

Summary of Terms, dated July 1, 2019

# Roofstock One

## *Offering of Series Interests*

The Roofstock One Program offers a unique investment opportunity for eligible investors to benefit from the performance of curated and fully managed single-family rental properties. As more fully described herein, ownership of a series interest represents the indirect ownership of ten percent (10%) of a single-family rental property and entitles the investor to receive *pro rata* (a) quarterly cash distributions of the property's net rental income and (b) potential tax benefits normally associated with direct property ownership, such as depreciation and expense write-offs. Key investment highlights include:

- *A series interest represents indirect beneficial ownership of ten percent (10%) of a single property. In contrast to a real estate investment trust (a "REIT"), which typically invests in a portfolio of properties, each series interest is tied to a single property;*
- *Each property is identified, underwritten, acquired, renovated, leased and managed by Roofstock's experienced team leveraging their proprietary technology platform;*
- *Investors receive pro rata quarterly distributions of rental income after deduction for fees, expenses and any debt service costs, subject to available funds;*
- *An in-place financing facility that allows the purchase of a series interest to be funded, in part, with an interest-only (non-amortizing) non-recourse loan of up to 65% of the home price without having to apply separately for a loan. While the terms of such financing may vary over time, the initial loan has a five-year term with fixed interest of 4.5% per annum or such rate otherwise disclosed by us;*
- *Access to institutional level pricing for, among other things, financing, insurance and all-inclusive property management services;*
- *Under certain circumstances, investors may "unwrap" the investment and take direct title to the property after payment of winding-up expenses and any outstanding debt;*
- *Investors may sell their series interests after a six-month holding period, subject to liquidity and compliance with transfer restrictions described herein;*
- *Investors may purchase some or all of the series interests relating to a particular property;*
- *An investor who purchases the beneficial interest in an entire property (all 10 of an Issuer's series interests) in the initial offering relating to a particular property and accepts certain restrictions described herein is expected to be eligible to take advantage of Internal Revenue Code section 1031 "like-kind exchange" tax benefits; and*
- *Innovative trust structure designed to separate the assets and liabilities associated with a single property from those of other properties.*

The "key investment highlights" noted above are a summary of some of the features of this investment, but this summary is incomplete. Investors should read this "Summary of Terms" in its entirety as well as the Governing Documents (as defined herein) and any related offering materials approved by us before making an investment decision.

**An investment in the series interests involves a high degree of risk, and the structural features of the program are subject to interpretation by courts and other governmental bodies and thus are not free from doubt. Accordingly, you should not invest any funds in this offering unless you can afford to lose your entire investment. See "Risk Factors" herein.**

In making an investment decision, investors must rely on their own examination of the applicable issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended or approved by the Securities and Exchange Commission or any state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of any offering document.

The Series Interests are being offered through North Capital Private Securities Corporation, a registered broker-dealer and member of the Financial Industry Regulatory Authority, Inc.

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### ABOUT THIS SUMMARY OF TERMS

This Summary of Terms contains certain information concerning the Series Interests (as defined herein) and does not contain all of the information that you need to consider in making your investment decision. This Summary of Terms is only being provided to you based on the understanding that you are capable of assessing and making your own decision regarding whether or not to purchase any Series Interests, that you have sufficient knowledge and experience (whether financial, business, tax or otherwise) to do so, and that we are not providing you with any investment or tax advice in connection with your decision. You should not make any investment in the Series Interests unless you are fully capable of determining what information is relevant to you in making your investment decision, obtaining such information, and assessing the relative reliability and importance of such information to you. While we can assist in facilitating your obtaining certain information, as described in and subject to the limitations set forth below in this Summary of Terms, we make no representation regarding the reliability, importance or completeness of such information to you in connection with making any investment decision. You are responsible for making sure that you have the information you need to decide whether or not to purchase the Series Interests.

This Summary of Terms reflects only an indicative, non-binding proposal, and is qualified and will be superseded in its entirety by the terms of the definitive legal documentation governing the terms of the proposed transactions summarized herein, including the Master Trust Agreement, the Lower Master Trust Agreement, the Management Agreement, the Revolving Credit Agreement and the Subscription Agreement (collectively, the “Governing Documents”), which you will have the opportunity to review. To the extent that this Summary of Terms is inconsistent with the Governing Documents, the Governing Documents shall control. You should read the Governing Documents in their entirety before making an investment decision. In addition, you should carefully review the information concerning the particular Property (as defined herein) each issuer will own (for each Property, such Property’s “Property Details” available at [www.roofstock.com/one](http://www.roofstock.com/one)) before making any investment decision regarding the Series Interests.

The Series Interests have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or under the securities laws of any other jurisdiction. The offering of any Series Interests will be made pursuant to Regulation D promulgated under the Securities Act (“Regulation D”) and is made only to “accredited investors” as defined in Rule 501 under the Securities Act (“Accredited Investors”) who are not Restricted Purchasers (as defined herein).

Unless otherwise specified or the context otherwise requires, the terms “we,” “us,” “our” and the “Issuer” and other similar terms mean the specific trust series formed from time to time by Roofstock One Trust with respect each issuance of Series Interests and references to a “Series Owner” refers to a holder of a Series Interest in a particular Issuer. Each Issuer is offering and selling to investors ten (10) Series Interests each representing 10% indirect beneficial ownership of a single-family rental property.

## **Forward-Looking Statements**

This Summary of Terms and any related offering materials contain forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this Summary of Terms or in any related offering materials, or which we may make orally or in writing from time to time, are based on our beliefs and assumptions made by, and information currently available to, us. When used, the words “anticipate,” “believe,” “expect,” “aim,” “potential,” “design,” “target,” “intend,” “may,” “might,” “plan,” “estimate,” “project,” “should,” “will,” “would,” “result” and similar expressions, which do not relate solely to historical matters, are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. While forward-looking statements reflect our good faith belief when made, they are not guarantees of future performance. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

## **Other Disclosures**

THE SERIES INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH LAWS. THE SERIES INTERESTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR ANY STATE REGULATORY AUTHORITY, NOR HAS THE SEC OR ANY STATE REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THE OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS SUMMARY OF TERMS AND ANY OTHER OFFERING MATERIAL APPROVED BY US CONTAINS ALL OF THE REPRESENTATIONS BY US CONCERNING THIS OFFERING, AND NO PERSON SHALL MAKE DIFFERENT OR BROADER STATEMENTS THAN THOSE CONTAINED HEREIN. INVESTORS ARE CAUTIONED NOT TO RELY UPON ANY INFORMATION NOT EXPRESSLY SET FORTH IN THIS SUMMARY OF TERMS AND ANY OTHER OFFERING MATERIAL APPROVED BY US.

THIS SUMMARY OF TERMS DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY A SECURITY IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS SUMMARY OF TERMS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE MASTER TRUST, ROOFSTOCK OR ANY ISSUER SINCE THE DATE HEREOF.

INVESTORS SHOULD NOT CONSIDER THE CONTENTS OF THIS SUMMARY OF TERMS OR ANY COMMUNICATION, WHETHER WRITTEN OR ORAL, AS LEGAL, TAX, ACCOUNTING OR OTHER EXPERT ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT THEIR OWN LEGAL COUNSEL, ACCOUNTANTS, AND OTHER PROFESSIONAL ADVISERS AS TO THE LEGAL, TAX, ACCOUNTING AND RELATED MATTERS CONCERNING THIS INVESTMENT. THIS SUMMARY OF TERMS CONTAINS SUMMARIES OF PERTINENT DOCUMENTS AS WELL AS APPLICABLE LAW AND REGULATIONS. WHILE WE BELIEVE THAT THESE SUMMARIES FAIRLY REFLECT AND SUMMARIZE THOSE ITEMS, THESE SUMMARIES ARE NOT COMPLETE AND ARE QUALIFIED BY REFERENCE TO THE COMPLETE TEXTS THEREOF.

## SUMMARY OF THE ROOFSTOCK ONE PROGRAM

### Summary of the Roofstock One Program

The Roofstock One Program offers a unique investment opportunity for eligible investors to benefit from the performance of curated and fully managed single-family rental properties. As more fully described herein, ownership of a series interest represents the indirect ownership of 10% of a single-family rental property and entitles the investor to receive *pro rata* (a) quarterly cash distributions of the property's net rental income and (b) potential tax benefits normally associated with direct property ownership, such as depreciation and expense write-offs.

The Roofstock One Trust is a Delaware statutory trust formed in series (the "Master Trust") and administered by Roofstock, Inc. ("Roofstock"). From time to time, the Master Trust will form a separate trust series (each, an "Issuer") related to a single-family residential rental property (each, a "Property"). Each Issuer is offering and selling up to 100% of its ownership, represented by 10 ownership interests (each a "Series Interest" and collectively, the "Series Interests") to investors pursuant to this Summary of Terms. Investors may purchase some or all of an Issuer's Series Interests.

Each Series Interest represents a 10% indirect ownership share of a Property and will entitle an investor (each a "Series Owner") to cash distributions of 10% of any rental income derived from the Property after deduction of fees, costs and expenses as more fully described herein. Distributions will be paid quarterly on the 15<sup>th</sup> day of each February, May, August and November (each, a "Payment Date") to holders of record as of the close of business (if applicable) on the immediately preceding December 31, March 31, June 30 or September 30, respectively (each a "Record Date"), whether or not such Record Date is a Business Day (as defined herein). The first Payment Date for a Series Interest will typically be the first 15<sup>th</sup> day of the February, May, August or November immediately following the first Record Date for such Series Interest. For example, if a Series Owner purchases a Series Interest on March 1<sup>st</sup>, the first Payment Date for the Series Interest will be May 15<sup>th</sup>.

Other than the right to receive *pro rata* quarterly distributions, the owner of a Series Interest will have limited rights and privileges. Investors that purchase 100% of an Issuer's Series Interests in the initial offering relating to a particular property may elect for the Property to be eligible for "like-kind exchange" tax benefits and in such case will have Objection Rights over material decisions with respect to the Property ("LKE Eligible Interests"). The exercise of any Objection Right, either by the initial Investor or a subsequent purchaser, will result in a mandatory unwrapping from the Roofstock One Program and direct Property ownership and may result in the sale of the Property. Investors that purchase fewer than all of an Issuer's Series Interests will not be eligible for "like-kind exchange" tax benefits and will not be entitled to make any decisions with respect to the Property except for a voluntary unwrapping. A "Voluntary Unwrapping" will occur when a single investor owning Series Interests representing at least 90% of a Property (i.e. at least 9 Series Interests in a single Issuer) surrenders its Series Interests and, subject to settling all outstanding indebtedness, fees, costs, expenses, indemnities and other amounts required to wind up the affairs of the applicable Issuer (including purchasing any unowned portion of the related Property at fair market value), takes title to the related Property. To be eligible for a Voluntary Unwrapping, each Series Interest must have been outstanding for at least six months.

Each Series Owner will have rights and obligations solely with respect to the *pro rata* portion of the Property and other assets related to the Series Interests owned by such investor and will have no rights or obligations with respect to any Properties or other assets related to any other Series Interests or any property or other assets held by Roofstock or any of its affiliates. Information with respect to the individual Properties is available at [www.roofstock.com/one](http://www.roofstock.com/one).

Each Property will be managed under a management and leasing agreement among RS1 Trust, a Delaware statutory trust formed in series (the "Lower Master Trust"), Roofstock, as asset manager, and Streetlane, PM LLC, a wholly-owned subsidiary of Roofstock, as property manager. In exchange for their services as further described herein, the property and asset managers will each be paid a fee that will be deducted from any rental payments collected on a Property prior to any payments being made to the applicable Series Owners.

A portion of the investment price for the Series Interests may be financed with a loan pursuant to a revolving credit agreement among Roofstock Realty, LLC, a wholly-owned subsidiary of Roofstock, as lender, the Master Trust, as borrower, and the Lower Master Trust. In some cases, investors may also purchase the Series Interests without leverage. The Property Details for each Property will specify whether leverage will be required or whether investors may elect to purchase a particular Series Interest without leverage. Specific terms related to the loan are further described herein.

The asset manager for the Property will set aside an amount of funds deemed appropriate by the asset manager for each Property that is intended to fund maintenance expenses, taxes, insurance and other expenses related to such Property as well as interest payments on any indebtedness with respect to such Property in the event rental revenue is insufficient to cover such costs. We refer to this amount as the reserve amount. A portion of the investment price for a Series Interest will be used to fund an initial reserve amount. Additional payments for the reserve amount will be deducted from quarterly distributions. We intend for cash in the reserve amount to help smooth out amounts distributed to the Series Owners by insulating cash flow from the unpredictable timing and amount of certain expenses related to the Property. If the reserve amount is depleted, the asset manager on behalf of the related Issuer may seek additional financing from the Lender, however, if such Issuer is unable to obtain additional financing for the Property, the asset manager may sell the Property and the proceeds thereof, after deduction of fees, costs, expenses and any debt service, will be distributed to the Series Owners. In such a circumstance, the Administrator will evaluate available options prior to selling and it is expected that the Series Owners will be given the opportunity to unwrap the Property and take direct ownership.

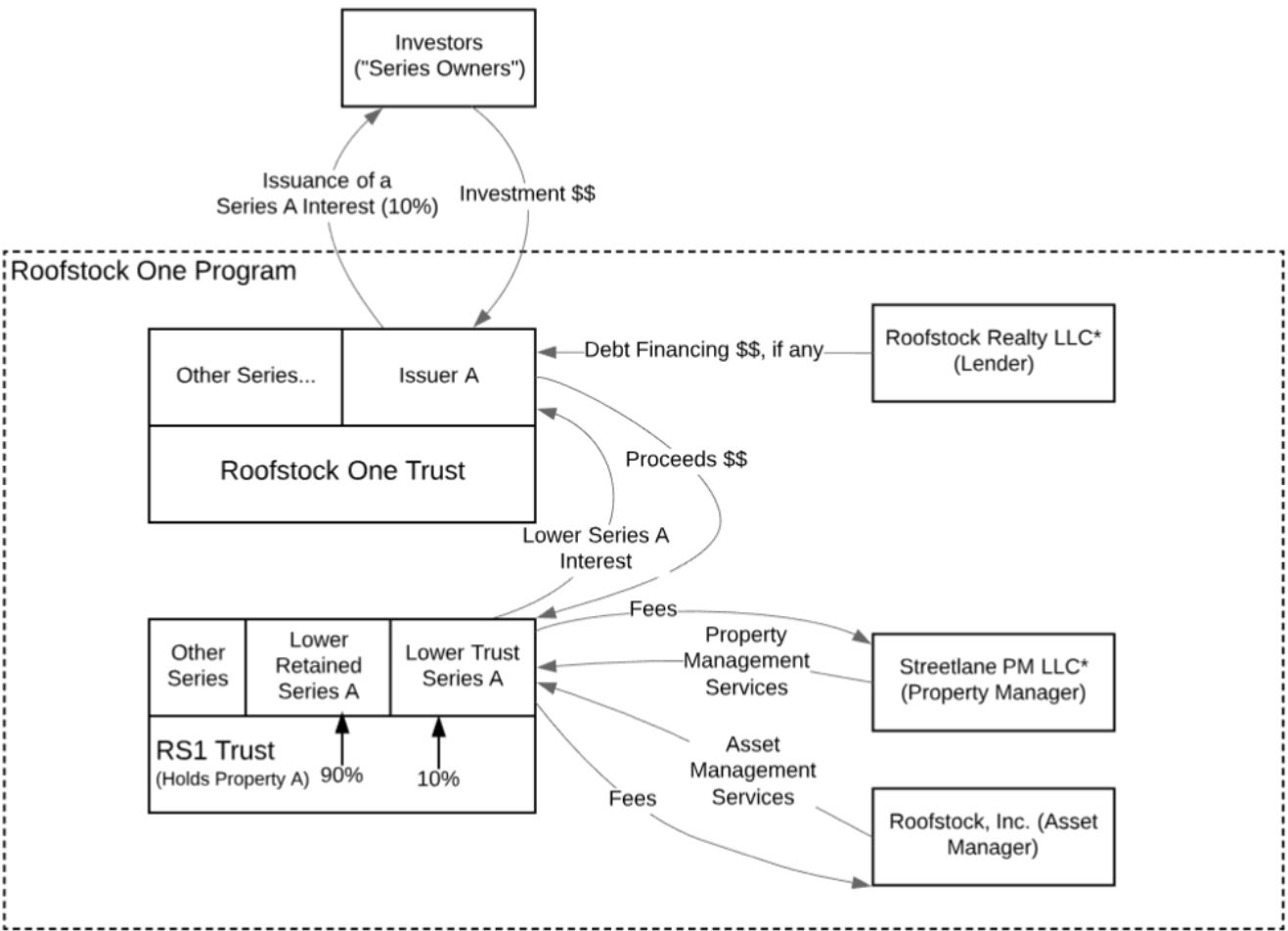
Prior to an Issuer selling all of its Series Interests, Roofstock Inc. intends to cover any expenses that would normally be funded with the reserve amount. However, Roofstock may, at any time and in its sole discretion, cease covering such expenses. If Roofstock ceases covering such expenses, the applicable Lower Retained Series will fully fund the remaining portion of the Reserve Amount before any funds are deducted to pay such expenses.

