely upon exchanges established by others. We will state the expected value of certain assets and allow the exchange market to make appropriate adjustments to ensure a proper exchange of value. The Company may employ the services of market makers for the initial URESC*u*™ launch. These market makers would buy large amounts of URESC*u*™ at some discount price and then encourage demand to push up the exchange rate for their own profit. Subsequent coin releases would likely not need such market makers. The Company may establish an initial baseline of exchange when URESC*u*™ is introduced. However, after that point exchange rates will be wholly dependent upon the markets and the exchanges themselves. Residual Probability: 25% Residual Severity: 25%
Custody of accounts for others	Here are three types of custody: self, partial, and third party. With self-custody, users develop their own solution, which might be a flash drive not connected to the Internet, a hard copy, or a vaulting device. Partial custody combines self-custody and external solution	The Company will not offer custodial services and will manage our own custodial risk. Residual Probability: 25% Residual Severity: 25%

Category	Cryptocurrency Risk	Preventative and Countermeasures
	(e.g., Bitgo). Here, a hack on the external provider provides insufficient information to recreate the private key. However, if users lose their private key, the user combined with the external solution can recreate the key. The final option is third-party custody. Inherent Probability: 100% Inherent Severity: 100%	
Blockchain activities consume large amounts of electricity.	It is likely that national regulatory authorities will make it difficult for miners to operate in areas powered by fossil fuels. This does, however, create opportunities for countries with locked energy (infeasible to export) like Iceland where electricity generation is both cheap and clean. Even today, Iceland hosts approximately 8 percent of global mining. Inherent Probability: 100% Inherent Severity: 50%	At present, there are no plans for the Company to maintain server farms. The Company will keep as much traffic off-chain or on sidechains as feasible. URESC*u*™ itself will likely be on a main chain and will incur expenses for votes and trades. The Company may implement policies for commercial properties that encourage the placement of solar and wind power generation on rooftops wherever feasible. Residual Probability: 50% Residual Severity: 25%
Securities laws and emerging regulations	Blockchain is an emerging technology which has the potential to be very disruptive. As such it is often viewed with suspicion by the sovereign. At any time, regulators or legislators at the Federal, State, or local levels may enact such laws or regulations which have the effect of prohibiting a part or all of the activities and organization of the Company. Inherent Probability: 100% Inherent Severity: 100%	1) URESC*u*™ will maintain status as a commodity currency by not allowing any payment of dividends. 2) UREWPS™ and Affiliate will be organized and funded in accordance with US Securities Act of 1933 (and amendments) and the laws of the State of Wyoming. 3) The Company will not promote derivatives or any other security which might incur commodities trading regulations. 4) Securitization of any NFTs will only be done in compliance with the Securities Act of 1933 and any amendments. 5) The Company will actively engage in a campaign to provide value to sovereigns through means for monitoring, compliance, and efficiency for the sovereign. Residual Probability: 100% Residual Severity: 25%
Activist investors might take control of URESC*u* ™	In traditional companies, activist investors can buy shares and vote to tilt the company's direction as they desire. DeFi protocols with governance tokens are similar, except governance systems are launched much earlier into a protocol's life, which can create greater risks. Furthermore, in traditional companies, even activist investors are bound by a legally enforceable fiduciary "duty of loyalty" to minority shareholders, whereas in DeFi this does not exist. Inherent Probability: 50% Inherent Severity: 100%	Consistent with the size of the USA real estate market, URESC*u*™ will have a high coin cap and large quantity coin releases (in the billions). The coins themselves will have a significant cumulative value. These large quantities and high values will drive up the costs to any party attempting to gain control of more than 50% of the coins to manipulate the voting of the coins. The smart contract that embodies URESC*u* has voting abilities for a very limited set of activities, most of which relate to the coins supply to sustain the value of the coin. Warping the contract or modifying the contract to add initiatives would require control of a majority of URESC*u*™ or control of a majority of UREWPS™. Residual Probability: 25% Residual Severity: 25%

Category	Cryptocurrency Risk	Preventative and Countermeasures
Attackers might try to mint Cu*Bit* for themselves.	In traditional companies, activist investors can buy shares and vote to tilt the company's direction as they desire. DeFi protocols with governance tokens are similar, except governance systems are launched much earlier into a protocol's life, which can create greater risks. Furthermore, in traditional companies, even activist investors are bound by a legally enforceable fiduciary "duty of loyalty" to minority shareholders, whereas in DeFi this does not exist. Inherent Probability: 50% Inherent Severity: 100%	UREWPS™ and CuBitDAO™ employ a dual authorization approach to minting coins. This is roughly analogous to a bank account where two partners must each sign a check for it to be valid. The terms of the smart contracts governing URESC*u*™ allows the CuBitDAO™ to authorize only UREWPS to mint URESC*u*™. The authorization to mint coin is not a mandate forcing UREWPS to mint coin, rather it caps the amounts of coins UREWPS can mint under the existing coin cap. This means to force the minting of new URESC*u*™ would require the attackers to control both CuBitDAO™ and UREWPS™. In addition to this explicit protection, the triggering of votes to authorize minting of coins is programmatically triggered based on the state of Asset Ledger of UREWPS™. This provides a logical check against an irrational effort to increase the money supply without proper cause and enlightened self-interest for all involved. Residual Probability: 25% Residual Severity: 25%

Financial Risks

Table 4 Financial Risks

Category	Financial Risk	Preventative and Countermeasures
Custody of Company Accounts	If the private keys of the Company accounts or wallets are lost or compromised the Company would lose control of significant liquid assets. Inherent Probability: 100% Inherent Severity: 100%	The Treasurer and CFO will have access to the private keys used to establish and alter the company wallets and bank accounts. Residual Probability: 100% Residual Severity: 100%
Management team experience	We may be unable to effectively manage our growth and new initiatives, which may increase Risk of your investment and could harm our business, financial condition, results of operations and cash flow. Inherent Probability: 100% Inherent Severity: 100%	Succession Planning: Management will augment management expertise through the use of consultants in the short term. In the longer term, more experienced managers will be hired. Founders will become Board of Directors and away from the management team. Residual Probability: 50% Residual Severity: 50%
Rental risks	Rental rates and leasing rates vary over time, depending on locality, competition, property conditions, and other external factors. This may make it difficult to predict occupancy rates and rent rates which may materially adversely affect our business and results of operations Inherent Probability: 100% Inherent Severity: 25%	While history is not predictive, it is indicative. our research found that for the past 20 years, although rents in the USA have gone up and down, on average rents have increased 3.1% per year. Employing the skills of the Affiliate will bring local expertise to bear for each property deal. Residual Probability: 25% Residual Severity: 25%

Additional capital may not be available	We may need additional capital in the future, but there is no assurance that funds will be available on acceptable terms, or at all. Inherent Probability: 25% Inherent Severity: 100%	As the real estate portfolio of the Company approaches or surpasses our 65% reserve mark we will move to issue additional URESC*u*™. The C*u*BitDAO™ (URESC*u*™ token holders) will have the opportunity to vote against or in favor of such an expansion of the coin supply. Their favor towards expanding the supply represents a common consensus that the market will respond favorably to having more coins available for use. This collective wisdom and self-interest is one of the inherent advantages of a DAO. We envision that each minting of URESC*u*™ will be distributed through one or more "crowd funding" channel. Residual Probability: 25% Residual Severity: 25%
No current market for the governance tokens	There is no market for our cryptocurrency tokens, and we may never develop a market which would render investors' investment illiquid. Inherent Probability: 100% Inherent Severity: 25%	In this case the investment is in the Governance non-fungible token (NFT) which represents a portion of ownership of the Company, which is an LLC. LLC ownership shares are habitually illiquid and difficult to sell or buy, being subject to many regulatory and company specific restrictions. Every investor should plan for the illiquidity of this investment. The cryptocurrency world is rapidly developing many marketplaces for the sale or exchange of NFTs, both wholly and fractionally. It is probable that such facilities will continue to develop and make the marketing and sale of the NFT governance tokens much easier than the traditionally built ownership shares of other closely held companies. Residual Probability: 100% Residual Severity: 25%
Offering prices of coins and tokens	The offering price of the governance tokens and URESC*u*™ has been arbitrarily determined by the Company and such offering should not be used by an investor as an indicator of the fair market value of the tokens. Inherent Probability: 10% Inherent Severity: 100%	Currently there is no public market for the Company's governance tokens or URESC*u*™. The offering price for the governance token has been arbitrarily determined by the Company and does not necessarily bear any direct relationship to the assets, operations, book or other established criteria of value of the Company. Thus, an investor should be aware that the offering price does not reflect the fair market price of the Shares. Residual Probability: 25% Residual Severity: 25%
Governance token prices volatile	Any future market price for our governance tokens and URESC*u*™ may be volatile. Inherent Probability: 50% Inherent Severity: 50%	Any future market price for our governance tokens and URESC*u*™ may be volatile. Residual Probability: 50% Residual Severity: 50%
Governance token prices could go down	Sales of our tokens relying upon Rule 144 may depress prices in the market for our governance tokens by a material amount. Inherent Probability: 25% Inherent Severity: 25%	As of the date of this Private Placement Memorandum, all of our governance tokens are being issued in a registered offer for sale or exchange or has been issued and outstanding beyond applicable holding periods imposed by Rule 144 under the Securities Act of 1933, as amended. Thus, certain tokens may be freely tradeable. There is a significant risk that sales under Rule 144 or under any other exemption from the Securities Act, if available, or pursuant to registration of governance tokens or cryptocurrency tokens of present token holders, may have a depressive effect upon the price of our governance tokens in the over-the-counter market, especially in situations where a large volume of tokens is offered for sale at the same time. Securities saleable pursuant to the Rule 144 exemption from registration

		may only be resold, however, if all of the requirements of Rule 144 have been met, including, but not limited to, the requirement that the issuer of the securities have made available all required public information. However, there is no limit on the number of restricted securities that may be sold by a non-affiliate (i.e., a token holder who has not been an officer, director or control person for at least 90 consecutive days) after the restricted securities have been held by the owner for a period of at least six months and the other requirements of Rule 144 have been satisfied. Presently restricted tokens held by non-affiliates of the Company may be sold, subject to compliance with Rule 144, six months after issuance, provided that our Exchange Act registration remains in effect, and we are current in our disclosure reporting obligations. Residual Probability: 25% Residual Severity: 25%
Too much real estate in one locality	If a significant portion of the real estate assets are located in one market adverse events in that geographic market can have outsized impacts on the value of the Company's portfolio of assets. Inherent Probability: 100% Inherent Severity: 100%	To mitigate geographic concentration risk, the Affiliate will be located in various regions around the USA. As they proliferate and add assets to the ledger, concentration risk will steadily decrease. Residual Probability: 25% Residual Severity: 25%
Trustless Trusts and JVs	Every contract contains an element of counterparty risk. If any of the parties to the contract fail to meet their obligation it can harm the other parties. Financing real estate deals creates a significant counterparty risk on the party which owns and operates the real estate. If the operating partner fails to complete their part of the deal the funding partners typically must resort to legal actions such as foreclosures to gain control of the property and mitigate their potential or actual losses. Inherent Probability: 100% Inherent Severity: 100%	Instead of acting as a lender, UREWPS™ will act as a capital partner. The terms of the joint ventures and property ownership will be encoded into smart contracts. The ownership interests of the JV in the property will be encoded into a trust inside the smart contract. Any party that fails to meet it obligations in the JV may forfeit their beneficial interest in the trust. This eliminates the need for any foreclosure proceedings to protect the interests of the other parties. Because it is embedded in the smart contract it will be carried out swiftly and according to the agreed upon contract terms without delay or intervention by any human agent. Residual Probability: 25% Residual Severity: 25%
Smart contracts automate payment processing	In a typical joint venture, the disbursement of capital inflows can be complicated and often require constant oversight and reporting. Inherent Probability: 100% Inherent Severity: 50%	Encoding the JV into a smart contract and submitting capital flows to and through the smart contract enables the programming of the smart contract to distribute capital flows correctly and efficiently without human intervention. Details of the transactions can be transmitted to a reporting database which can then automatically generate any required tracking, reporting, accounting, or regulatory reports. Residual Probability: 25% Residual Severity: 25%
Inexperienced or unscrupulous REI might produce unprofitable for the Company.	Providing funds to less experienced, or unscrupulous, REI may result in poor performance or losses. Inherent Probability: 100% Inherent Severity: 50%	Requiring the Affiliate to have one or more owners oversee each deal will provide some mentoring to the inexperienced and a check on the unscrupulous. Noting that owners can lose their ownership shares if they attempt to defraud the Company, and the generous cash flows from the enterprise should keep owners interests aligned properly.

		Residual Probability: 25% Residual Severity: 25%
USD Credit Card buyers may rescind purchases of URESC*u*™ to defraud us of URESC*u*™.	Buyers using a credit card or bank can exercise buyer's remorse and reverse the transaction. However, if we have already executed the smart contract transferring URESC*u*™ to a digital wallet, that is irrevocable, and we would be defrauded of the URESC*u*™. Inherent Probability: 100% Inherent Severity: 100%	When accepting payment in the form of credit cards we require a three-day hold on the transaction to allow the period of buyer's remorse to expire. URESC*u*™ will only be transferred after that time in these cases. Residual Probability: 100% Residual Severity: 10%

Miscellaneous Risks

Table 5 Miscellaneous Risks

Category	Miscellaneous Risk	Preventative and Countermeasures
Real estate appreciation is independent of the fiat currency value	The rate at which real estate appreciates in value is independent of the value of the currency in which the property value is denominated. Inherent Probability: 100% Inherent Severity: 100%	There is no explicit mechanism to adjust the value of property relative to the value of a fiat currency such as USD. The introduction of URESC*u*™ whose value is backed by the value of real estate introduces a third variable into this calculation. At least annually, the Company will revalue all real estate holdings and adjust our recorded valuations accordingly. Residual Probability: 100% Residual Severity: 50%
Foreign market expansion will increase risks	Although we do not currently transact a material amount of business in foreign countries, we intend to expand into international markets- which will subject us to additional economic, operational, and political risks that could increase our costs and make it difficult for us to continue to operate profitably. Inherent Probability: 100% Inherent Severity: 100%	Any expansion into a foreign market would be done through the creation of a regional DAO which will be required to conform to the securities laws of that region. The members of that DAO will be limited primarily to citizens of that region. This will contain all Risks associated with this regional effort to that region. Residual Probability: 25% Residual Severity: 25%
Not an established business	We do not have an established business and there can be no assurance we will be profitable in the future. Inherent Probability: 100% Inherent Severity: 100%	There is no inherent way to mitigate this except by succeeding. Residual Probability: 100% Residual Severity: 100%
Others may imitate our work and draw	As C*u*Bit™ becomes successful others will look at what we have done and attempt to imitate it, creating their own currency and	If our execution of this effort is sufficiently successful and well done that will be sufficient to deter many imitators because they won't have a unique value proposition. However, some will not be deterred. The Company will need to watch and learn from competitors. They may introduce innovations

Category	Miscellaneous Risk	Preventative and Countermeasures
away market share	companies in direct competition with us. Inherent Probability: 50% Inherent Severity: 50%	which will also better serve our clients and affiliates. We should look for ways to incorporate those innovations which appear beneficial. An important mitigant to this risk may turn out to be our Sovereign Interests Initiative which will ally us with municipal governments across the USA. That alliance may prove to be a significant barrier to entry for competitors. Another mitigant will be keeping the smart contracts for our JVs on a side chain which is not public. The terms and methods may get out, but however maintaining a side chain provides a degree of security for this element of our "secret sauce." Residual Probability: 50% Residual Severity: 50%
Physical systems capacity and protection	System disruptions, vulnerability from security risks to our networks, databases, and an inability to expand and upgrade our systems in a timely manner could damage our reputation, impact our ability to generate revenue and limit our ability to attract and retain consumers and professional businesses to purchase our products. Inherent Probability: 50% Inherent Severity: 75%	We will work in the cloud for uniform protection and a variable capacity as well as using blockchain where feasible to create highly resilient data structures. Residual Probability: 25% Residual Severity: 25%
System interruptions or data loss	Any significant interruption in the operations of our data centers could cause a loss of data and disrupt our ability to manage our network hardware and software and technological infrastructure, and any significant interruption in the operations of our call center could disrupt our ability to respond to requests for help or service and process orders in a timely manner. Inherent Probability: 50% Inherent Severity: 100%	Although we will need our own BCP, we will also rely on the BCP of our cloud computing provider and transfer some of this risk to them. Given what Alphabet did to Parler, we should consider hosting our cloud operations with a company which values liberty and is not co-opted into fascist enforcement regimens. Residual Probability: 25% Residual Severity: 100%
NDAs may be inadequate	The confidentiality, non-disclosure and other agreements we use to protect our products, trade secrets and proprietary information may prove unenforceable or inadequate. Inherent Probability: 50% Inherent Severity: 100%	We protect our products, trade secrets and proprietary information, in part, by requiring our employees, consultants, and partners to enter into agreements providing for the maintenance of confidentiality. We also enter into non-disclosure agreements with our technical consultants to protect our confidential and proprietary information. we cannot assure you that our confidentiality agreements with our employees, consultants and other third parties will not be breached, that we will be able to effectively enforce these agreements, that we will have adequate remedies for any breach, or that our trade secrets and other proprietary information will not be disclosed or will otherwise be protected. Residual Probability: 25% Residual Severity: 50%
Unenforceable agreements	Other than securing protection for our trademarks, we do not have protection of any of our other	Our trademarks, copyrights, trade secrets and designs are valuable and integral to our success and competitive position. Other than the protection afforded our trademarks as referenced by the U.S. Patent, Copyright and

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Category	Miscellaneous Risk	Preventative and Countermeasures
	intellectual property and any misuse of our intellectual property by others could harm our business, reputation and competitive position. Inherent Probability: 50% Inherent Severity: 50%	Trademark Office, we have not filed for any further protection with the U.S. Patent, Copyright and Trademark Office regarding our intellectual property. And we cannot assure you that we will be able to adequately protect our proprietary rights through reliance on a combination of copyrights, trademarks, trade secrets, confidentiality procedures, contractual provisions, and technical measures from outside influences. Protection of trade secrets and other intellectual property rights in the markets in which we operate and compete is highly uncertain and may involve complex legal questions. We cannot completely prevent the unauthorized use or infringement of our intellectual property rights, as such prevention is inherently difficult. We also expect that the more successful we are, the more likely that competitors will try to illegally use our proprietary information and develop products that are similar to ours, which may infringe on our proprietary rights. In addition, we could potentially lose future trade secret protection for our source code if any unauthorized disclosure of such code occurs. The loss of future trade secret protection could make it easier for third parties to compete with our products by copying functionality. Any changes in, or unexpected interpretations of, the trade secret and other intellectual property laws in any country in which we operate may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our confidential information and trade secret protection. If we are unable to protect our proprietary rights or if third parties independently develop or gain access to our or similar technologies, our business, service revenue, reputation and competitive position could be materially adversely affected. Residual Probability: 50% Residual Severity: 50%
Failure to register trademarks	Although we have obtained protection for certain of our trademarks, we have not registered copyrights for all of our Company Programs and products, which may limit our ability to enforce them. Inherent Probability: 50% Inherent Severity: 50%	We have not registered our copyrights in all of our materials, website information, designs or other copyrightable works. The United States Copyright Act automatically protects all copyrightable works, but without registration we cannot enforce those copyrights against infringers or seek certain statutory remedies for any such infringement. Preventing others from copying our products, written materials and other copyrightable works is important to our overall success in the marketplace. In the event we decide to enforce any of our copyrights against infringers, we will first be required to register the relevant copyrights, and we cannot be sure that all of the material for which we seek copyright registration would be registrable in whole or in part, or that once registered, we would be successful in bringing a copyright claim against any such infringers. Residual Probability: 15% Residual Severity: 15%
Brand Management	We must monitor and protect our internet domain name to preserve its value. we may be unable to prevent third parties from acquiring a domain name that is similar, infringe on, or otherwise decrease the value of our trademarks. Inherent Probability: 100% Inherent Severity: 50%	We have purchased a variety of internet domain names and reserved selected social media identities to support and protect our intellectual property. However, not all the domain names and social media identities we desired were available. As a result, we may not be able to maintain exclusive rights to all potentially relevant domain names and social media identities. If relevant domain names and social media identities were exploited by our competitors or bad actors, it could result in harm to our business and reputation. The Company will create a formal rewards mechanism to incentivize people to notify us whenever they see our intellectual property rights being

Category	Miscellaneous Risk	Preventative and Countermeasures
		violated. As we successfully use the courts to penalize and terminate these infringements the program will protect our brand. Residual Probability: 50% Residual Severity: 25%
Owner and Director Liabilities are limited	Governance token holders may become targets of litigation by those who disagree with the actions of the Company. Inherent Probability: 100% Inherent Severity: 100%	State law and our Articles of Incorporation may protect our directors from certain types of lawsuits. State law provides that our officers and directors will not be liable to us or our token holders for monetary damages for all but certain types of conduct as officers and directors. our Bylaws permit us broad indemnification powers to all persons against all damages incurred in connection with our business to the fullest extent provided or allowed by law. The exculpation provisions may have the effect of preventing token holders from recovering damages against our officers and directors caused by their negligence, poor judgment, or other circumstances. The indemnification provisions may require us to use our limited assets to defend our officers and directors against claims, including claims arising out of their negligence, poor judgment, or other circumstances. The Company will maintain Errors and Omissions insurance for each Director and C-level Corporate Officer. Residual Probability: 25% Residual Severity: 25%
Brand Management	If we are unable to maintain and enhance our URESC*u*™ brand identity, our business and results of operations may suffer. Inherent Probability: 50% Inherent Severity: 100%	By fulfilling our commitment to keep the Asset Ledger public and in balance, we should protect and improve our reputation. Ongoing marketing will also help with this. Residual Probability: 50% Residual Severity: 25%
Growth may depend on marketing	Our future growth and profitability may depend in large part upon the effectiveness and efficiency of our marketing expenditures in recruiting new investors, real estate deals, and professional businesses. Inherent Probability: 50% Inherent Severity: 50%	We cannot provide assurances that our sales and marketing efforts will be successful in further promoting URESC*u*™ in a competitive and cost-effective manner. If we are unable to maintain and enhance URESC*u*™ brand recognition and increase awareness of our products and services, or if we incur excessive sales and marketing expense, our business and results of operations could be materially adversely affected. Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our marketing expenditures, including our ability to: (i) create greater awareness of URESC*u*™; (ii) select the right market, media and specific media vehicles in which to advertise; (iii) identify the most effective and efficient level of spending in each market, media and specific media vehicle; (iv) determine the appropriate creative message and media mix for advertising, marketing and promotional expenditures; (v) effectively manage marketing costs, including creative and media expense in order to generate and maintain acceptable consumer acquisition costs; (vi) generate leads for sales, including obtaining lists of businesses in a cost-effective manner; (vii) drive traffic to our website; and (viii) convert consumer and business inquiries into actual attendance at seminars. We will create alliances with key figures in real estate investor education and large Real Estate Investor groups across the country. Our planned marketing expenditures may not result in increased revenue or generate sufficient levels of motivating the masses programs and brand awareness, and we may not be able to increase our net sales at the same rate as we increase our advertising expenditures.

