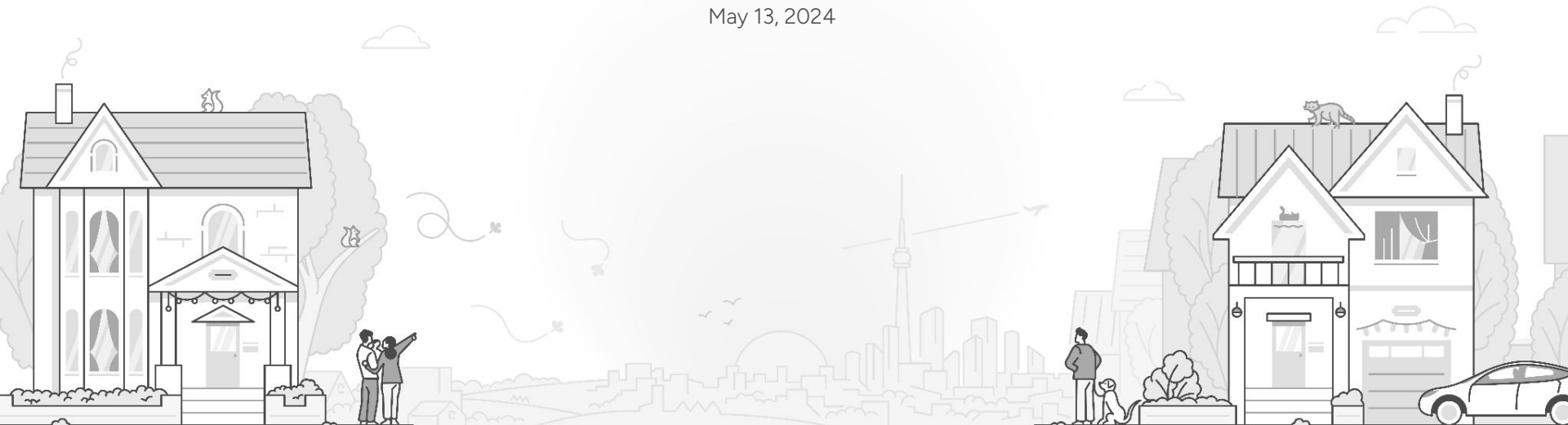




Clay Financial × Tribe Financial

Referral Partner Presentation + Q&A

May 13, 2024



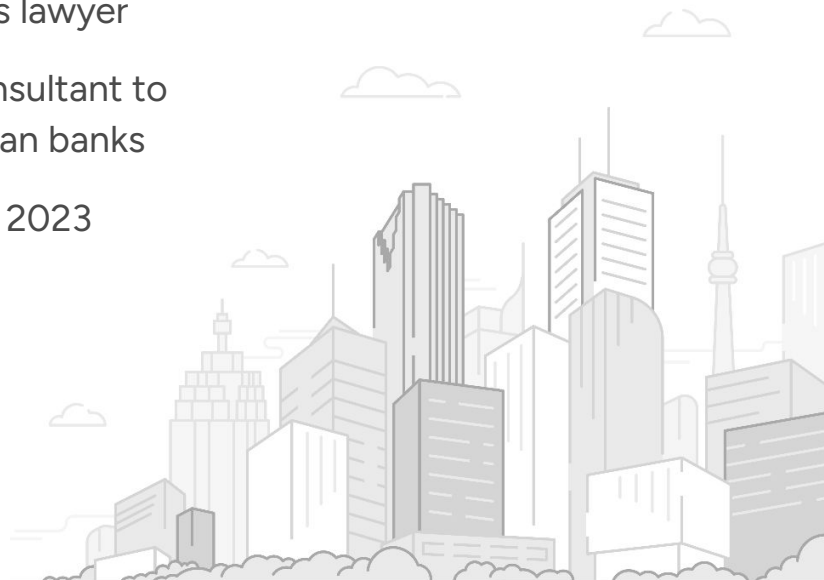
Nice to meet you!