Six months after an interest's Closing Date, subject to liquidity and compliance with transfer restrictions described herein, Series Owners are able to sell their interests to other Series Owners in the same property, series owners of other properties or to other eligible investors. We also intend to provide a secondary trading platform for Series Owners to sell Series Interests to eligible investors. Additionally, we intend to provide a redemption plan designed to provide the Series Owners with limited liquidity. A Series Owner may request that the applicable Issuer redeem its Series Interest (other than LKE Eligible Interests) at 92.5% of the fair market value of the Series Interest, which will be (i)(a) 92.5% of the fair market value of the Property as of the date of redemption as determined by the Administrator in good faith and in its reasonable discretion, multiplied by (b) 10%, minus (ii) if applicable, 10% of the outstanding principal amount of, and any accrued and unpaid interest on, any loans incurred by the applicable Issuer. Following a request for redemption and fair market valuation by the Administrator, Series Owners will have the opportunity to submit an independent broker price opinion ("BPO") to the Administrator, as further described herein. Subject to regulatory and liquidity constraints, each Issuer intends to redeem Series Interests after a valid request for redemption is made. If we are able to establish a secondary trading platform, the redemption plan would terminate six (6) months after the launch of the trading platform. Please see "Terms of the Series Interests and the Governing Documents—Redemption Plan" for a complete description of the redemption plan and proposed secondary trading platform.

### **Summary of the Roofstock One Structure**

On or prior to the closing date for an investment and in connection with the issuance of a Series Interest, (i) the Lower Master Trust will acquire a Property either indirectly from Roofstock or from a third party, (ii) the Lower Master Trust will create a new series of the Lower Master Trust (each a "Lower Trust Series") and, if needed, a new retained series of the Lower Master Trust (each a "Lower Retained Series") and allocate a 10% beneficial interest in such Property for each Series Interest being sold to such Lower Trust Series and, if applicable, the remainder beneficial interest in such Property to such Lower Retained Series, which will be held in such Lower Retained Series until all 10 Series Interests of the applicable Issuer are sold to investors, (iii) the ownership interest in such Lower Trust Series will be issued to the applicable Issuer and such Issuer will contribute the proceeds from the sale of the Series Interest to such Lower Trust Series and (iv) such Issuer will issue the Series Interest to the applicable investor. While any portion of the beneficial interest in a Property is held in a Lower Retained Series, the *pro rata* share of rental income that such Property generates will be distributed to Roofstock. Unless a single investor purchases all 10 Series Interests relating to a particular Issuer at one time, it is intended that a Lower Retained Series will hold at least 10% of the beneficial interest in a Property (one Series Interest) for a period of one (1) year from the date an Issuer sells its first Series Interest to an investor.

# Issuance of 1 Series A Interest (10%)



\* Wholly owned subsidiary of Roofstock, Inc.

This section is a summary of some of the features of an investment in the Series Interest, but this summary is incomplete. Investors should read this "Summary of Terms" in its entirety as well as the Property Details, the Governing Documents and any related offering materials approved by us before making an investment decision.

## Summary of the Offering

*The summary contains basic information about the Series Interests and is not intended to be complete. It does not contain all the information that may be important to you. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective investors should review the entirety of this Summary of Terms, the Governing Documents, and any related offering materials approved by us before making an investment decision.*

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| An Issuer.....         | A trust series formed, from time to time, by the Master Trust.   |
| Master Trust .....     | <p>Roofstock One Trust, a bankruptcy remote Delaware statutory trust formed in series.</p> <p>The Master Trust is governed by the terms of the Master Trust Agreement (as defined herein).</p>   |
| Series Interests.....  | <p>Each Series Interest represents the indirect beneficial ownership of 10% of a single-family rental Property.</p> <p>Each Issuer is offering 10 Series Interests, and an investor may purchase some or all of the Series Interests in a particular Issuer.</p> <p>An investor that purchases the entire indirect beneficial interest in a Property (all 10 of an Issuer’s Series Interests) in the initial offering relating to a particular property may elect for the Property to be eligible for “like-kind exchange” tax benefits and will have Objection Rights over material decisions with respect to the Property (“<u>LKE Eligible Interests</u>”).</p>   |
| Investment Price ..... | <p>The total investment price for a Series Interest will be stated in the specific Property Details and will equal</p> <p>10.00% x (the valuation of the Property + the total initial Reserve Amount)</p> <p>Indebtedness incurred under the Revolving Credit Agreement will reduce the investment price for the related Series Interest dollar for dollar for the principal amount incurred.</p> <p><i>For example, if the valuation of a Property is \$100,000 and the total initial Reserve Amount is \$5,000, the total Investment Price will equal \$10,500 or \$5,500, assuming leverage of 50% under the Revolving Credit Agreement (which finances 50% of the valuation of the Property but not the initial Reserve Amount).</i></p> |
| Closing Date .....     | As applicable to a Series Interest, the date of issuance of such Series Interest.  |
| Properties.....        | <p>Single-family residential rental properties as more fully described in the Property Details. Each Series Interest represents a 10% indirect beneficial ownership interest of a specific Property.</p> <p>The sole asset that any Issuer will hold is the ownership interest in a Lower Trust Series. For each Series Interest sold, the related Lower Trust Series will beneficially own (i) 10% of a Property, (ii) amounts allocated to the applicable Reserve Amount (ii) 10% of the rental</p>  |

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|                                | <p>income generated by such Property and (iv) 10% of any other assets related to such Property that are part of the Lower Trust Series from time to time.</p> <p>Each Series Owner will have rights and obligations solely with respect to the <i>pro rata</i> portion of the Property related to the Series Interests owned by such Series Owner, and will have no rights or obligations with respect to any other property or assets related to any other Series Interests or any other property or assets held by Roofstock or any of its affiliates.</p>   |
| Distributions .....            | <p>On each Payment Date, each Series Interest will entitle its Series Owner to a quarterly distribution, in cash, of 10% of any rental income derived from the related Property after deducting interest payments on any related indebtedness, property and asset management fees, tax and insurance allocations, repair, maintenance and capex reserves (including funding the Reserve Amount) and certain other fees, costs and expenses in accordance with the Payment Waterfall.</p> <p>There may be quarters when there is no cash available for distribution to Series Owners if cash is needed to fund costs related to the Property, but no Series Owner will have any capital call obligations.</p>   |
| Payment Dates .....            | <p>The 15<sup>th</sup> day of each February, May, August and November (each a “<u>Payment Date</u>”) to holders of record as of the close of business (if applicable) on the immediately preceding December 31, March 31, June 30 or September 30, respectively (each a “<u>Record Date</u>”), whether or not such Record Date is a Business Day (as defined herein). If a Payment Date is not a Business Day, payment will be made on the next succeeding Business Day. The first Payment Date for a Series Interest will typically be the first 15<sup>th</sup> day of the February, May, August or November immediately following the first Record Date for such Series Interest.</p>   |
| Payment Waterfall Summary..... | <p>On each Payment Date, available funds will be distributed in the following order of priority:</p> <ul style="list-style-type: none"> <li>(i) <i>first</i>, to the Lower Trust Agent, to pay the Lower Trustee Fees and to reimburse the Lower Trustee and Lower Trustee Agent for any costs and expenses incurred in connection with either the Lower Master Trust or the Lower Series Interests;</li> <li>(ii) <i>second</i>, to the Property Manager, to pay the Property Management Fee and to reimburse the Property Manager for any costs and expenses incurred by the Property Manager in connection with the applicable Property;</li> <li>(iii) <i>third</i>, to the Asset Manager, to pay the Asset Management Fee and to reimburse the Asset Manager for any costs and expenses incurred by the Asset Manager in connection with Property the applicable Property;</li> <li>(iv) <i>fourth</i>, to the Lender, to pay any amounts required to be paid to the Lender under the Revolving Credit Agreement then associated with the applicable Property;</li> </ul> |



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|                      | <p>(v) <i>fifth</i>, to fund the Reserve Amount relating to the applicable Property; and</p> <p>(vi) <i>sixth</i>, any remaining amount to the applicable Issuer holding the Lower Series Interest in such Lower Trust.</p> <p>Following the distributions described in the immediately preceding paragraph, available funds will be distributed in the following order of priority:</p> <p>(i) <i>first</i>, to the Upper Trustee Agent, to pay the Upper Trustee Fees and to reimburse the Upper Trustee and the Upper Trustee Agent for any costs and expenses incurred in connection with either the Master Trust or the Series Interests;</p> <p>(ii) <i>second</i>, to each Series Owner of the applicable Issuer, up to an amount equal to, for each Series Owner, 10% multiplied by the number of Series Interests of such Issuer that are owned by such Series Owner, multiplied by the Available Funds for such Issuer remaining after distributions in accordance with clause (i) above: and</p> <p>(iii) any remaining amounts, to the Administrator.</p> <p>“<u>Available Funds</u>” means, with respect to any Issuer, any amounts received by such Issuer in respect of its ownership interest in a related Lower Trust Series (including any amounts in respect of any portion of the related Property owned by a the related Lower Retained Series) and any Reserve Amounts with respect to such Issuer.</p> <p>See “Terms of the Series Interests and the Governing Documents—The Master Trust Agreement and the Lower Master Trust Agreement—Distributions” for a complete description of the Payment Waterfall.</p> |
| Reserve Amount ..... | <p>The Asset Manager will establish a Reserve Amount with respect to each Property. Part of the investment price for a Series Interest will be allocated to the Reserve Amount and additional payments to the Reserve Amount will be deducted from quarterly distributions.</p> <p>Amounts allocated to a Reserve Amount may be used by the Asset Manager (or the Property Manager on its behalf) to fund maintenance expenses, taxes, insurance and other expenses with respect to a Property. Funds allocated to a Reserve Amount may also be used to make interest payments due on the loan, if any, relating to a Property.</p> <p>Prior to an Issuer selling all of its Series Interests Roofstock intends to cover any expenses that would normally be funded with the Reserve Amount. However, Roofstock may, at any time and in its sole discretion, cease covering such expenses. If Roofstock ceases covering such expenses, the applicable Lower Retained Series will fully fund the remaining portion of the Reserve Amount before any funds are deducted to pay such expenses.</p>   |

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|  | <p>For any Property, the amount of funds that will be allocated to the Reserve Amount at the initial issuance of a Series Interest and quarterly pursuant to the Payment Waterfall will be calculated by the Asset Manager using the “Property Condition” score set forth in such Property’s Property Details. The Asset Manager will have the right to adjust the “Property Condition” score annually in its sole discretion.</p>   |
| <p>Involuntary Sale.....</p>               | <p>For any Property whose related Issuer has amounts outstanding under the Revolving Credit Agreement, if (i) the applicable Reserve Amount does not have sufficient funds to operate such Property and (ii) the Issuer is unable to obtain additional financing, then the Lender will be entitled to direct the Asset Manager, at its option, to sell such Property on behalf of the Lower Master Trust. All proceeds from the sale of any Property will be applied in accordance with the Payment Waterfall.</p> <p>The Asset Manager intends to take certain actions, such as seeking additional financing and/or increasing the amounts deducted from quarterly distributions, to attempt to avoid an Involuntary Sale whenever possible. Unless a Series Owner holds LKE Eligible Interests, an investor may make additional capital contributions to avoid an involuntary sale.</p>  |
| <p>The Revolving Credit Agreement.....</p> | <p>At least fifty percent (50%), and up to sixty-five percent (65%) of the portion of the investment price attributable to a Property’s value for a Series Interest may be funded by a non-amortizing fixed rate loan bearing an interest rate of 4.50% per annum (or such rate otherwise disclosed by us) or an investor may purchase such Series Interests without leverage. The Property Details for each Property will specify the applicable initial interest rate and whether and what percentage of leverage will be required or whether investors may elect to purchase a particular Series Interest without leverage.</p> <p>Each loan will be secured by the applicable Property and any other assets related to the Property that are a part of the applicable Lower Trust Series from time to time. Each loan will be obtained by the Master Trust solely on behalf of the applicable Issuer. Each loan will be non-recourse to the assets of the Series Owners other than their interests in the related Issuer and the applicable Property. Each loan will be drawn pursuant to a Revolving Credit Agreement among Roofstock Realty, LLC (the “<u>Lender</u>”), the Master Trust, as borrower, and the Lower Master Trust (as the same may be refinanced, amended or replaced from time to time, the “<u>Revolving Credit Agreement</u>”).</p> <p>It is expected that each loan will mature on a date that is approximately five years after the date of the initial borrowing. Each loan may be refinanced at any time on terms that may be materially different from those in an initial loan incurred in connection with the purchase of a Series Interest. Each Series Owner holding LKE Eligible Interests will have the right to object to any refinancing but any such objection will result in a Mandatory Unwrapping. No other Series Owners will be able to object to the terms of any refinancing.</p> <p>For any Property, in the event that the funds available in the applicable Reserve Amount are insufficient to pay for expenses necessary to operate such Property, the Master Trust, solely on behalf of the</p> |

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|                  | <p>applicable Issuer, may elect to incur additional indebtedness under the Revolving Credit Agreement, even if no indebtedness was previously incurred with respect to such Property.</p> <ul style="list-style-type: none"> <li>• Investors will have no right to object to such additional indebtedness unless they hold LKE Eligible Interests.</li> <li>• For investors who hold LKE Eligible Interests, by purchasing a Series Interest, each Series Owner will be deemed to consent to the Master Trust, solely on behalf of the applicable Issuer, obtaining loans under the Revolving Credit Agreement in an aggregate principal amount that, when combined with any other existing indebtedness previously incurred by the Issuer, is not in excess of 75% of the fair market value of the Property (as determined by the Lender in its sole discretion). Each Series Owner holding LKE Eligible Interests has the right to object to such additional indebtedness in excess of such 75% limit, but any such objection will result in a Mandatory Unwrapping.</li> </ul> <p>Upon maturity of any indebtedness incurred under the Revolving Credit Agreement or whenever any Event of Default (as defined herein) under the Revolving Credit Agreement with respect to a Property is existing and is continuing, the Lender will be entitled to, among other things, take ownership of such Property and sell it. Any proceeds from such sale will be distributed in accordance with the Payment Waterfall.</p> |
| Unwrapping ..... | <p><i>Voluntary</i></p> <p>A single Series Owner owning Series Interests representing 90% or more indirect beneficial ownership of a Property (i.e., at least 9 Series Interests) may surrender its Series Interests and, subject to settling all outstanding indebtedness, fees, costs, expenses, indemnities and other amounts required to wind up the affairs of the applicable Issuer, take title to the Property and any other assets related to the Property that are held by the Lower Trust Series (the “<u>Series Assets</u>”) (a “<u>Voluntary Unwrapping</u>”). To be eligible for a Voluntary Unwrapping, each Series Interest must have been outstanding for at least six months. If the Series Interests in a Voluntary Unwrapping represent less than 100% of the indirect beneficial interest in a Property, the applicable Series Owner will take whole title to the applicable Property <i>provided</i> that the fair market value of the remainder of the Property (as determined by the Administrator in good faith and in its sole discretion) shall be included in the Unwrapping Amount.</p> <p>A Series Owner holding Series Interests eligible for a Voluntary Unwrapping may elect to request that the Administrator to manage a sale process for the applicable Property. If the Administrator accepts and the Property is sold, proceeds of any such sale would be distributed in accordance with the Payment Waterfall.</p>  |

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|                  | <p><i>Mandatory (applicable only to LKE Eligible Interests)</i></p> <p>The Administrator shall provide notice to the Series Owners owning LKE Eligible Interests no later than twenty (20) days prior to (1) any amendment to the Revolving Credit Agreement affecting the Issuer of such LKE Eligible Interests, (2) entering into indebtedness with respect to such Issuer in an aggregate principal amount, when combined with any other existing indebtedness previously incurred by such Issuer, in excess of 75% of the fair market value of the applicable Property (as determined by the Lender in its sole discretion) at the time such debt is to be entered into, (3) any renewal of the Management Agreement in accordance with the terms thereof, (4) any termination of the Property Manager or the Asset Manager, if such termination is sought by the Lower Master Trust in accordance with the terms of the Management Agreement, (5) entering into any Lease with respect to the Property, or (6) any other action by the Administrator with respect to which the Administrator deems it necessary or advisable to obtain the consent of such Series Owner.</p> <p>If within twenty (20) days of such notice, (a) any Series Owner objects to the actions set forth in such notice and (b) if such Issuer is subject to any indebtedness, such objection gives rise to an obligation to repay such indebtedness, then all Series Owners of the applicable Issuer shall be required to exchange their Series Interests for the Series Assets of such Issuer, and, subject to settling all outstanding indebtedness, fees, costs, expenses, indemnities and other amounts required to wind up the affairs of the applicable Issuer, take title to the Series Assets held by such Issuer (a "<u>Mandatory Unwrapping</u>" and each of a Voluntary Unwrapping and a Mandatory Unwrapping, an "<u>Unwrapping</u>").</p> <p>If the Series Owners fail to remit an amount sufficient to settle the outstanding amounts described above, the Asset Manager may sell the Series Assets of such Issuer for a price it deems commercially reasonable, and the proceeds of such sale shall be deposited in the related Series Account (as defined herein) for distribution on the following Payment Date. Upon the distribution of such proceeds, the related Series Interest and Issuer shall be terminated.</p> |
| Redemption ..... | <p>We intend to provide a redemption plan designed to provide the Series Owners with limited liquidity. Other than for LKE Eligible Interests (which are not part of the redemption plan), a Series Owner may request that the applicable Issuer redeem its Series Interest at 92.5% of the fair market value of the Series Interest, which will be (i)(a) 92.5% of the fair market value of the Property as of the date of redemption as determined by the Administrator in good faith and in its reasonable discretion, multiplied by (b) 10%, minus (ii) if applicable, 10% of the outstanding principal amount of, and any accrued and unpaid interest on, any loans incurred by the applicable Issuer. Subject to regulatory and liquidity constraints, each Issuer intends to redeem Series Interests after a valid request for redemption is made. Redemptions will be considered quarterly upon written request to the applicable Issuer at least 30 days prior to the end of the applicable calendar quarter. Within five (5) business days of receipt of a valid request for redemption, the Administrator will provide to the applicable Series Owner its fair market value determination and the resulting redemption price. A Series Owner who disagrees with the Administrator's fair market value</p>  |