Category	Miscellaneous Risk	Preventative and Countermeasures
		Residual Probability: 25% Residual Severity: 25%
Brand Management	Protection of our intellectual property is limited, and any misuse of our intellectual property by others could harm our business, reputation, and competitive position. Inherent Probability: 100% Inherent Severity: 50%	Our trademarks, copyrights, trade secrets, trade dress and designs are valuable and integral to our success and competitive position. However, we cannot assure you that we will be able to adequately protect our proprietary rights through reliance on a combination of copyrights, trademarks, trade secrets, confidentiality procedures, contractual provisions, and technical measures from outside influences. Protection of trade secrets and other intellectual property rights in the markets in which we operate and compete is highly uncertain and may involve complex legal questions. We cannot completely prevent the unauthorized use or infringement of our intellectual property rights, as such prevention is inherently difficult. We also expect that the more successful we are, the more likely that competitors will try to illegally use our proprietary information and develop products that are similar to ours, which may infringe on our proprietary rights. In addition, we could potentially lose future trade secret protection for our source code if any unauthorized disclosure of such code occurs. The loss of future trade secret protection could make it easier for third parties to compete with our products by copying functionality. Any changes in, or unexpected interpretations of, the trade secret and other intellectual property laws in any country in which we operate may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our confidential information and trade secret protection. If we are unable to protect our proprietary rights or if third parties independently develop or gain access to our or similar technologies, our business, service revenue, reputation and competitive position could be materially adversely affected. Residual Probability: 25% Residual Severity: 25%

Operational Risks

Table 6 Operational Risks

Category	Operational Risk	Preventative and Countermeasures
Reputational Risk	The continued development of our URESC*u*™ brand identity is important to our business. Failure to protect URESC*u*™ from hacking exploits or 3rd party scams could tarnish the reputation of URESC*u*™. Inherent Probability: 100% Inherent Severity: 100%	We will maintain a Reputation Rating for each Affiliate. This rating will be updated based on the performance of the Affiliate. However, this does not directly address the reputational risk to UREWPS™ or URESC*u*™. Using a Bruce Buffer approach to brand encroachment may also help us unearth frauds early. Residual Probability: 50% Residual Severity: 25%
Volatile marketplace	We operate in a market which is subject to rapid technological and other changes, and increasing competition could lead to pricing pressures, reduced operating margins, loss of market share and increased capital expenditures. The entire cryptocurrency and	We will continually monitor and assess changes in the technology, legislation, and marketplace and reassess our approaches to the market based on our extrapolation of trends and reaction to realized changes. Residual Probability: 100% Residual Severity: 100%

	blockchain industry is an emerging industry and technology. Although we are implementing our products using proven approaches, it is possible that new approaches may emerge which are significantly superior to the current technologies. These changes could create significant disadvantages for the current technologies we are using. Inherent Probability: 100% Inherent Severity: 100%	
Employee Retention	Our future success depends on our ability to retain our key employees and business partners. Inherent Probability: 100% Inherent Severity: 100%	Our initial business model requires significant service from the Company Founders to provide key expertise and efforts to operate the Company. Over time, we will deliberately hire qualified employees or contract with qualified providers to ensure the skill sets needed to provide ongoing support and growth of the Company are available and not dependent upon key individuals. All participants have been required to sign non-disclosure and non-compete agreements. Key managers will be asked to do the same. Key personnel and business partners will be compensated generously. Whenever feasible we will pay using URESC*u*™. This will incent participants to promote the value of the coin. Residual Probability: 25% Residual Severity: 25%
Employee Recruitment	We may be unable to attract and retain the skilled employees and business partners needed to sustain and grow our business Inherent Probability: 100% Inherent Severity: 100%	Whenever possible we will rely upon contract labor to supply our needs. We believe this will enable us to bid for skilled labor and employ it only as needed. Thus, we will keep a significant portion of our payroll expenses on a variable basis, tied directly to specific initiatives. Certain corporate officers may need to establish themselves as employees, rather than contract labor. Employees, contractors, and business partners will be compensated generously. Whenever feasible we will pay using URESC*u*™. This will incent participants to promote the value of the coin Residual Probability: 25% Residual Severity: 25%
Management fiduciary duty	Our management has broad discretion over the use of proceeds from this Offering, and the failure of management to apply these funds effectively could seriously harm our business. Inherent Probability: 100% Inherent Severity: 100%	At startup, Management consists of governance token holders. This generally aligns their interests with those of other governance token holders. There is not a sure-fire way to insure against damage from a trusted employee. Implementing appropriate and proven audit controls on key processes and resources is the best available way to mitigate this risk. Residual Probability: 25% Residual Severity: 25%
Management operational authority	Our management will have broad discretion as to how we spend the proceeds from this Private	Those investors who own or hold proxies for at least 7 governance tokens are Directors of the Company and, under the rules of the smart contract which comprises the governance tokens have the right to vote on material

	Placement Offering, and token holders may not agree with how we use the proceeds. You will not have the opportunity to evaluate the economic, financial, or other information on which we base our decisions on how to use the proceeds. we may not be successful in using the proceeds from this Private Placement Offering in ways that will yield favorable operating results. Inherent Probability: 100% Inherent Severity: 100%	matters related to which investments to pursue or to disregard. Although this does not eliminate Risk that our efforts might not produce the desired results, it does give investors a voice in the material actions taken by Management. Implementing appropriate and proven audit controls on key processes and resources is the best available way to mitigate this risk. Residual Probability: 25% Residual Severity: 25%
Management operational control	Purchasers in this offering will have limited control over decision making because UREWPS controls a majority of shares. Inherent Probability: 100% Inherent Severity: 100%	Regardless of this current level of control, certain decision-making mechanisms, as well as some specific decision points, are encoded into the smart contract which constitutes the governance token. This smart contract is automatically enforced and will adhere to certain pre-defined rules and criteria. As additional are sold, the control of this group will be diluted. Residual Probability: 100% Residual Severity: 100%

Real Estate Risks

Table 7 Real Estate Risks

Category	Real Estate Risk	Preventative and Countermeasures
Deferred maintenance and physical defects of the property	If a subject property has undisclosed or undiscovered defects these may require additional, unbudgeted capital after the acquisition and may adversely affect the value of the property and the ability to execute the intended exit strategy. Inherent Probability: 100% Inherent Severity: 100%	Require professional appraisal, property inspection, or both for all deals unless waived in writing, on a case-by-case basis Contract template will include buyer releases for unacceptable inspection or appraisal results Residual Probability: 50% Residual Severity: 50%
Validity and completeness of repair estimates	If repair estimates are incomplete, invalid, or inaccurately priced it may require additional capital after the acquisition and may adversely affect the value of the property and ability to carry out the intended exit strategy. Inherent Probability: 100% Inherent Severity: 100%	Completeness of repair estimates can be mitigated by comparing bids against the list of identified repairs Validity of the bids depends upon: Price of materials Price of labor Ability of the contractor to meet the schedule and quality constraints Maintaining a vetting and rating database of contractors can mitigate risk by avoiding providers who fail to perform properly. Use of 3rd party ratings from providers such as Angie's List™ can partially transfer this risk

Category	Real Estate Risk	Preventative and Countermeasures
		Maintaining a tracker showing bids versus actual costs would allow us to calculate the variance of bids by each provider. Residual Probability: 50% Residual Severity: 50%
Accurate estimation of current condition value (CCV) and after repair value (ARV) or fair market value (FMV)	Significant variances in the CCV, ARV, FMV from those identified prior to acquisition may require additional capital after acquisition and may adversely affect the value of the property or the ability to execute the intended exit strategy. Inherent Probability: 100% Inherent Severity: 100%	Accuracy of property values depends on correct understanding of the as-is and after repair value of each property in its geographic context. This is the job of professional property appraisers, real estate agents, and real estate investors. Reliance on professional appraisers who have no conflict of interests regarding the property or parties involved is the least risky way to mitigate this risk because it transfers some risk for bad appraisals onto the appraisers. We could also admit estimates from real estate agents, wholesalers, and other real estate investors and track them for variances to determine their respective accuracy and relative reliability. We could maintain tracking of ARV appraisal values and actual sales values for each appraiser to calculate their respective accuracy. Residual Probability: 50% Residual Severity: 50%
Title risk – is the seller the valid owner?	The addition of a previously unknown claimant, on the subject property, could obliterate part or all of the value proposition of the deal. Inherent Probability: 50% Inherent Severity: 50%	This is essentially Risk which is mitigated through a title search and is transferred through title insurance Requiring title insurance to protect the buyer / lender is the most well-proven approach for handling this risk. As a property gets tied to an NFT the title insurance needs to be embedded and remain to protect the owner of the NFT, the interested parties of the NFT, or both. This way the title insurance never needs to be re-issued unless the property is taken out of the NFT. Residual Probability: 25% Residual Severity: 25%
Non-payment of rents	The failure of tenants to pay rent is a common risk with all rental properties. The processes to manage and mitigate these risks are well documented elsewhere. With the pandemic a new wrinkle in this risk has arisen. Sovereign authority has (and may again) mandated rent abatement, rent forgiveness, and eviction moratoriums. Inherent Probability: 100% Inherent Severity: 25%	The general structure of deals which the company uses involves one of the parties (not typically the Company) to exercise operational control over the asset. The party maintaining operational control will also retain Risk associated with non-payment of rents. Residual Probability: 25% Residual Severity: 25%
Repayment of Capital	If the capital investment in a given deal is not repaid as planned the financial results of the Company are put at risk. Inherent Probability: 100% Inherent Severity: 100%	The general structure of deals which the company uses and the terms of the underlying smart contract will expunge the beneficial interests of the operational partner with minimal expense if they fail to make scheduled capital repayments. The Company will then choose to either liquidate to asset to exit the position or bring in a new operational partner into the JV to take on that responsibility.

Category	Real Estate Risk	Preventative and Countermeasures
		Residual Probability: 25% Residual Severity: 25%

Regulatory/Compliance Risks

Table 8 Regulatory / Compliance Risks

Category	Regulatory/Compliance Risk	Preventative and Countermeasures
Consumer Protection Regulations	In the USA consumers enjoy significant protection, recourse, and protective regulations. The underlying assumption of this legal and regulatory regimen is the premise that a consumer is not on an equal level of sophistication with a business. This puts the consumer at a significant disadvantage and could result in rapacious practices by businesses vis a vis the consumer. To level this playing field, the Federal and State governments have created volumes of consumer regulations and swarms of enforcement officers to defend the pitiful consumer against the powerful business interests. This is especially prevalent in the realm of consumer finance and descends even to the specificity of specifying the font types and point sizes required for certain required language. These consumer protection laws are changing almost constantly as a result of unlegislated regulations as well as public legislation. Keeping abreast of and in compliance with these laws and regulations is a very expensive burden borne by consumer lenders. Inherent Probability: 100% Inherent Severity: 100%	All deal funding will only be allowed for businesses and sophisticated investors. This means any potential funding recipient must be an established corporate entity prior to entering into any contracts with the Company. We will not fund owner-occupied non-business property. JV agreement will default these types of ventures. Residual Probability: 5% Residual Severity: 5%
Federal Securities Registration and Regulation	Investment opportunities must comply with specific Federal regulations. Inherent Probability: 100% Inherent Severity: 100%	The Company employs a law firm specializing in private placements to ensure full compliance with all applicable Federal and state securities laws. Residual Probability: 10% Residual Severity: 10%
Federal Commodities Regulation	Currently Congress is considering legislation that would categorize most	The Company will not allow any enterprise actions which would prevent URESC*u*™ from being categorized as a commodity currency.

Category	Regulatory/Compliance Risk	Preventative and Countermeasures
	cryptocurrencies as commodities and place them under the CFTC for regulation. Inherent Probability: 100% Inherent Severity: 50%	Being a commodity currency may prove to exempt URESC*u*™ from commodities regulations. The Company will not offer any derivatives contracts for URESC*u*™. Residual Probability: 5% Residual Severity: 10%
Unreasonable state regulations	Some states (e.g., New York, California, etc.) within the USA and some foreign countries have specific regulations which could impose unreasonably costly burdens or otherwise escalate legal risks to undesirable levels. Inherent Probability: 100% Inherent Severity: 100%	We exclude people in those localities from purchase eligibility or ensure our compliance with those regulations. The establishment of regional Affiliates may insulate the Company from some of this, but that is doubtful. The Company will carefully evaluate Affiliates for specific states such as California and New York. Residual Probability: 100% Residual Severity: 10%
Outside the USA	Some foreign countries have specific regulations which could adversely impact us. Inherent Probability: 100% Inherent Severity: 100%	The Company will not engage in real estate activities outside of the USA at this time. As a first step to doing business in another country, the Company will engage the services of in-country experts to determine the risks specific to that country. Residual Probability: 25% Residual Severity: 25%
Anti-Money Laundering (AML)	Federal and international regulations exist which are intended to thwart the financing of terrorism and drug trafficking. These hinge on being able to provide evidence that funds are derived from lawful activities. Inherent Probability: 100% Inherent Severity: 100%	The Company will engage appropriate providers to manage AML compliance requirements. Residual Probability: 25% Residual Severity: 25%
Know Your Customer (KYC)	Federal and international regulations exist which are designed to prevent financial dealings with prohibited individuals and regimes. These hinge on being able to provide evidence that the parties involved are properly and accurately identified. Inherent Probability: 100% Inherent Severity: 100%	The Company will engage appropriate providers to manage KYC compliance requirements. Residual Probability: 25% Residual Severity: 25%

Appendix B: Sample Deals (Use Cases)

These use cases and personas were developed based on experience with unrelated real estate deals and are provided to enable the reader to better understand how the various players in a deal may interact under the Company operating model and constraints. The use cases and personas are not intended to portray all possible use cases or all possible players. These are simplified cases for illustration purposes. In many cases other players such as attorneys, title companies, or closing agents might also be involved. However, they would be following the directives of key players portrayed below, so are not considered essential for gaining a basic understanding of deal flow.

The personas

Disclaimer: The personas and use cases presented here are entirely fictional. Any resemblance to actual persons, living or dead, is incidental and unintentional.

Table 9 Use Case Personas

The Players / Personas	Description
Ivan - the wholesaler	Ivan went to a "we buy houses" seminar a short time ago and is excited to begin a side gig in real estate in his spare time without using any of his own money. He doesn't have much money, but he has lots of time and energy to find deals. He attempts a negotiation with the seller and puts the property under a contract with an assumption clause. He wants to quickly find someone who will assume the contract and pay him his wholesale fee. He might even need to get his earnest money deposit back too. He may need to be educated to understand the limits of his fees, so that he doesn't suck the life out of the deal. He needs to understand that "pigs get fed and hogs get slaughtered." To do business with the Company, Ivan has formed himself into an LLC, or registered as a sole proprietorship and taken other appropriate actions to demonstrate that he is a business, not a consumer. Affiliate and the Company have performed their KYC and AML on Ivan to validate his standing.
Smitty - the flipper	Smitty knows how to fix up a property and loves the real estate investing game. She has a small team of her own as well as the contacts needed to bring in subcontractors for work that she can't handle. She understands her market and likes to drive the job to completion and get the payout when the place sells. She needs a reliable funding source that will provide her with the cash she needs to fund the fixup with reasonable pricing and carrying costs so that she can make money when she sells the place. She also understands that if the place doesn't sell fast enough, it can quickly get underwater and giving deed in lieu or taking a loss on the sale can be her best play. Smitty formed her own company some time ago. Affiliate and the Company have performed their KYC and AML on Smitty and her company to validate her standing.

The Players / Personas	Description
Lily - the landlord	Lily is a believer in getting rich slowly. She has embraced the BRRRR model (Buy, Rehab, Refinance, Rent, Repeat). She wants to build a real estate rental business that will allow her to quit her day job and keep building her empire. She wants financing for fixups which can then be refinanced into a sustainable loan with a Loan-to-Value (LTV) based on the market value of the rehabbed property. That way, she can either enjoy the cash gain or use it to buy her next property. She may not have a full appreciation of how precarious her business model is when it is founded on so much borrowing. To do business with the Company, Lily has formed himself into an LLC, or registered as a sole-proprietorship and taken other appropriate actions to demonstrate that she is a business, not a consumer. Affiliate and the Company have performed their KYC and AML on Lily and her company to validate her standing.
Billie - the shut-in	Billie went to a seminar on investing in tax deeds. She understands the various ways to use them to make money. She likes the ability to invest in real estate and make money without the need to drive nails or even to drive properties very often. She is generally happy to make some moderate returns from interest rate plays and likes the fact that tax liens are sovereign liens which are collected by the government. This means the returns are almost guaranteed. Billie has formed her own investment company and bought a few tax liens herself. She would like to expand to take advantage of opportunities in her county, but the income from tax liens is intermittent so she doesn't have a steady stream of income to reinvest, regardless of the abundance of opportunities. Affiliate and the Company have performed their KYC and AML on Lily and her company to validate her standing.
The Affiliate	Known legally as DRA<Two-Digit-Country-Code><Four-Digit-Affiliate-Number>, LLC. Affiliate is the local representative of the Company. Comprised of experienced real estate investors, most of whom are local to the geographic area who have purchased ownership interests in the local Affiliate.
UREWPS, The Company	Known legally as UREWPS, LLC™ and within this document as the Company. The Company is the company manages the assets used to back the value of URESC*u*™. The Company has a Board of Directors who are partners in the Company and are experienced investors. In addition to the Directors, executives and other personnel carry out the operations of the Company and interactions with the Affiliate.
The Sovereign	This is typically the local county government. However, it could be any applicable governmental entity responsible for recording real estate ownership, or collecting taxes related to real estate.
Smart Contract	A computer program which interacts with blockchain distributed ledgers to carry-out the terms of agreements with minimal human intervention.
Asset Ledger	A subset of the balance sheet of the Company. The Asset Ledger is a set of key performance indicators which publicly display the value of assets used to back the value of URESC*u*™.