Johnny Henderson BA, MSc, MBA, JD

- Former corporate & securities lawyer
- Former business strategy consultant to US tech companies & Canadian banks
- Co-founded Clay Financial in 2023

Questions? Reach out to our partnerships team at partners@clay.financial



Agenda

1. Introduction to Clay Financial ~2 mins
2. Home Equity Sharing Agreement ~10 mins
 - How it works
 - Who is eligible
 - What it costs
 - How to refer a client
3. Q&A ~15-20 mins

Home equity is now massive...and massively illiquid

\$4.7 trillion

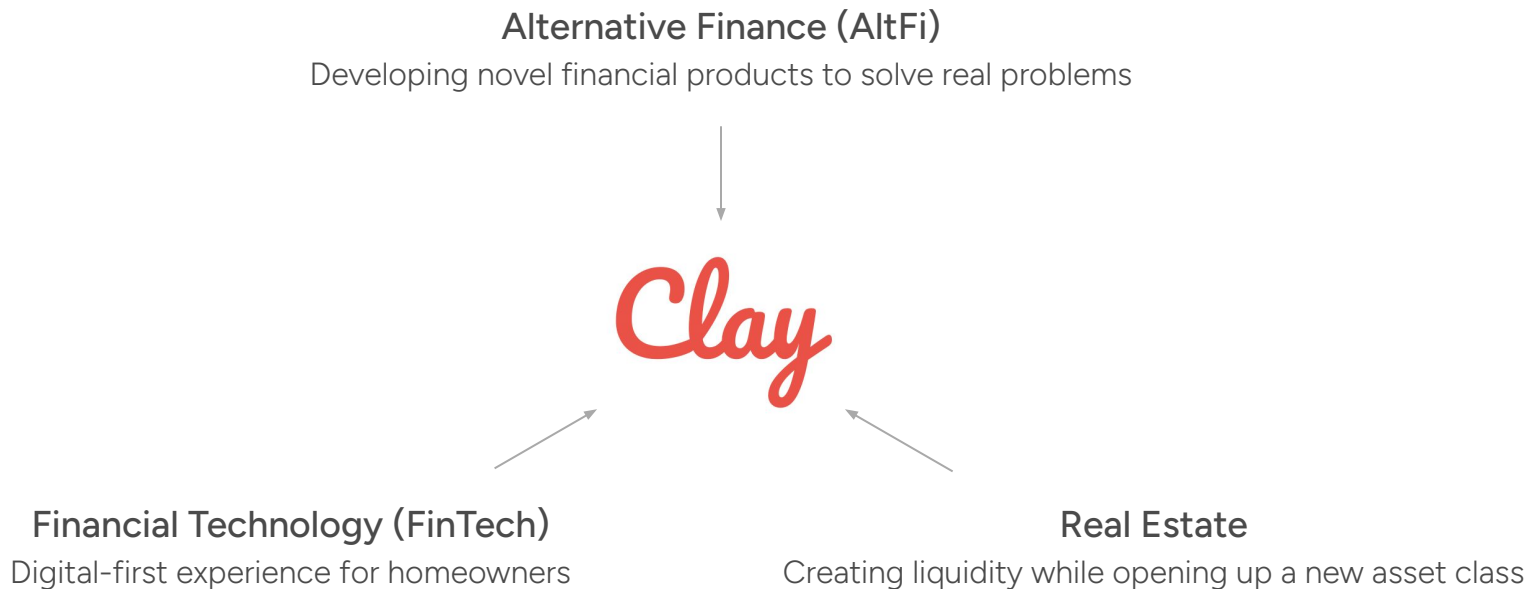
of home equity in Canada
just in principal residences



50-67%

of the median homeowner's net
worth tied up in home equity

Clay Financial operates at the intersection of AltFi, FinTech & Real Estate to **reshape home equity in Canada**



HOME EQUITY SHARING AGREEMENT

Access home equity without additional debt or selling

New way to tap into home equity...