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|  | <p>determination will have five (5) business days to provide, at such Series Owner’s cost, an independent broker price opinion (“BPO”) to substantiate a differing value. We also intend to provide a secondary trading platform for Series Owners to sell Series Interests to eligible investors. If we are able to establish such a platform, the redemption plan would terminate six (6) months after the launch of the trading platform. Please see “Terms of the Series Interests and the Governing Documents—Redemption Plan” for a complete description of the redemption plan and proposed secondary trading platform.</p>  |
| No additional capital contributions..... | <p>Series Owners will not be entitled to make additional capital contributions to an Issuer that has issued LKE Eligible Interests once such LKE Eligible Interests have been issued under any circumstances, including without limitation, to avoid an Involuntary Sale or cure an Event of Default.</p>   |
| Transfer Restrictions .....              | <p>The Series Interests have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction.</p> <p>The Series Interests may not be reoffered, resold, pledged or otherwise transferred unless a Series Interest is reoffered, resold, pledged or otherwise transferred (each a “<u>Transfer</u>”) (i) on a date that is at least six months after the applicable Closing Date, (ii) the transferee of such Series Interest is an Accredited Investor and not a Restricted Purchaser (as defined herein), (iii) such Transfer is exempt from the registration requirements of the Securities Act and any applicable securities laws of any state of the United States or any other applicable jurisdiction, (iv) for Series Owners owning LKE Eligible Interests, such Transfer will not result in more than 35 owners of such Issuer and (v) the transferor of such Series Interest shall have offered such Series Interest to the Administrator for identical terms upon which such transferor offered to a bona fide transferee and the Administrator shall have declined to purchase such Series Interest. Failure to satisfy such transfer requirements and procedures may render the purported transfer void, result in the loss of rights that would otherwise be available to Series Owners, and the purported transferee may be required to transfer its interest in the Series Interests. See “Transfer Restrictions.”</p> |
| Lower Retained Series.....               | <p>For each Issuer that issues less than 10 Series Interests initially, a Lower Retained Series will retain ownership of the portion of the beneficial interest indirect beneficial ownership of a Property not represented by such any Series Interests.</p> <p>While any portion of the beneficial interest in a Property is held in a Lower Retained Series, the <i>pro rata</i> share of rental income that such Property generates will be distributed to Roofstock.</p> <p>Unless a single investor purchases all 10 Series Interests relating to a particular Issuer at one time, it is intended that a Lower Retained Series will hold at least 10% of the beneficial interest in a Property (one (1) Series Interest) for a period of one (1) year from the date an Issuer sells its first Series Interest to an investor.</p>   |
| Offering Suitability.....                | <p>Each Series Interest will be offered and sold in a private placement to purchasers who must each be an “accredited investor” as defined in</p>   |

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|   | Rule 501 of Regulation D under the Securities Act and not be a Restricted Purchaser (as defined herein).   |
| No Prior Market.....                          | Each Series Interest will be a new security for which there is currently no market. Although Roofstock may sponsor a trading platform for the Series Interests in the future, it is not obligated to do so. Accordingly we cannot assure you that a liquid market for the Series Interests will develop or, if such market develops, that it will be maintained. |
| Risk Factors .....                            | <b>Investment in the Series Interests involves a high degree of risk.</b> Investors should carefully review the disclosures, terms and conditions set forth herein, including under “Risk Factors” and in and in any related offering documents we have approved prior to investing in the Series Interests.   |
| Subscription Agreement .....                  | Each Series Interest will be sold pursuant to a Subscription Agreement entered into by the applicable Issuer and the purchaser of such Series Interest (each a “ <u>Subscription Agreement</u> ”). Each Subscription Agreement will contain representations, warranties, covenants and undertakings by a purchaser.  |
| Placement Agent.....                          | North Capital Private Securities Corporation   |
| Property Manager .....                        | Streetlane PM LLC, a 100% owned subsidiary of Roofstock, Inc.  |
| Lender.....                                   | Roofstock Realty, LLC, a 100% owned subsidiary of Roofstock, Inc.  |
| Asset Manager .....                           | Roofstock, Inc.  |
| Administrator.....                            | Roofstock, Inc.  |
| Upper Trustee and Lower Trustee .....         | In each case, a trustee provided by the Upper Trust Agent or the Lower Trust Agent, as applicable, with the consent of the Administrator, that satisfies the requirements of Delaware law.   |
| Upper Trust Agent and Lower Trust Agent ..... | Citiadel SPV LLC   |
| Paying Agent .....                            | Roofstock, Inc.  |
| Governing Documents.....                      | The Master Trust Agreement, the Lower Master Trust Agreement, the Management Agreement, the Revolving Credit Agreement and the Subscription Agreement.   |
| Governing Law .....                           | The Series Interests will be governed by the law of the state of Delaware.   |

### Summary of Financial Information

*As of the date hereof, the Roofstock One Program has commenced limited operations and has no available financial information..*



## RISK FACTORS

*You should consider carefully the risk factors discussed below and all of the information contained in this Summary of Terms, the Governing Documents and the applicable Property Details before deciding whether to invest in the Series Interests. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also materially and adversely affect our business. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements in ways we have not described or do not currently anticipate. If any of the following risks and uncertainties develops into actual events, our business, financial condition, cash flows or results of operations could be materially adversely affected and you could lose all or part of your original investment in the Series Interests.*

### **Risks Relating to the Structure of the Roofstock One Program**

***The separateness of assets and liabilities of each Issuer and each Lower Trust Series may not be respected by Delaware, federal or foreign courts.***

Each of the Master Trust and the Lower Master Trust has been established as a trust series under Section 3806(b)(2) of the Delaware Statutory Trust Act (the “DSTA”). Each Issuer will be an additional series of the Master Trust and each Lower Trust Series will be an additional series of the Lower Master Trust, some of which may be subject to financing arrangements with various lending counterparties, including potential securitization transactions. Although the governing agreement of the Master Trust states that each Issuer is separate from every other Issuer and the governing agreement of the Lower Master Trust states that each Lower Trust Series is separate from every other Lower Trust Series, a court could potentially conclude that the assets and liabilities of an Issuer are not segregated from those of another Issuer or that the assets and liabilities of a Lower Trust Series are not segregated from those of another Lower Trust Series, thereby potentially exposing assets in such Issuer or Lower Trust Series to the liabilities of another Issuer or Lower Trust Series, respectively. The DSTA provides that if certain provisions are included in the formation and governing documents of a statutory trust formed in series and if separate and distinct records are maintained for any series and the assets associated with that series are held in such separate and distinct records and are accounted for in such separate and distinct records separately from the other assets of the statutory trust, or any series thereof, then the debts, liabilities, obligations and expenses incurred by a particular series are enforceable against the assets of such series only, and not against the assets of the statutory trust generally or any other series thereof. Conversely, none of the debts, liabilities, obligations and expenses incurred with respect to any other series thereof are enforceable against the assets of such series. We are not aware of any court case that has interpreted this inter-series limitation on liability. Even if we maintain separate and distinct records for each Issuer and each Lower Trust Series and account for each Issuer and Lower Trust Series separately from any other Issuer or other Lower Trust Series and in general operate and administer each Issuer and each Lower Trust Series in full compliance with the DSTA, it is possible that (i) a court could conclude that the methods used do not satisfy the DSTA’s requirements or that (ii) a court outside of Delaware would not respect the DSTA with respect to claims made against the Master Trust, the Lower Master Trust or any Issuer or any Lower Trust Series over which it has jurisdiction, which would potentially expose (a) assets in an Issuer to the liabilities of other Issuers or (b) assets in a Lower Trust Series to the liabilities of other Lower Trust Series, in either case currently in existence, as well as any Issuer or Lower Trust Series created in the future. Further, if the Master Trust fails to maintain separate and distinct records and accounting of the assets of each Issuer or the Lower Master Trust fails to maintain separate and distinct records and accounting of the assets of each Lower Trust Series, a court may conclude that the Master Trust or the Lower Master Trust has failed to comply with the separateness requirements of the Master Trust’s or Lower Master Trust’s organizational documents to have the benefit of the inter-series limitation on liability under the DSTA. In any such case, the exposure of the assets in one Issuer to the liabilities of any other Issuer or the assets in one Lower Trust Series to the liabilities of any other Lower Trust Series could result in losses to an Issuer or a Lower Trust Series (as the case may be) unrelated to such Issuer’s or such Lower Trust Series’ operations and the inability of such Issuer or such Lower Trust Series to achieve their investment objectives. Such an event could result in the termination of an Issuer or a Lower Trust Series. In addition, if an Issuer or a Lower Trust Series were unable to pay its liabilities it is possible that the creditors of such Issuer or such Lower Trust Series could file a bankruptcy petition against the Master Trust or the Lower Master Trust. In that event, a bankruptcy case could be commenced and the bankruptcy case could result in an automatic stay applicable to all Issuers and/or all Lower Trust Series. Each of the Master Trust’s and the Lower Master Trust’s trust agreements generally prohibits the Upper Trustee, Lower Trustee and the Series Owners from initiating or consenting to any bankruptcy actions with respect to the Master Trust or Lower Master Trust. However, there can be no assurance that such provisions are enforceable. Any such proceeding could significantly delay and potentially reduce the amount of funds



available to make payments on the Series Interests and could have a material adverse effect on the return on any investment in the Series Interests.

***In a bankruptcy or similar proceeding of the Master Trust or Lower Master Trust, there may be uncertainty regarding the rights of a Series Owner, if any, to access funds held by the Master Trust or Lower Master Trust.***

If the Master Trust or the Lower Master Trust was determined in a bankruptcy proceeding to be a debtor, the legal right to administer such entity's funds would vest with the bankruptcy trustee or debtor in possession. In that case, Series Owners may have to seek a bankruptcy court order lifting the automatic stay, which could result in a delay on payments to the Series Owners or result in loss to the Series Owners. Series Owners may suffer delays in accessing funds allocated to their Reserve Amount as a result. Moreover, U.S. bankruptcy courts have broad powers and a bankruptcy court could determine that some or all of such funds were beneficially owned by the Master Trust or the Lower Master Trust and therefore that they became available to the creditors of the Master Trust or the Lower Master Trust generally.

***Distributions to Series Owners will be subordinated to payments made to the Lender under the Revolving Credit Agreement.***

As set forth in the Payment Waterfall, distributions to Series Owners occur only after all amounts outstanding and due under the Revolving Credit Agreement have been paid. Any indebtedness under the Revolving Credit Agreement may be refinanced at any time, and only Series Owners holding LKE Eligible Interests will have the right to object to such refinancing. Series Owners will not be able to object to such refinancing unless they hold LKE Eligible Interests.

Additionally, if amounts in the applicable Reserve Amount are insufficient to continue to operate the related Property, the Master Trust, solely on behalf of the applicable Issuer, may incur additional indebtedness under the Revolving Credit Agreement.

- Each Series Owner holding LKE Eligible Interests will be deemed to consent to the Master Trust, solely on behalf of the applicable Issuer, obtaining loans under the Revolving Credit Agreement in an aggregate principal amount that, when combined with any other existing indebtedness previously incurred by the Issuer, is not in excess of 75% of the fair market value of the Property (as determined by the Lender in its sole discretion). Each Series Owner holding LKE Eligible Interests will have the right to object to such additional indebtedness in excess of such 75% limit, but any such objection will result in a Mandatory Unwrapping.
- Series Owners will have no right to object to any incurrence of indebtedness by the related Issuer unless they hold LKE Eligible Interests.

As a consequence, the amounts due to the Lender under the Revolving Credit Agreement may increase and may increase significantly such that there will be no funds remaining for distribution to a Series Owner.

***Roofstock may cease covering expenses at any time.***

Prior to an Issuer selling all of its Series Interests, Roofstock Inc. intends to cover any expenses that would normally be funded with the Reserve Amount. Roofstock may, at any time and in its sole discretion, cease covering such expenses. In such a case, it is possible that a Property's expenses will be greater than the funds available from operations, additional indebtedness or in the Reserve Amount. In such a case, the Property may be subject to an Involuntary Sale.

***Distributions to Series Owners will be subordinated to payments made to the several service providers.***

Distributions to Series Owners occur last in the Payment Waterfall. In addition to payments made under indebtedness owing under the Revolving Credit Agreement, payment of fees and reimbursement of expenses to each of the Upper Trustee, the Upper Trust Agent, the Lower Trustee, the Lower Trust Agent, the Property Manager and the Asset Manager will also be made before any funds are distributed to Series Owners. No assurance can be given that funds sufficient to pay all of these amounts and also make a distribution to Series Owners will be available, and it is possible that there will be no funds available for distribution to a Series Owner.

***Each of the Issuers, the Lower Trust Series, the Master Trust and the Lower Master Trust have limited or no operating history and none has employees of its own.***

Each of the Issuers, the Lower Trust Series, the Master Trust and the Lower Master Trust have limited or no operating history and none has employees of its own. As a consequence, heavy reliance is placed on the Property Manager, the Asset Manager and the Administrator in order to conduct this program. The Property Manager will have the primary responsibility for managing the Properties, including finding tenants, collecting rent payments, coordinating repairs and maintenance, maintaining records and general administrative tasks. The Asset Manager will be responsible for directing the Property Manager as it conducts its activities. As a result, we will be dependent upon the skill, expertise and diligence of these service providers and their respective employees.

The amount of any distributions to Series Owners will depend to some extent on the efforts of the individuals employed by the Property Manager and the Asset Manager, and competition among asset managers and property managers to hire and retain highly skilled employees is intense. Any circumstances which result in a diminution of service levels provided to the Issuers by the Property Manager or the Asset Manager could materially adversely affect the amount of cash available for distributions to the Series Owners.

Certain officers or employees of the Asset Manager responsible for the activities undertaken for the Issuers or the Master Trust have other responsibilities on behalf of Asset Manager and conflicts of interest may arise as a result in the allocation of personnel. The Asset Manager may in the future provide asset management services to clients other than the Issuers and the Lower Master Trust, as deemed appropriate by Asset Manager at its sole discretion.

The Property Manager and the Asset Manager each reserve the right to change their respective fees on an annual basis. Fees, costs and expenses reimbursed to the Property Manager and the Asset Manager will be paid prior to distributions to Series Owners. If Roofstock or Streetlane resign from their respective roles or are terminated, no assurance can be given that any replacement asset manager or property manager could be retained for fees similar to Roofstock or Streetlane, as applicable.

Should Roofstock cease to act as Administrator or Asset Manager, or should Streetlane cease to act as Property Manager, whether due to resignation, termination or a bankruptcy or insolvency event, no assurance can be given that the Lower Master Trust or any Series Owner would be able to engage a replacement asset manager or property manager with similar experience, credibility and access to intellectual property and investment talent or as to the length of time the search for a replacement would take. Any delay in finding another asset manager or property manager could adversely impact the timing and amount of distributions to Series Owners. A bankruptcy proceeding with respect to Roofstock, Streetlane or any other transaction party could lead to delays or reductions in distributions to Series Owners.

Even if an Issuer has previously issued Series Interests and has made quarterly distributions of rental income to the applicable Series Owners, there can be no assurance that it be able to continue to do so.

***There are conflicts of interest between the Master Trust, the Lower Master Trust and the Issuers on the one hand, and some of their affiliates, on the other.***

Streetlane, which will be the initial Property Manager, and Roofstock Realty, LLC, which will be the lender on the Revolving Credit Agreement, are each a 100% wholly owned subsidiary of Roofstock, Inc., and Roofstock, Inc. will be the initial Asset Manager. Our interests may not always align with those of Roofstock, Inc. because it is possible for Roofstock, Inc. and its affiliates to earn money from the cash flow generated by the Properties through fees they are entitled to under the Management Agreement or interest payments paid on any indebtedness incurred under the Revolving Credit Agreement, even if the Series Owners do not.