The Scenarios (Use Cases)

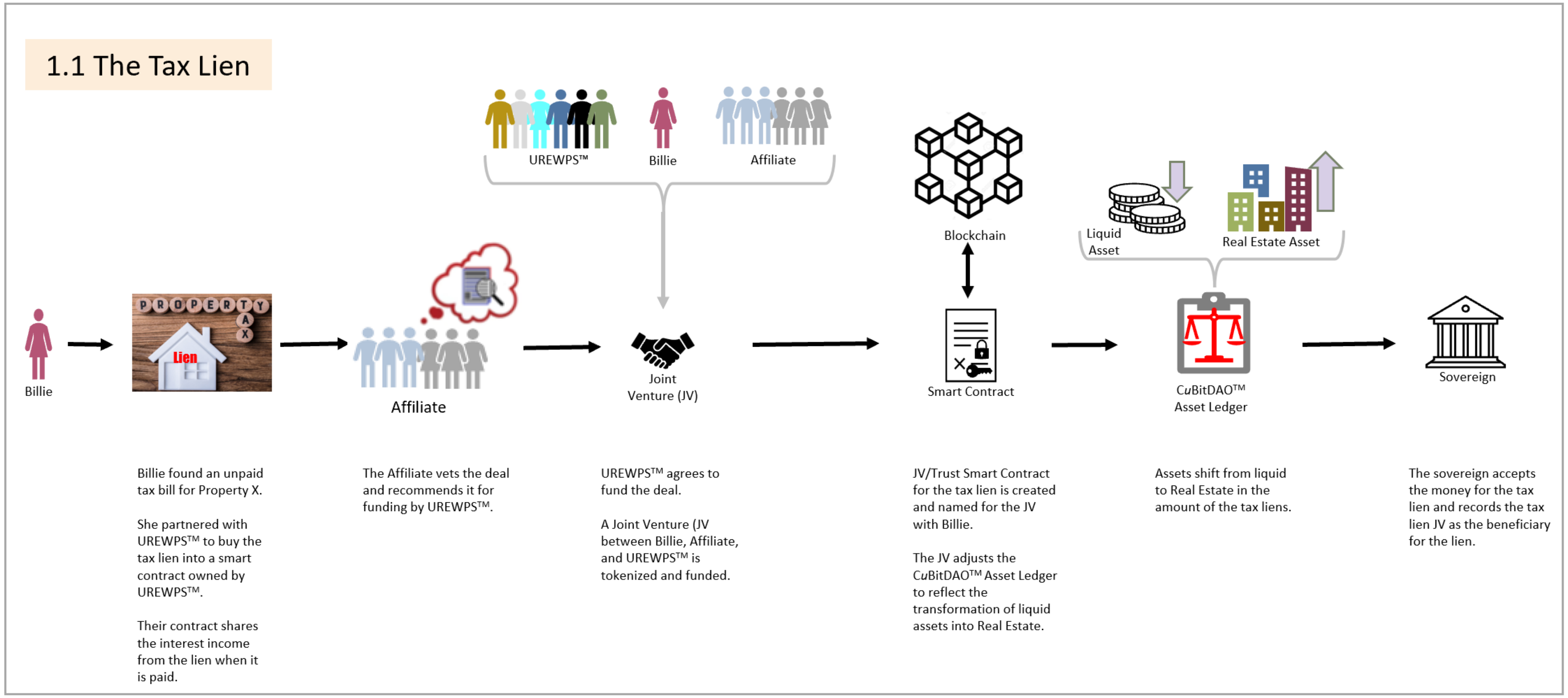


Figure 6 Step 1.1 The Tax Lien

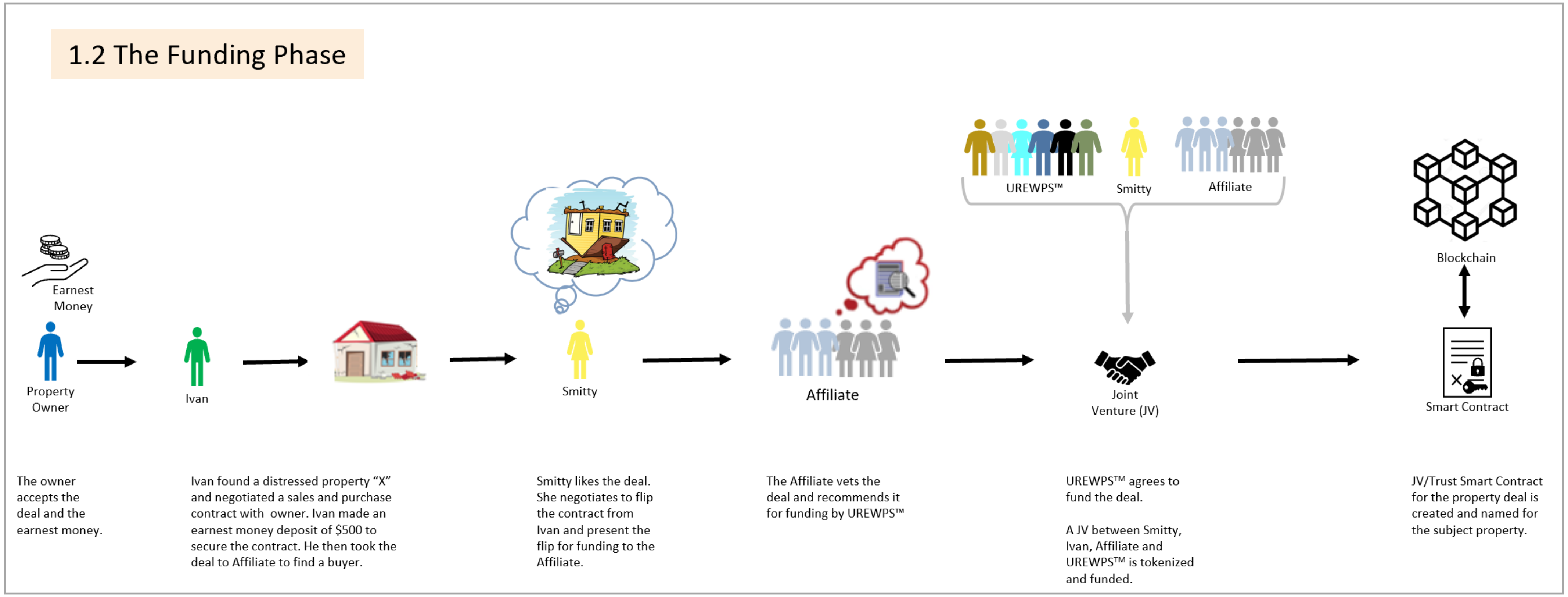


Figure 7 Step 1.2 The Funding Phase

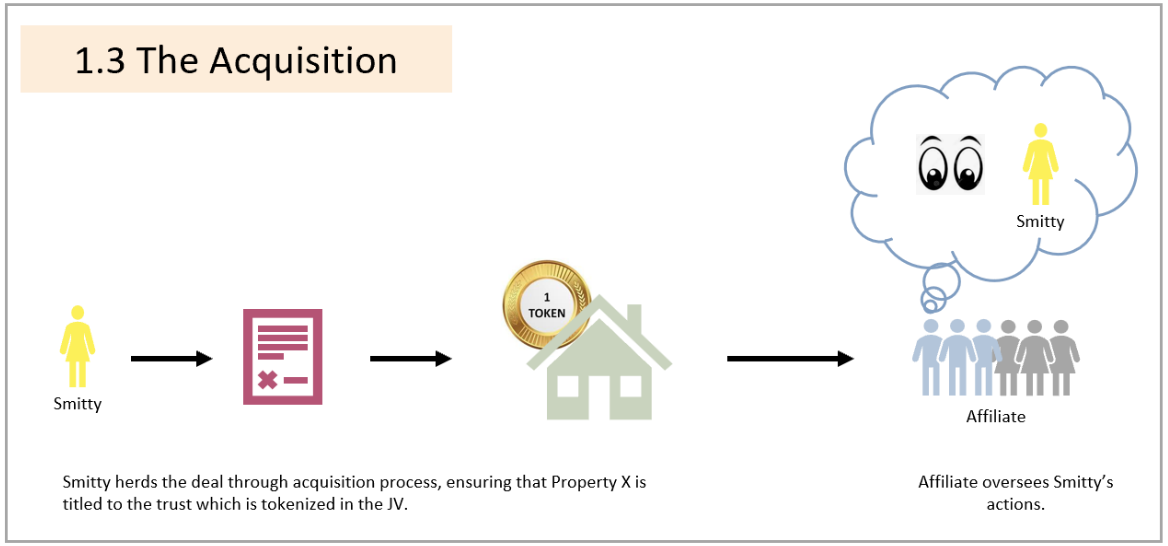


Figure 8 Step 1.3 The Acquisition

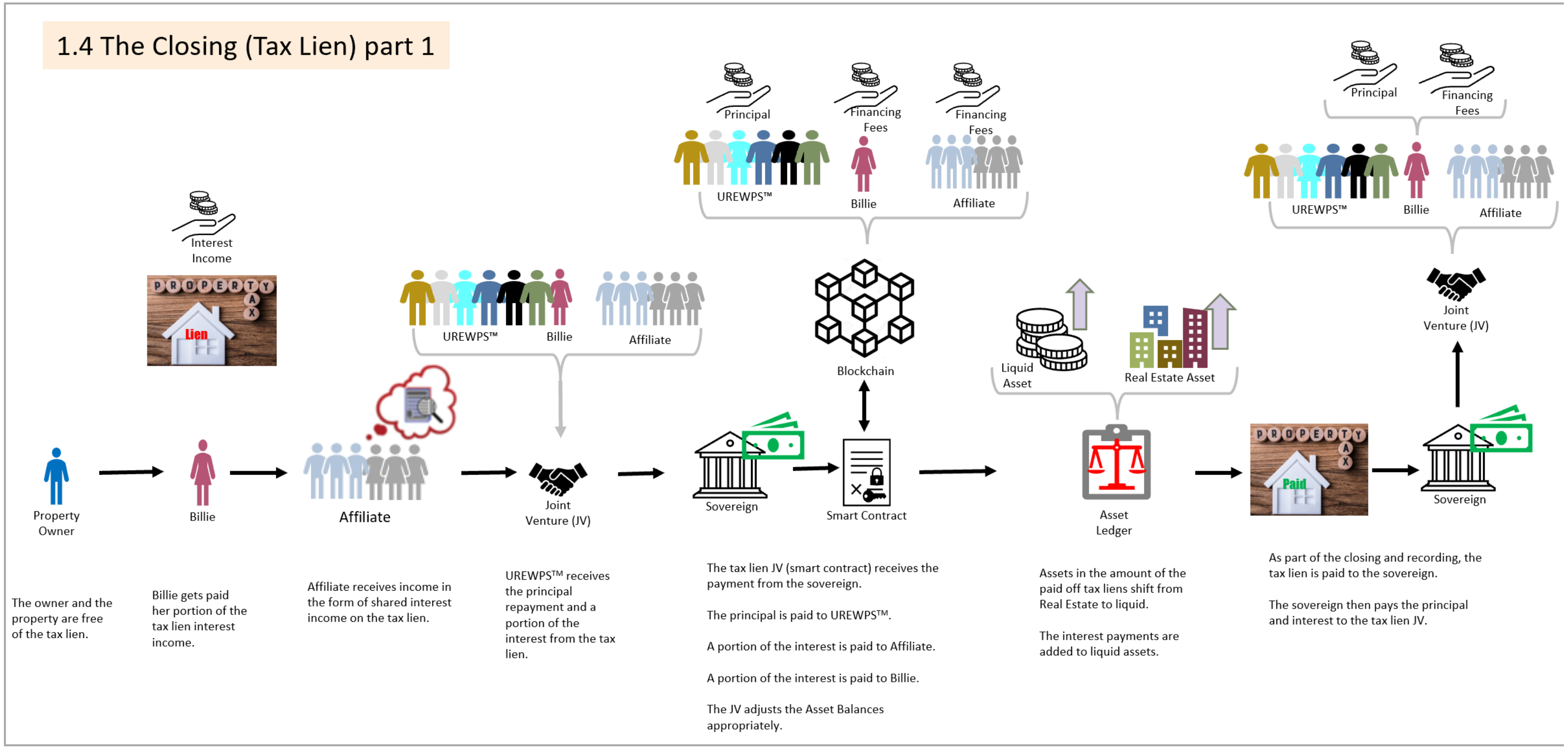


Figure 9 Step 1.4 Closing (Tax Lien) Part 1

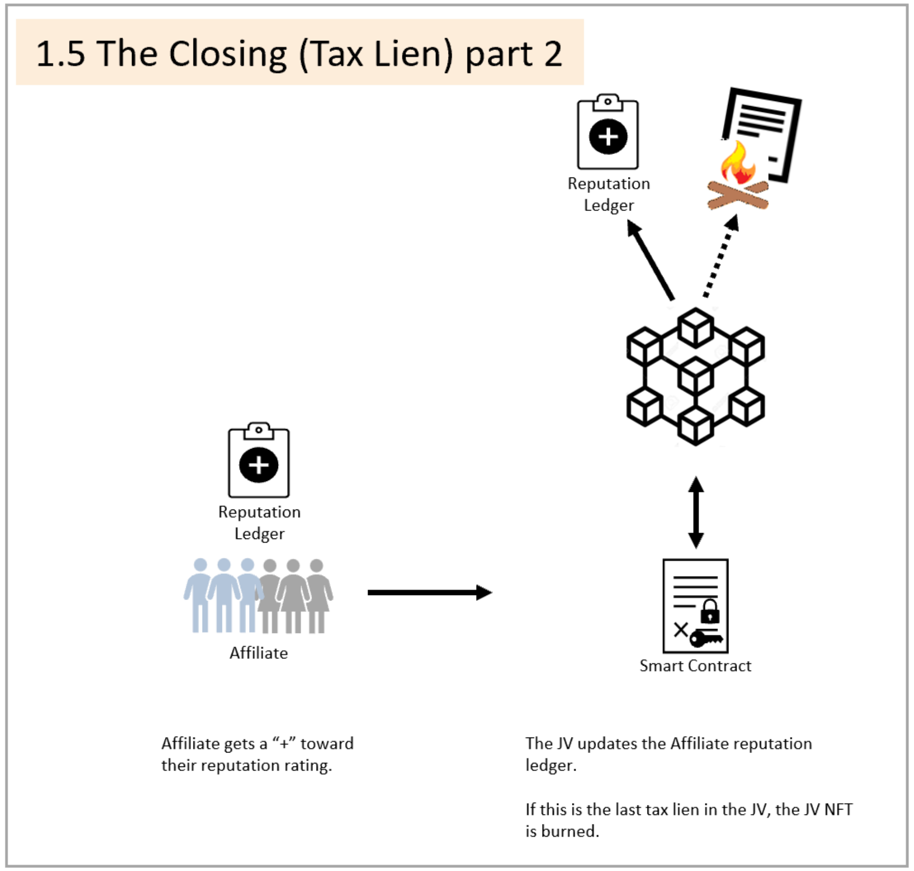
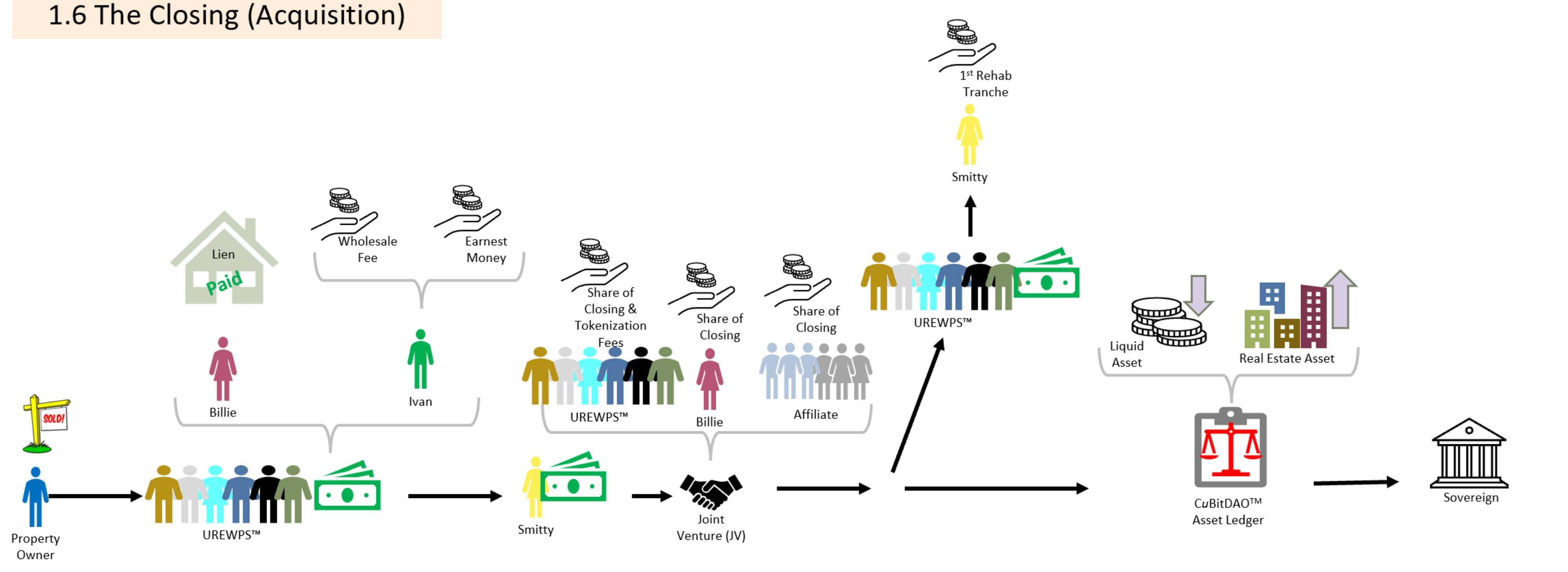


Figure 10 Step 1.5 Closing (Tax Lien) Part 2

1.6 The Closing (Acquisition)



The owner and property are free of any other items related to the property.

The external lien gets paid off with funds contributed by UREWPS™ and is satisfied.

Ivan gets paid his wholesale fee and is reimbursed for his earnest money deposit from the funds contributed by UREWPS™.

Smitty pays her closing costs into the JV.

A portion of Smitty's closing costs are shared with Affiliate.

UREWPS™ gets fees for tokenization and portion of the closing costs paid by Smitty.

The JV splits the closing costs paid by Smitty per the contract and updates the CuBitDAO™ Asset Ledger.

Smitty gets her first tranche of funding for the rehab.

Assets shift from liquid to Real Estate in the amount of the economic value of the transaction.

The Sovereign records the JV/Trust as the owner of record.

Figure 11 Step 1.6 Closing the Acquisition

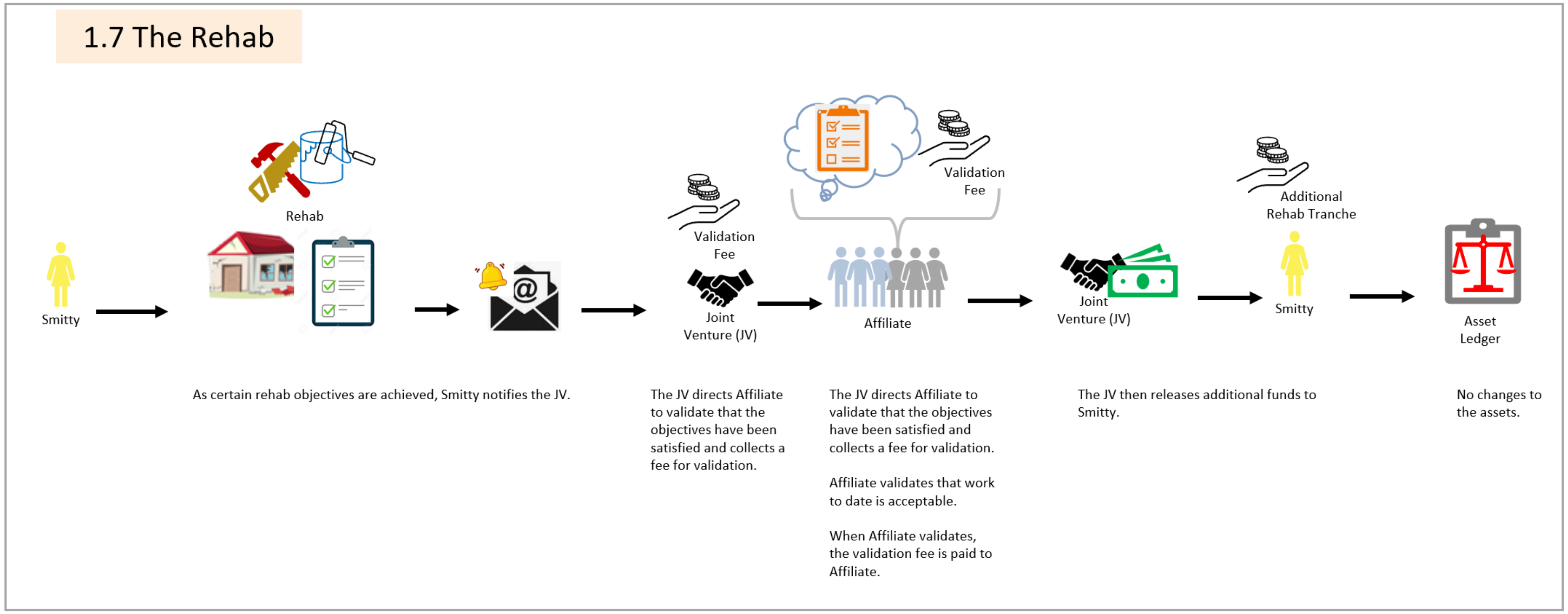
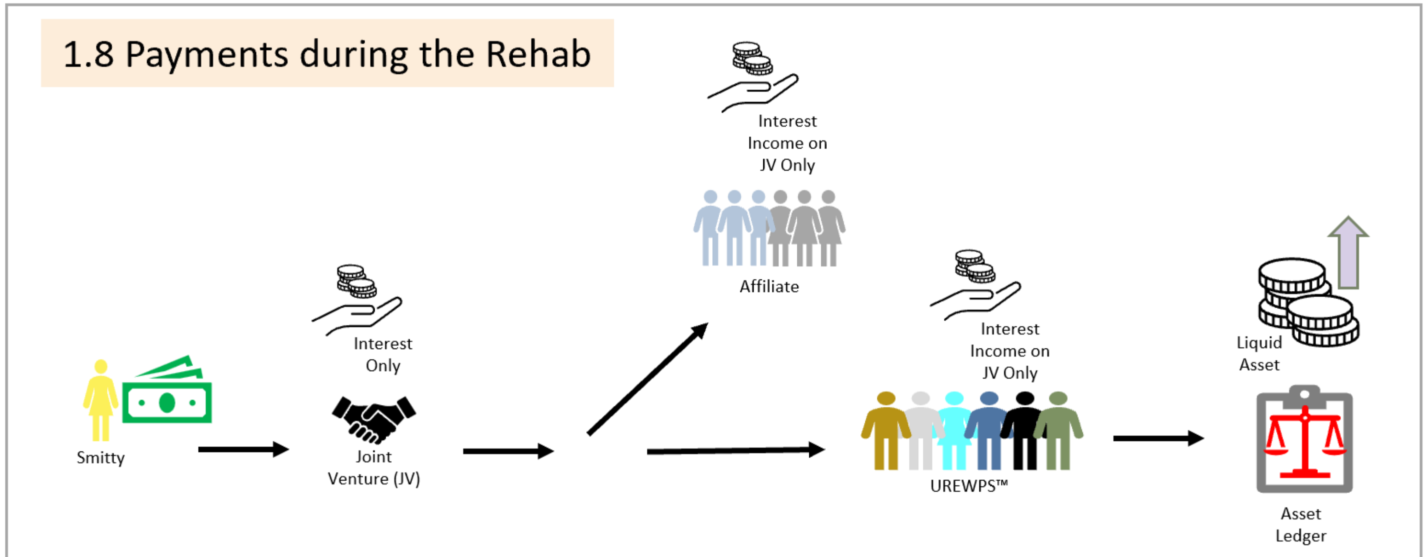


Figure 12 Step 1.7 The Rehab



As required by the contract, Smitty makes interest only payments on the principal invested by UREWPS™ to the JV.