- Up to \$500,000 or 17.5% of home value
- Homeowner retains full ownership
- Financial contract, not debt (and no interest rate)
- Secured with a collateral charge on title

...with no limits on the use of funds



Help fund retirement



Diversify your investments



Pay off high-interest debt



Pursue / support education



Renovate your home



Start or invest in a business



Finance a downpayment



Give a living inheritance

HOME EQUITY SHARING AGREEMENT

Our HESA gives homeowners financial flexibility

START

**\$50,000 to \$500,000
in cash now**

A HESA provides an upfront cash payment up to \$500,000 or 17.5% of the home value

**No monthly
payments**

A HESA is not debt, so there are no monthly payments and no interest accruing

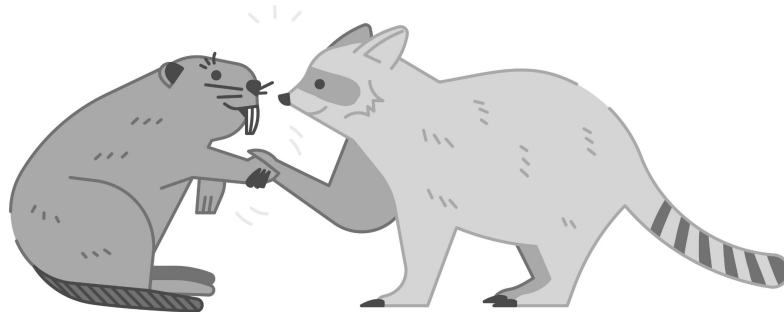
**Open 25-year
term**

A HESA ends when the home is sold, when the homeowner buys us out or after 25 years

END

**Pay based on home
appreciation**

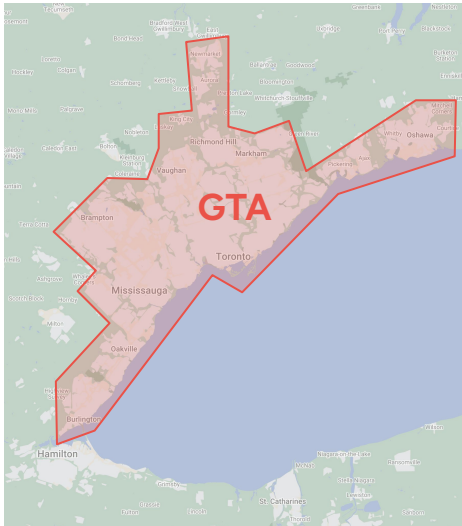
We're a partner, not a lender, so we share in the change in the home's value over the HESA



HOME EQUITY SHARING AGREEMENT

Eligibility based on geography, property & homeowner

Geography:



Property:

- Freehold or condominium
- Principal residence
- Tax, insurance & utilities paid
- Good condition (inspection)
- Consistent with our asset investment philosophy

Homeowner:

- Canadian citizen or PR
- At least 25% equity in home
- Sufficient income for expenses (no hard minimum)
- Fair credit (no minimum but no history of delinquencies, recent bankruptcy, etc.)

Note: Not exhaustive

HOME EQUITY SHARING AGREEMENT

Cost tied to equity accessed & change in home value

Final payment

HESA amount + Investor's share of the change in home value



Investor's share of appreciation (%)

$$4 \times \frac{\text{HESA amount}}{\text{Original home value}}$$

For example:

- 5% HESA → 20% of appreciation
- 10% HESA → 40% of appreciation

HOME EQUITY SHARING AGREEMENT

Payment based on equity accessed & appreciation

\$100,000
HESA amount



\$1,500,000
appraised value

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Payment based on equity accessed & appreciation