***The only source of cash for distributions on a Series Interest will be a single Property.***

Each Series Interest will have only a single Property as a potential source of cash flow for distributions to its Series Owner, and neither Roofstock, the Property Manager, the Asset Manager, the Trustee nor any other person is obligated to make payments on a Series Interest. Neither the Series Interests nor the Properties will be guaranteed or insured by any governmental agency or instrumentality, Roofstock, the Property Manager, the Asset Manager, any of their affiliates, or any

other person. In the event that the Series Interests do not perform as expected, the Series Owners will have no recourse to any of the aforementioned persons, or any other person.

***Any loans drawn on the Revolving Credit Agreement may be refinanced at higher interest rates and having other terms that are materially less favorable to a Series Owner.***

Any Issuer that has a loan drawn under the Revolving Credit Agreement as part of its capital structure may have that loan refinanced. Each Series Owner holding LKE Eligible Interests will have the right to object to such refinancing in certain circumstances but any such objection will result in a Mandatory Unwrapping. Series Owners will not be able to object to any such refinancing unless they hold LKE Eligible Interests. There can be no assurance that the interest rate or other terms on any replacement financing will not be materially less favorable to a Series Owner. Since the Lender of any loan drawn on the Revolving Credit Agreement will be Roofstock Realty, LLC, an affiliate of Roofstock, there is a conflict of interest between Roofstock and the Series Owners because payments on any such indebtedness are made before distributions to the Series Owners. Thus, it is possible for the Lender to derive cash flow from a Property even when a Series Owner does not.

***Series Owners will have very limited rights to control or influence the operations of the Issuers or management of the Properties, and the rights of Series Owners may differ depending on how many Series Interests they own.***

The only rights granted to Series Owners pursuant to the Series Interests are

- (i) the right to receive any quarterly distributions in accordance with the Payment Waterfall;
- (ii) the right to a Voluntary Unwrapping for a single Series Owner owning Series Interests representing 90% or more indirect beneficial ownership of a Property; and
- (iii) the Objection Rights for any Series Owner holding LKE Eligible Interests.

The Series Interests grant no other rights, including any other right to cause an Issuer, the Master Trust, any Lower Trust Series, the Lower Master Trust, the Property Manager or the Asset Manager to take or not take any other action. This means Series Owners will have very limited ability to control or influence the operations of the Issuers or management of the Properties.

In addition, by purchasing a Series Interest, each Series Owner will be deemed to consent to the actions set forth in the Governing Documents. Among other things, the Series Owners are deemed to consent to the Property Manager obtaining insurance on each Property.

By purchasing a Series Interest, each Series Owner holding LKE Eligible Interests will be deemed to consent to the Master Trust, solely on behalf of the applicable Issuer, obtaining loans under the Revolving Credit Agreement in an aggregate principal amount that, when combined with any other existing indebtedness previously incurred by the Issuer, is not in excess of 75% of the fair market value of the Property (as determined by the Lender in its sole discretion). Each Series Owner holding LKE Eligible Interests will have the right to object to such additional indebtedness in excess of such 75% limit, but any such objection will result in a Mandatory Unwrapping. Series Owners will have no ability to object to any incurrence of loans by the related Issuer unless they hold LKE Eligible Interests. The Master Trust may incur loans even if no indebtedness was previously incurred with respect to such Property, and the terms of any such indebtedness will be on terms determined by the Master Trust in its sole discretion.

Finally, Series Owners will not be entitled to make additional capital contributions to an Issuer that has issued LKE Eligible Interests once such LKE Eligible Interests has been issued under any circumstances, including without limitation, to avoid an Involuntary Sale or cure an Event of Default.

## **Risks Associated with Renting Properties**

### ***Owning and renting real estate exposes the owner to unexpected costs.***

As described in this Summary of Terms, it is expected that the Properties will be rented to third-party tenants. Although title to the Properties will be taken in the name of the Lower Master Trust and the beneficial ownership of each Property will be allocated to a Lower Trust Series whose beneficial ownership interest will be issued to an Issuer, it is possible that such rentals may expose the Series Owners and the Lower Master Trust generally to costs or liabilities that may reduce amounts available to make payments on the Series Interests. As a landlord and property owner, the Lower Master Trust is subject to various duties under applicable laws, including but not limited to compliance with local zoning and building codes, limitations on and conditions to evictions, potential liability for personal injuries at the Properties or otherwise, real estate tax obligations, compliance with regulations relating to the protection and disposition of consumer credit information and compliance with the duties generally owed by landlords to tenants under the laws of the jurisdictions where the Properties are located. From time to time there may be pending or threatened legal proceedings against or involving the Lower Master Trust arising out of the ordinary course of business which can result in substantial monetary and non-monetary sanctions or judgments. To the extent that tenants or other third-parties bring personal injury or other claims against a Lower Trust Series, as the owner and operator of a Property, it is likely that the Lower Master Trust (which is a newly formed special purpose entity with no assets other than the Properties held by it and allocated to a Lower Trust Series) will be unable to pay the related claim. In addition, the Properties held by the Lower Master Trust and allocated to a Lower Trust Series may not be adequately insured to cover casualty and property losses and losses arising out of personal injury or other claims. Even if such insurance is obtained, it is uncertain whether it will cover the purported loss, continue to be available, or be available at a reasonable cost, including as the result of generally higher premiums charged by insurance companies because of recent turmoil in the insurance market. In the event that any Property incurs a loss or the Lower Master Trust or a Lower Trust Series incurs a liability that is not fully covered by insurance, the amount available for payment on the Series Interests will be reduced by the amount of any uninsured or underinsured loss or liability and, in the case of a judgment against such Lower Trust Series or possibly the Lower Master Trust, all of the assets of a Lower Trust Series or the Lower Master Trust may be subject to the risk of loss to satisfy such judgment. Any judgment against a Lower Trust Series or the Lower Master Trust could significantly reduce amounts available for payment on the Series Interests and could result in a Lower Trust Series or the Lower Master Trust being forced to file for bankruptcy. In addition, no assurance can be made whether a judgment in favor of a tenant or third party would be limited to the applicable Property. See “—Risks Relating to the Structure of the Roofstock One Program—The separateness of assets and liabilities of each Issuer and each Lower Trust Series may not be respected by Delaware, federal or foreign courts.”

Lease payment defaults or lease defaults by tenants could reduce or eliminate cash flow from Properties and the Property Manager may experience delays in enforcing a Lower Trust Series' rights as landlord and may be forced to incur costs in protecting and re-leasing of a Property. If a tenant is not paying rent, causing problems for other tenants, damaging a property, and/or whose conduct otherwise makes it unwise to continue renting to such tenant, the Property Manager may need to institute eviction proceedings and may incur costs in evicting the tenant, costs associated with repairing any damage to the property caused by the tenant, delays in removing the tenant from the property, loss of income during the eviction process and damages for a potential wrongful eviction. In addition, tenants may not have the same interest as an owner in maintaining a Property and its contents and do not participate in any appreciation in the value of the Property. Accordingly, tenants may damage a Property and its contents, and may not be forthright in reporting damages or amenable to repairing them completely or at all. A Property may need repairs and/or improvements after each tenant vacates the premises, the costs of which may exceed any security deposit provided by the tenant when the Property was originally leased.

Even if a tenant does not mistreat a Property, needed repairs due to ordinary course wear and tear, general maintenance and general capital expenditure costs could also require significant expenditures by the Property Manager. In such cases, the amount of funds available for distributions to the Series Owners would be reduced. Such reductions could result in quarters where no distribution is made to Series Owners and, in addition, if amounts in the Reserve Amount have been depleted, an Issuer may be forced to incur indebtedness to provide cash flow for these expenditures. If further indebtedness cannot be incurred, it is possible that a Property could be subject to an Involuntary Sale. Series Owners will not be entitled to make additional capital contributions to an Issuer that has issued LKE Eligible Interests once such LKE Eligible Interests have been issued under any circumstances, including without limitation, to avoid an Involuntary Sale or cure an Event of Default. The proceeds from any such Involuntary Sale would be distributed according to the Payment Waterfall. In that case, it is possible that there may not be enough proceeds for an investor to recoup all or even part of its initial investment.

***Real estate generally is illiquid, and the Series Interests or Properties may not be easily sold.***

Real estate is not readily marketable and capital markets can tighten. Interests in private companies, including ones pursuing real estate ventures, are highly illiquid, and this lack of liquidity may limit an investor's ability to react promptly to changes in economic or other conditions.

***Real estate investments have inherent risks.***

Local market conditions may significantly affect occupancy and rental rates. In any such case, the value of the Series Interests may be adversely affected. Other risks include:

- unfavorable trends in the national, regional or local economy, including changes in interest rates or the availability of financing as well as plant closings, industry slowdowns, a decline in household formation or employment (or lack of employment growth), conditions that could cause an increase in the operating expenses of a Property (such as increases in property taxes, utilities, property management fees and routine maintenance), and other factors affecting the local economy;
- adverse changes in local real estate market conditions, such as a reduction in demand for (or an oversupply of) single family rental properties or increased competition;
- construction or physical defects in a Property that could affect market value or cause us to make unexpected expenditures for repairs and maintenance;
- adverse use of adjacent or neighboring real estate;
- changes in real property tax rates and assessments, zoning laws or regulatory restrictions, including rent control or rent stabilization laws or other laws regulating similar properties that could limit our ability to increase rents or a Series Owner's ability to sell a Property; or
- damage to or destruction of a Property, or other catastrophic or uninsurable losses.

***The Properties may decline in value; no third-party inspections.***

The value of a Property will be subject to the risks generally incident to the ownership of real estate, including changes in general or local economic conditions, increases in interest rates for real estate financing, physical damage that is not covered by insurance, zoning, entitlements, and other risks. A decline in property values could result in the obligations relating to a Property being greater in amount than a Property's value, which could result in a failure of a Series Owner to receive a return of some or all of its investment in the Series Interests.

In addition, no third-party inspections were performed on any of the Properties. It is possible that a Property could have defects that are unknown to us and such defects could significantly reduce the value of a Property.

***Third-party valuation reports are subject to assumptions which may turn out to not be true.***

The investment price for any Series Interest may be based, in part, on third-party valuation reports on the applicable Property. Such reports may be made available to potential investors, but are not intended, and should not be construed as a recommendation of any kind as to the advisability of purchasing a Series Interest. Such reports are based on certain estimates, assumptions and projections, all of which are subject to change from time to time. No assurance can be given that the information in these reports including any values assigned or estimates of future results will be accurate. Actual values and results of operations may be materially lower than stated or derivable from such reports.

***Property insurance may not cover all liabilities or may be unavailable.***

Insurance against risks faced by a Property could become more costly or could become unavailable altogether. The Property will be insured against damage from fire, flood and other standard items, which may vary based on the marketplace

in which the Property is located, but will not cover all possible causes of damage. Changes in the conditions affecting the economic environment in which insurance companies do business could affect our ability to continue insuring a Property at a reasonable cost or could result in insurance being unavailable altogether. Moreover, any hazard losses not then covered by a Property's insurance policy would result in a Series Owner losing all or part of their investment related to the Series Interests.

### **Risks Associated with the Series Interests**

***The Interests are highly risky and speculative. Only investors who can bear the loss of their entire investment should purchase Series Interests.***

The Series Interests are highly risky and speculative. We can provide no assurance that a Property will have operating results that will enable an Issuer to satisfy the return objectives to a Series Owner. All statements related to return objectives are estimates only, and are *not* intended to suggest that such return rates are in any way assured. Returns are subject to all of the risks set forth herein, and others.

There can be no assurance that Series Owners will have their investment returned to them at a particular time, or ever. Series Owners could lose their entire investment in the Series Interests (including any expected distributions), in addition to the use of their investment principal during the lifetime of their investment. Series Interests are suitable purchases only for investors of adequate financial means. If you cannot afford to lose all of the money you plan to invest in the Series Interests, you should not purchase a Series Interest.

***For owners of LKE Eligible Interests, another Series Owner could cause a Mandatory Unwrapping of your Series Interest without your consent.***

If you are a Series Owner holding LKE Eligible Interests and choose to transfer some of your Series Interests to another person, each such person will be a Series Owner and will be entitled to exercise Objection Rights. If another such Series Owner exercises any of its Objection Rights, your Series Interest could be subject to a Mandatory Unwrapping. If a Mandatory Unwrapping occurs, all Series Owners, including you, will be required to pay the Unwrapping Amount and upon such payment the Administrator will distribute all Series Assets of the related Issuer at the direction of the Series Owners, acting unanimously, and the related Series Interests and Issuer will be terminated. It is therefore possible that your ownership of the Series Interests could end without your consent.

***If you hold Series Interests representing 10% or less indirect beneficial ownership in a Property, another Series Owner could cause a Voluntary Unwrapping of your Series Interest without your consent.***

A single Series Owner owning Series Interests representing 90% or more indirect beneficial ownership of a Property may surrender its Series Interests and, subject to settling all outstanding indebtedness, fees, costs, expenses, indemnities and other amounts required to wind up the affairs of the applicable Issuer, take title to the Property and any other assets related to the Property that are held by the Lower Trust Series (a "Voluntary Unwrapping"). As a result, if you own Series Interests representing 10% or less, it is possible that your Series Interest could be subject to an Voluntary Unwrapping without your consent. In such a case, none of the Property Manager and Asset Manager, Roofstock or any of their respective affiliates would have any responsibilities with respect to such Property.

***Your Series Interest may be redeemed at a price lower than your initial investment.***

If you make a redemption request and the applicable Issuer accepts, the redemption price will be at 92.5% of the fair market value of the Series Interest, which will be (i)(a) 92.5% of the fair market value of the Property as of the date of redemption as determined by the Administrator in good faith and in its reasonable discretion, multiplied by (b) 10%, minus (ii) if applicable, 10% of the outstanding principal amount of, and any accrued and unpaid interest on, any loans incurred by the applicable Issuer. The fair market value of the Series Interests may have increased or decreased over time. As such, if you redeem your Series Interests, you will fail to receive a return of some of your initial investment price in the Series Interests.

***Your right to have your Series Interest redeemed is subject to the availability of funds and other constraints.***

An Issuer is not obligated to accept a Series Owner's redemption request and such redemption is subject to the Issuer's availability of funds and regulatory restrictions.

Redemption of Series Interests will be considered quarterly. We cannot guarantee that any Issuer will have funds sufficient to accommodate any or all redemption requests made in any calendar quarter. In the event that the Issuer does not have sufficient funds available to redeem all of the Series Interests for which redemption requests have been submitted in any given calendar quarter, such pending requests will be honored on a first-in first-redeemed basis, meaning that the first redemption request received by an Issuer will be the first Series Interest redeemed.

In addition, we may, in our sole discretion, amend, suspend or terminate the redemption plan at any time without notice, including to protect the operations of the Roofstock One Program and the non-redeeming Series Owners, to prevent an undue burden on our liquidity or for any other reason. In the event that we amend, suspend or terminate the redemption plan, we will provide notice to Series Owners.

Finally, LKE Eligible Interests are not part of the redemption plan at all.

It is therefore possible that a Series Owner would not be able to have its Series Interest redeemed even if it makes a redemption request.

***The Series Interests are restricted securities, will not be listed on any securities exchange, are generally not transferable, and a liquid market for the Series Interests may not develop.***

The Series Interests are not being registered under the Securities Act, but rather are being offered in reliance on Regulation D under the private offering exemption of Section 4(a)(2) of the Securities Act. The Series Interests will not be listed on any securities exchange or interdealer quotation system. There is no trading market for the Series Interests, and such a trading market may not develop in the foreseeable future.

The transferability of the Series Interests is restricted by their terms and by federal and state securities laws. Except for an Unwrapping (which requires at least 90% beneficial interest in a Property by a single Series Owner) or Redemption (which is not mandatory and subject to availability of funds), Series Owners will have no right to cause an Issuer, the Master Trust, Roofstock or any other person to repurchase their Series Interests, and the ability to make any transfer of the Series Interests is limited in order to comply with applicable securities laws.

Therefore, any investment in the Series Interests will be highly illiquid, and Series Owners may not be able to sell or otherwise dispose of their Series Interests in the open market. Accordingly, investors should be prepared to hold the Series Interests indefinitely.

The illiquid nature of the Series Interests may be of particular concern for investors who are retired or are approaching retirement. Such investors should plan carefully to assure that their assets last throughout retirement and are not materially adversely affected by inflation, rising health care costs, nursing home care, and other key factors that may affect income over time. It is important that such investors develop an income strategy to help outpace inflation and keep up with the increasing cost of goods and services. Such investors must also consider the impact that a volatile market could have on their retirement assets; a sudden market downturn can have a significant impact on investors who are not well diversified or who do not have the time-frame to wait out a market recovery. If you are a retirement-age investor, a withdrawal strategy – the rate at which you draw down savings and investment assets to pay for current living expenses in retirement – also plays a critical role in determining how long your income will last. Since an investment in Series Interests is illiquid and is a long-term investment, you should make sure to consider whether the remainder of your assets will allow for sufficient spending for food, medical care, housing, and travel.