The JV receives the payment and divides up the proceeds according to the contract terms.

A portion of the interest payment is retained by UREWPS™. Another portion is sent to Affiliate.

Affiliate receives their portion of the interest income on the JV.

UREWPS™ receives their portion of the interest income on the JV.

Liquid assets are increased.

Figure 13 Step 1.8 Payments During the Rehab

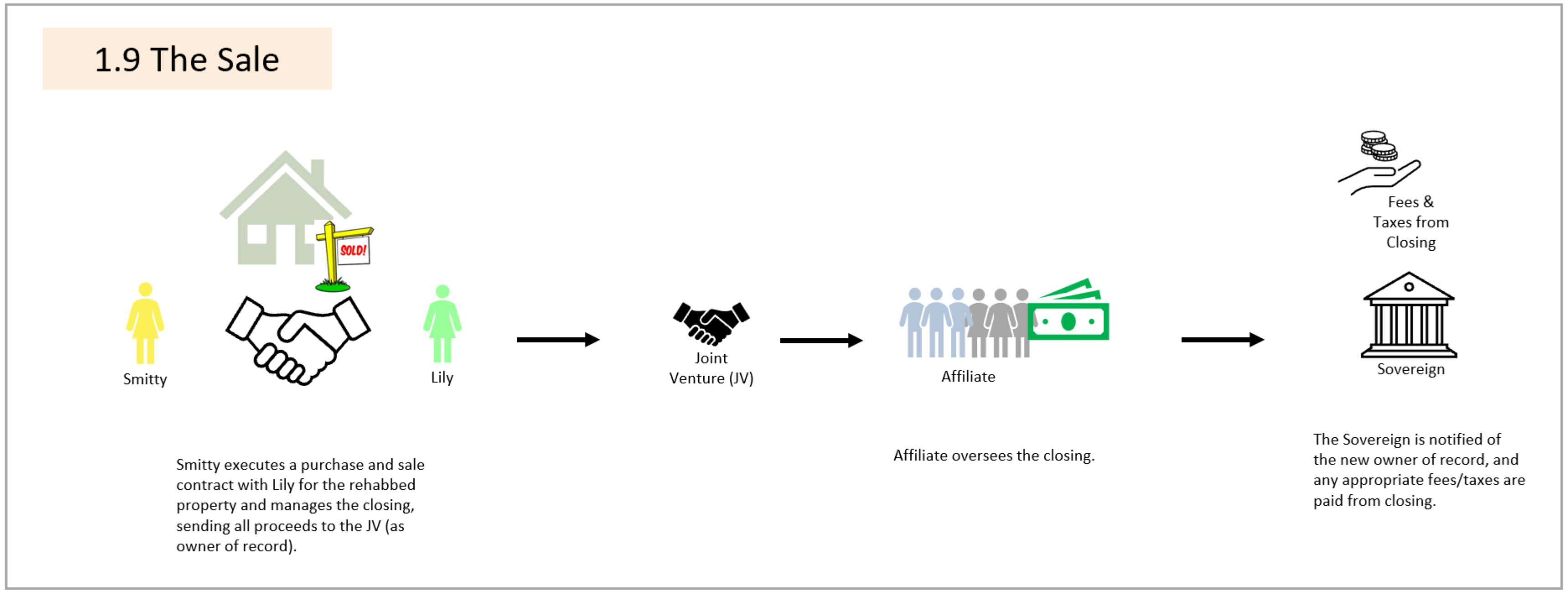


Figure 14 Step 1.9 The Sale

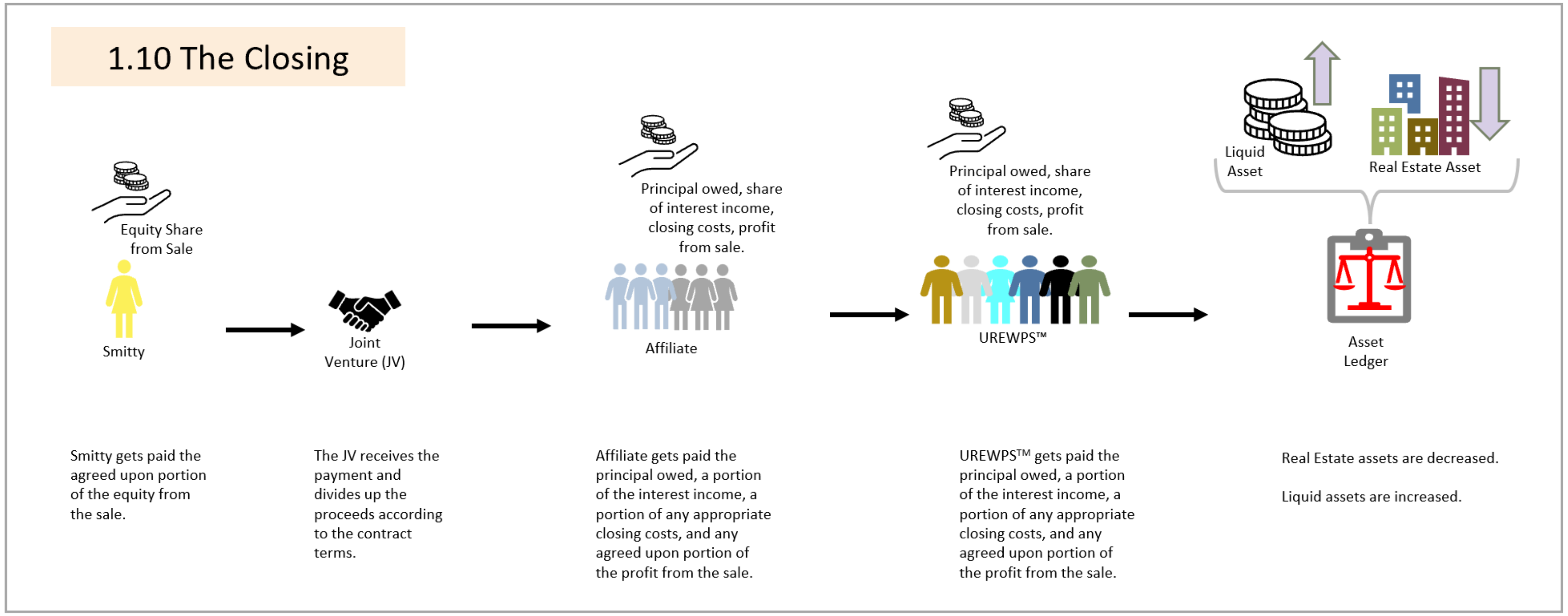


Figure 15 Step 1.10 Closing the Sale

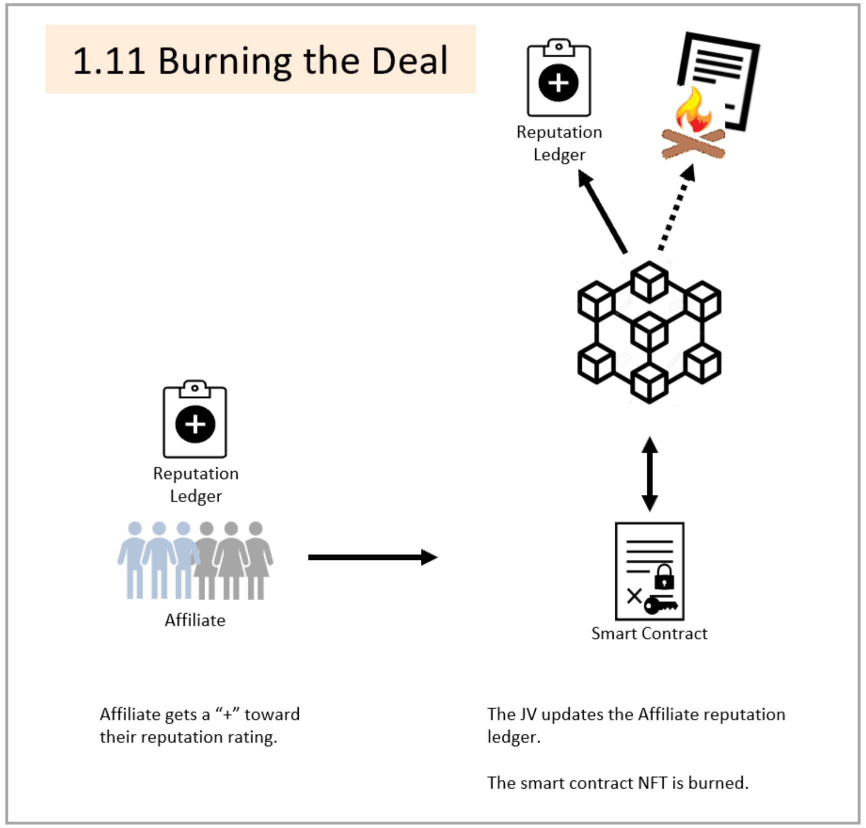


Figure 16 Step 1.11 Burning the Deal

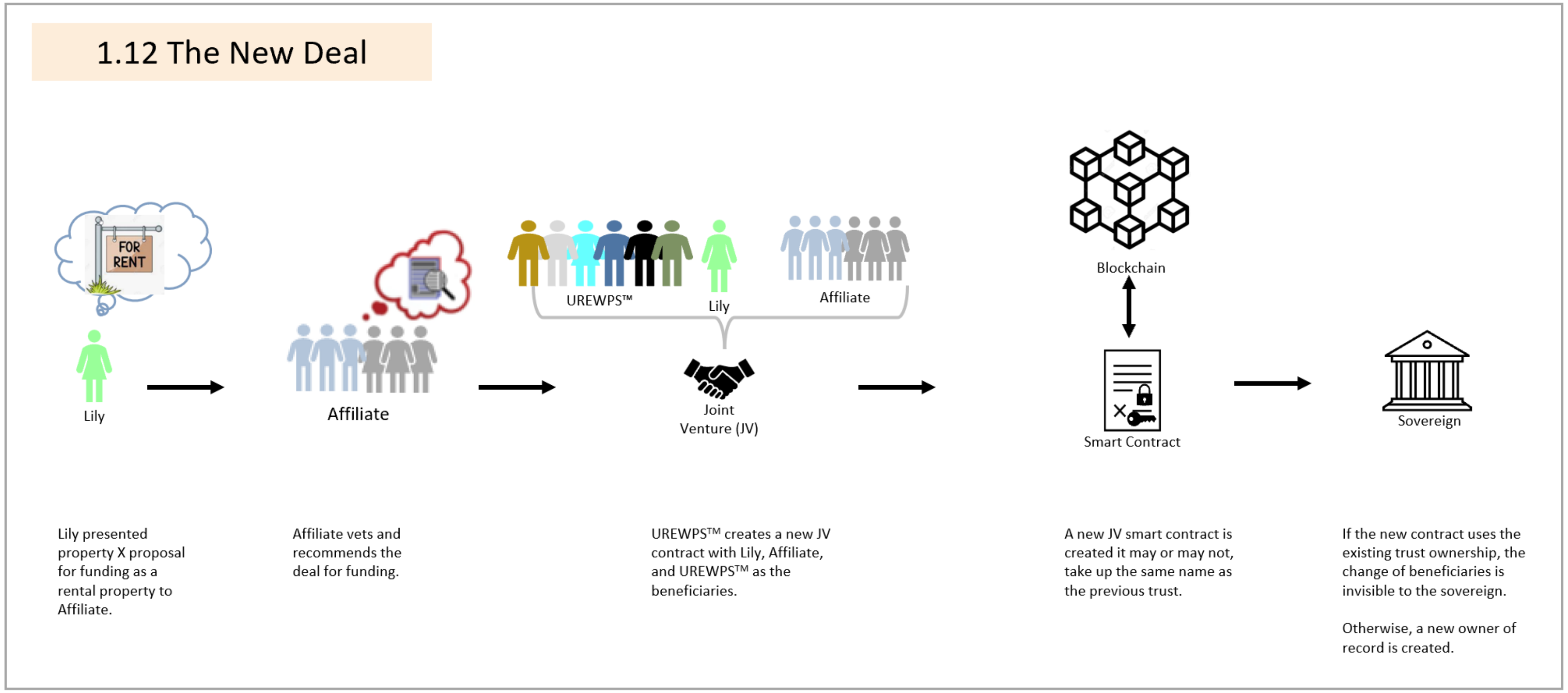


Figure 17 Step 1.12 The New Deal

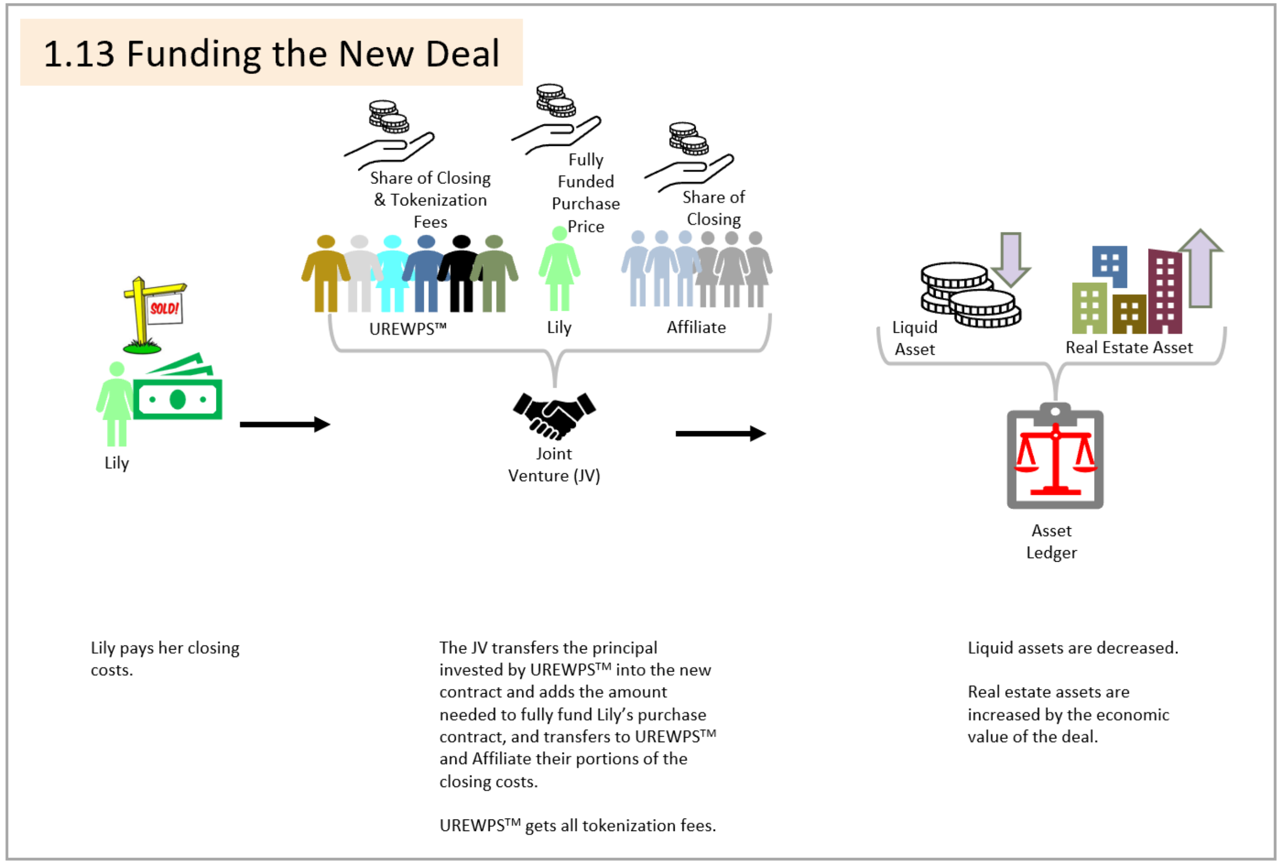


Figure 18 Step 1.13 Funding the New Deal

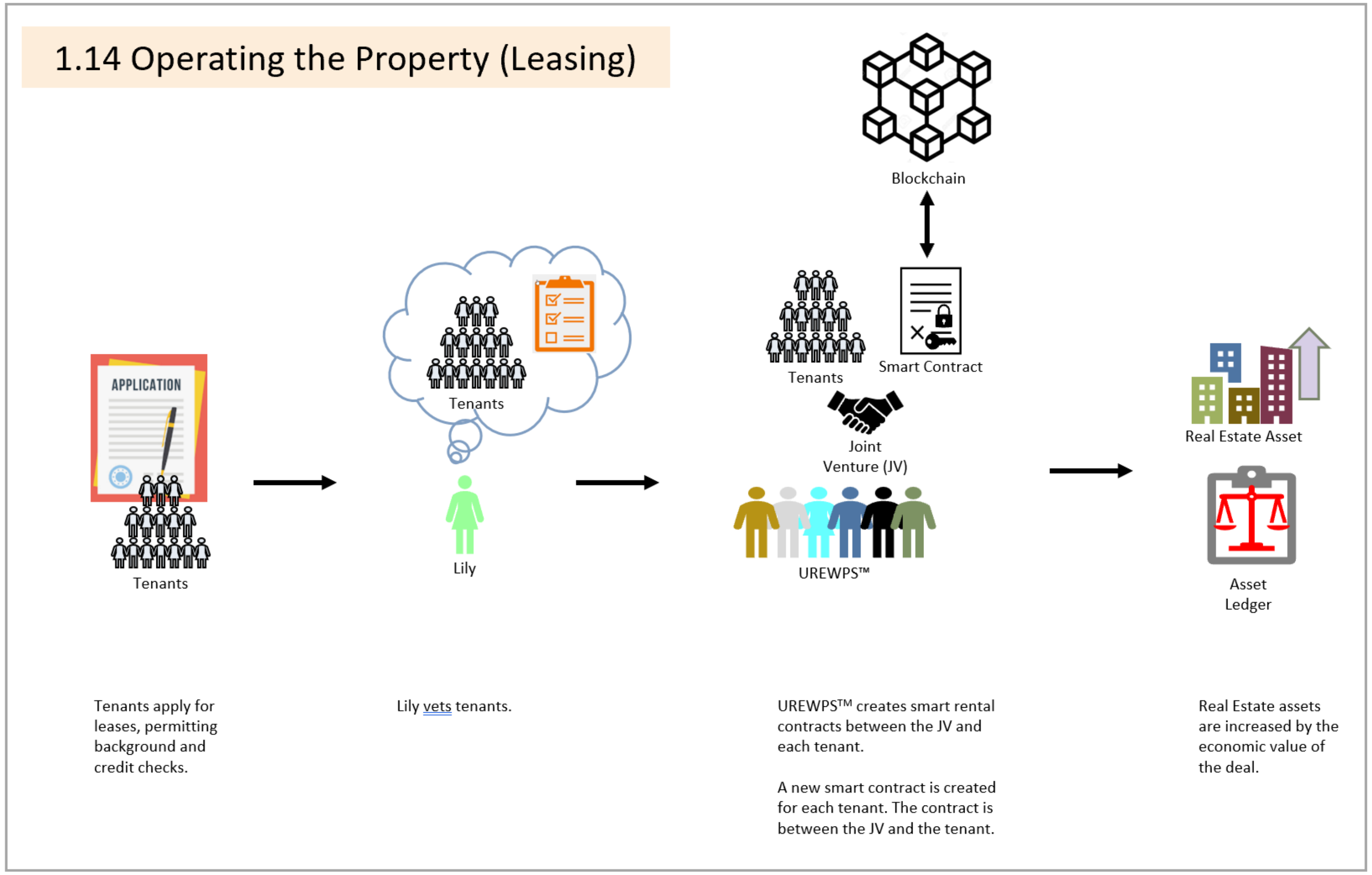


Figure 19 Step 1.14 Operating the Property (Leasing

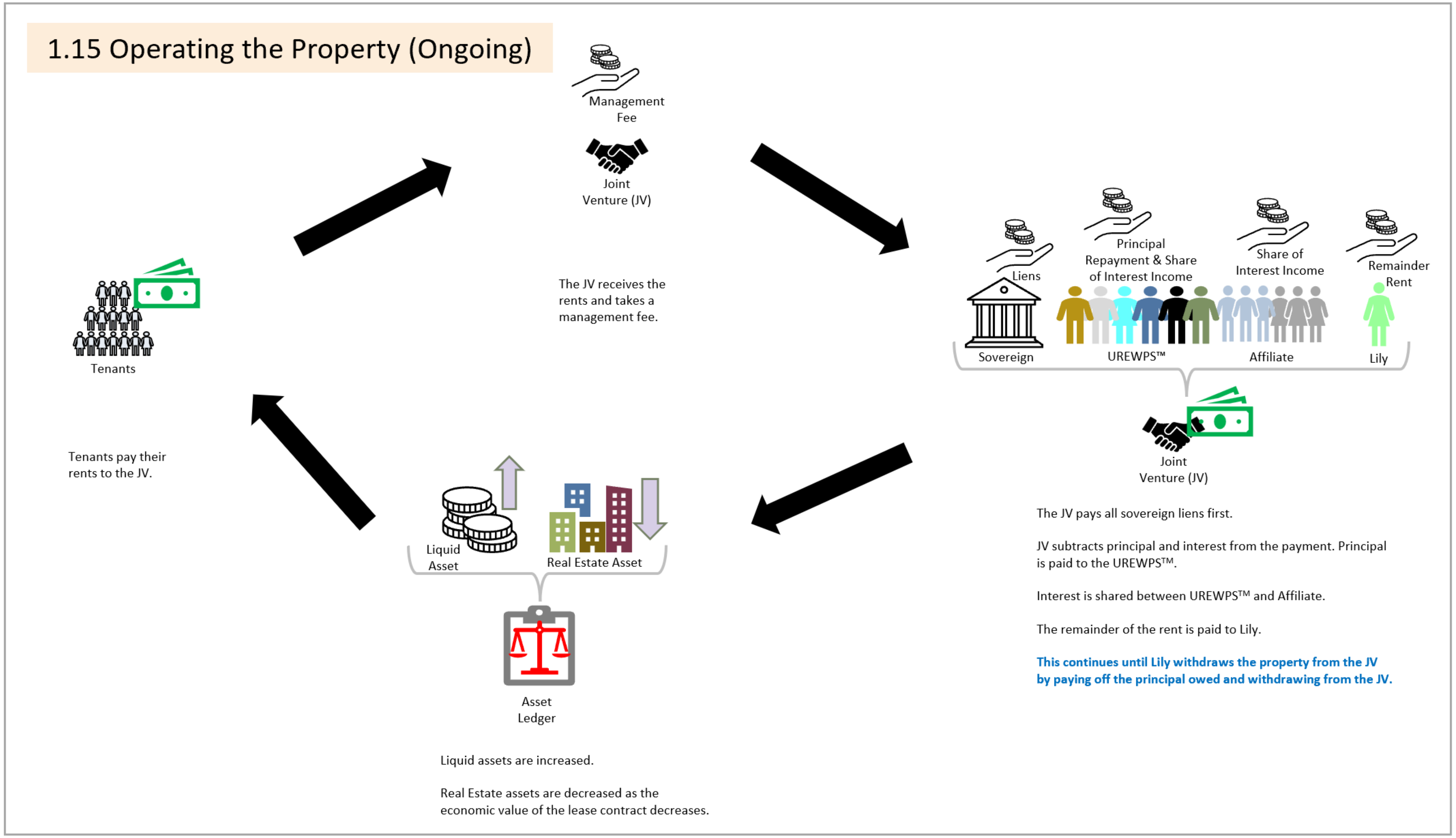


Figure 20 Step 1.15 Operating the Property (Ongoing