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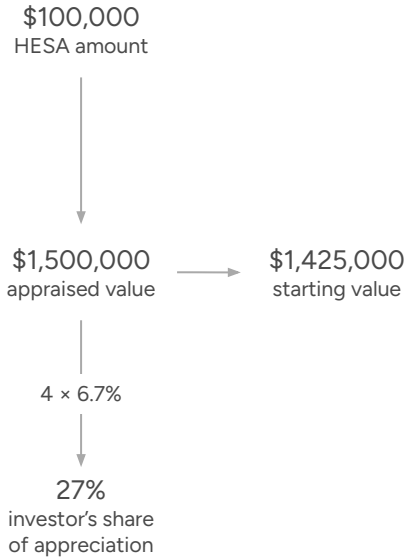
$4 \times 6.7\%$



27%
investor's share
of appreciation

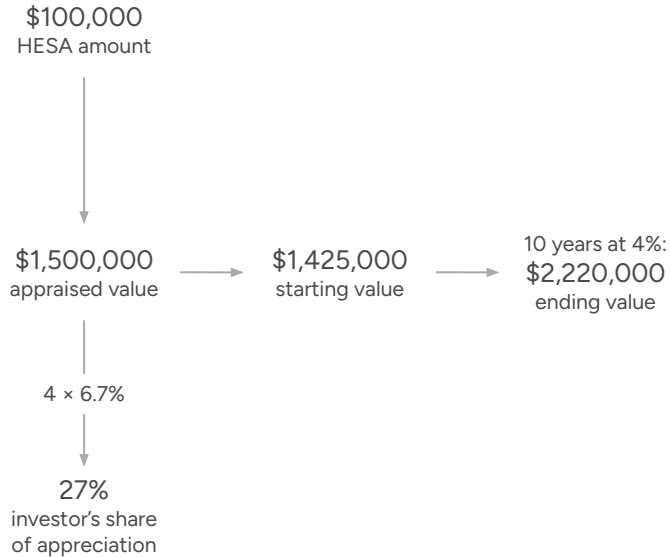
HOME EQUITY SHARING AGREEMENT

Payment based on equity accessed & appreciation



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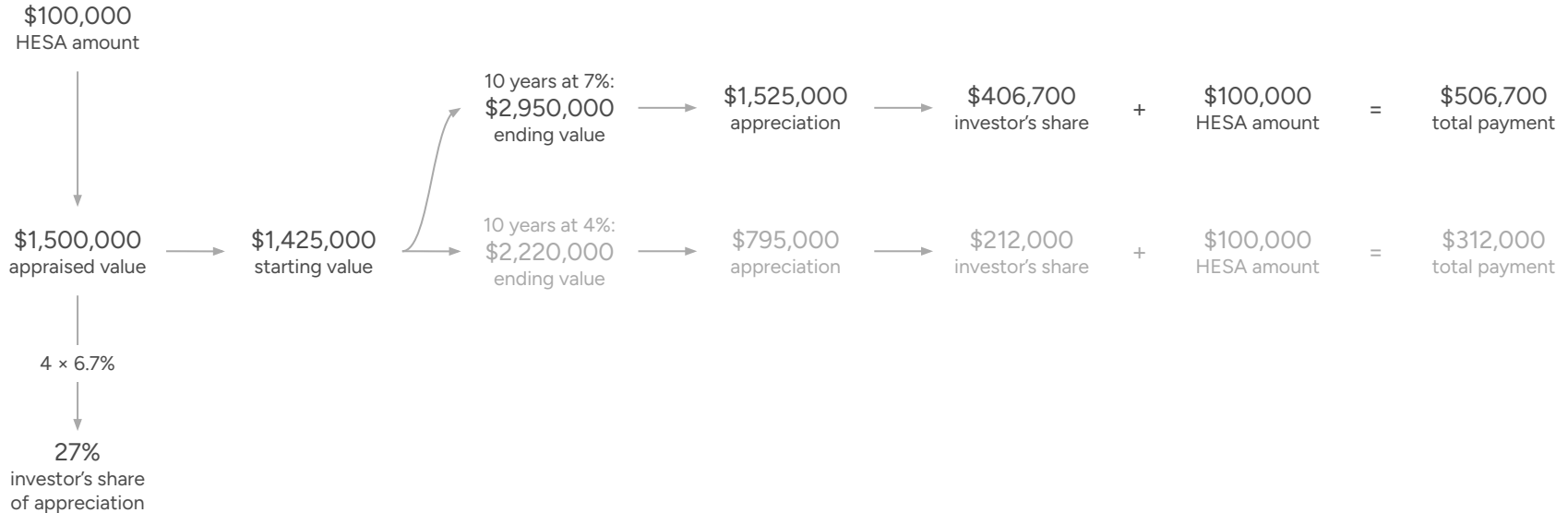
Payment based on equity accessed & appreciation