***We do not intend to provide Series Owners with audited financial statements.***

We do not intend to provide audited financial statements to Series Owners. There will be no independent certified public accountant reviewing our finances.

***Pending acceptance of the investment, all investor funds will be held by the Placement Agent in a non-interest bearing escrow account.***

All funds from investors will be held in a non-interest bearing escrow account with the Placement Agent, as escrow agent for the benefit of the investors, in accordance with Rule 15c2-4 under the Securities Exchange Act of 1934. Upon certification by the Placement Agent and acceptance by the applicable Issuer that all contingencies have been met, the investor's funds will be promptly transmitted to such Issuer. If the contingencies fail to be satisfied during the relevant offering period, the applicable Issuer will instruct the Placement Agent to return all funds to the investors without interest, deduction, or setoff, and all of the obligations of the investor hereunder shall terminate.

## **Tax Risks**

***The Internal Revenue Service could disagree with our assessment of like-kind exchange eligibility with respect to LKE Eligible Interests.***

We believe that a Series Owner of an LKE Eligible Interest should be able to consummate a "like-kind exchange" of such Series Interest for another Series Interest or certain other real estate interests. However, there can be no assurances in this regard, and the Internal Revenue Service could disagree with this position. Holders of Series Interests other than LKE Eligible Interests will not be able to consummate a "like-kind exchange" of their Series Interests. Series Owners are urged to consult their own tax advisors as to whether an exchange of an LKE Eligible Interest for another Series Interest or an interest in other real estate would qualify as a like-kind exchange and the federal income tax considerations of such an exchange.

***A sale disposition, or other transfer of a Series Interest could result in transfer taxes.***

The sale, disposition, or other transfer of a Series Interest, including upon an Unwrapping or as a result of a foreclosure by the Lender in a Revolving Credit Agreement, may have federal, state, and/or local transfer tax consequences. Series Owners are urged to consult with their own tax advisors as to whether any transfer taxes are imposed on any sale, disposition, or other transfer of a Series Interest.

## ***Trade or business for Non-U.S. Holders***

Based on the anticipated nature of the activities of each Issuer, an Issuer will likely be treated as engaged in a U.S. trade or business for U.S. federal income tax purposes. If, as expected, an Issuer is treated as engaged in the conduct of a U.S. trade or business, such trade or business will be attributed to any Non-U.S. Holders (as defined in the section entitled "Certain U.S. Federal Income Tax Considerations" below) as a result of their investment in such Issuer. The attribution of such trade or business activities to a non-U.S. Holder will give rise to certain adverse U.S. federal and state and local income consequences. The adverse consequences include an obligation to pay taxes, and file U.S. tax returns, with respect to the allocable share of income effectively connected with such trade or business (often referred to as "ECI"). If a non-U.S. Holder is eligible for the benefits of an income tax treaty to which the United States is a party, the ownership of real property through a trust is likely to constitute a "permanent establishment" within the meaning of such a tax treaty. As a result, regardless of whether the a non-U.S. Holder is eligible for the benefits of an income tax treaty, it is likely to be subject to U.S. federal and state income tax on its allocable share of taxable income earned by reason of holding a Series Interest. In addition to the fact that net income earned with respect to a Series Interest will be subject to U.S. federal and state income tax, any gain from the disposition of a Series Interest will be subject to U.S. federal and state income tax as well.

Prospective investors should consult their own tax advisors with respect to their U.S. tax return filing and tax obligations.

## ***Withholding tax for Non-U.S. Holders***

Prospective investors that are Non-U.S. Holders (as defined in the section entitled "Certain U.S. Federal Income Tax Considerations" below) should note that each Issuer intends to withhold applicable U.S. federal income taxes on payments made on its Series Interests to a Non-U.S. Holder, whether an LKE Eligible Interest or otherwise. No Issuer would pay any



additional amounts with respect to any withholding. Prospective investors should consult their own tax advisers regarding liabilities with respect to any U.S. withholding tax.

*The foregoing is not intended to be an exhaustive analysis or listing of the tax risks associated with an investment in any Series Interests. Many of the relevant tax considerations will vary depending on a prospective Series Owner's individual circumstances. The tax aspects associated with such an investment are complex and complicated and are subject to a variety of interpretations. Prospective investors are strongly urged to review the discussions below under "Certain U.S. Federal Income Tax Considerations" for a more complete discussion of certain of the tax risks inherent in the acquisition of Series Interests, and to seek and rely upon the advice of their own tax advisor who is qualified to discuss the foregoing and other possible tax risks. A sale disposition, or other transfer of a Series Interest could result in transfer taxes.*

## TERMS OF THE SERIES INTERESTS AND THE GOVERNING DOCUMENTS

### Overview

The Roofstock One Program offers a unique investment opportunity for eligible investors to benefit from the performance of curated and fully managed single-family rental properties. As more fully described herein, ownership of a series interest represents the indirect ownership of 10% of a single-family rental property and entitles the investor to receive *pro rata* (a) quarterly cash distributions of the property's net rental income and (b) potential tax benefits normally associated with direct property ownership, such as depreciation and expense write-offs.

The Roofstock One Trust is a Delaware statutory trust formed in series (the "Master Trust") and administered by Roofstock, Inc. From time to time, the Master Trust will form a separate trust series (each, an "Issuer") related to a single-family residential rental property (each, a "Property"). Each Issuer is offering and selling up to 100% of its ownership, represented by 10 ownership interests (each a "Series Interest" and collectively, the "Series Interests") to investors pursuant to this Summary of Terms. Investors may purchase some or all of an Issuer's Series Interests.

Each Series Interest represents a 10% indirect ownership share of a Property and will entitle an investor (each a "Series Owner") to cash distributions of 10% of any rental income derived from the Property after deduction of fees, costs and expenses as more fully described herein. Distributions will be paid quarterly on the 15<sup>th</sup> day of each February, May, August and November (each, a "Payment Date") to holders of record as of the close of business (if applicable) on the immediately preceding December 31, March 31, June 30 or September 30, respectively (each a "Record Date"), whether or not such Record Date is a Business Day. The first Payment Date for a Series Interest will typically be the first 15<sup>th</sup> day of the February, May, August or November immediately following the first Record Date for such Series Interest.

Other than the right to receive *pro rata* quarterly distributions, the owner of a Series Interest will have limited rights and privileges. Investors that purchase 100% of an Issuer's Series Interests in the initial offering relating to a particular property may elect for the Property to be eligible for "like-kind exchange" tax benefits and in such case will have Objection Rights over material decisions with respect to the Property ("LKE Eligible Interests"). The exercise of any Objection Right, either by the initial Investor or a subsequent purchaser, will result in a mandatory unwrapping from the Roofstock One Program and direct Property ownership and may result in the sale of the Property. Investors that purchase fewer than all of an Issuer's Series Interests will not be eligible for "like-kind exchange" tax benefits and will not be entitled to make any decisions with respect to the Property except for a voluntary unwrapping. A "Voluntary Unwrapping" will occur when a single Series Owner owning at least 90% of an Issuer's Series Interests surrenders its Series Interests and, subject to settling all outstanding indebtedness, fees, costs, expenses, indemnities and other amounts required to wind up the affairs of the applicable Issuer (including purchasing any unowned portion of the related Property at fair market value), takes title to the related Property. To be eligible for a Voluntary Unwrapping, each Series Interest must have been outstanding for at least six months.

Each Series Owner will have rights and obligations solely with respect to the *pro rata* portion of the Property and other assets related to the Series Interests owned by such investor and will have no rights or obligations with respect to any Properties or other assets related to any other Series Interests or any property or other assets held by Roofstock or any of its affiliates. Information with respect to the individual Properties is available at [www.roofstock.com/one](http://www.roofstock.com/one).

On or prior to the closing date for an investment and in connection with the issuance of a Series Interest, (i) the Lower Master Trust will acquire a Property either indirectly from Roofstock or from a third party, (ii) the Lower Master Trust will create a new series of the Lower Master Trust (each a "Lower Trust Series") and, if needed, a new retained series of the Lower Master Trust (each a "Lower Retained Series") and allocate a 10% beneficial interest in such Property for each Series Interest being sold to such Lower Trust Series and, if applicable, the remainder beneficial interest in such Property to such Lower Retained Series, which will be held in such Lower Retained Series until all 10 Series Interests of the applicable Issuer are sold to investors, (iii) the ownership interest in such Lower Trust Series will be issued to the applicable Issuer and such Issuer will contribute the proceeds from the sale of the Series Interest to such Lower Trust Series and (iv) such Issuer will issue the Series Interests to the applicable investor (a "Series Owner"). While any portion of the beneficial interest in a Property is held in a Lower Retained Series, the *pro rata* share of rental income that such Property generates will be distributed to Roofstock. Unless a single investor purchases all 10 Series Interests relating to a particular Issuer at one time, it is intended that a Lower Retained Series will hold at least 10% of the beneficial interest in a Property (2 Series Interests) for a period of one (1) year from the date an Issuer sells its first Series Interest to an investor.

Throughout this Summary of Terms, references to the “Governing Documents” means the Master Trust Agreement, the Lower Master Trust Agreement, the Management Agreement, the Revolving Credit Agreement and the Subscription Agreement. We have summarized certain terms and provisions of the Governing Documents and the Series Interests in this section. Copies of the Governing Documents can be obtained on the Roofstock One Website and are deemed to be incorporated herein by reference. You should read the Governing Documents and the Property Details for provisions that may be important to you but which are not included in this Summary of Terms.

Information with respect to the individual Properties is available at [www.roofstock.com/one](http://www.roofstock.com/one) (the “Roofstock One Website”). Information contained on any other part of the Roofstock One Website is not incorporated by reference in this Summary of Terms, and you should not consider information contained any other part of the Roofstock One Website as part of this Summary of Terms.

## **Property and Asset Management**

### *The Management Agreement*

Property management of the Properties will be performed by Streetlane PM LLC (the “Property Manager”), a 100% owned subsidiary of Roofstock (or a successor deemed suitable by Roofstock from time to time), pursuant to a management and leasing agreement among the Lower Master Trust, Roofstock, Inc., as Asset Manager, and the Property Manager (the “Management Agreement”). The initial fees that will be paid to the Property Manager (the “Property Management Fees”) are summarized in Schedule 1 below. Notwithstanding the foregoing, the initial Property Management Fees with respect to any Property may vary; the Property Details for a particular Property will describe any deviation from the fees listed in Schedule 1. Prospective investors should review the Property Details for a Property for any modifications of the initial Property Management Fees for such Property.

#### Schedule 1 – Initial Property Management Fees

- 10% of Rental Revenue and Other Revenue

“Lease” means any residential lease agreement for any Property and any amendment, supplement, or replacement thereof.

“Other Revenue” means service fees, late charges and fees, non-sufficient funds fees, “pet rent”, and other receipts from tenants from operations of the Property, together with amounts of any tenant security deposits applied in lieu of any of the foregoing pursuant to any Lease, but excluding Rental Revenues.

“Rental Revenue” means all monthly rent paid by tenants under any Lease, together with amounts of any tenant security deposits applied in lieu of those monthly rent payments pursuant to any Lease.

Notwithstanding the foregoing, initial Property Management Fees with respect to any Property may be lower than 10%; the Property Details for a particular Property will describe any deviation from the fees listed in this Schedule.

On an annual basis, the Property Manager has the right to revisit the terms of its functions and the fee listed above to ensure that the terms and fee are competitive with the market for similar services being offered by third-party providers.

Roofstock (the “Asset Manager”) will act as asset manager with respect to the Properties pursuant to the Management Agreement. The Asset Manager will manage the Property Manager and will have the right to direct the Property Manager with respect to certain decisions regarding the Properties. The initial fees that will be paid to the Asset Manager (the “Asset Management Fees”) are summarized in Schedule 2 below. Notwithstanding the foregoing, initial Asset Management Fees with respect to any Property may vary; the Property Details for a particular Property will describe any deviation from the fees listed in Schedule 2. Prospective investors should review the Property Details for a Property for any modifications of the initial Asset Management Fees for such Property.

## Schedule 2 – Initial Asset Management Fees

- For any Property, an amount equal to the product of (a) the Rental Revenue for such Property and (b) the Base Rate for such Property, accruing each calendar month.

“Base Rate” means, for any Property, the quotient of (a) the product of (i) 0.50% and (ii) the Initial Value of such Property, divided by (b) the product of (i) twelve and (ii) the monthly rental rate on the Lease existing on the applicable Closing Date. If no Lease exists as of the applicable Closing Date, then the Base Rate will be established based on the initial Lease entered with respect to such Property subsequent to the applicable Closing Date.

“Initial Value” means, with respect to any Property, the sum of (a) the investment price paid by an investor for a Series Interest of the Issuer related to such Property (excluding any amounts paid as an initial allocation to the Reserve Amount associated with such Property on the applicable Closing Date) and (b) the initial aggregate principal amount of indebtedness, if any, incurred by the Master Trust, solely on behalf of such Issuer, under the Revolving Credit Agreement with respect to such Property on the applicable Closing Date.

“Lease” means any residential lease agreement for any Property and any amendment, supplement, or replacement thereof.

“Rental Revenue” means all monthly rent paid by tenants under any Lease, together with amounts of any tenant security deposits applied in lieu of those monthly rent payments pursuant to any Lease.

On an annual basis, the Asset Manager has the right to revisit the terms of its functions and the fee listed above to ensure that the terms and fees are competitive with the market for similar services being offered by third-party providers.

The Management Agreement will continue in full force and effect until the first anniversary of the execution thereof, and will automatically renew for successive one-year terms unless terminated in accordance with the provisions thereof. The Management Agreement may be terminated by the Lower Master Trust, for any reason or no reason, within 90 days prior to the conclusion of its yearly renewal by providing written notice to the Property Manager and the Asset Manager. However, notwithstanding the foregoing, if a Series Owner owns LKE Eligible Interests, the Lower Master Trust may not terminate the Management Agreement with respect to the Issuer of such LKE Eligible Interests without providing prior written notice of such termination to such Series Owner and if, within twenty (20) days of receipt of such notice, such Series Owner objects to the termination of the Management Agreement, the Management Agreement will not terminate with respect to the Issuer of the related Series Interests and the Property Manager and Asset Manager will continue in their capacities with respect to such Issuer *provided* that any such objection will result in a Mandatory Unwrapping of such Series Interests. The Management Agreement may be terminated by any Series Owner owning LKE Eligible Interests who, within twenty (20) days of notice delivered by the Administrator of an automatic renewal of the Management Agreement, objects to the renewal of the Management Agreement, in which case the Management Agreement will be deemed to have terminated with respect to the Issuer of such Series Interests on the next scheduled automatic renewal date *provided* that any such objection will result in a Mandatory Unwrapping of such Series Interests.

A Series Owner will not have the right to terminate the Management Agreement or to object to its termination unless it holds LKE Eligible Interests.

If the Property or Asset Manager resigns or the Management Agreement is terminated, the Lower Master Trust will attempt to replace the Property or Asset Manager, as applicable, with another suitable manager or the Management Agreement with another suitable agreement. However, no assurance can be given that the Lower Master Trust will be able to retain another property or asset manager to manage the Properties or will be able to replace the Management Agreement with another agreement on terms that are commercially reasonable or desirable to the Lower Master Trust or the Series Owners.

### *Property Taxes*

The Property Manager will estimate the annual taxes to be paid on each Property. A *pro rata* portion of the annual taxes will be deducted from each quarterly distribution for such Property and disbursed to the Property Manager or allocated

to the applicable Reserve Amount before any amounts are distributed to a Series Owner. Any deviations between the Property Manager's estimates and actual tax liability will be reconciled yearly.

### *Insurance*

By purchasing the Series Interest, a Series Owner will be deemed to consent to the Property Manager obtaining insurance on each Property at institutional rates that it believes are competitive with market rates. The premiums for insurance coverage on a Property will be deducted from each quarterly distribution for such Property and disbursed to the Property Manager or allocated to the applicable Reserve Amount before any amounts are distributed to a Series Owner. Insurance policies will cover damage resulting from fire, flood and other standard items. The deductible on any claim is expected to be approximately \$2,500, although a higher deductible may be required by an insurance provider.

### **The Master Trust Agreement and the Lower Master Trust Agreement**

The Series Interests and the Master Trust will be governed by a second amended and restated master trust agreement, dated as of February 26, 2019 (the "Master Trust Agreement"), among Roofstock, Inc., as Administrator, the Upper Trustee, Citadel SPV LLC, as Trust Agent (the "Upper Trust Agent") and each Series Owner. The Lower Master Trust will be governed by a second amended and restated lower master trust agreement, dated as of February 26, 2019 (the "Lower Master Trust Agreement") among Roofstock, Inc., as Administrator, the Lower Trustee, Citadel SPV LLC, as Trust Agent (the "Lower Trust Agent") and each series owner thereunder. Neither the Master Trust nor the Lower Master Trust is managed like a corporation or an active investment vehicle. Neither the Master Trust nor the Lower Master Trust has a board of directors, instead each is operated and managed by Roofstock, Inc., as Administrator.