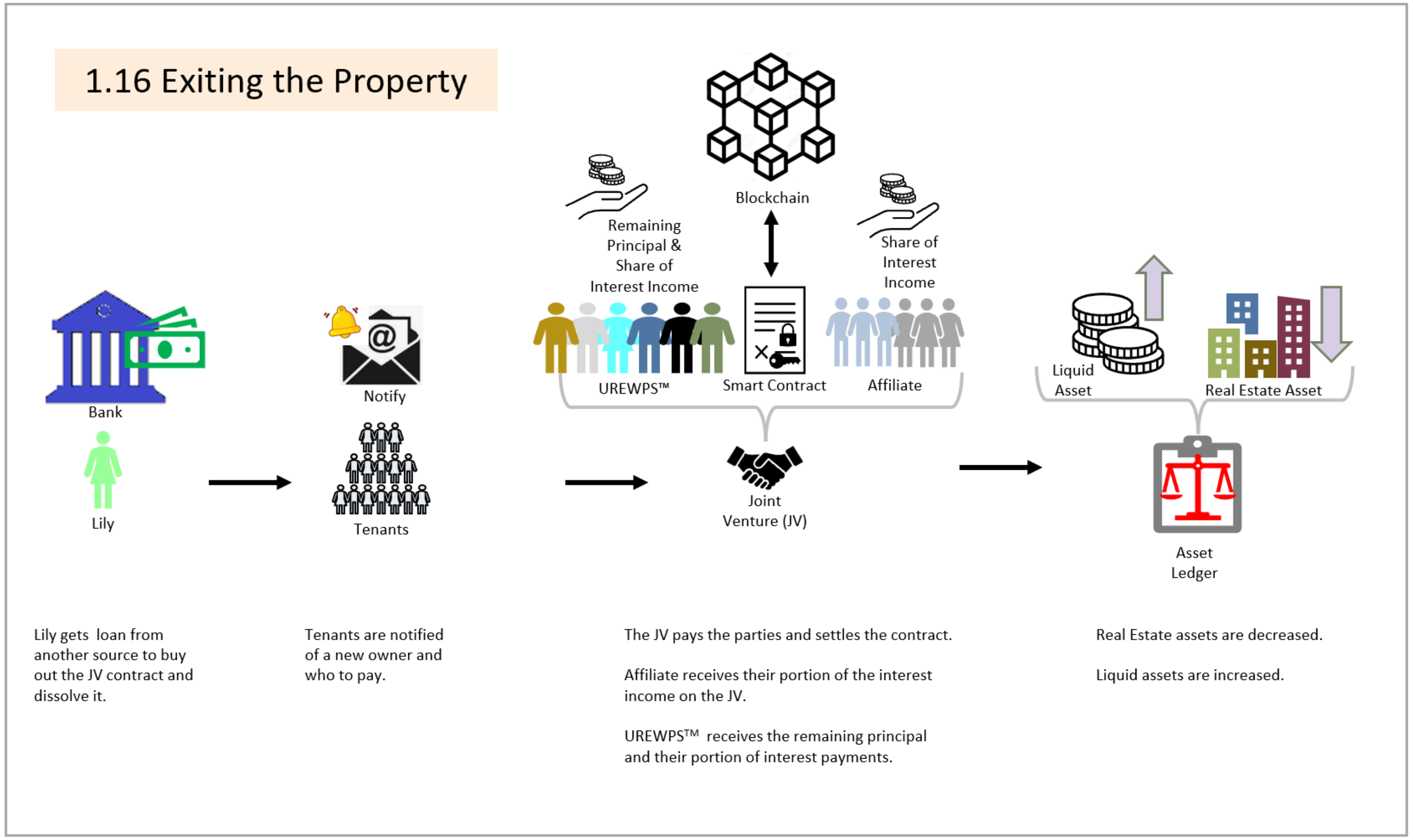


Figure 21 Step 1.16 Exiting the Property

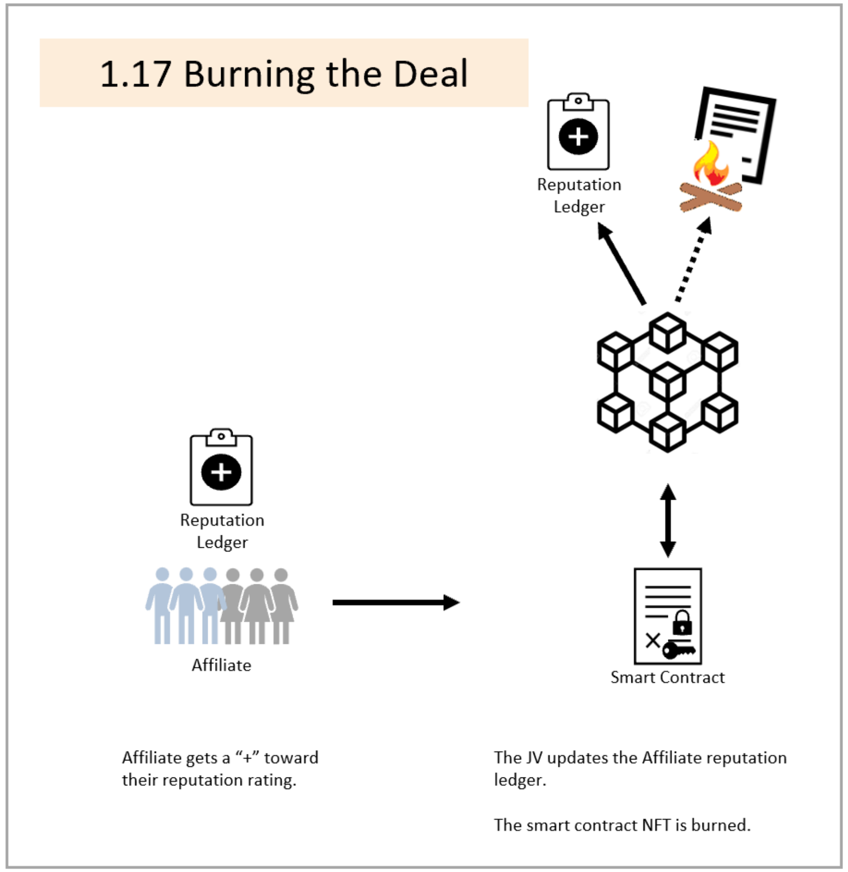


Figure 22 Step 1.17 Burning the Deal

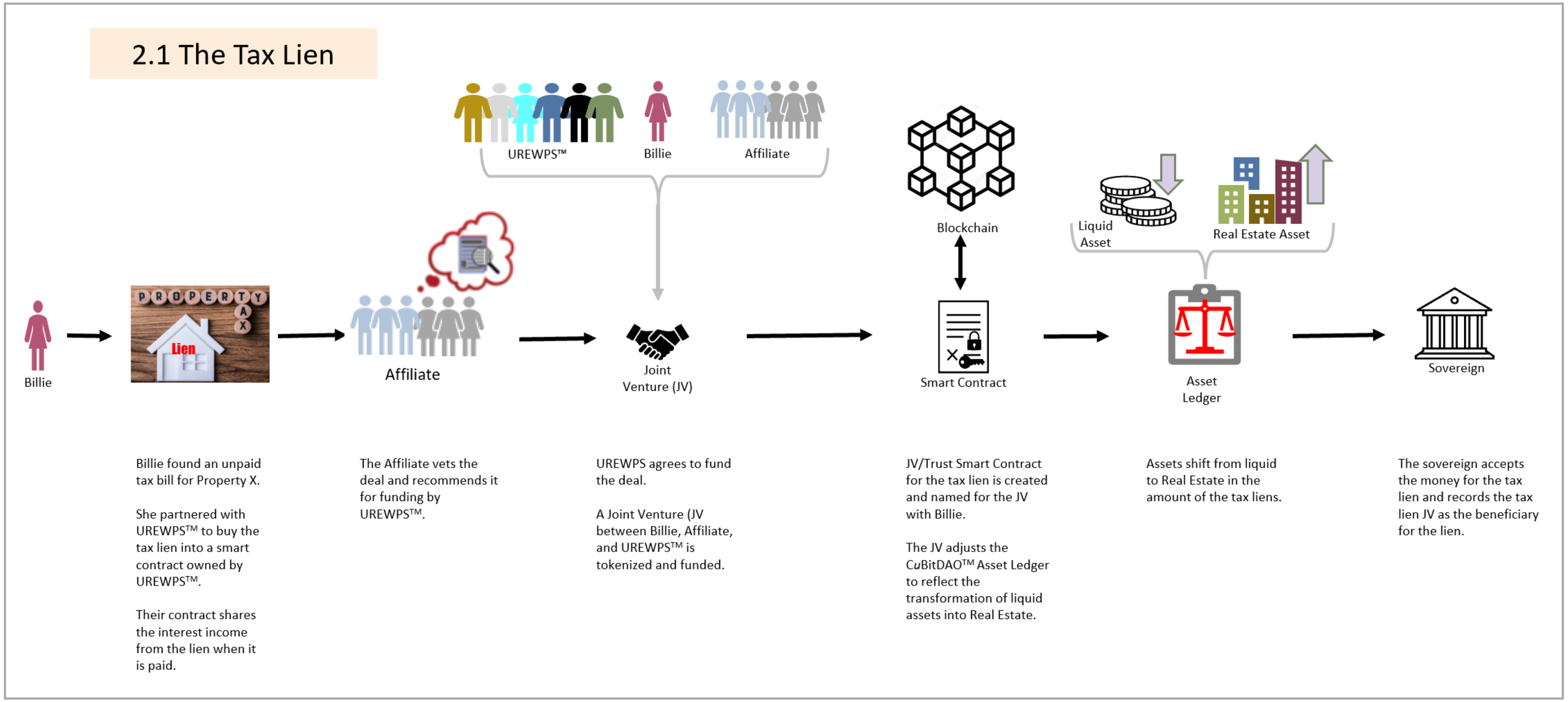
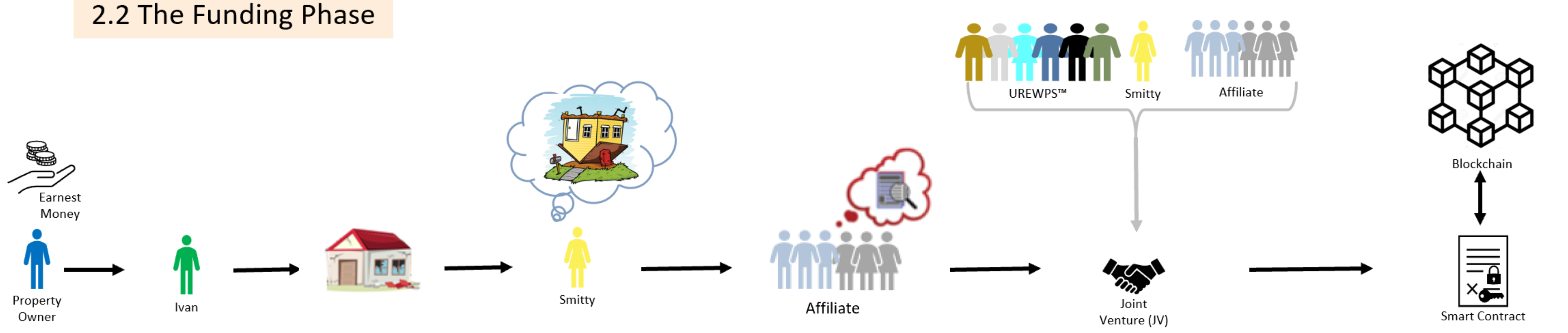


Figure 23 Step 2.1 The Tax Lien

2.2 The Funding Phase



The owner accepts the deal and the earnest money.

Ivan found a distressed property "X" and negotiated a sales and purchase contract with owner. Ivan made an earnest money deposit of $500 to secure the contract. He then took the deal to Affiliate to find a buyer.

Smitty likes the deal. She negotiates to flip the contract from Ivan and present the flip for funding to the Affiliate.

The Affiliate vets the deal and recommends it for funding by UREWPS™.

UREWPS™ agrees to fund the deal.

A JV between Smitty, Ivan, Affiliate and UREWPS™ is tokenized and funded.

JV/Trust Smart Contract for the property deal is created and named for the subject property.

