FiTerra FINANCE

FiTerra Finance Buyer FAQ

Everything you need to know about buying a home with the FiTerra Optimized Finance Structure.

01 | What You're Actually Buying

Q Do I actually own the home, or am I renting?

You own the home. Full stop. FiTerra buyers hold an “ownership” or “leasehold” interest — the legal right to occupy, control, renovate, rent out, sell, and benefit from every dollar of appreciation on the property. You are not a tenant. You have every right a traditional homeowner has from the moment you close. The only difference between your ownership and a traditional fee-simple purchase is that the seller retains an underlying investment interest that reduces the your purchase price and that you can buy out whenever you're ready.

Q What's the difference between the Fee Simple Price and my Purchase Price?

The Fee Simple Price is what the whole home costs — the number you'd see on most traditional listing. Your Purchase Price is the price of what you're actually buying: your Ownership Interest, which is a set percentage of the cost. On a $200,000 home, you're buying an $80,000 Ownership Interest. You pay less down, carry a smaller mortgage, and skip PMI entirely — while keeping 100% of the home's appreciation.

Q What rights do I have as a FiTerra buyer vs. a traditional buyer?

Identical rights in practice. You occupy and control the property fully. You can renovate, rent it out, sell your interest to a future buyer, and keep every dollar of market appreciation. You are not subject to seller approval for how you use the property. The seller's retained interest is passive — they collect a monthly Financing Fee and have no involvement in your day-to-day ownership.

Q Can I renovate, rent out, or sell the property?

Yes on all three. Renovate as you like — no seller approval required. Rent the property out as an investment. And when you're ready to move on, sell your Ownership Interest to a new buyer. The only requirement at resale is that the incoming buyer either qualifies to continue the Financing Fee agreement, or the fee is paid off at that closing. Either way, you are never stuck.

02 | The Financing Fee

Q What is the Financing Fee and how is it calculated?

The Financing Fee is a monthly payment on the seller's retained Investment Interest — the portion of the home they kept. It's calculated as an annual percentage of that interest, divided by 12. On a $200,000 home where the seller retains a $120,000 Investment Interest, a 6% annual fee equals $600/month. The rate and the dollar amount are both fixed at closing. They don't change.

Q How is this different from an HOA or condo association fee?

One word: payoff. Most fees are permanent — you pay it as long as you own, and it can be raised by a vote you didn't take. The Financing Fee can be eliminated completely by exercising your buyout. The price to pay it off is locked in at closing, before you sign. Once you buy out, the fee is gone permanently. No renegotiation. No surprises.

Q Can the Financing Fee ever go up?

No. The rate and the monthly dollar amount are fixed at closing and written into your agreement. This is one of the features that distinguishes it from an HOA or condo fee — nobody can vote to increase your Financing Fee. What you agree to at closing is what you pay until you buy out.

Q What happens to the fee if I sell the home before buying it out?

When you sell, the Financing Fee must be resolved at that closing. The incoming buyer will either qualify to assume the agreement and continue paying the fee on the same locked terms, or the fee is paid off in full at closing using proceeds from your sale. The new buyer is never left holding an obligation they haven't agreed to, and you are never responsible for the fee after you close your sale.

03 | The Buyout

Q What is the buyout and how does it work?

The buyout is your right to purchase the seller's retained Investment Interest and convert to full fee-simple ownership. The buyout price is fixed at closing — typically equal to the seller's original Investment Interest value. When you're ready, you exercise your buyout right, pay the agreed price (typically via a new loan or cash), and the Financing Fee disappears permanently. No renegotiation, no new appraisal required.

Q Is the buyout price locked in? What if home goes up in value?

Locked in. The buyout price is set at closing and reflects the seller's original Investment Interest basis. It is not adjusted by market appreciation. If your home doubles in value, your buyout price does not double with it. You keep 100% of that appreciation. The seller gave up market upside when they agreed to the fixed buyout terms.

Q When can I buy out? Is there a minimum hold period?

Your buyout right is available at your discretion — there's no mandatory waiting period. The buyout price and timing window are both disclosed in your agreement before closing. Many buyers plan a buyout in years three through seven as their equity and financial position improve, but you're not required to wait that long.

Q What happens after I buy out — is the fee gone permanently?

Permanently. Once you exercise the buyout, the Financing Fee obligation terminates and the seller's Investment Interest merges into your title. You own the full fee-simple property with no ongoing fee of any kind. The agreement is extinguished.

Q Do I need a new appraisal or bank approval to buy out?

No appraisal is required to determine the buyout price — it was fixed at closing. If you're financing the buyout with a new loan, your lender will have their own requirements, but the price itself isn't subject to renegotiation based on a new appraisal. Most buyers refinance the full property value into a conventional mortgage at buyout.

04 | Your Mortgage & Financing

Q Will my regular lender accept this mortgage?

Yes — if they originate conventional loans. FiTerra's structure is fully compliant with Fannie Mae (Guideline B2-3-03) and Freddie Mac (Guide Section 5704) leasehold mortgage requirements. Your loan is processed as a standard leasehold mortgage — a well-established loan type that GSE lenders deal with regularly. You don't need a specialty lender. If your lender originates conventional loans, they have the tools to underwrite yours. Many times however, sellers offering this structure don't require you to qualify through a bank – they will serve as the bank on the portion of the home you're purchasing.

Q What if I want to refinance later?

You can refinance your leasehold mortgage just like a conventional mortgage. Your lender will underwrite against your leasehold interest value and current market conditions. Many buyers refinance at the time of buyout to fold the full property into a single conventional mortgage. Nothing in the FiTerra agreement restricts your ability to refinance.

05 | Your Monthly Payment, Explained

Q What do I actually pay every month?