Series Owners will hold the Series Interests issued by the applicable Issuer and each Issuer will hold 100% of the ownership interests in a Lower Trust Series. Each Lower Trust Series will, in turn, have a percentage beneficial ownership interest in a Property equal to the related Series Interests outstanding allocated to it by the Lower Master Trust. For example, if an Issuer has sold three Series Interests, the Lower Trust Series owned by such Issuer will have a 30% beneficial interest in the related Property allocated to it. The remainder, if any, will be allocated to a Lower Retained Series. While any portion of the beneficial interests in a Property is held in a Lower Retained Series, the *pro rata* share of rental income that such Property generates will be distributed to Roofstock. Unless a single investor purchases all 10 Series Interests relating to a particular Issuer at one time, it is intended that a Lower Retained Series will hold at least 10% of the beneficial interests in a Property (2 Series Interests) for a period of one (1) year from the date an Issuer sells its first Series Interest to an investor.

### *Distributions*

The Property Manager will deposit all rental income received with respect to such Property in an account or sub-account established by the Asset Manager on behalf of each Lower Trust Series (each, a "Series Account"). On each Payment Date, Roofstock, Inc., as Paying Agent for the Lower Master Trust, will withdraw amounts on deposit in each Series Account and distribute such amounts in the following order of priority:

- (i) *first*, to the Lower Trust Agent, to pay the Lower Trustee Fees with respect to the Lower Master Trust, and to reimburse the Lower Trustee and Lower Trustee Agent for any costs and expenses incurred by the Lower Trustee or the Lower Trustee Agent in connection with either the Lower Master Trust or the Lower Series Interests;
- (ii) *second*, to the Property Manager, to pay the Property Management Fee and to reimburse the Property Manager for any costs and expenses incurred by the Property Manager in connection with the Property related to such Series Account (including any taxes and insurance premiums incurred by the Property Manager in connection with such Property), to the extent not already reimbursed;
- (iii) *third*, to the Asset Manager, to pay the Asset Management Fee and to reimburse the Asset Manager for any costs and expenses incurred by the Asset Manager in connection with Property related to such Series Account, to the extent not already reimbursed;
- (iv) *fourth*, to the Lender, to pay any amounts required to be paid to the Lender under the Revolving Credit Agreement then associated with the Property related to such Series Account;

- (v) *fifth*, to the applicable Series Account to fund the Reserve Amount relating to the Lower Trust Series associated with such Series Account, up to an amount determined by the Asset Manager in its sole discretion; and
- (vi) *sixth*, any remaining amount to the applicable Issuer holding the Lower Series Interest in such Lower Trust Series by depositing such amount in an account or sub-account established by the Asset Manager on behalf of the Master Trust on behalf of each Issuer (each an “Upper Series Account”).

Following the distributions described in the immediately preceding paragraph, on each Payment Date, Roofstock, Inc., as Paying Agent for the Master Trust, will withdraw amounts on deposit in each Upper Series Account and distribute such amounts in the following order of priority:

- (iv) *first*, to the Upper Trustee Agent, to pay the Upper Trustee Fees with respect to the Master Trust, and to reimburse the Upper Trustee and the Upper Trustee Agent for any costs and expenses incurred by the Upper Trustee or the Upper Trustee Agent in connection with either the Master Trust or the Series Interests;
- (v) *second*, to each Series Owner of such Issuer, up to an amount equal to, for each Series Owner, 10% multiplied by the number of Series Interests of such Issuer that are owned by such Series Owner, multiplied by the Available Funds for such Issuer remaining after distributions in accordance with clause (i) above; and
- (vi) any remaining amounts, to the Administrator.

The previous two paragraphs are referred to as the “Payment Waterfall”.

“Available Funds” means, with respect to any Issuer, any amounts received by such Issuer in respect of its ownership interest in a related Lower Trust Series (including any amounts in respect of any portion of the related Property owned by a the related Lower Retained Series) and any Reserve Amounts with respect to such Issuer.

Payment Dates will be the 15<sup>th</sup> day of each February, May, August and November to holders of record as of the close of business (if applicable) on the immediately preceding December 31, March 31, June 30 or September 30, whether or not such Record Date is a Business Day. If a Payment Date is not a Business Day, payment will be made on the next succeeding Business Day. The first Payment Date for a Series Interest will typically be the first 15<sup>th</sup> day of the February, May, August or November immediately following the first Record Date for such Series Interest. A “Business Day” is any day other than a Saturday, Sunday or day on which commercial banking institutions in Wilmington, Delaware or the city in which the Master Trust’s office is located are authorized or obligated by law, executive order or government decree to be closed.

Quarterly distributions with respect to a Series Interest may increase or decrease over the life of the investment based on numerous factors, including, but not limited to, refinancing any indebtedness secured by a Property, additional loans on a Property to fund any shortfalls and/or changes in rent amounts collected on a Property, property and asset management fees, tax and insurance allocations, repair, maintenance and capital expenditures and reserves and other fees, costs and expenses. **There may be quarters when there is no cash available for distribution to Series Owners if cash is needed to fund costs related to the Property, but no Series Owner will have any capital call obligations.**

#### *Reserve Amount*

Each Series Owner will be required to fund a reserve amount (a “Reserve Amount”) into the applicable Series Account in an amount deemed appropriate by the Asset Manager for the related Property, in cash, upon the purchase of a Series Interest. In addition, the Property Manager will allocate to each Reserve Amount a portion of each month’s rental income on a Property to fund maintenance expenses, taxes, insurance and other expenses. Funds allocated to a Reserve Amount may also be used to make interest payments due on the loan, if any, relating to a Property. We intend for cash allocated to each Reserve Amount to help smooth out amounts distributed to the Series Owners by insulating cash flow from the unpredictable timing and amount of these expenses.

Prior to an Issuer selling all of its Series Interests, Roofstock intends to cover any expenses that would normally be funded with the Reserve Amount. However, Roofstock may, at any time and in its sole discretion, cease covering such

expenses. If Roofstock ceases covering such expenses, the applicable Lower Retained Series will fully fund the remaining portion of the Reserve Amount before any funds are deducted to pay such expenses.

For any Property, the amount of funds that will be allocated to the Reserve Amount at the initial issuance of a Series Interest and quarterly pursuant to the Payment Waterfall will be calculated by the Asset Manager using the “Property Condition” score set forth in such Property’s Property Details. The Asset Manager will have the right to adjust the “Property Condition” score annually in its sole discretion.

If, however, amounts in a Reserve Amount are insufficient to cover expenses, the Master Trust, solely on behalf of the applicable Issuer, may elect to incur additional indebtedness under the Revolving Credit Agreement to cover such costs even if no indebtedness was previously incurred with respect to such Property. By purchasing a Series Interest, each Series Owner holding LKE Eligible Interests will be deemed to consent to the Master Trust, solely on behalf of the applicable Issuer, obtaining loans under the Revolving Credit Agreement in an aggregate principal amount that, when combined with any other existing indebtedness previously incurred by the Issuer, is not in excess of 75% of the fair market value of the Property (as determined by the Lender in its sole discretion). Each Series Owner holding LKE Eligible Interests will have the right to object to such additional indebtedness in excess of such 75% limit, but any such objection will result in a Mandatory Unwrapping. Investors will have no right to object to such additional indebtedness unless they hold LKE Eligible Interests. The interest rate of any such indebtedness may be higher than any initial loan, depending on a variety of factors including, without limitation, the level of debt on the Property and current market conditions. No assurance can be made that the Lender will be able to provide additional financing to cover all repair and maintenance expenses. If an Issuer is unable to secure additional financing, such Issuer may (but will not be obligated to) seek additional financing from another source. If an Issuer is unable to secure additional financing from another source, the Property will be subject to an Involuntary Sale as described herein.

Series Owners will not be entitled to make additional capital contributions to an Issuer that has issued LKE Eligible Interests once such LKE Eligible Interests have been issued under any circumstances, including without limitation, to avoid an Involuntary Sale or cure an Event of Default.

Amounts allocated to a Reserve Amount belong to the owners of the related Series Interests. Upon any Unwrapping or Involuntary Sale, any balance in the Reserve Amount will be returned to the applicable Series Owners. If a Series Interest is transferred to subsequent purchaser, amounts allocated to the Reserve Amount will remain in the Reserve Amount associated with such Series Interest.

#### *Involuntary Sale*

For any Property whose Issuer has amounts outstanding under the Revolving Credit Agreement, if (i) the applicable Reserve Amount does not have sufficient funds to operate such Property and (ii) the Issuer is unable to obtain additional financing under the Revolving Credit Agreement or elsewhere, then the Lender will be entitled to direct the Asset Manager to sell such Property on behalf of the Lower Master Trust (an “Involuntary Sale”). Any proceeds from the sale of a Property will be applied in accordance with the Payment Waterfall.

Series Owners will not be entitled to make additional capital contributions to an Issuer that has issued LKE Eligible Interests once such LKE Eligible Interests has been issued under any circumstances, including without limitation, to avoid an Involuntary Sale or cure an Event of Default.

The Asset Manager intends to take certain actions, such as seeking additional financing and/or increasing the amounts deducted from quarterly distributions, to attempt to avoid an Involuntary Sale whenever possible. Unless a Series Owner holds LKE Eligible Interests, an investor may make additional capital contributions to avoid an involuntary sale.

#### *Voluntary Unwrapping*

A single Series Owner owning Series Interests representing 90% or more indirect beneficial ownership of a Property may provide written notice (an “Unwrapping Notice”) to the Administrator, of its desire to exchange its Series Interests for the assets of such Issuer. Within ten (10) Business Days of receipt of an Unwrapping Notice, the Administrator shall provide to the applicable Series Owner an invoice for all outstanding indebtedness, fees, costs, expenses, indemnities and other

amounts required to wind up the affairs of the affected Issuer (in aggregate, the “Unwrapping Amount”). The applicable Series Owner must remit the Unwrapping Amount to the Administrator, *pro rata*, based on the Series Interests held in the affected Issuer within forty-five (45) Business Days of receipt of such invoice. Any time prior to the remittance of the Unwrapping Amount, the Series Owner may rescind the related Unwrapping Notice by providing written notice to the Administrator. Within forty-five (45) Business Days of receipt of the Unwrapping Amount, the Administrator shall cause the Master Trust and the Lower Master Trust to distribute all assets of the affected Issuer at the direction of the Series Owner and the related Series Interests, Issuer and Lower Trust Series shall be terminated (a “Voluntary Unwrapping”). If the Series Owner fails to remit the Unwrapping Amount to the Administrator, the Unwrapping Notice shall be deemed to have been rescinded.

To be eligible for a Voluntary Unwrapping, each Series Interest must have been outstanding for at least six months. If the Series Interests for a Voluntary Unwrapping represent less than 100% of the indirect beneficial interest in a Property, such Series Owner will take whole title to the applicable Property *provided* that the fair market value of remainder of the Property (as determined by the Administrator in good faith and in its sole discretion) shall be included in the Unwrapping Amount.

Following a Voluntary Unwrapping, persons who then hold title to the related Property will be responsible for securing financing (if needed), insurance, and property management services so as to not interrupt coverage or service for the Property. We expect that any such persons would be able to elect to retain the Property Manager to continue its duties, if so desired, although no assurance can be made that the Property Manager will elect to continue in such capacity.

A Series Owner holding Series Interests eligible for a Voluntary Unwrapping may elect to request that the Administrator to manage a sale process for the applicable Property. If the Administrator accepts and the Property is sold, proceeds of any such sale would be distributed in accordance with the Payment Waterfall.

#### *Mandatory Unwrapping*

The Administrator shall provide notice to the Series Owners owning LKE Eligible Interests no later than twenty (20) days prior to (1) any amendment to the Revolving Credit Agreement affecting the Issuer of such LKE Eligible Interests, (2) entering into indebtedness with respect to such Issuer in an aggregate principal amount, when combined with any other existing indebtedness previously incurred by such Issuer, in excess of 75% of the fair market value of the applicable Property (as determined by the Lender in its sole discretion) at the time such debt is to be entered into, (3) any renewal of the Management Agreement in accordance with the terms thereof, (4) any termination of the Property Manager or the Asset Manager, if such termination is sought by the Lower Master Trust in accordance with the terms of the Management Agreement, (5) entering into any Lease with respect to the Property, or (6) any other action by the Administrator with respect to which the Administrator deems it necessary or advisable to obtain the consent of the Series Owners (collectively, the “Objection Rights”). If, (a) within twenty (20) days of such notice, any Series Owner owning LKE Eligible Interests objects to the actions set forth in such notice and (b) if such Issuer is subject to any indebtedness, such objection gives rise to an obligation to repay any such indebtedness, then all Series Owners of the applicable Issuer shall be required to exchange their Series Interests for the Series Assets of such Issuer. The Administrator shall provide to the applicable Series Owners an invoice for the Unwrapping Amount with respect to the applicable Issuer. The Series Owners shall be required to remit the Unwrapping Amount for such Issuer to the Administrator, *pro rata*, based on the Series Interests held in the affected Issuer, within thirty (30) Business Days of receipt of such invoice. Within thirty (30) Business Days of receipt of the Unwrapping Amount, the Administrator shall cause the Master Trust to distribute all Series Assets of the affected Issuer at the direction of the Series Owners, acting unanimously, and the related Series Interests and Issuer shall be terminated. If the Series Owners fail to remit the Unwrapping Amount to the Administrator, the Asset Manager may sell the Series Assets of such Issuer for a price it deems commercially reasonable, and the proceeds of such sale shall be deposited in the related Series Account for distribution on the following Payment Date. Upon the distribution of such proceeds, the related Series Interests and Issuer shall be terminated.

If a Series Owner holding LKE Eligible Interests transfers one or more such Series Interests to another person, such transferee will have the same Objection Rights as such Series Owner.



### *Redemption Plan*

We intend to provide a redemption plan designed to provide the Series Owners with limited liquidity. Other than for LKE Eligible Interests (which are not part of the redemption plan), a Series Owner may request that the applicable Issuer redeem its Series Interest at 92.5% of the fair market value of the Series Interest, which will be (i)(a) 92.5% of the fair market value of the Property as of the date of redemption as determined by the Administrator in good faith and in its reasonable discretion, multiplied by (b) 10%, minus (ii) if applicable, 10% of the outstanding principal amount of, and any accrued and unpaid interest on, any loans incurred by the applicable Issuer. Subject to regulatory and liquidity constraints, each Issuer intends to redeem Series Interests after a valid request for redemption is made. We also intend to provide a secondary trading platform for Series Owners to sell Series Interests to eligible investors. If we are able to establish such a platform, the redemption plan would terminate six (6) months after the launch of the trading platform.

Redemption of Series Interests will be considered quarterly upon written request to the applicable Issuer at least 30 days prior to the end of the applicable calendar quarter. Within five (5) business days of receipt of a valid request for redemption, the Administrator will provide to the applicable Series Owner its fair market value determination and the resulting redemption price. A Series Owner who disagrees with the Administrator's fair market value determination will have five (5) business days to provide, at such Series Owner's cost, an independent broker price opinion ("BPO") to substantiate a differing value. The Administrator will have three (3) business days following receipt such BPO to make a determination on any adjustments to its original fair market value determination. If the Issuer intends to redeem the Series Interests offered for redemption, the Issuer intends to provide notice of such redemption to the applicable Series Owner by the last business day of the applicable quarter, with an effective redemption date as of the last day of the quarter, and to endeavor to remit the redemption price within 14 days of the end of such quarter. Series Owners may withdraw their redemption request at any time up to five (5) business days prior to the end of the calendar quarter in which the redemption request was submitted.

We cannot guarantee that any Issuer will have funds sufficient to accommodate any or all redemption requests made in any calendar quarter. In the event that the Issuer does not have sufficient funds available to redeem all of the Series Interests for which redemption requests have been submitted in any given calendar quarter, such pending requests will be honored on a first-in first-redeemed basis, meaning that the first redemption request received by an Issuer will be the first Series Interest redeemed.

Unless an Issuer is insolvent or is prevented from doing so because of legal or regulatory requirements or concerns, each Issuer intends to accept each valid redemption request. An Issuer is not obligated to redeem Series Interests under our redemption plan.

We may, in our sole discretion, amend, suspend or terminate the redemption plan at any time without notice, including to protect the operations of the Roofstock One Program and the non-redeeming Series Owners, to prevent an undue burden on our liquidity or for any other reason. In the event that we amend, suspend or terminate the redemption plan, we will provide notice to Series Owners.

### *The Upper Trustee and the Lower Trustee*

The trustee for each of the Master Trust and the Lower Master Trust will be provided from time to time by the Upper Trust Agent and the Lower Trust Agent, respectively, with the consent of the Administrator in each case, as a trustee that satisfies the requirements of Delaware law. As of the date of this Summary of Terms, Glenn Kenton has been appointed as the Upper Trustee and the Lower Trustee for the Master Trust and the Lower Master Trust, respectively. Each of the Upper Trust Agent's and Lower Trust Agent's principal offices are located at 85 Broad Street, 18<sup>th</sup> Floor, New York, New York 10004. Each of the Upper Trustee's, the Upper Trust Agent's, Lower Trustee's and the Lower Trust Agent's duties and liabilities with respect to the management of the Master Trust and the Lower Master Trust, respectively are limited to its express obligations under the applicable certificate of trust and the Master Trust Agreement and the Lower Master Trust Agreement, respectively.

