



# UNSCREWED WHITEPAPER

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# Summary

The US residential real estate market is over leveraged, creating an unfair market that now constitutes a cultural inheritance which provides no real choice for housing other than lifelong debt and the loss of opportunity for millions of Americans. Simply put, the market is fully captive to the mortgage lending industry.

A substantial source of this leverage is the 30-year mortgage. The leverage injected by the 30-year mortgage distorts the market and produces prices that are out-of-line with household incomes and demand. Further, the 30-year mortgage - once heralded as a vehicle to increase access to housing - has now morphed into the precise mechanism that is increasing the barrier to entry for owning a home for millions of Americans.

Moreover, upward pressure on rents is also a result due to the unintended and unfair effect of the 30-year mortgage. Public policy and basic fairness demand that the 30-year mortgage be unwound and its impact mitigated. Moreover, as the major promoter of this unfair system, the federal government owns a role in seeing to it being unwound in an orderly manner.

While an outright ban of the 30-year mortgage would be the fastest method, Unscrewed anticipates political friction and perhaps even Constitutional and other obstacles to achieving such a ban. However, this paper describes an alternative process by which home buyers and home re-financers can opt-out of the current unfair market under a reformed policy, while current sellers retain the benefit of their home's value and long-term investment under the old policy. As detailed, we achieve this outcome using three pillars:

- Restore a Fair Real Estate Market: A New Public Policy
- For Sellers: Protect Legacy Property Values
- For Buyers: Opt-out of an Unfair Market via Freedom of Contract

We will first describe the pillars and how they would work. Then, we will first showcase the astonishing wealth effects to be gained by more families using multiple scenarios that illustrate how the current system costs everyday Americans hundreds of thousands of dollars over the course of a 30-year mortgage. We use a \$300,000 home and a \$500,000 home to illustrate the gains that can be realized.

By having aided the 30-year mortgage to hold the real estate market captive via bad public policy, the government has a role in restoring a fair and efficient market, and thereby liberating millions of Americans from this unfair environment.

Lastly, we discuss the Unscrewed Medallion NFT that anyone, anywhere in the world - not just in the United States, can purchase and hold today.

# A New Real Estate Transaction for a New World

## A New Public Policy to Restore a Fair Real Estate Market

Public policy demands a fair and reasonable mortgage industry and real estate market. In order to protect legacy investments while liberating future buyers from unsustainable debt and unfair lending practices, the federal government must direct spending toward injecting new liquidity into the real estate market.

The market pricing mechanism will be allowed to continue to function, and prices will be constrained by the payment that a given buyer is eligible to support based upon all the normal criteria - ie, debt to income levels, home equity limits, etc. However, upon the completion of a transaction, the federal government will provide a lump sum payment, or other guarantee, that will limit the buyer's responsibility to only the amount equal to the sum of first 240 payments on the 360 payment term. In exchange, the property will receive an encumbrance that prohibits it from ever being eligible for a 30-year mortgage again.

In this way, over time, the inventory of houses eligible for a 30-year mortgage will be reduced, and the market will be substantially de-leveraged, making the entire transaction less bananas.

This difference will be based upon the principal for which the buyer can qualify, based upon the same payment amount over 240 months, instead of 360 months. This transaction structure allows the pricing mechanism of

## Protect Legacy Property Owners: Its the Right Thing To Do

As described above, the federal government has a role and a duty to compensate the seller due to the policy shift. The seller will get the same price prevailing market conditions at the time of the sale, and will be made whole for the amount that the buyer will no longer be responsible for paying. This gap coverage will likely be in the form of a contemporaneous, lump sum payment by the United States at closing.

For a refinance situation, the mortgagor will stand in the shoes of a seller, and the same transaction can be complete.

