

MARSS REAL ESTATE

ACQUISITION & INVESTMENT ADVISORY

Equity Carry Acquisition — Overview for Sellers

WHAT IS AN EQUITY CARRY OFFER?

We acquire your property at **full or near full asking price at closing**. Rather than a traditional bank loan or seller-financed note, a portion of the purchase price is structured as a **preferred equity position** for the seller within the acquiring entity — giving you a protected ownership interest with defined rights, structured income, and legal protections. You are not a lender in this structure. There is no promissory note, no deed of trust. Your position is documented, secured, and enforceable from day one.

SELLER PROTECTIONS

Secured equity interest — documented in the operating agreement and legally enforceable from closing.

Priority distributions — you are paid before the buyer receives any profit.

Governance rights — your written approval is required for refinancing, sale, and capital distributions.

Performance milestones — defined benchmarks agreed upfront; missing them triggers your protections automatically.

Step-in rights — if the buyer fails to perform, you assume full ownership and control — no foreclosure, no court.

Everything in writing — timelines, payment terms, conditions, and remedies are defined in executed legal documents before closing.

HOW THE FINANCING WORKS

The buyer secures a **senior bank loan at a conservative loan-to-value ratio** — well within the appraised value, reducing financing risk and keeping debt service at a level the property can sustain without over-leverage. The remaining portion of the purchase price is funded through your preferred equity position in the acquiring entity, structured with payment priority and governance protections.

THE VALUE-ADD PLAN — HOW AND WHEN YOU GET PAID OUT

This structure is specifically designed for properties with **untapped upside** — whether through physical improvements, lease-up execution, or operational repositioning. The buyer enters the transaction with **committed capital ready to deploy** into the asset. That capital funds renovations and upgrades that drive measurable appreciation in both value and income. Once the asset is improved and stabilized, the buyer refinances. The refinance proceeds retire the senior debt and pay off your equity balloon in full — completing your exit at the originally agreed price. Both parties are structurally aligned toward the same outcome.

WHY NOT CONVENTIONAL FINANCING?

Standard bank financing at full price requires the property's income to satisfy the lender's debt coverage ratio — a threshold that value-add assets often cannot meet before improvements are executed. The result is pressure to **discount the purchase price**. This structure closes at full or near full asking price without that compromise.

EQUITY CARRY VS. TRADITIONAL SELLER FINANCING

In a traditional seller-financed deal, you become a lender. If the buyer defaults, your only remedy is foreclosure — a process that can take 12 to 18 months, carry significant legal costs, and return the property to you in worse condition than when you sold it. In this structure, you are never a lender. **Protections activate through governance — not litigation**. If the buyer fails to perform, you step back into full ownership and control of the acquiring entity on a defined timeline, without a courthouse.

You close at full or near full price. The buyer brings capital, executes improvements, and grows the asset's value. You earn income throughout the hold period with legal protections firmly in place. When the asset refinances, you receive your full payoff. If the buyer ever fails to deliver, you take back control — without foreclosure, without delay.

This summary is for informational purposes only. Sellers are encouraged to have their attorney and CPA review the full operating agreement and transaction structure prior to closing.
