



News

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REX Agreement Allows Colorado Homeowners to Tap Equity Without Debt, Interest or Monthly Payments

REX & Co. clients use cash to fund retirement, pay off debt, make home improvements and save for college

SAN FRANCISCO – June 30, 2008 – Colorado homeowners now have the ability to unlock equity in their homes without ever incurring debt, interest charges or monthly payments. REX & Co., a real estate investment company dedicated to creating safe alternatives to debt financing, announced today that it is offering the REX Agreement in Colorado. The REX Agreement is a real estate equity financing arrangement that enables homeowners to convert a portion of their home's equity into cash now in exchange for granting REX & Co. a portion of the future increase or decrease in the home's value. The REX Agreement is also available in California, Connecticut, Florida, Illinois, Massachusetts, Oregon and Washington.

“Responsible homeowners have worked very hard to build equity and pay down debt. The REX Agreement gives these homeowners access to that equity without interest charges or monthly payments,” said Jeff Cusack, managing director at REX & Co. “The REX Agreement is allowing homeowners to do things they may not have previously thought were possible without taking on debt.”

Among the many ways real homeowners are using REX Agreements:

- A retired financial services executive, who recovered from a debilitating illness, used the cash to maintain his standard of living in retirement.
- A man who worked two jobs – as a postal worker and electrician – used the cash to pay down debt, fund retirement, and set aside money for his child's future college expenses. His ability to pay down debt was particularly significant now that construction has slowed, resulting in less work as an electrician.
- A woman used the money to fulfill long-held dreams of home improvements and to pay down debt. She now says she can “relax.”
- A physical therapist used the cash to purchase new equipment for his practice.

To qualify, homeowners must have a history of financial responsibility, good credit, and at least 25 percent equity in their home. The home must be an owner-occupied, single-family detached residence. There are no age restrictions and no restrictions on how the money can be used.

Homeowners interested in a REX Agreement can apply online at www.rexagreement.com, or by calling 866-722-3910.

How the REX Agreement Works

An independent third party appraisal establishes the value of the home. The homeowner decides how much money they would like to receive (up to 13 percent of the home's value) and what portion of the future change in value they would like to share with REX & Co. (up to 50 percent). Upon entering the agreement, the homeowner then receives the desired amount of cash to use interest-free and monthly payment-free for the duration of the agreement.

When the homeowner decides to end the REX Agreement, the home's value is determined either by the sale price or by an independent third party appraisal if the homeowner is choosing to stay in the home.

For example: a home is valued at \$1 million, the homeowner desires \$100,000 and agrees to share 40 percent of the future change in value with REX & Co. Six years later the homeowner decides to end the Rex Agreement. There are three possible outcomes: 1) the home has gone up in value, 2) the value is unchanged, or 3) the value has declined.

1) The value of the home increases \$200,000 and is valued at \$1.2 million at the end of the agreement. The net result for the homeowner is that they had use of \$100,000 with no monthly payments or interest charges, and receive 60 percent of the \$200,000 gain in the home. REX & Co. would receive \$180,000 which is equal to the \$100,000 it advanced plus 40 percent of the gain.

2) The value of the home does not change, and remains at \$1 million. With the REX Agreement the homeowner shares a portion of the gain or loss going forward. Since there was no gain *or* loss, the homeowner would have had use of the \$100,000 with no interest charges or monthly payments, while REX & Co. would receive only an amount equal to the money it advanced.

3) The value of the home declines by \$200,000 and is now valued at \$800,000. Even though the home value dropped \$200,000 the homeowner's net proceeds would be \$880,000 because REX & Co. shared 40 percent of that loss, or \$80,000. In this case, the REX Agreement protects the homeowner from \$80,000 in the decrease of the home value. Meanwhile, the net result for REX & Co. would be a loss of \$80,000 on its \$100,000 investment.

"However you look at it, a REX Agreement is a win-win situation for the homeowner," said Cusack. "The homeowner gets unrestricted use of the money, a term they control, and a meaningful downside hedge. Typically the only time they share more with REX & Co. than they received is when the homeowner makes money."

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About REX & Co.

Founded in 2004, REX & Co. is a real estate investment company that makes equity investments in residential real estate. Using the REX Agreement, REX & Co. allows homeowners to convert their home equity into cash with no additional debt, no interest, and no monthly payments in exchange for granting REX & Co. the right to receive a pre-designated percentage of the future change in value of the home. For additional information, please refer to www.rexagreement.com.

The maximum term of a REX Agreement is 50 years in most states, and an owner can end the agreement at any time. Over the life of the agreement, REX & Co. requires that homeowners keep the property as their principal residence, keep the home in good repair, remain current on mortgage and property tax payments and carry sufficient insurance.