Note: Does not include origination fee at the beginning (5% of HESA amount), close-out fee at the end (1% of investor's share of appreciation) and associated expenses (appraisals, inspection, legal, etc.)

HOME EQUITY SHARING AGREEMENT

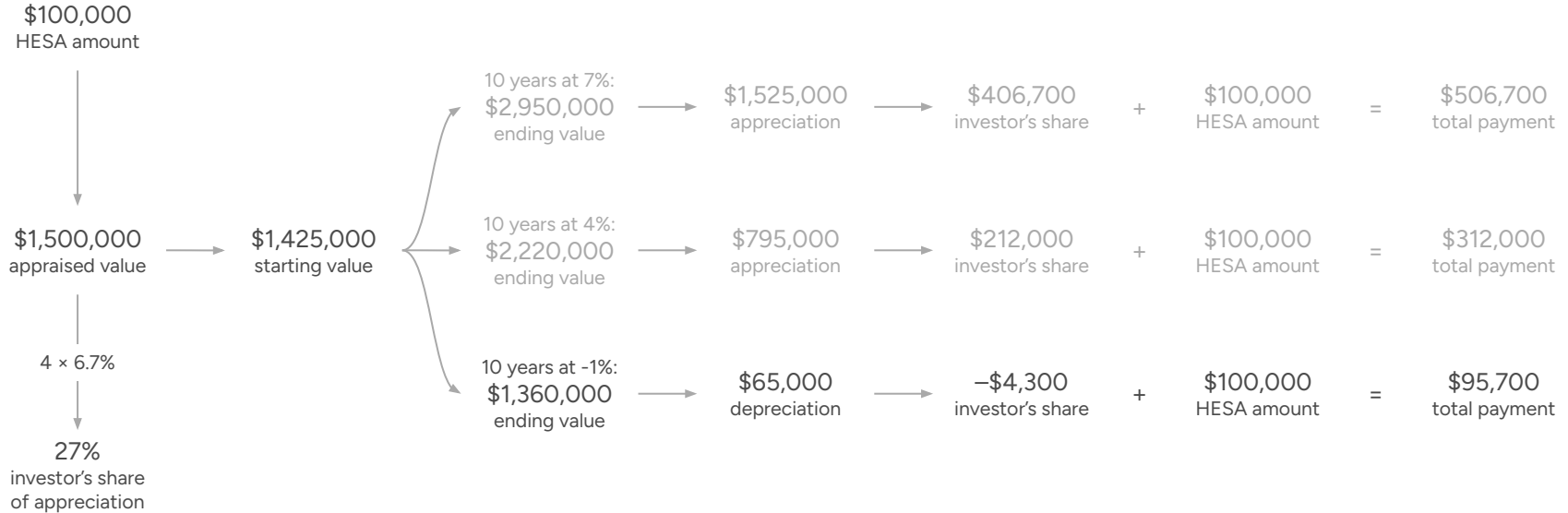
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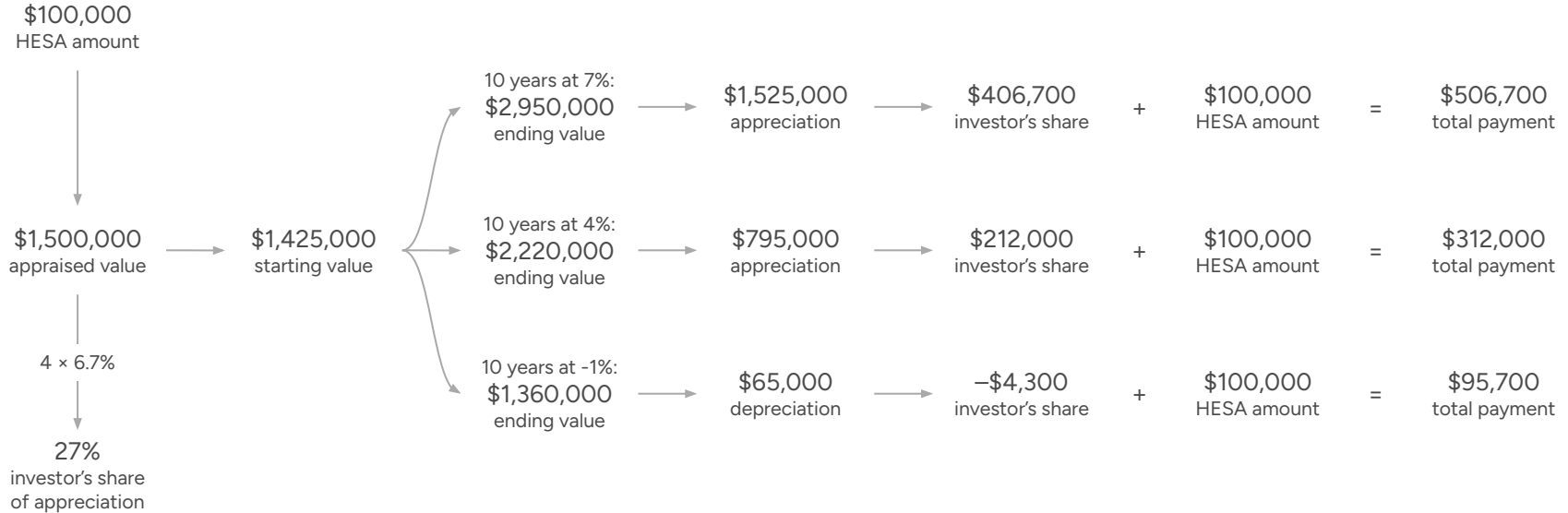