Figure 24 Step 2.2 The Funding Phase

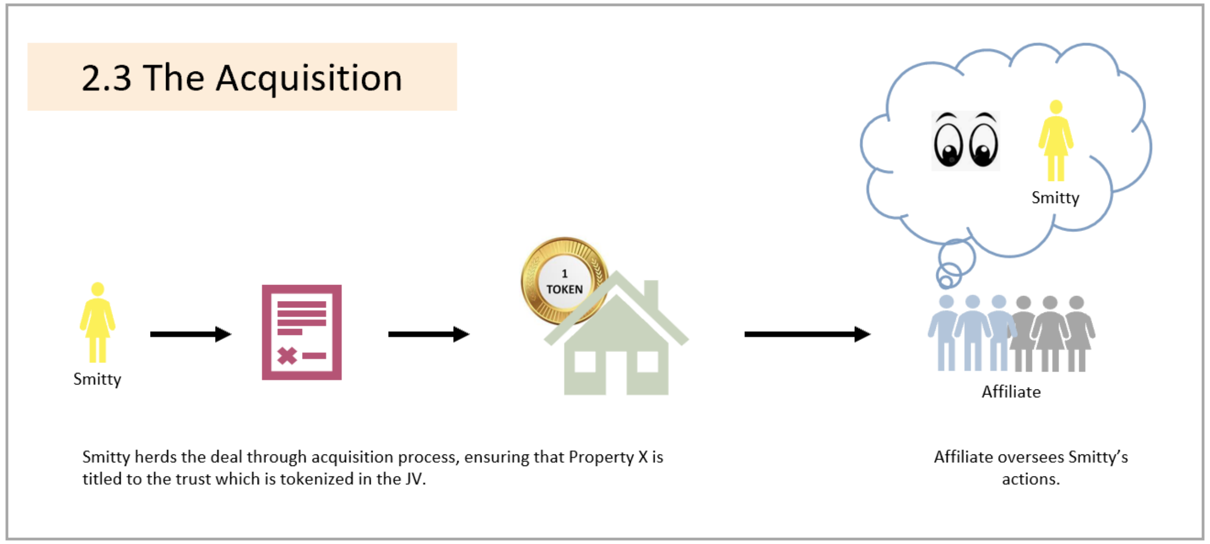


Figure 25 Step 2.3 The Acquisition

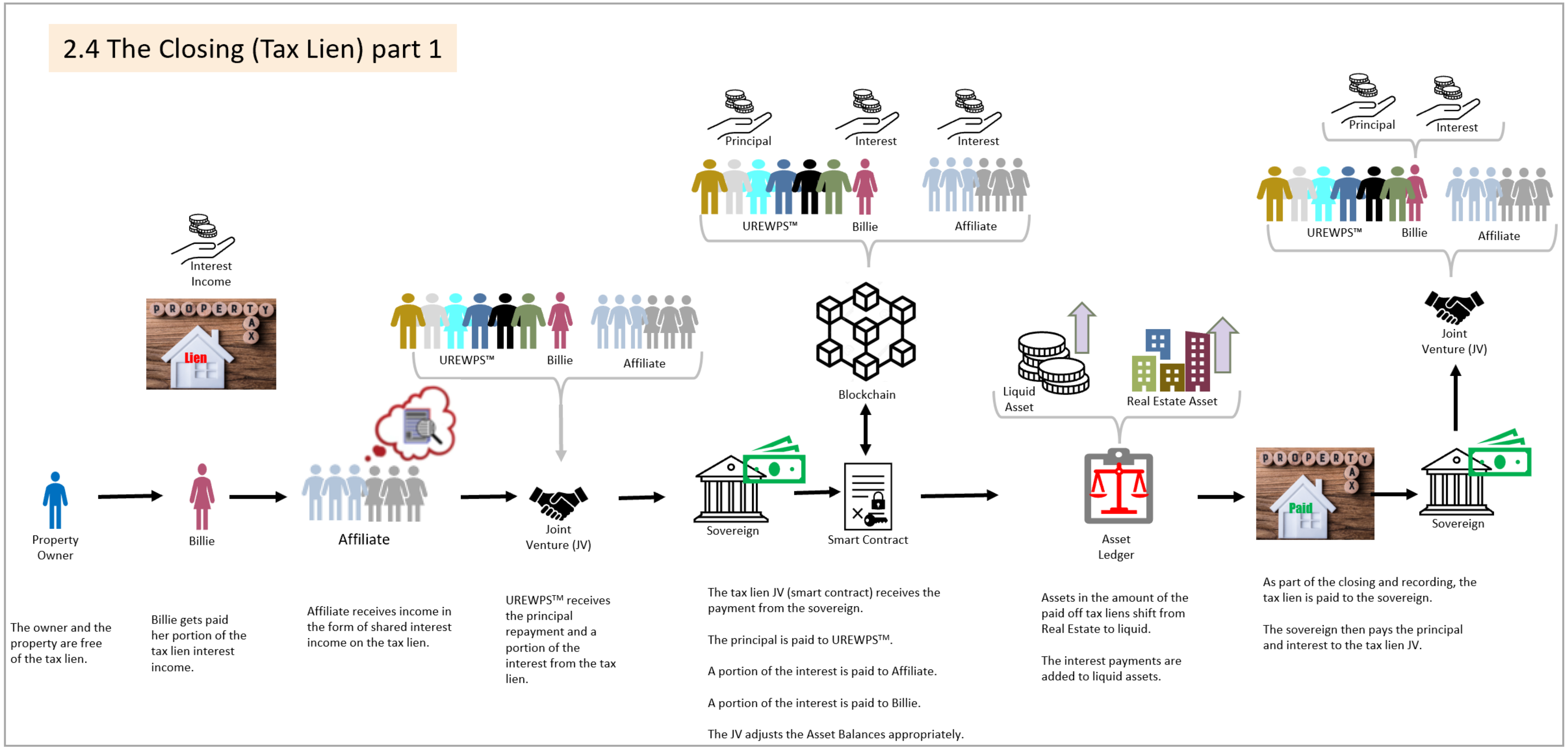


Figure 26 Step 2.4 The Closing (Tax Lien) Part

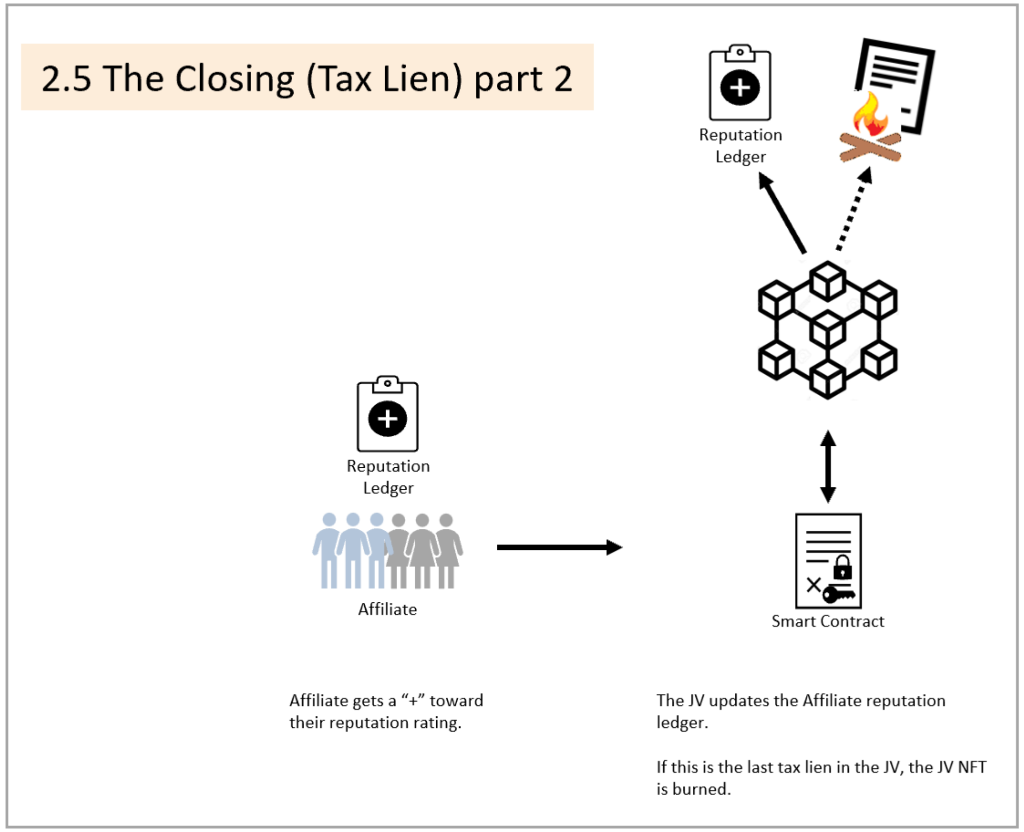
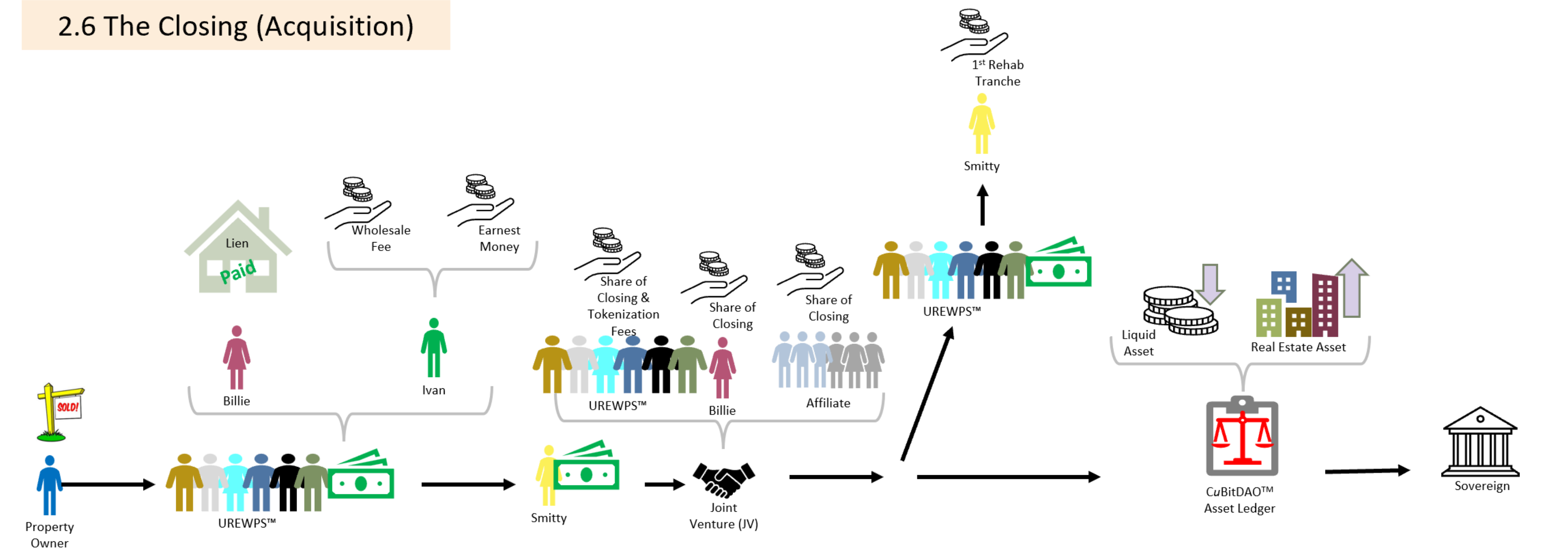


Figure 27 Step 2.5 The Closing (Tax Lien) Part 2

2.6 The Closing (Acquisition)



The owner and property are free of any other items related to the property.

The external lien gets paid off with funds contributed by UREWPS™ and is satisfied.

Ivan gets paid his wholesale fee and is reimbursed for his earnest money deposit from the funds contributed by UREWPS™.

Smitty pays her closing costs into the JV.

A portion of Smitty's closing costs are shared with Affiliate.

UREWPS™ gets fees for tokenization and portion of the closing costs paid by Smitty.

The JV splits the closing costs paid by Smitty per the contract and updates the CuBitDAO™ Asset Ledger.

Smitty gets her first tranche of funding for the rehab.

Assets shift from liquid to Real Estate in the amount of the economic value of the transaction.

The Sovereign records the JV/Trust as the owner of record.

Figure 28 Step 2.6 The Closing (Acquisition)

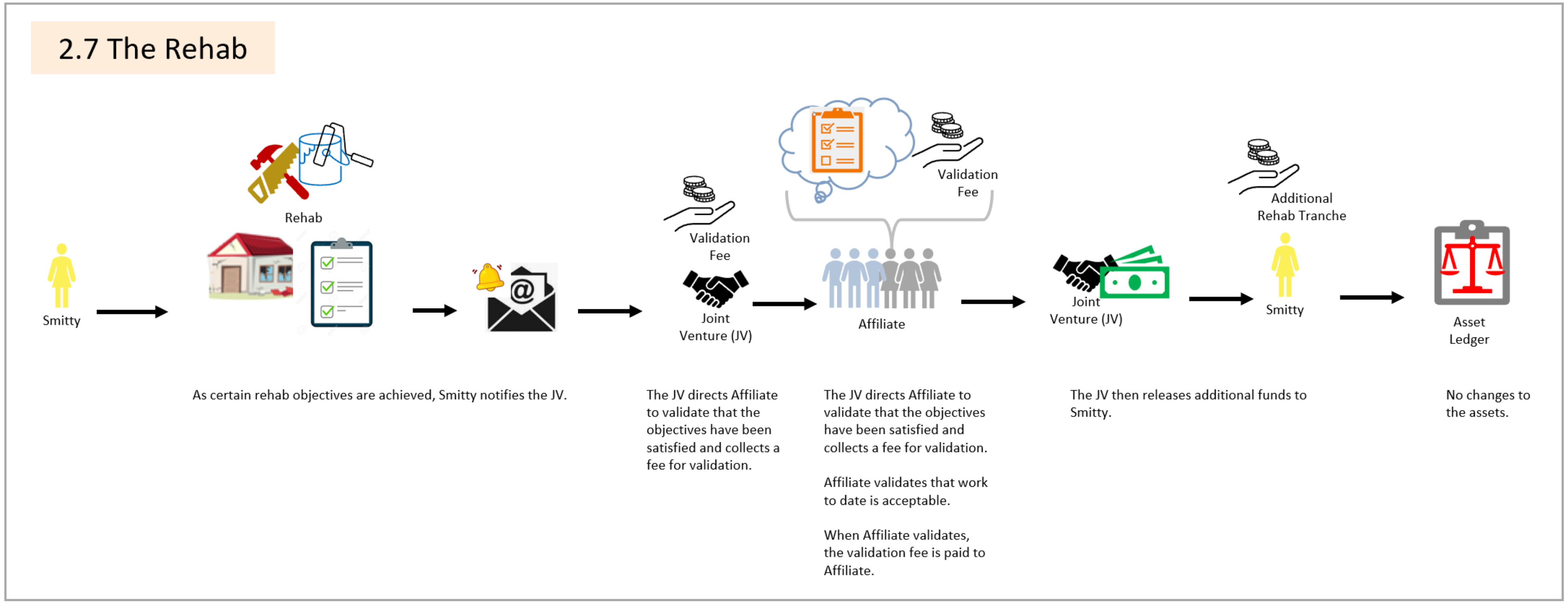


Figure 29 Step 2.7 The Rehab

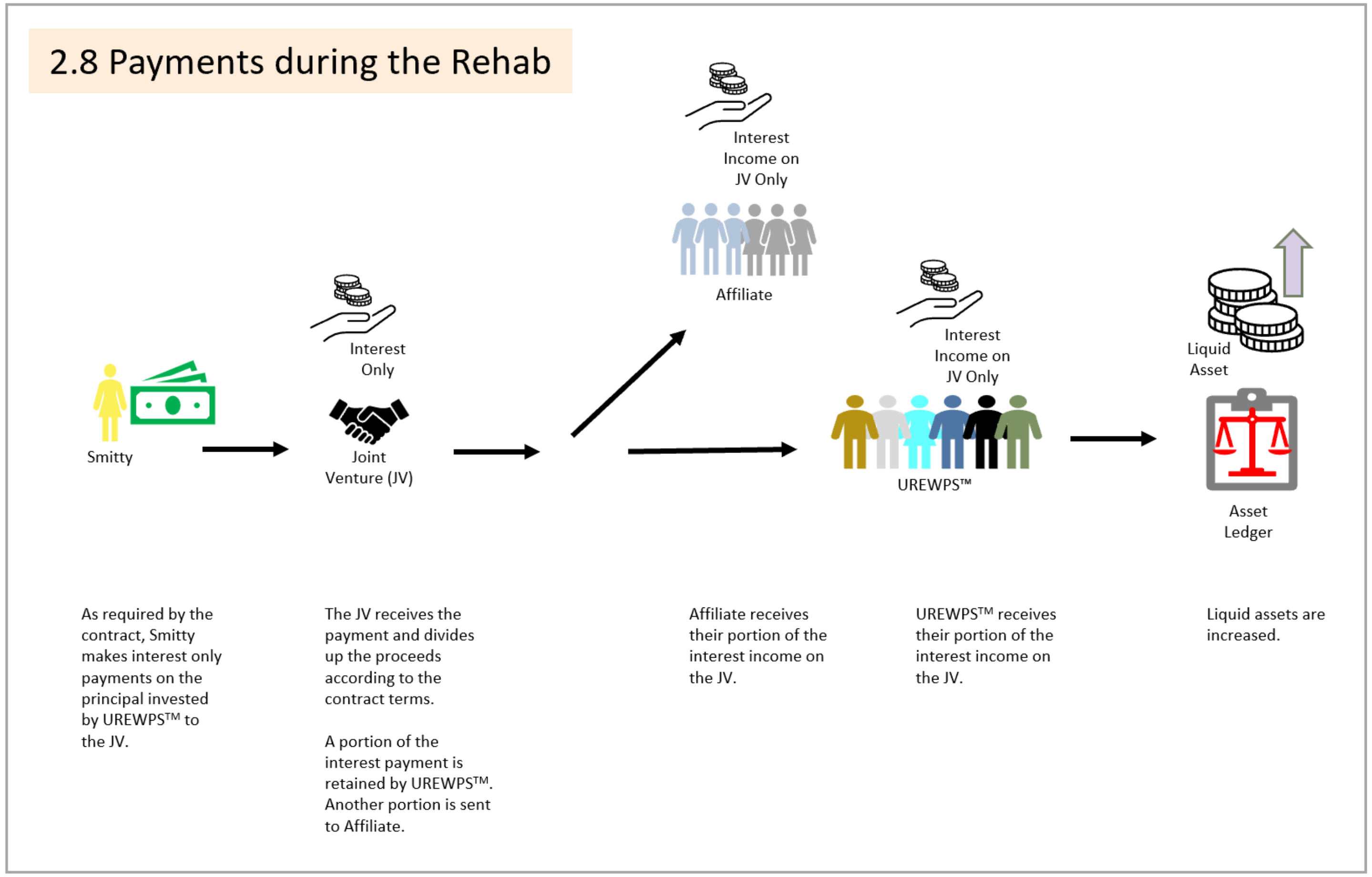


Figure 30 Step 2.8 Payments during the Rehab

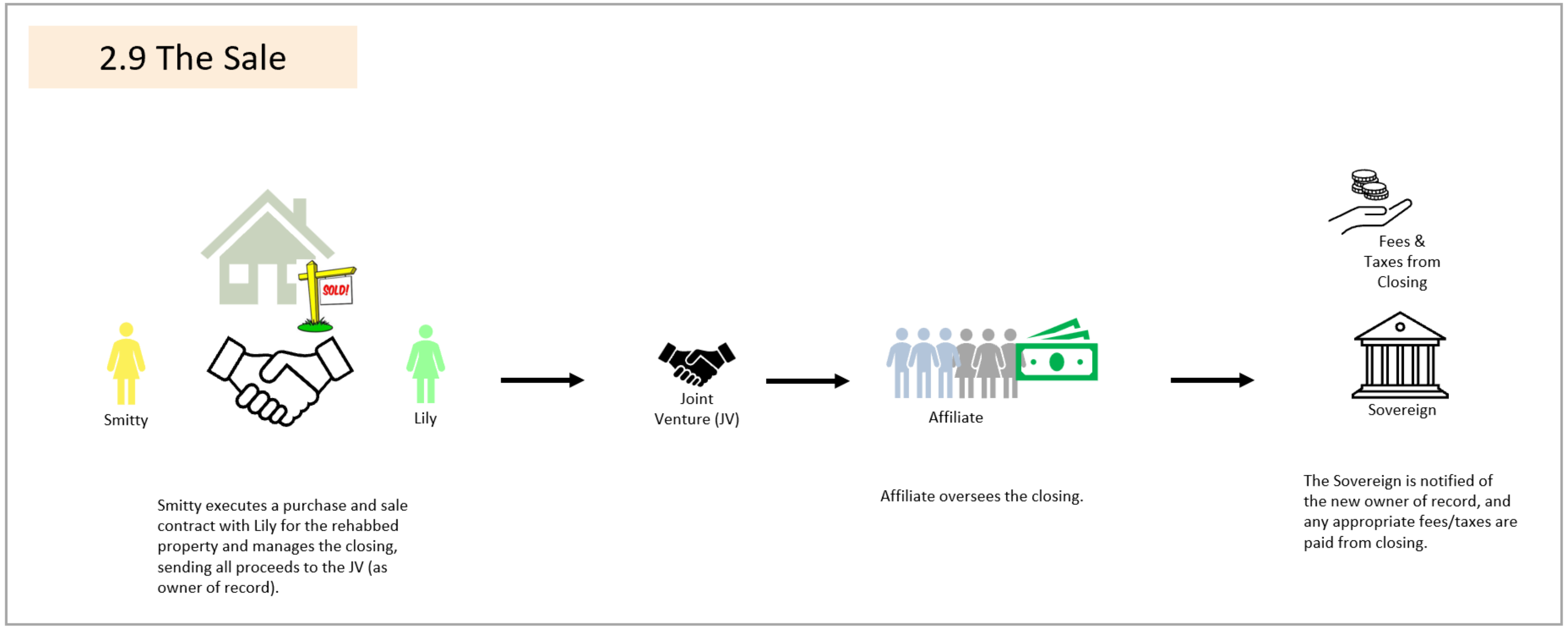


Figure 31 Step 2.9 The Sale

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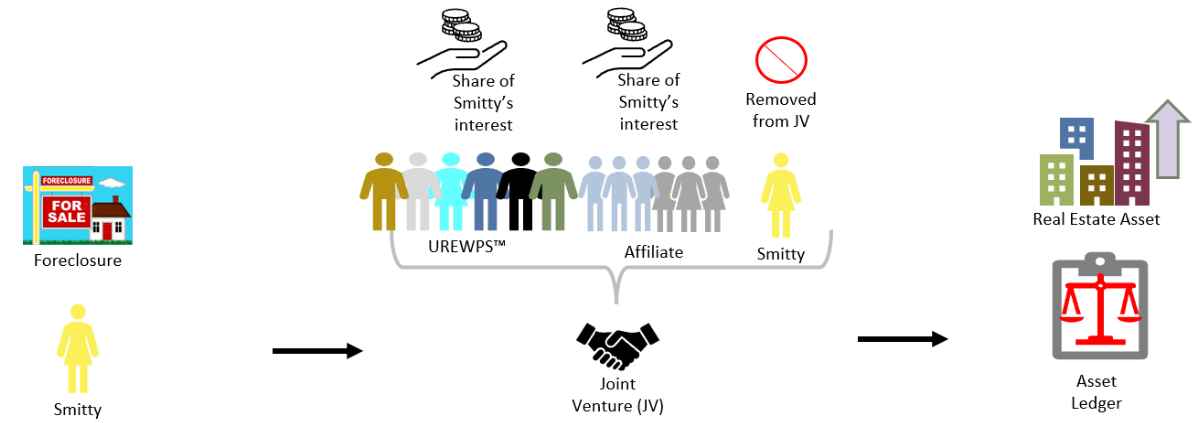
2.10 Smitty Loses the Property



Smitty is unable to find a buyer for the property and his payments to the JV are going to consume all equity he might gain from the deal.

Smitty relinquishes his interest in the JV.

The JV removes Smitty as a beneficiary/party of the JV.

Smitty's interests in the JV are are shifted to the UREWPS™ and the Affiliate.