Two line items: your mortgage payment on your Ownership Interest, and the Financing Fee on the seller's Investment Interest. Both are fixed at closing. On a $200,000 home (40/60 split, 6.5% mortgage rate, 6% Financing Fee), that's approximately $405/month mortgage plus $600/month Financing Fee — $1,005 total, compared to $1,363/month on a traditional purchase at the same home. No PMI. No surprises.

Q Why is my mortgage lower than a traditional purchase?

Because you're financing less. In a traditional purchase, you borrow against 100% of the home's value. With FiTerra, you're buying a smaller Ownership Interest and financing only that portion. A smaller loan means a smaller payment — and because your loan-to-value on that interest is below PMI thresholds, you also skip the insurance premium.

Q Is PMI required because my down payment is smaller?

PMI is triggered when a borrower puts less than 20% down on the purchase price. With FiTerra, you're putting 20% down on your Ownership Interest — which is a smaller number, but fully compliant. Your lender sees an adequately collateralized loan on the leasehold interest, with no PMI requirement. You get the same outcome a 20%-down buyer gets, with less cash at closing.

Q What happens if I can't make a payment?

The same protections apply as with any mortgage. Your lender and the seller are both required to provide written notice and a cure opportunity before any remedies are pursued. Your leasehold mortgage lender has the right to step in and cure any default on the Financing Fee before lease termination proceedings could begin — which means your bank is also protecting your position. You are not more exposed than a traditional homeowner.

06 | Appreciation, Returns & Upside

Q Do I keep 100% of appreciation?

Yes. All market appreciation belongs to you. If your $200,000 home appreciates to $243,300 in five years, that $43,300 gain is yours entirely — not split with the seller. The seller's Investment Interest is fixed at the original basis. They gave up upside participation when they agreed to the buyout terms. You own all of it.

Q How does FiTerra improve my return on my home vs. a traditional purchase?

You're getting the same appreciation on less money invested. A traditional buyer at $200,000 puts $20,000 down and earns a $43,300 gain — a 217% return on their down payment. A FiTerra buyer puts $16,000 down ($4,000 less) on the same home with the same $43,300 gain — a 271% return. Same house. Same gain. Less capital in. Better return on every dollar you deployed.

Q What if the home's value drops — am I protected?

Your exposure in a down market is proportional to your equity, just like any homeowner. The key difference is that your initial cash investment is lower, which reduces your absolute downside. Your leasehold interest value moves with the overall property value, and your buyout price is fixed — so a declining market doesn't change what you'd pay to achieve full ownership. It may actually make buyout more attractive in a soft market.

07 | The Seller’s Investment Interest

Q Can the seller take the property back from me?

No — not without due process, and only in the event of non-payment of the Financing Fee. Just like a traditional mortgage, there is a written notice requirement and a formal cure opportunity before any action can be taken. Your leasehold mortgage lender also has independent cure rights, adding an additional layer of protection. The seller cannot take the property back for any reason other than sustained non-payment after all notice and cure requirements have been met.

Q What if the seller dies or sells their Investment Interest?

The agreement survives. If the seller passes away, their Investment Interest passes to their estate and heirs, but your agreement terms don't change — same Financing Fee, same buyout price, same rights. If they sell their Investment Interest to a third party, that buyer takes it subject to your existing agreement. Nothing about your rights, your fee, or your buyout price changes regardless of who holds the seller's interest.

Q Does the seller have any say in how I use the property?

No. The seller's role is entirely passive once you close. They collect the monthly Financing Fee. They have no operational involvement, no approval rights over renovations, tenants, or property decisions. You run the property. They receive their fee.

08 | Closing & The Process

Q Is the closing process different from a normal purchase?

Similar, with a few additional documents. You'll sign a standard mortgage with your lender (or the seller if they are financing it to you) and the Real Estate Venture Agreement (REVA) — the document that governs the Financing Fee, your rights as the holder of the Ownership Interest, the buyout terms, and all lender protections. Your title company handles the recording of both interests. The timeline is comparable to a conventional purchase. FiTerra coordinates with your lender and title company throughout.

Q How long does closing take?

Target timeline is 30–45 days from accepted offer to close — consistent with a conventional purchase. Leasehold mortgage underwriting follows the same process as a standard loan. FiTerra's coordination with title and lenders is designed to keep things moving on the same schedule you'd expect from any purchase.

Q What documents will I sign that a traditional buyer doesn't?

The primary additional document is the REVA — the Real Estate Venture Agreement. It covers your Ownership Interest rights, the Financing Fee terms (rate, monthly amount, escalation), buyout price and mechanics, lender protections, and default procedures. Everything that governs your relationship with the seller's Investment Interest is in that document. It is reviewed and disclosed fully before you sign.

09 | Selling Your Home

Q What if I want to sell in 3 years before buying out?

You can sell your Ownership Interest at any time — no restrictions. When you sell, the Financing Fee must be resolved at that closing: either the incoming buyer qualifies for and assumes the REVA agreement on the same locked terms, or the fee is paid off in full from the sale proceeds. You are not responsible for the fee after your closing. Your equity — your Ownership Interest value plus appreciation — transfers to you at sale.

Q Can a future buyer use FiTerra's financing as well?

Yes, if they qualify. When you sell, the incoming buyer goes through a qualification process for the REVA agreement. If they qualify, they assume the agreement — same Financing Fee rate, same locked buyout terms — and the structure continues seamlessly. This can actually be a selling advantage: the buyer may benefit from lower down payment and no PMI, which expands your buyer pool.

Still have questions?

Schedule a free 30-minute call with the FiTerra Finance team — no cost, no obligation.

Learn more at: www.GetFiTerra.com