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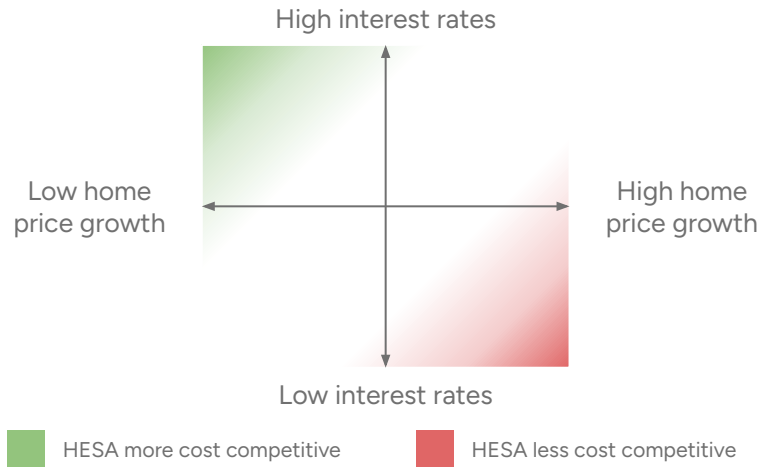
Payment based on equity accessed & appreciation



Note: Does not include origination fee at the beginning (5% of HESA amount), close-out fee at the end (1% of investor's share of appreciation) and associated expenses (appraisals, inspection, legal, etc.)