The equity that previously pertained to Smitty, if any remains, is added to the C*u*BitDAO™ Asset Ledger as Real Estate.

Figure 32 Step 2.10 Smitty Loses the Property

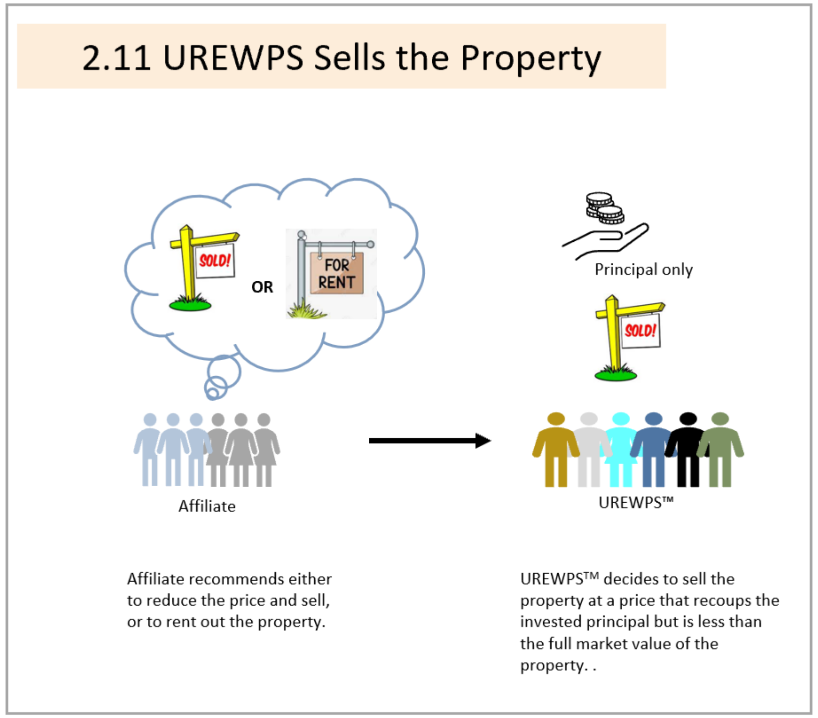


Figure 33 Step 2.11 The Company (UREWPS) Sells the Property

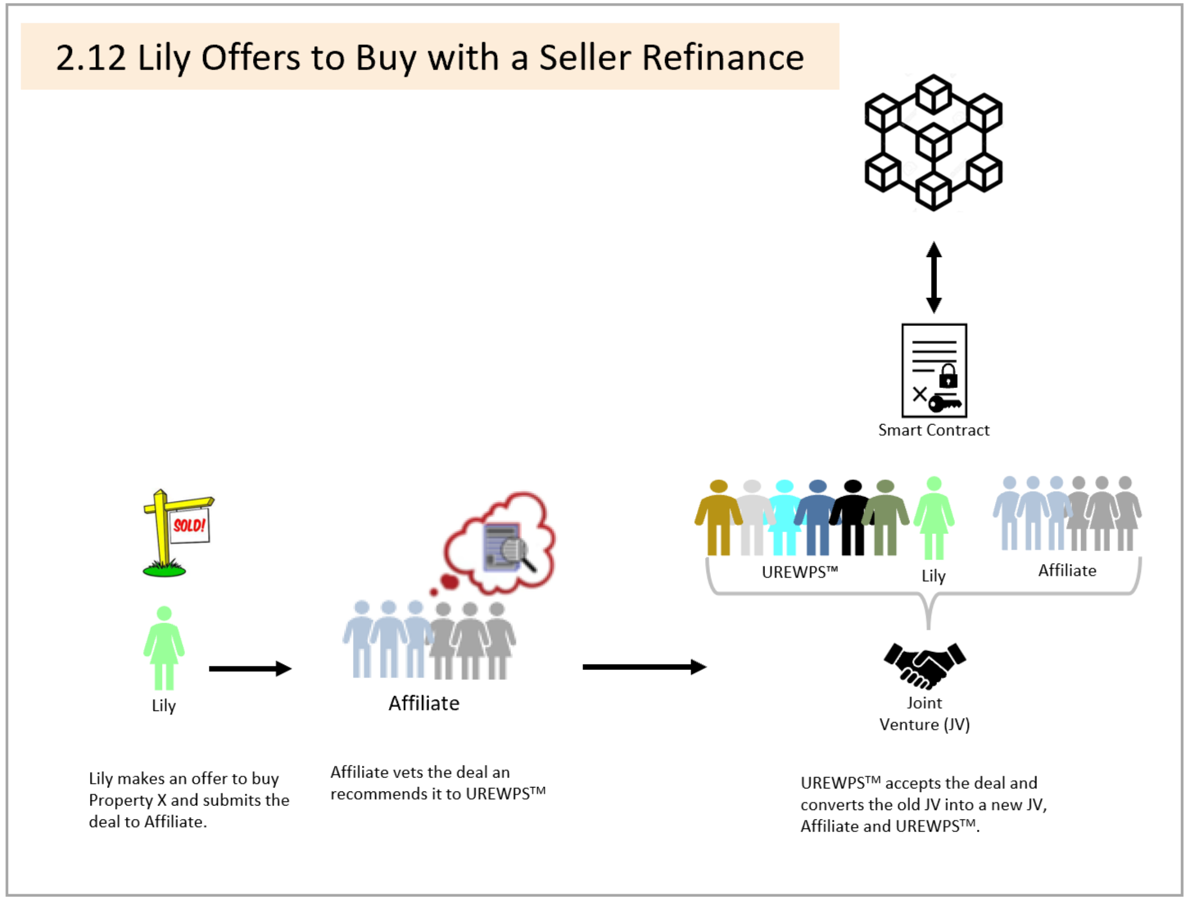
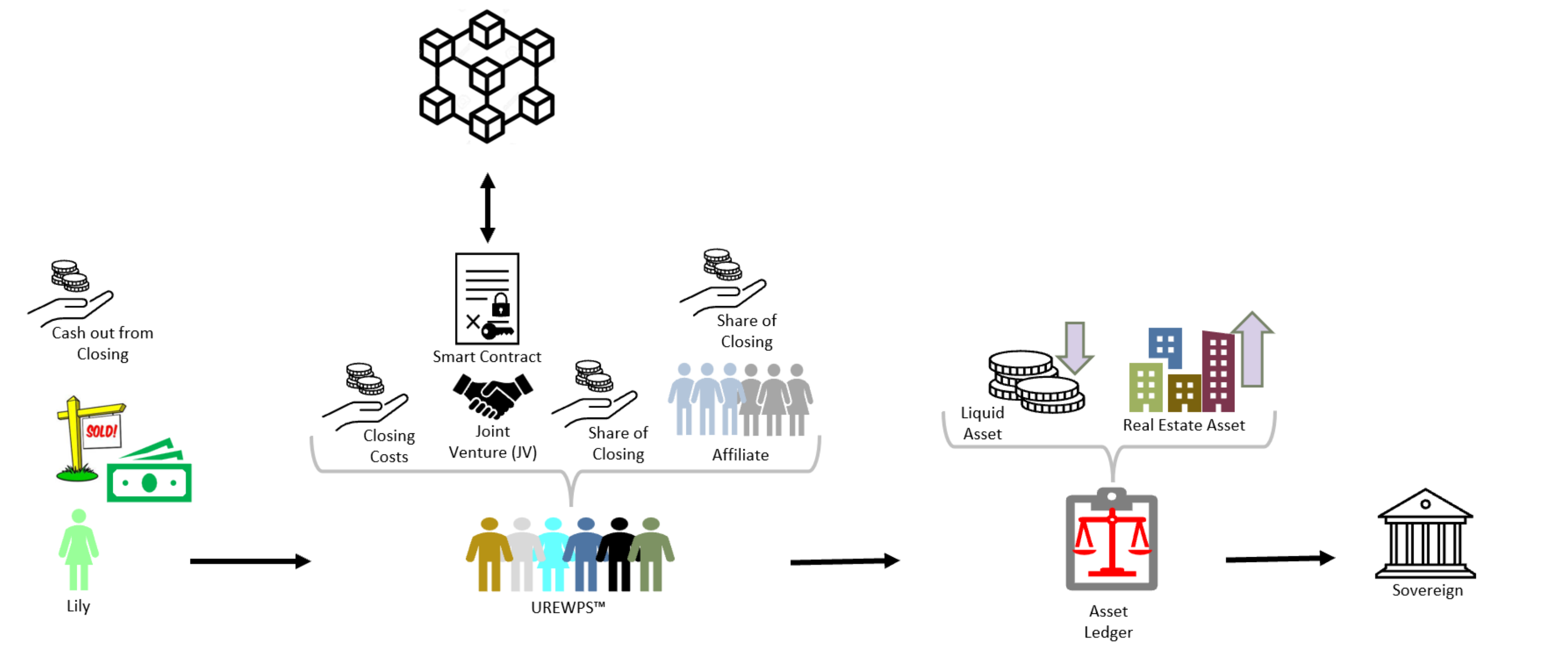


Figure 34 Step 2.12 Lily Offers to Buy with a Seller Refinance

2.13 Lily Buys the Property



Lily pays her closing costs and receives any applicable cash out at closing, because the new JV is built based on the post-rehab value of the property.

UREWPS™ adjusts the capital values invested in the JV.

UREWPS™ collects the closing costs and distributes them to the UREWPS™ and Affiliate as applicable.

Liquid assets are adjusted as necessary, and the Real Estate assets are adjusted to reflect the value of the JV.

If a new trust is generated the Sovereign will record the new owner of record. If not, the action is invisible to the sovereign and no action is taken.

Figure 35 Step 2.13 Lily Buys the Property

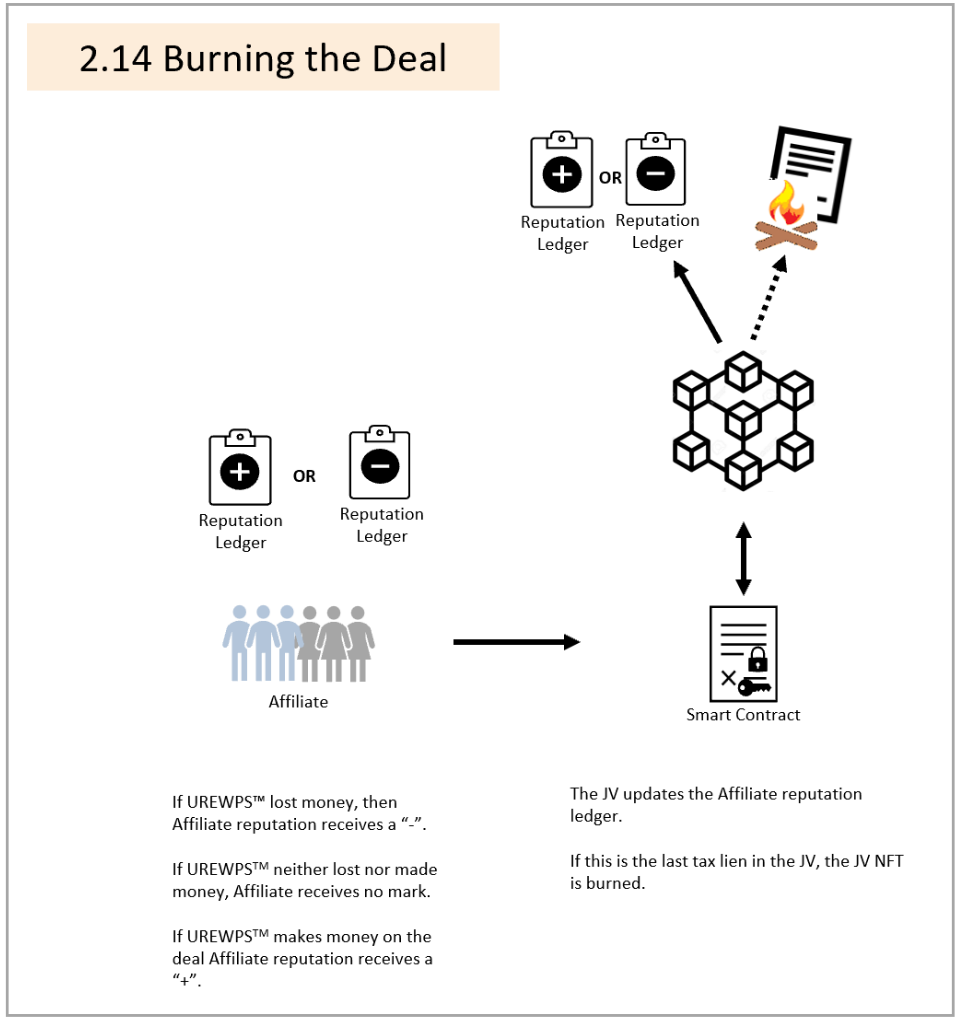


Figure 36 Step 2.14 Burning the Deal

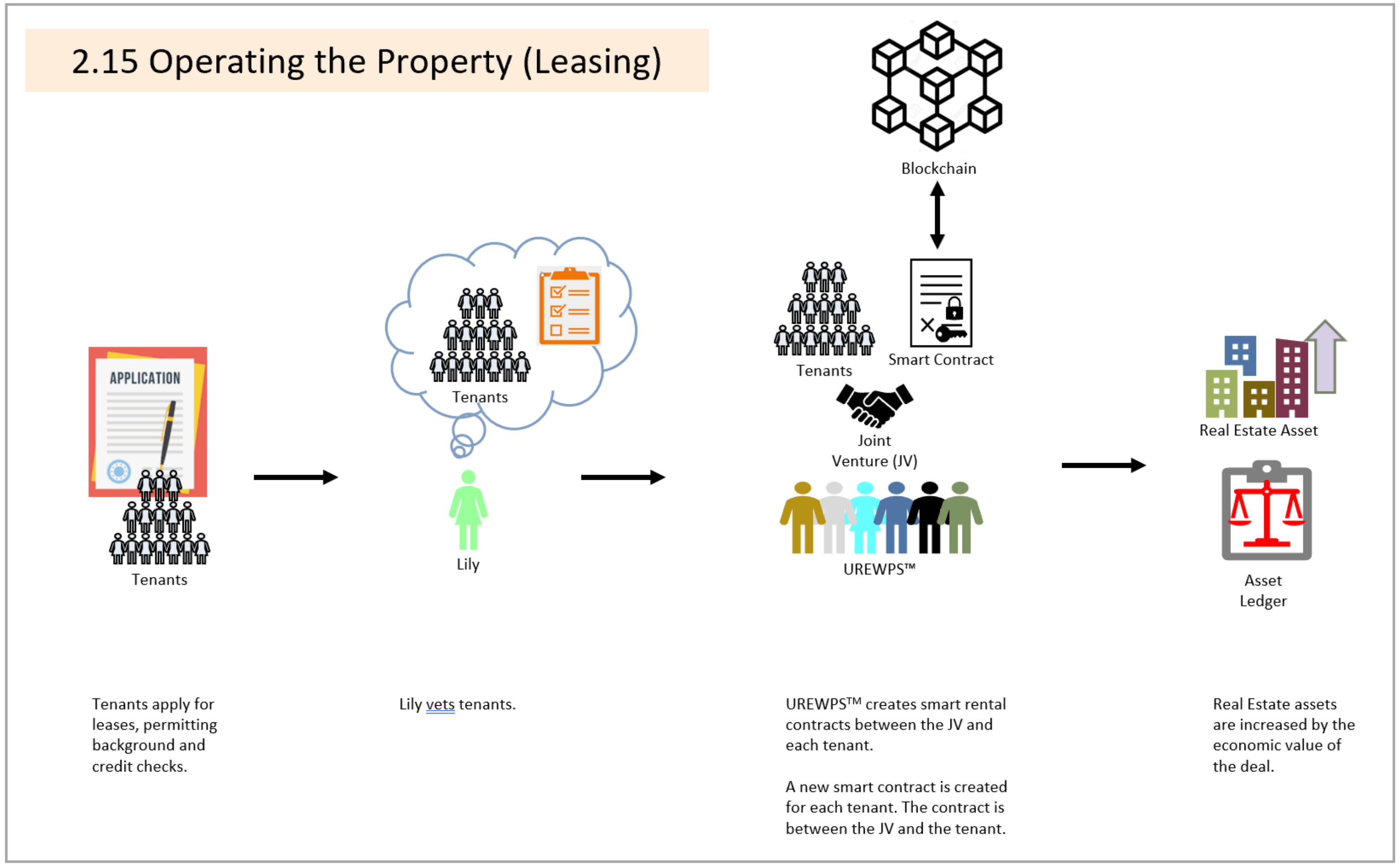


Figure 37 Step 2.15 Operating the Property (Leasing)

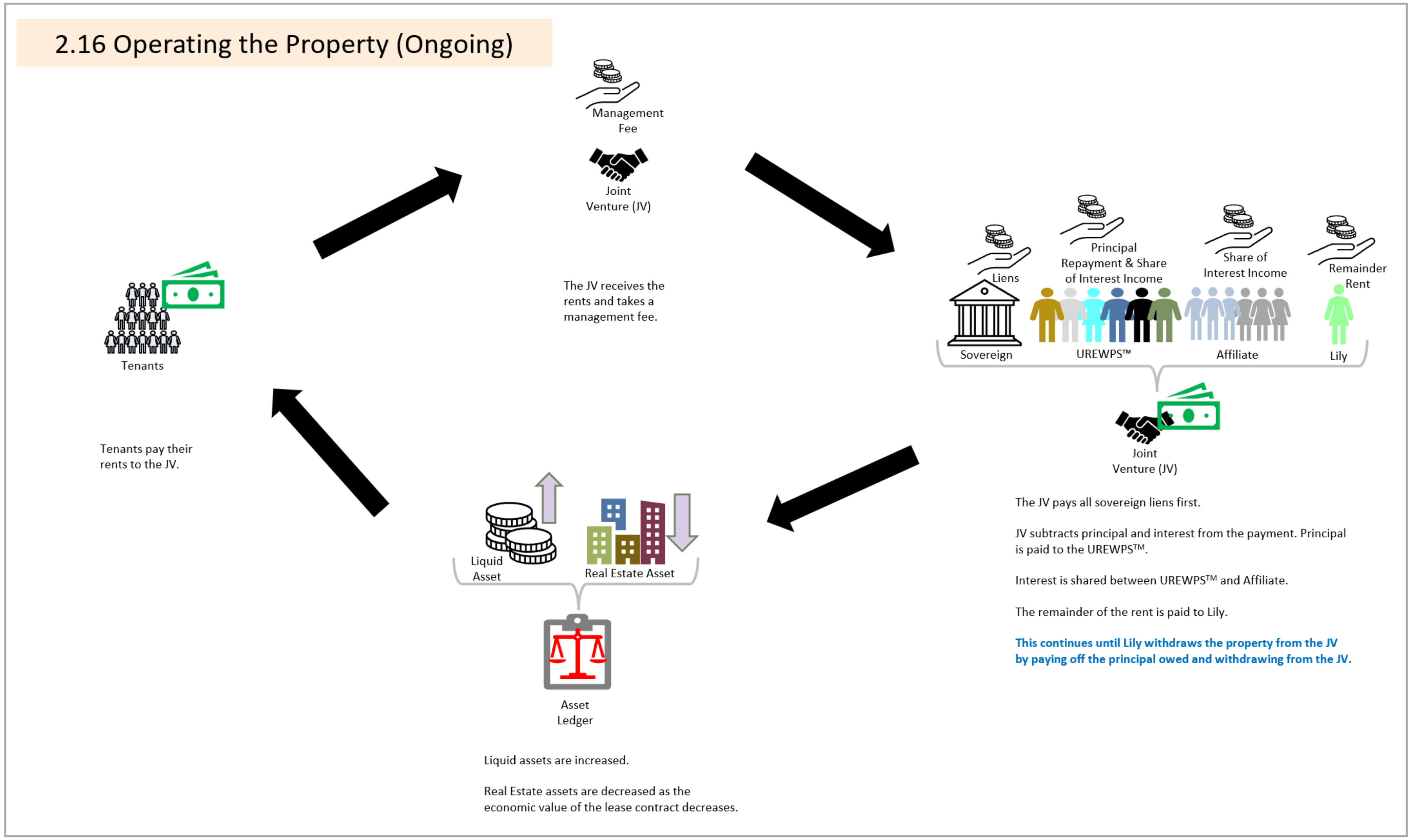


Figure 38 Step 2.16 Operating the Property (Ongoing)