## Freedom of Contract and Freeing a Captive Market

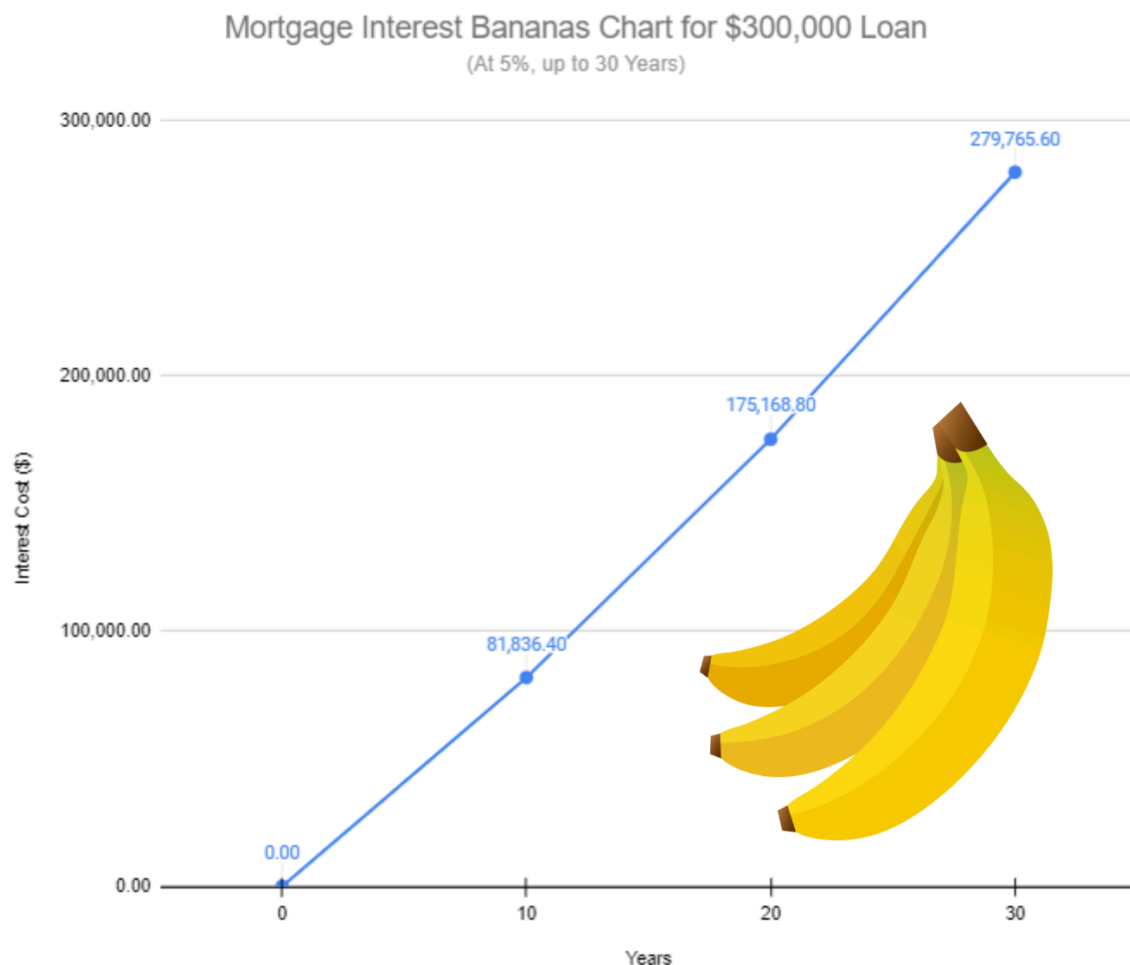
Using the well established doctrine of freedom of contract, this new transaction effectively connects the power of the people with the power of the pen. Americans will gain a new power to opt-out of a distorted and captive market, and join a more balanced and fair market. The American Dream will be given a new lease on life needed for the 21st century.

Via a voluntary choice by the buyer, the property that is the subject of the transaction will gain an encumbrance that makes it no longer eligible to support a 30-year mortgage. In this way, while the seller will receive their full price under the legacy market pricing, the buyer **and all future buyers** of the encumbered property will participate in a “new world” re-structured and de-leveraged real estate market. Price stability will be achieved and bananas loans with 30 year terms will be phased out.