HESA gives your clients a flexible way to access their home equity no matter how rates and prices fluctuate

HESA typically cost competitive with debt, ¹ though it depends on a number of factors...

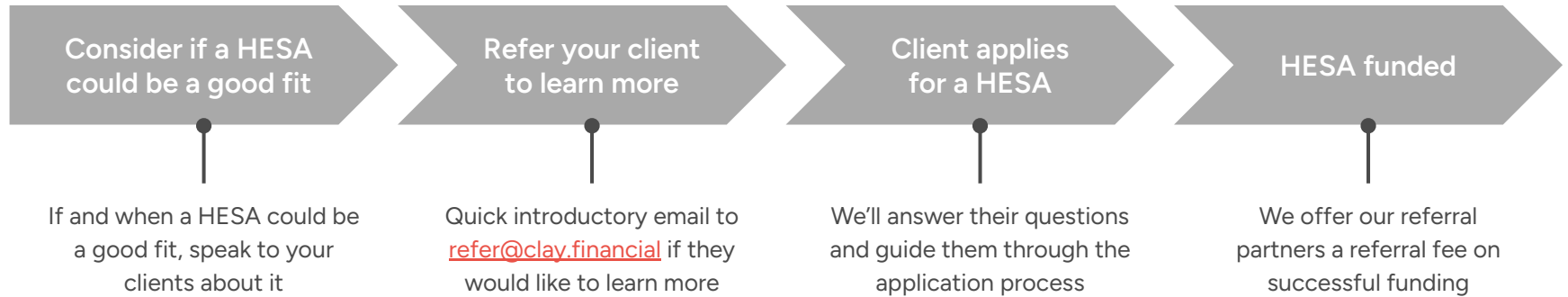


...but no one can predict the future, so a HESA helps your clients tap their equity confidently

- Eliminate interest rate risk with a final cost based on home appreciation, not interest rates
- Reduce refinancing risk with an open 25-year term ² as opposed to a typical 5-year term
- Take comfort in knowing that a HESA can never erode your existing equity
- Enjoy the flexibility to keep existing secured debt products and add others in the future ³

1. Based on interest rates for reverse mortgages 2. Term ends on sale, death, buyout of HESA or after 25 years 3. Within limits agreed in HESA

Have a client who might want to hear about the HESA?



Visit us online at <https://clay.financial>

We built our HESA to maximize financial flexibility for homeowners who need to access their home equity

	HESA	Reverse mortgage	HELOC	Home equity loan	Cash-out refinance	Personal loan
No payments until end of term	✓	✓				
No age requirement	✓		✓	✓	✓	✓
No need to pay off 1st mortgage ¹	✓		✓	✓		✓
No interest rate risk (from variable rate or on refinance)	✓					
No risk of eroding existing equity ²	✓					
Available to “fair” credit individuals	✓	✓			✓	

1. A HESA can be paired with existing secured debt and it is also possible to add additional secured debt in the future (within set limits)

2. Equity can be eroded when the effects of compounding interest outstrip any capital gains from home price appreciation

A HESA's cost depends on the change in home prices

	Scenario 1: Modest increase	Scenario 2: Significant increase	Scenario 3: Modest decrease
Appraised value of home Appraised fair market value determined by a third-party appraiser	\$1,000,000	\$1,000,000	\$1,000,000
Starting value of home A risk adjustment factor is applied to the appraised value	\$950,000	\$950,000	\$950,000
HESA amount Our payment to the homeowner before any fees and expenses	\$100,000	\$100,000	\$100,000
Change in home value Total change in the home's fair market value over the HESA	+15%	+50%	-15%
Ending value of home Appraised fair market value determined by a third-party appraiser	\$1,150,000	\$1,500,000	\$850,000
Homeowner's payment at end Payment due at end of HESA excluding any fees and expenses	\$180,000	\$320,000	\$90,000 *

* In this scenario, the homeowner pays us *less* than their HESA amount because we share in the downside, not just the upside.

Clay