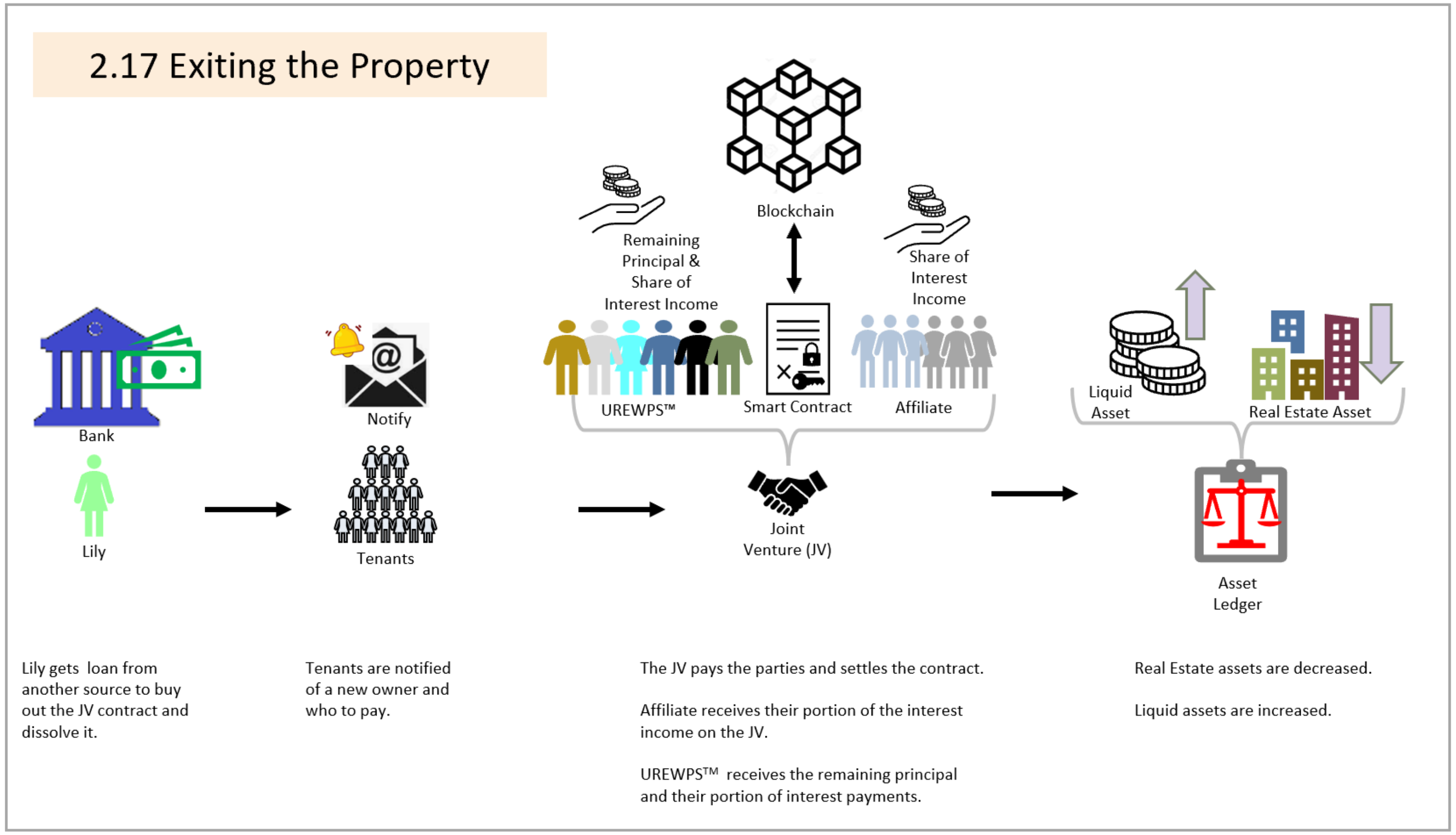


Figure 39 Step 2.17 Exiting the Property

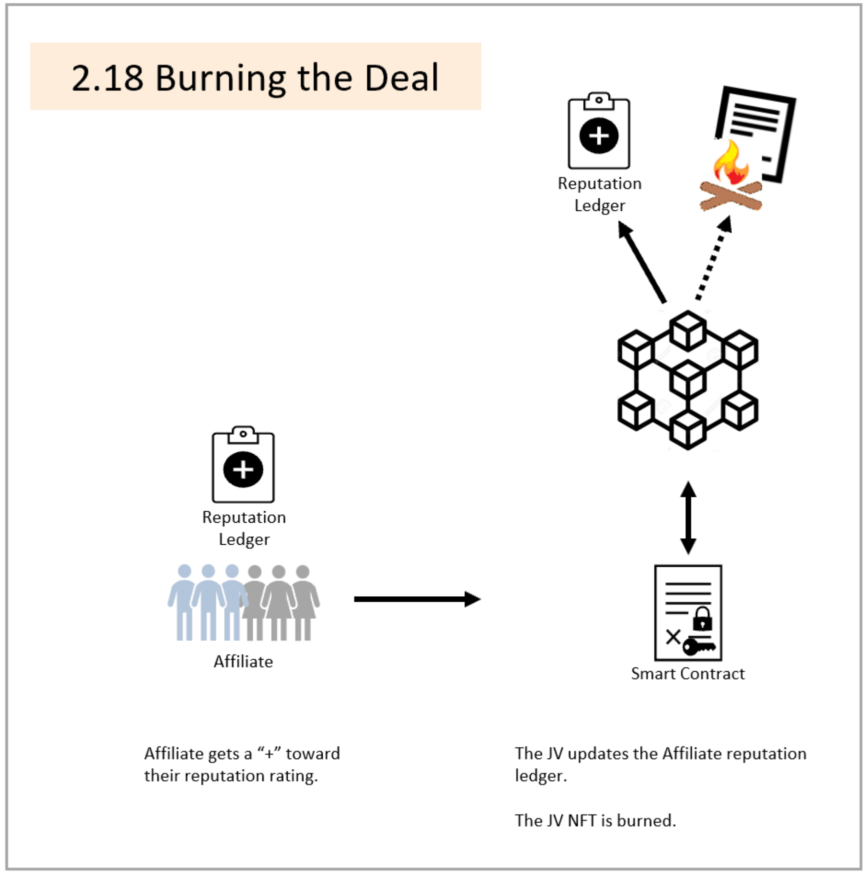


Figure 40 Step 2.18 Burning the Deal

Appendix C: Affiliate Financial Forecasts

This model operates from several key assumptions, several of which are inherited from the financial model for the Company and the schedule of URESC*u*™ releases.

Initial Assumptions:

Table 10 Assumptions Driving the Affiliate Financial Model

ID	Name	Amount	ID	Name	Amount
1	Operating Efficiency Ratio Affiliate	20%	7	Sharing Ratio w/ UREWPS™	50/50
2	Deals with Equity Sharing	100%	8	Annual Velocity of Capital	1.2
3	Average ARV	$395,000	9	Discounted Velocity of Capital	1
4	Average Equity Investment (by DAO)	$211,620	10	DRA Price / Share	$100,000
5	Average Equity Yield	$103,642	11	URESC*u*™ Releases	1/year
6	Average Equity Share	30%	12	Bought to Hold / Flip	25% / 75%

1. **Operating efficiency ratio (OER) of Affiliate:** This is assumed to be merely 20%, reflecting the notion that the Affiliate won't need a significant standing staff or many regular expenses. This is based on assumed efficiencies from using smart contracts.
2. **Deals with equity sharing:** We assume that all the deals will include equity sharing.
3. **Average ARV:** The average after repair value (ARV) is based on the median home value.
4. **Average equity investment (by DAO):** This is the amount of capital invested by the DAO in each equity deal. It is based on a model using SFR fix and flip deals and is constrained to 70% of the ARV.
5. **Average equity yield:** This represents the equity capital thrown off by each deal which is available for sharing within the JV. This is based on a model using only SFR fix and flip deals.
6. **Average equity share:** Based on the premise that we want to create win-win-win relationships we are assuming that 70% of the equity is paid out to the REI and the remaining 30% is split between the Company and Affiliate.
7. **Sharing ratio w/UREWPS™:** This is an even split, reflecting neither a premium nor a discount to the Affiliate based on a Reputation Rating.
8. **Annual velocity of capital:** The model currently reflects a 10 month turn for capital (1.2). This reflects the projection that all the capital invested in one year will be turned completely in a year and thus be available for reinvestment in the following year.
9. **Discounted velocity of capital:** To keep the model conservative we have cut the projected velocity of capital in half. In our current model, we assume that all money invested in flips is ready for investment in the next fiscal year. We do this for simplification purposes.
10. **Affiliate price / share:** Current models are based on members in the Affiliate being required to invest $100,000 to participate in the investing decisions made by Affiliate and to receive dividends from the enterprise. This comes into play when calculating the price to earnings ratio. We assume each Affiliate has neither more, nor less than 91 indivisible shares.
11. **URESC*u*™ releases:** Each URESC*u*™ release adds to the total amount of capital available for investing by the Affiliate. This is diluted as the number of Affiliate organizations increases each year. At present, URESC*u*™ release projections represent less than 3% of the Coin Cap will be released within the first five years of operation. The amount of the releases is constrained by the market demand for URESC*u*™, the rising value of URESC*u*™, and the costs of Minting new URESC*u*™.
12. **Bought to Hold / Flip:** Hold represents the deals held as rentals in the portfolio. Flip are fix and flip deals.

The Affiliate model (see Table 11 Affiliate Five Year Financial Projection) is only showing projected pro forma revenues and expenses for a single Affiliate. When this document is used as part of a private placement memorandum (PPM) some key assumptions are changed to reflect things like the median home value in the specific geographic market applicable to the DRA.

Capital invested (by DAO): The capital invested by the DAO is derived by dividing the URESC*u*™ deposits allocated for real estate, divided by the number of affiliates. The amount available each year changes based on two factors: 1) Additional URESC*u*™ releases and 2) Velocity of capital (returned from prior deals and available for new investments). In the simplified financial model used for this analysis the velocity of capital is assumed to be 1, meaning the money is in play for a full year before becoming available for another investment. To keep this model simpler still, this model assumes that all flips are completed in the same fiscal year they began. While this simplification overstates the results in Year 1, because it will average out across the years the team decided to avoid (for now) adding complexity to the model without sufficient benefit.

Purchase revenues: Each purchase within a JV requires the REI partner to pay certain funding fees, and funds usage payments estimated to be approximately 10 points (10% of the amount invested). These are split 50/50 between the Affiliate and the Company.

Sale revenues: Each sale of property out of the JV is expected to generate some additional funding fees to close out the JV in the amount of 4 points (4%) of the sale price. These are split 50/50 between the Affiliate and the Company.

Equity share revenue: These numbers are based on the assumptions listed about regarding the number of equity-share deals, the equity realized from those deals (after sales costs) and the 50/50 split between Affiliate and the Company of the 30% due to the funding partners.

NIBT (net income before taxes): This is the total of revenues coming into the Affiliate each year. We do not attempt to calculate the after-tax income because the DRA will operate as a Schedule S Corporation for tax purposes. This passes income to the owners, along with any tax burdens.

OER: We are estimating that 20% of every dollar of income to the Affiliate will be consumed by operating expenses. This is likely a much larger number than will actually be needed. However, the model is intended to provide a conservative view of the finances.

Cost per share: This is the investment each Affiliate member is estimated to make per share. There will be no more than 91 shares issued for any Affiliate. Actual costs per share are determined in the PPM for that DRA.

Earnings per share (EPS): This is the amount of annual profits within the Affiliate which may be declared as a dividend for each ownership share.

P/E Ratio (Price to Earnings Ratio): This is a standard investment metric showing the relationship of the cost of an investment (price) divided by the earnings provided. In this case, it is only shown for Year 1. A lower number represents a more favorable rate of return for an investor. A higher number indicates that it will take more dividend payments to pay back the amount invested in the shares.

Gross ROI (return on investment): This reflects the return generated on the capital invested by the funding partner (the Company) before expenses are removed.

NIBT ROI (Net Income Before Taxes Return on Investment): This reflects the return on the capital invested by the funding partner (the Company) after expenses have been taken out, but before any taxes have been paid.

Table 11 Affiliate Five Year Financial Projection

Cash Flow Projection for one Affiliate (Affiliate Share of Income Only)							
UREWPS Split	50%	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Totals
Funds Available to Invest in RE							**DRA01000 LLC**
DAO Principal Available from Prior Year		0	$ 166,302,005	$ 438,165,362	$ 534,886,368	$ 625,303,052	$ 1,764,656,787
	New Drop	$ 193,651,250	$ 335,339,415	$ 174,208,826	$ 181,002,970	$ 167,166,299	$ 1,051,368,759
	Reinvested	$ -					
Capital Invested		$ 193,651,250	$ 501,641,420	$ 612,374,188	$ 715,889,338	$ 792,469,351	$ 2,816,025,546
Purchase Revenues							
Points	1.50%	$ 2,904,769	$ 7,524,621	$ 9,185,613	$ 10,738,340	$ 11,887,040	
Other	0.50%	$ 968,256	$ 2,508,207	$ 3,061,871	$ 3,579,447	$ 3,962,347	
Funds Usage Fee	6.00%	$ 11,619,075	$ 30,098,485	$ 36,742,451	$ 42,953,360	$ 47,548,161	
Sale							
Fees at End	1.50%	$ 2,904,769	$ 7,524,621	$ 9,185,613	$ 10,738,340	$ 11,887,040	
Retirement Fee	0.50%	$ 968,256	$ 2,508,207	$ 3,061,871	$ 3,579,447	$ 3,962,347	
Total Funding Revenues		$ 19,365,125	$ 50,164,142	$ 61,237,419	$ 71,588,934	$ 79,246,935	
Equity Share Revenues		$ 11,381,005	$ 36,852,226	$ 44,987,018	$ 52,591,581	$ 58,217,400	
Rental Revenues		$ 1,169,496	$ 3,029,507	$ 3,698,243	$ 4,323,390	$ 4,785,871	
Gross Revenue from Deals		$ 31,915,627	$ 90,045,874	$ 109,922,680	$ 128,503,905	$ 142,250,206	$ 502,638,292
Operating Expense Ratio	20%	$ 6,383,125	$ 18,009,175	$ 21,984,536	$ 25,700,781	$ 28,450,041	$ 100,527,658
NIBT		$ 25,532,501	$ 72,036,699	$ 87,938,144	$ 102,803,124	$ 113,800,165	$ 402,110,634
Cost Per Share	$100,000						
Earnings per Share		$ 280,577	$ 791,612	$ 966,353	$ 1,129,705	$ 1,250,551	$ 4,418,798
P/E Ratio		0.36	0.13	0.10	0.09	0.08	0.023
Shares Per DRADAO	Gross ROI	16.48%	17.95%	17.95%	17.95%	17.95%	17.85%
100	NIBT ROI	13.18%	14.36%	14.36%	14.36%	14.36%	14.28%

The pro forma financial model assumes that in Year 1 of operation the Company provides the Affiliate with approximately $200 million USD and that the Affiliate deploys all of that capital. Subsequent years show additional capital infusions and includes rollover capital from prior years that is freed up for reinvestment as deals are exited. In other words, this model assumes that 'returning' principal invested by the DAO to the DAO does not actually remove that capital from use by the DRA. The rollover of prior year capital is not necessarily a given.

Assuming a DRA price per share is $100,000 USD, pro forma financial projections for a "model" affiliate indicates that owners can anticipate a price to earnings ratio of 0.36. This means that in Year 1 Members may see a return of ~$280k USD on their $100k investment. Over five years this blossoms into a total $4.4 million USD return on each ownership share.

Appendix D: A Simplified Explanation of Trusts

Disclaimer: What follows is informational. For legal questions about trusts please consult a qualified attorney.

Trusts Aren't New

Trusts are an ancient legal instrument dating back at least to feudal times. Because of its long-standing existence, and the reliance of US Courts on English Common Law as the foundation of US legal practices, even in states without explicit statutes governing trusts they are legally recognized.

Why Use a Trust

A trust is a fiduciary relationship in which one party, known as a trustor, gives another party, the trustee, the right to hold title to property or assets for the benefit of a third party, the beneficiary. Trusts are established to provide legal protection for the trustor's assets, to make sure those assets are distributed according to the wishes of the trustor, and to save time, reduce paperwork and, in some cases, avoid or reduce inheritance or estate taxes. (Kagan, 2020)

Who Uses Trusts

The Company uses irrevocable trusts, which cannot be terminated or changed after inception, except according to the predefined conditions set forth in the trust when it is created. When the trust is created, the trustors contribute the title to the subject property, the funds committed for the subject deal, and the revenue stream(s) created by the subject property during the lifetime of the trust.

Banks Use Trusts

Trusts used by the Company are based on the same principle which underlays the common practice of lenders when they require borrowers to grant deeds of trust to secure a mortgage interest in real estate. The deed of trust is a trust that allows the lender to unilaterally take ownership of a property when a borrower defaults on a loan.

Additional Benefits of Using Trusts

Real estate deeds, titles, and other assets which are publicly recorded in these arrangements have the Trust named as the owner. Naming the trust as the owner has the effect of keeping beneficiaries of the trust out of the public records. This anonymity is a practical deterrent to litigious-prone profiteers who sometimes use public records to target potential candidates for frivolous lawsuits.

Under current US law, the beneficial interest of a trust can be transferred between parties as personal property, even if the trust is holding real property. This means that the property remains titled in the name of the trust, regardless of the name(s) of the beneficiary(s). This is a much less expensive and simpler way of transferring interests in real estate than is commonly experienced. Parties to the Trust

In every trust there are three types of parties to the trust. A person, or business, can be in any or all the roles. In the discussion which follows, person and business are interchangeable. The roles are:

Trustor: The person(s) putting assets into the trust.

Beneficiary: The person(s) who enjoy the benefits of the trust. The beneficial interest of the trust goes to the Beneficiary.

Trustee: The person(s) who administers the trust according to the terms of the trust and for the benefit of the beneficiaries.

Trustless Trusts

The Company creates both a legally recognized trust and a smart contract version of the trust, enabling automation to carry out the functions of the trust. In crypto-industry parlance, this is a "trustless trust." Meaning that the execution of the terms of the trust are not reliant on potentially self-interested trustees to faithfully execute the terms of the trust.

Manager-free Joint Ventures

Likewise, the Company creates a legally recognized joint venture (JV) and a smart contract embodying the terms of the JV. In the same vein as the trustless trust, the smart contract driven JV doesn't rely upon the JV manager to faithfully execute the terms of the JV. Those actions are carried out automatically by the smart contract,

Tokenization

Using smart contracts for the trust and the JV reduce reliance on human intervention and reduce the costs of paying for human interventions. Creating the JV and trust as smart contracts is referred to as “tokenization.” This term applies because each smart contract is a non-fungible token (NFT) registered on a blockchain.

As transactions governed by the trust and JV occur, they are recorded on the same blockchain.

The Company tokenizes the trust and the JV on a private blockchain. Putting them on a public blockchain would destroy some of the important benefits of using trusts. Parties to the trust and the JV have the ability to monitor the blockchain transactions related to their trust and JV. This allows a very high degree of operational and financial transparency for the parties to the trust and the JV.

Our Parties to the Trust

The Trustor is the JV, comprised of the REI, the Affiliate, and the Company.

The Beneficiary is the JV.

The Trustee is the Company for the legal document and the smart contract for the tokenized trust. For all trustee execution duties which can be automated, the smart contract automatically carries out the terms of the trust. Otherwise, an officer of the Company will function as the Trustee.

Simplified Trusts Concluded

Trusts are reliable legal vehicles providing significant risk mitigation, privacy, and expense reductions. Tokenized trusts increase the reliability and transparency of the trust while reducing the expenses of administering the trust. Tokenizing trusts and JVs on a private blockchain provides the same kind of privacy enjoyed by trusts and JVs that are not tokenized.

Appendix E: SEC Definition of Accredited Investors

Source: https://www.sec.gov/education/capitalraising/building-blocks/accredited-investor

Individuals may qualify as Accredited Investors by meeting the SEC guidelines as follows:

Individuals	Financial Criteria	Professional Criteria
Individuals (i.e., natural persons) may qualify as accredited investors based on wealth and income thresholds, as well as other measures of financial sophistication.	• Net worth over $1 million, excluding primary residence (individually or with spouse or partner) • Income over $200,000 (individually) or $300,000 (with spouse or partner) in each of the prior two years, and reasonably expects the same for the current year	• Investment professionals in good standing holding the general securities representative license (Series 7), the investment adviser representative license (Series 65), or the private securities offerings representative license (Series 82) • Directors, executive officers, or general partners (GP) of the company selling the securities (or of a GP of that company) • Any "family client" of a "family office" that qualifies as an accredited investor • For investments in a private fund, "knowledgeable employees" of the fund

How can entities qualify as accredited?

Depending upon the structure of the entity or its assets, entities may qualify as an accredited investor.

Investments	Assets	Owners as Accredited
Entities owning investments in excess of $5 million	The following entities with assets in excess of $5 million: corporations, partnerships, LLCs, trusts, 501(c)(3) organizations, employee benefit plans, "family office" and any "family client" of that office	Entities where all equity owners are accredited investors

Other Entities

Investment Advisers: Investment advisers (SEC- or state-registered or exempt reporting advisers) and SEC-registered broker-dealers
Financial Entities: A bank, savings and loan association, insurance company, registered investment company, business development company, or small business investment company or rural business investment company

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