The Master Trust Agreement provides that the Upper Trustee and Upper Trust Agent will be compensated with fees in accordance with the Payment Waterfall in an amount equal to \$6,500 per year, along with an initial one-time acceptance fee of \$1,750 (the "Upper Trustee Fees").

The Lower Master Trust Agreement provides that the Lower Trustee and the Lower Trust Agent will be compensated with fees in accordance with the Payment Waterfall in an amount equal to \$6,500 per year along with an initial one-time acceptance fee of \$1,750 (the “Lower Trustee Fees”).

### *Reports*

It is expected that the Administrator will provide Series Owners with quarterly reports which summarize amounts collected and dispersed with respect to the applicable Property.

### *Governing Law*

The Master Trust Agreement and the Lower Master Trust Agreement and the rights of the Series Owners are governed by the laws of the State of Delaware.

### **The Revolving Credit Agreement**

Each purchaser of a Series Interest may fund a portion of the investment price for such Series Interest with a non-amortizing fixed-rate loan bearing an interest rate of 4.50% per annum (or such rate otherwise disclosed by us), in an aggregate principal amount of at least 50% and up to 65% of the portion of the investment price attributable to a Property’s value for a Series Interest or such purchaser may purchase Series Interests without leverage. The Property Details for each Property will specify the applicable initial interest rate and whether leverage will be required or whether investors may elect to purchase a particular Series Interest without leverage. Each loan will be secured by the applicable Property and any other assets related to the Property that are a part of the Lower Trust Series from time to time. Each loan will be obtained by the Master Trust solely on behalf of the applicable Issuer, will be drawn pursuant to the Revolving Credit Agreement, and will be non-recourse to the assets of Series Owners other than their interests in the related Issuer and the applicable Property.

It is expected that each loan will mature on a date that is approximately five years after the date of the initial borrowing. Each loan may be refinanced at any time on terms that may be materially different from those in an initial loan incurred in connection with the purchase of a Series Interest. Each Series Owner holding LKE Eligible Interests will have the right to object to such refinancing, but any such objection will result in a Mandatory Unwrapping. No other Series Owners will be able to object to the terms of any refinancing.

For any Property, in the event that the funds available in the applicable Reserve Amount are insufficient to pay for expenses necessary to operate such Property, the Master Trust, solely on behalf of the applicable Issuer, may elect to incur additional indebtedness under the Revolving Credit Agreement, even if no indebtedness was previously incurred with respect to such Property.

- Investors will have no right to object to such additional indebtedness unless they hold LKE Eligible Interests.
- For investors who hold LKE Eligible Interests, by purchasing a Series Interest, each Series Owner holding LKE Eligible Interests will be deemed to consent to the Master Trust, solely on behalf of the applicable Issuer, obtaining loans under the Revolving Credit Agreement in an aggregate principal amount that, when combined with any other existing indebtedness previously incurred by the Issuer, is not in excess of 75% of the fair market value of the Property (as determined by the Lender in its sole discretion). Each Series Owner holding LKE Eligible Interests will have the right to object to such additional indebtedness in excess of such 75% limit, but any such objection will result in a Mandatory Unwrapping.

Upon maturity of any indebtedness incurred under the Revolving Credit Agreement or whenever any Event of Default under the Revolving Credit Agreement with respect to a Property is existing and is continuing, the Lender will be entitled to, among other things, take ownership of such Property and sell it. Any proceeds from such sale will be distributed in accordance with the Payment Waterfall.

The following events will constitute an Event of Default under the Revolving Credit Agreement (each an “Event of Default”) with respect to any Issuer:

- Any failure to apply the amounts collected on the Series Assets relating to such Issuer in accordance with the priority of payments set forth in the Lower Trust Agreement or to fully repay principal in respect of indebtedness due on or prior to the maturity date of such indebtedness;
- Certain events of bankruptcy or insolvency with respect to such Issuer or the related Lower Trust Series;
- Failure by such Issuer to comply in any material respect with or to perform any provision of the Revolving Credit Agreement (and not constituting an Event of Default under any other Event of Default) and continuance of such failure for thirty (30) days; or
- Such Issuer or its related Lower Trust Series is required to pay damages in excess of \$100,000 as determined by a court of competent jurisdiction by final, non-appealable judgment, and such judgement remains unpaid, unbonded or unstayed for 30 days.
- With respect to such Issuer if (i) the applicable Reserve Amount does not have sufficient funds to operate or make any other payments required with respect to the applicable Property and (ii) the Issuer is unable to obtain additional advances under this Agreement, and such condition for a period of ninety (90) days.
- With respect to such Issuer, a Series Owner of a Series Interest issued by such Issuer exercises any of its Objection Rights.

Series Owners will not be entitled to make additional capital contributions to an Issuer that has issued LKE Eligible Interests once such LKE Eligible Interests have been issued under any circumstances, including without limitation, to avoid an Involuntary Sale or cure an Event of Default.

### **Subscription Agreement**

Each Series Interest will be sold pursuant to a Subscription Agreement entered into by the applicable Issuer and the purchaser of such Series Interest (each a “Subscription Agreement”). Each Subscription Agreement will contain representations, warranties, covenants and undertakings for any purchaser including, without limitation:

- An agreement to be bound by each provision applicable to Series Owners under the Governing Documents.
- An undertaking to provide, at the applicable Issuer’s request, all necessary withholding and related tax documentation as required for the purchase of the Series Interest, including an IRS Form.
- An undertaking to from time to time provide the Issuer with all information reasonably necessary or advisable for the Issuer to comply with any compliance and reporting obligations created or administered by various governmental agencies.
- A covenant to look solely to the applicable Issuer for satisfaction of liabilities or obligations created by any of the agreements associated with the purchase or holding of the Series Interest and to not sue or otherwise seek to enforce any obligation against any of the Issuer’s affiliates, the Master Trust, the Lower Master Trust, any Lower Trust Series or any of their respective affiliates.
- A waiver of all claims or causes of action against, and a release and discharge of any liability accruing from, any of the any of the Issuer’s affiliates, the Master Trust, the Lower Master Trust, any Lower Trust Series or any of their respective affiliates.
- An acknowledgement that the Master Trust and the Lower Master Trust are series trusts formed pursuant to the Delaware Business Trust Statute and that debts, liabilities, obligations and expenses incurred, contracted for otherwise existing with respect to any series of the Master Trust or the Lower Master Trust shall be enforceable against such series only, and not against the Properties generally or the assets of any other respective series.

- A covenant that such purchaser will not institute against or join any other person in instituting against Master Trust, any series of the Master Trust, the Lower Master Trust or any series of the Lower Master Trust, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other proceedings under any federal or state bankruptcy or similar law.
- An acknowledgement of its consent for (i) the Issuer or its affiliates providing lenders or other parties related to the transactions contemplated by this Summary of Terms or the Governing Documents (the “Related Transaction Parties”) with the names, investment accounts, and other information regarding the purchaser notwithstanding any privacy policies of the Issuer or its affiliates and (ii) any of the Issuer or its affiliates to provide such information (which may include, without limitation, social security numbers or similar identifying information, evidence of the purchaser’s qualification as an Accredited Investor or other information related to the purchaser’s involvement with the Series Interests to any Related Transaction Parties requiring such information as part of the consummation of, or continued participation in, the transactions contemplated by this Summary of Terms or the Governing Documents, as the Issuer or its affiliates may deem appropriate in its or their sole discretion.

## CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes certain U.S. federal income tax consequences relevant to the purchase, ownership, and disposition of the Series Interests. This discussion is based upon current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed Treasury Regulations thereunder, current administrative rulings, judicial decisions and other applicable authorities. All of the foregoing are subject to change, which change may apply retroactively and could affect the continued validity of this summary. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the U.S. federal government. This discussion also does not purport to be a complete analysis of all tax considerations relating to the Series Interests. You should consult your tax advisor concerning the U.S. federal income tax and other tax consequences of your investment in the Series Interests in your particular circumstances, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

This summary does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to U.S. Holders that are subject to special tax rules, such as:

- financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- persons that will own Series Interests through partnerships or other pass-through entities;
- persons that will hold Series Interests as dealers in real property;
- persons subject to special tax accounting rules under Section 451(b) of the Code;
- certain former citizens or long-term residents of the United States; or
- holders that have a functional currency other than the U.S. dollar.

This summary does not address the U.S. federal estate and gift tax, alternative minimum tax, or Medicare unearned income tax consequences of the acquisition, ownership or disposition of the Series Interests. This disclosure only addresses the U.S. federal income tax treatment of holders that acquire Series Interests directly from the Issuer at initial issuance. Prospective investors should note that no rulings have been, or are expected to be, sought from the Internal Revenue Service (“IRS”) with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions. Each prospective purchaser should consult its tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning and disposing of the notes and any consequences arising on account of the purchaser’s particular circumstances.

This summary is based on the Code, existing and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as available and as of the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

For purposes of this summary, a “U.S. Holder” is a beneficial owner of Series Interests who for U.S. federal income tax purposes is any of the following:

- an individual citizen or resident of the United States;

- a corporation (or any other entity that is treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any state thereof, including the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Series Interest, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of Series Interests.

A “Non-U.S. Holder” is a beneficial owner of common stock (other than an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder or a partnership.

The following discussion assumes that any investor purchasing 100% of the interests of an Issuer will elect for such Series Interests to be LKE eligible. Investors acquiring 100% of an Issuer who do not plan to so elect should consult their own tax advisors.

## **LKE Eligible Series**

### Tax Treatment of the Issuers and Lower Master Trust

We expect each Issuer and each Lower Trust Series to be treated as a “grantor trust” for federal income tax purposes. As a grantor trust, each item of income, gain, loss and deduction incurred by an Issuer and a Lower Trust Series in connection with its Property will pass through to the Series Owner(s).

### U.S. Holders

#### *In General*

As a grantor trust, each item of income, gain, loss and deduction incurred by an Issuer and a Lower Trust Series in connection with its Property will pass through to the Series Owners. In general, any net losses incurred for federal income tax purposes in connection with a Property in the hands of a non-corporate taxpayer and certain closely-held corporations are expected to be treated as “passive activity losses.” An individual may deduct passive activity losses only up to the amount of his passive activity income. Net losses incurred with respect to a Property can be exempted from the passive activity loss rules if an investor is a real estate professional. Series Owners who are real estate professionals are urged to consult their own tax advisors with respect to the deductibility of any net losses incurred in connection with a Property. The passive loss rules are also inapplicable to certain taxpayers with adjusted gross incomes of less than \$200,000. It is not expected that Series Owners will be able to take advantage of this exception, even if they meet the income requirement.

Each Issuer treated as a grantor trust should be treated as a pass-through entity, with the result that distributions by an Issuer to a Series Owner should not have any federal income tax consequences. As described above, each Series Owner’s tax liability with respect to a Series Interest will be determined with reference to the income, gain, loss and deduction generated with respect to the related Property. It is possible that a Series Owner could incur a tax liability from its indirect beneficial ownership of a Property in excess of the cash distributions received from an Issuer in a given year.

Recently enacted legislation provides for a federal income tax deduction that is equal to 20% of a taxpayer’s combined qualified business income. Neither the new statute nor IRS proposed regulations offer any guidance on whether the net income or loss from a Property should enter into the calculation of a Series Owner’s combined qualified business income. In addition, IRS guidance provides that in order for a taxpayer’s income from rental real estate to qualify for a safe harbor to be eligible for the deduction discussed above, a taxpayer must perform 250 hours of services in connection with all rental real

estate activities in a taxable year. Due to the passive nature of the rental income earned from the Series Interests, it is not likely that ownership of a Series Interest would generate any hours toward this 250 hour safe harbor. Series Owners are urged to consult their own tax advisors as to whether the net income or net loss from a Property should enter into this calculation.

Interest expense that is incurred with respect to a Property under the Revolving Credit Agreement would be expected to be treated as “business interest” if the small business exception did not apply and the investor did elect to treat the Series Interest as an electing real property trade or business exempt from the business interest deduction limitation rules. The small business exception allows taxpayers to deduct interest without regard to the limitations otherwise applicable to business interest. We expect the small business exception should apply to interest incurred under the Revolving Credit Agreement when each Series Interest is viewed on a stand-alone basis. Income from the ownership and rental of a Property should generally be aggregated with other business activities of a U.S. Holder for the purpose of determining whether the small business exception to the business interest deduction limitations should apply. Investors with ownership interests in other business activities should consult their tax advisors as to whether the business interest deduction limitations could apply to interest incurred under the Revolving Credit Agreement.

Section 67 of the Code imposes certain limits on the deduction by individual taxpayers of certain miscellaneous itemized deductions, and Section 68 of the Code reduces certain itemized deductions (which do not include any deductions for investment interest). For taxable years beginning after December 31, 2017 and before January 1, 2026, the ability of individuals to deduct miscellaneous itemized deductions and several other categories of itemized deductions has been suspended, and so has the Code Section 68 limitation on those itemized deductions that remain. Certain fees, including the Asset Management Fee, Property Management Fee, and the Upper Trustee Fee, to the extent otherwise deductible, may be treated in whole or in part as miscellaneous itemized deductions subject to the foregoing limitations, depending on the nature of the Series’ activities and the structure of its investments.

Investors will receive all necessary information to be able to include the income, gain, loss, deduction and credit flowing from an investment in a Series Interest from the Issuer. With respect to LKE Eligible Interests, the Issuers do not intend to provide such information on a designated IRS form. It is possible that the information provided to a Series Owner may not be provided in time for a Series Owner to file their tax returns without an extension of time to file.

#### *Ability to Consummate a Like-Kind Exchange of a Series Interest*

We believe that a Series Owner who holds a LKE Eligible Interest should be able to consummate a “like-kind exchange” of such Series Interest for another Series Interest or certain other real estate interests. A like-kind exchange is an exchange of an interest in certain types of real estate for another real estate interest. In general, no gain or loss is recognized in such an exchange, except the extent that the taxpayer receives (or is deemed to receive) non-qualifying consideration. Series Owners are urged to consult their own tax advisors as to whether an exchange of a Series Interest for another Series Interest or an interest in other real estate would qualify as a like-kind exchange and the federal income tax considerations of such an exchange.

#### *Unwrapping of a Property*

If, as expected, each Issuer and Lower Trust Series that issues LKE Eligible Interests are treated as grantor trusts, an unwrapping (whether a Voluntary Unwrapping or, in the case of an LKE Eligible Interest, a Mandatory Unwrapping) of a Property should not have any federal income tax consequences. In an unwrapping, the holders of the Series Interests would carry-over the basis and other tax attributes of the Property and other assets received in the unwrapping.

#### *Redemption of a Series Interest or Disposition of a Property*

Upon a disposition of a Property or a redemption of a Series Interest in a transaction not treated as a like-kind exchange, whether pursuant to an Involuntary Sale or otherwise, gain or loss will be recognized. If the Property has been held for more than one year, except to the extent of any depreciation recapture such gain or loss should be long-term capital gain or loss. For noncorporate owners of a Series Interest, long-term capital gain or loss is taxed at more favorable rates than short-term capital gain or loss or ordinary income. Depreciation recapture is treated as ordinary income. In general, depreciation recapture with respect to a Property should be the depreciation claimed with respect to such Property over the amount of depreciation that would have been claimed if the Property had been depreciated on a straight-line basis.

A transfer of a Series Interest, whether or not a like-kind exchange, is likely to be subject to local real estate transfer taxes. The financial responsibility for the payment of any such taxes will rest with the Series Owner. Proof of payment of such taxes will be required in order to effectuate a transfer of a Series Interest.

### Non-U.S. Holders

Each Non-U.S. Holder is advised to consult its tax advisor regarding the tax effects of an investment in a Series Interest, including return information and reporting requirements, the possible applicability of tax treaties, potential tax liability which may be imposed by the country or other jurisdiction of which such investor is a citizen or in which such person resides or is otherwise located, and other U.S. and non-U.S. tax matters.

#### *In General*

A Non-U.S. Holder will likely be treated as engaged in a U.S. trade or business as a result of owning Series Interests. In this case, each Non-U.S. Holder will be required to file U.S. tax returns and pay U.S. tax on its share of the Series' income effectively connected with the conduct of a U.S. trade or business ("effectively connected income" or "ECI"). Roofstock intends to withhold and pay over to the IRS a percentage equal to the highest applicable U.S. tax rate (currently 21% for corporations and 20%, 25% or 37% (depending on the type of income) for non-corporate Non-U.S. Holders) of each Series Owner's share of an Issuer's ECI. Any amounts so withheld can be applied as a credit against the U.S. federal income tax liability of the Non-U.S. Holder and can be recovered as a refund in the event of overpayment. In addition, a Non-U.S. Holder that is a non-U.S. corporation may also be subject to an additional branch profits tax of 30% on its share of such Issuer's effectively connected earnings and profits adjusted as provided by law (subject to possible reduction by an applicable tax treaty). All or a portion of the gain on the disposition by a Non-U.S. Holder of its interest in a Series may also be taxed as ECI and is likely to be subject to U.S. federal income tax withholding.

If a Non-U.S. Holder is regarded as engaged in a U.S. trade or business as a result of holding a Series Interest, Non-U.S. Holders will be viewed as maintaining an office or other fixed place of business in the United States. Certain other income of a Non-U.S. Holder that is unrelated to a Series but earned from United States sources could thus be treated as ECI as a result of such Non-U.S. Holder's investment in such Series. Non-U.S. Holders may in certain circumstances be deemed to be engaged in a trade or business in the states and localities in which an Issuer's activities are conducted, thus becoming subject to tax return filing and tax payment obligations in such jurisdictions.

#### *Unwrapping of a Property*

If, as expected, each Issuer and Lower Trust Series are treated as grantor trusts, an unwrapping (whether a Voluntary Unwrapping or, in the case of an LKE Eligible Interest, a Mandatory Unwrapping) of a Property should not be subject to any federal withholding taxes or income taxes. In an unwrapping, the holders of the Series Interests would carry-over the basis and other tax attributes of the Property and other assets received in the unwrapping. Non-U.S. holders should consult their own tax advisors with respect to the federal income tax considerations of owning property directly after any unwrapping.

#### *Redemption of a Series Interest or Disposition of a Property*

If a Non-U.S. Holder is regarded as engaged in a U.S. trade or business as a result of holding a Series Interest, Non-U.S. proceeds from the redemption of a Series Interest or a disposition of a Property may be treated as ECI to the Non-U.S. Holder. If so treated, we intend to withhold and pay over to the IRS at the rates discussed above on a Non-U.S. Holder's share of such amounts, and a Non-U.S. holder would be required to include such amounts on its U.S. tax return and pay U.S. tax on its share of the proceeds. Any amounts withheld could be used as a credit against the U.S. federal income tax liability of the Non-U.S. Holder and can be recovered as a refund in the event of overpayment.

The Foreign Investment in Real Property Tax Act of 1980, as amended ("FIRPTA"), imposes a tax on gain realized on disposition by a non-US person of a "U.S. real property interest" ("USRPI") by treating such gain as ECI, generally giving rise to the tax consequences described above. Since ownership of the Series Interest is an indirect ownership of the Properties themselves, a Series Interest is a USRPI for purposes of computing the withholding of proceeds from a sale of such interest. As a result, a Non-U.S. Holders will generally be subject to a tax equal to 15% of the gross amount realized on any disposition of a Series Interest, unless the non-U.S. Holder validly establishes that withholding should occur at a lower



rate. Any amounts so withheld can be applied as a credit against the U.S. federal income tax liability of the Non-U.S. Holder and can be recovered as a refund in the event of overpayment. Non-U.S. Holders may be required to comply with certain reporting requirements to the extent provided in regulations. Non-U.S. Holders may also be required to file returns with and pay taxes to state or local taxing jurisdictions in the United States in connection with the disposition of Series Interests.

### **Series Other than LKE Eligible Series**

#### Tax Treatment of the Issuers and Lower Master Trust

Roofstock expects each Issuer of a non-LKE Eligible Series to be treated as a partnership for U.S. federal income tax purposes, and each Lower Trust Series to be a disregarded entity for U.S. federal income tax purposes. The following discussion assumes such treatment.

#### U.S. Holders

##### *In General*

As a partnership, an Issuer generally will not pay U.S. federal income tax. Instead, each Series Owner will be required to report on its U.S. federal income tax return its distributive share of an Issuer's income or gain, whether or not it receives any actual distribution of money or property from an Issuer during the taxable year. Accordingly, a Series Owner's U.S. federal and state tax liability related to an Issuer could exceed amounts distributed by the Issuer to such Series Owner in a particular year. Cash nonliquidating distributions of an Issuer's income, to the extent they do not exceed a Series Owner's basis in its Series Interests, will not result in taxable income to that Series Owner, but will reduce its tax basis in its Series Interests by the amount distributed. While not anticipated, cash distributed to a Series Owner in excess of the basis of such Series Owner's Series Interests would generally be taxable as capital gain. Investors will receive all necessary information to be able to include the income, gain, loss, deduction and credit flowing from an investment in a Series Interest from the Issuer. The Issuers will provide such information to investors on IRS Schedule K-1. It is possible that the information provided to a Series Owner may not be provided in time for a Series Owner to file their tax returns without an extension of time to file.

In general, any net losses incurred for federal income tax purposes in connection with a Property in the hands of a non-corporate taxpayer and certain closely-held corporations are expected to be treated as "passive activity losses." An individual may deduct passive activity losses only up to the amount of his passive activity income. Net losses incurred with respect to a Property can be exempted from the passive activity loss rules if an investor is a real estate professional. Series Owners who are real estate professionals are urged to consult their own tax advisors with respect to the deductibility of any net losses incurred in connection with a Property. The passive loss rules are also inapplicable to certain taxpayers with adjusted gross incomes of less than \$200,000. It is not expected that Series Owners will be able to take advantage of this exception, even if they meet the income requirement.

Distributions by an Issuer to a Series Owner should not have any federal income tax consequences. As described above, each Series Owner's tax liability with respect to a Series Interest will be determined with reference to the income, gain, loss and deduction generated with respect to the related Property. It is possible that a Series Owner could incur a tax liability from its indirect beneficial ownership of a Property in excess of the cash distributions received from an Issuer in a given year.

Recently enacted legislation provides for a federal income tax deduction that is equal to 20% of a taxpayer's combined qualified business income. Neither the new statute nor IRS proposed regulations offer any guidance on whether the net income or loss from a Property should enter into the calculation of a Series Owner's combined qualified business income. In addition, IRS guidance provides that in order for a taxpayer's income from rental real estate to qualify for a safe harbor to be eligible for the deduction discussed above, a taxpayer must perform 250 hours of services in connection with all rental real estate activities in a taxable year. Due to the passive nature of the rental income earned from the Series Interests, it is not likely that ownership of a Series Interest would generate any hours toward this 250 hour safe harbor. Series Owners are urged to consult their own tax advisors as to whether the net income or net loss from a Property should enter into this calculation.

Interest expense that is incurred with respect to a Property under the Revolving Credit Agreement would be expected to be treated as "business interest" if the small business exception did not apply and the investor did elect to treat

the Series Interest as an electing real property trade or business exempt from the business interest deduction limitation rules. The small business exception allows taxpayers to deduct interest without regard to the limitations otherwise applicable to business interest. Roofstock expects the small business exception should apply to interest incurred under the Revolving Credit Agreement when each Series Interest is viewed on a stand-alone basis. Income from the ownership and rental of a Property should generally be aggregated with other business activities of a U.S. Holder for the purpose of determining whether the small business exception to the business interest deduction limitations should apply. Investors with ownership interests in other business activities should consult their tax advisors as to whether the business interest deduction limitations could apply to interest incurred under the Revolving Credit Agreement.

Section 67 of the Code imposes certain limits on the deduction by individual taxpayers of certain miscellaneous itemized deductions, and Section 68 of the Code reduces certain itemized deductions (which do not include any deductions for investment interest). For taxable years beginning after December 31, 2017 and before January 1, 2026, the ability of individuals to deduct miscellaneous itemized deductions and several other categories of itemized deductions has been suspended, and so has the Code Section 68 limitation on those itemized deductions that remain. Certain fees, including the Asset Management Fee, Property Management Fee, and the Upper Trustee Fee, to the extent otherwise deductible, may be treated in whole or in part as miscellaneous itemized deductions subject to the foregoing limitations, depending on the nature of the Series' activities and the structure of its investments.

#### *Unwrapping of a Property*

If, as expected, each Issuer is treated as a partnership, a Series Owner will only recognize gain or loss as a result of an unwrapping to the extent that the cash and any marketable securities received in the unwrapping exceeds such Series Owners' adjusted basis in its Series Interests. Otherwise, in an unwrapping, the holders of the Series Interests would carry-over the basis and other tax attributes of their percentage interest in a Property and other assets received in the unwrapping. During the year of an unwrapping, each partner may still be allocated income from the operations of the Series.

#### *Redemption of a Series Interest or Disposition of a Property*

Upon a disposition of a Property or a redemption of a Series Interest, whether pursuant to an Involuntary Sale or otherwise, gain or loss will be recognized. If the Property has been held for more than one year, except to the extent of any depreciation recapture such gain or loss should be long-term capital gain or loss. For noncorporate owners of a Series Interest, long-term capital gain or loss is taxed at more favorable rates than short-term capital gain or loss or ordinary income. Depreciation recapture is treated as ordinary income. In general, depreciation recapture with respect to a Property should be the depreciation claimed with respect to such Property over the amount of depreciation that would have been claimed if the Property had been depreciated on a straight-line basis.

A transfer of a Series Interest is likely to be subject to local real estate transfer taxes. The financial responsibility for the payment of any such taxes will rest with the Series Owner. Proof of payment of such taxes will be required in order to effectuate a transfer of a Series Interest.

#### Non-U.S. Holders

Each Non-U.S. Holder is advised to consult its tax advisor regarding the tax effects of an investment in a Series Interest, including return information and reporting requirements, the possible applicability of tax treaties, potential tax liability which may be imposed by the country or other jurisdiction of which such investor is a citizen or in which such person resides or is otherwise located, and other U.S. and non-U.S. tax matters.

#### *In General*

Each Issuer will likely be treated as engaged in a U.S. trade or business as a result of the anticipated activities of such Issuer. In this case, such trade or business will be attributed to Non-U.S. Holders, and each Non-U.S. Holder will be required to file U.S. tax returns and pay U.S. tax on its share of the applicable Issuer's income effectively connected with the conduct of a U.S. trade or business ("effectively connected income" or "ECI"). We intend to withhold and pay over to the IRS a percentage equal to the highest applicable U.S. tax rate (currently 21% for corporations and 20%, 25% or 37% for non-corporate Non-U.S. Holders) of each Series Owner's share of an Issuer's ECI. Any amounts so withheld can be applied as a

credit against the U.S. federal income tax liability of the Non-U.S. Holder and can be recovered as a refund in the event of overpayment. In addition, a Non-U.S. Holder that is a non-U.S. corporation may also be subject to an additional branch profits tax of 30% on its share of such Issuer's effectively connected earnings and profits adjusted as provided by law (subject to possible reduction by an applicable tax treaty). All or a portion of the gain on the disposition by a Non-U.S. Holder of its interest in an Issuer may also be taxed as ECI.

If, as anticipated, an Issuer is regarded as engaged in a U.S. trade or business, Non-U.S. Holders will be viewed as maintaining an office or other fixed place of business in the United States. Certain other income of a Non-U.S. Holder that is unrelated to an Issuer but earned from United States sources could thus be treated as ECI as a result of such Non-U.S. Holder's investment in such Issuer. Non-U.S. Holders may in certain circumstances be deemed to be engaged in a trade or business in the states and localities in which an Issuer's activities are conducted, thus becoming subject to tax return filing and tax payment obligations in such jurisdictions.

#### *Unwrapping of a Property*

If, as expected, each Issuer is treated as a partnership, a Non-U.S. Holder will only recognize gain or loss as a result of an unwrapping to the extent that the cash and any marketable securities received in the unwrapping exceeds such Series Owners' adjusted basis in its Series Interests (which such gain may be subject to withholding). Otherwise, in an unwrapping, the holders of the Series Interests would carry-over the basis and other tax attributes of their percentage interest in a Property and other assets received in the unwrapping. It is possible, however, that an unwrapping could result in FIRPTA withholding, as discussed in more detail below. During the year of an unwrapping, each partner may still be allocated income from the operations of the Issuer.

#### *Redemption of a Series Interest or Disposition of a Property*

If a Non-U.S. Holder is regarded as engaged in a U.S. trade or business as a result of holding a Series Interest, Non-U.S. proceeds from the disposition of a Property may be treated as ECI to the Non-U.S. Holder. If so treated, we intend to withhold and pay over to the IRS at the rates discussed above on a Non-U.S. Holder's share of such amounts, and a Non-U.S. holder would be required to include such amounts on its U.S. tax return and pay U.S. tax on its share of the proceeds. Any amounts withheld could be used as a credit against the U.S. federal income tax liability of the Non-U.S. Holder and can be recovered as a refund in the event of overpayment.

The Foreign Investment in Real Property Tax Act of 1980, as amended ("FIRPTA"), imposes a tax on gain realized on disposition by a non-US person of a "U.S. real property interest" ("USRPI") by treating such gain as ECI, generally giving rise to the tax consequences described above. A USRPI interest held by an entity that is a partnership for U.S. federal tax purposes is deemed to be owned proportionately by its partners. A partnership interest in certain circumstances can itself be deemed a USRPI. Subject to certain exceptions, where a Non-U.S. Holder's interest in a Series is itself deemed to be a USRPI and the Non-U.S. Holder disposes of such interest, by redemption, sale or otherwise, the transferee of such interest would be required to deduct and withhold a tax equal to 15% of the gross amount realized on any disposition of a Series Interest, unless the non-U.S. Holder validly establishes that withholding should occur at a lower rate. Any amounts so withheld can be applied as a credit against the U.S. federal income tax liability of the Non-U.S. Holder and can be recovered as a refund in the event of overpayment. Non-U.S. Holders may be required to comply with certain reporting requirements to the extent provided in U.S. Treasury regulations. Non-U.S. Holders may also be required to file returns with and pay taxes to state or local taxing jurisdictions in the United States in connection with the disposition of Series Interests.

#### **Foreign Account Tax Compliance Act**

Under Sections 1471 through 1474 of the Code and the Treasury Regulations issued thereunder (commonly referred to as the "Foreign Account Tax Compliance Act" or "FATCA"), a thirty percent (30%) withholding tax is imposed on payments of certain U.S. source income (including rents) unless such non-U.S. persons comply with certain reporting requirements regarding their direct and indirect U.S. owners and other "U.S. account holders." Under recently proposed regulations that are expected to be finalized, FATCA withholding will not apply to payments of gross proceeds. Such withholding could apply to payments made by an Issuer to certain Non-U.S. Holders. Accordingly, Non-U.S. Holders may have to provide certain information, representations and waivers of non-U.S. law as may be required by an Issuer to comply with such new rules in order to avoid such withholding tax, including, for example, information relating to a Non-U.S. Holder and its "substantial United States owners" (within the meaning of Code Section 1473(2)), if any, or persons holding a

“financial account” (within the meaning of Code Section 1471(d)(2)) with such Non-U.S. Holder. Certain countries have entered into, and other countries are expected to enter into, agreements with the United States to facilitate the type of information reporting required under FATCA. While the existence of such agreements will not eliminate the risk of FATCA withholding on payments made by an Issuer to its Non-U.S. Holders, these agreements are expected to reduce the risk of the withholding for investors in (or indirectly holding Series Interests through financial institutions in) those countries. Potential investors are encouraged to consult with their tax advisors regarding the possible implications of FATCA on an investment in Series Interests.

**PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS FOR FURTHER INFORMATION ABOUT THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF PURCHASING AND HOLDING SERIES INTERESTS.**

## TRANSFER RESTRICTIONS

The Series Interests have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction.

The Series Interests may not be reoffered, resold, pledged or otherwise transferred unless a Series Interest is reoffered, resold, pledged or otherwise transferred (each a "Transfer") (i) on a date that is at least six months after the applicable Closing Date, (ii) the transferee of such Series Interest is an Accredited Investor and not a Restricted Purchaser, (iii) such Transfer is exempt from the registration requirements of the Securities Act and any applicable securities laws of any state of the United States or any other applicable jurisdiction, (iv) for Series Owners owning LKE Eligible Interests, such Transfer will not result in more than 35 owners of such Issuer and (v) the transferor of such Series Interest shall have offered such Series Interest to the Administrator for identical terms upon which such transferor offered to a bona fide transferee and the Administrator shall have declined to purchase such Series Interest. Failure to satisfy such transfer requirements and procedures may render the purported transfer void, result in the loss of rights that would otherwise be available to Series Owners, and the purported transferee may be required to transfer its interest in the Series Interests.

"Restricted Purchaser" means: (a) any employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) that are subject to Title I of ERISA, (b) plans (as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code")) that are subject to Section 4975 of the Code, including individual retirement accounts or Keogh plans and (c) any entities whose underlying assets include plan assets by reason of a plan's investment in such entities.

## **PLACEMENT AGENT**

North Capital Private Securities Corporation will act as placement agent (the "Placement Agent") for the sale of the Series Interests. As compensation for this engagement North Capital will receive transaction fees of up to 0.70% of the investment price of the Series Interests sold by the Placement Agent in this offering. The Placement Agent will also receive up to \$2,000 for providing other administrative services to the Master Trust in connection with the offerings.

## **ADDITIONAL INFORMATION**

We will obtain and make available additional information, to the extent requested by a prospective investor and to the extent such information is possessed or can be acquired without unreasonable effort or expense. Questions or requests for additional information regarding this offering should be directed through the Placement Agent to us at [roofstock@northcapital.com](mailto:roofstock@northcapital.com).