## Mortgage Interest Costs Alone are Bananas

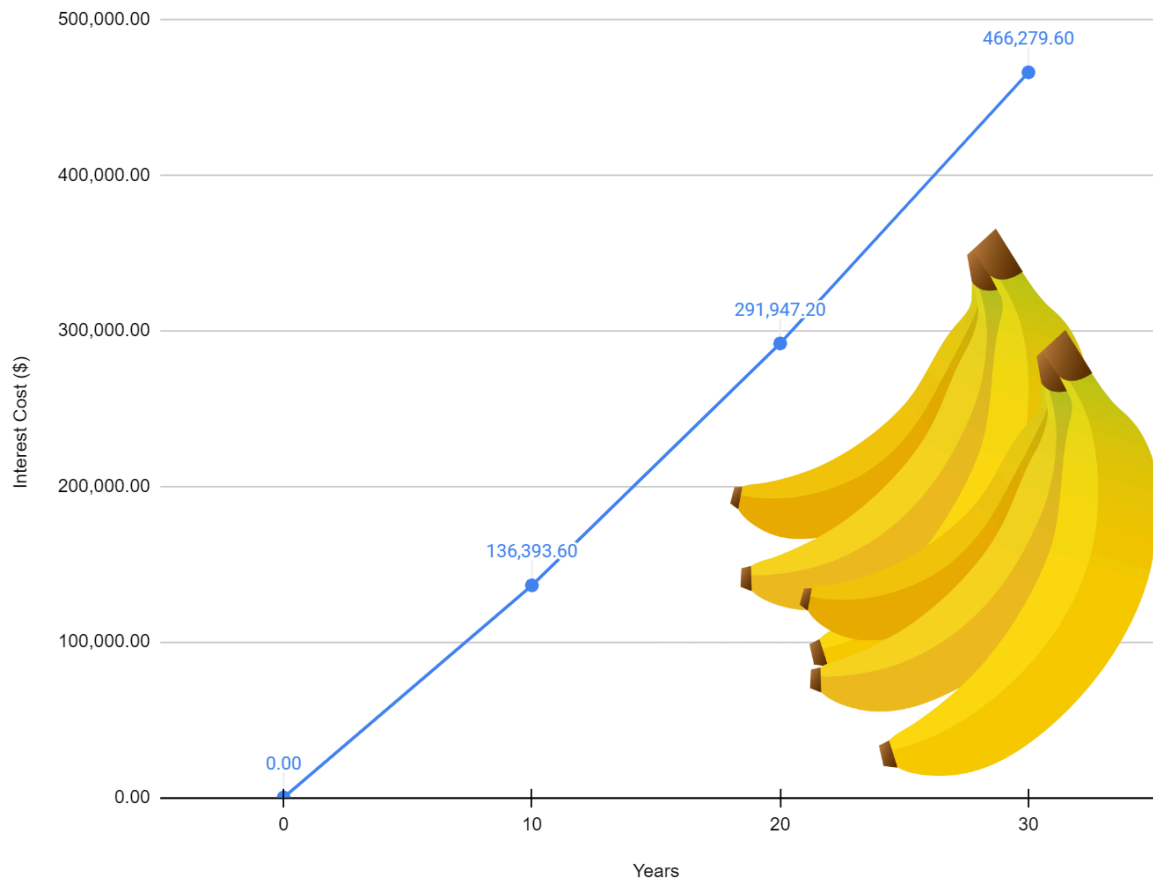
Well, suffice it to say, anyone that would sign up for the kind of debt shown in the below charts is bananas. Oh, but wait, that's right - you need someplace to live, renting is even worse, and your cultural inheritance is a debtor economy where everyone is a captive. Now it makes sense.

These charts show the interest paid on a 30-year mortgage on a \$300,000 and \$500,000 loan. And while these numbers are themselves bananas and more bananas, they do not even show the opportunity cost or the price distortions added by the 30-year mortgage. In the sections that follow, we illustrate all of the relevant factors in our True Cost analysis, along with the solutions.



# Mortgage Interest More Bananas Chart for \$500,000 Loan

(At 5%, up to 30 Years)



# The Solution Illustrated

Each of the following scenarios illustrates what the 30-year mortgage is truly costing Americans. You will not find this information in your bank's shiny brochure because, of course, banks are in the business of selling mortgages. And if there is one thing we all should learn in life, it is this: Don't get your advice from the salesperson. Do your own research.

When you do your own research, you will find that the true cost of the 30-year mortgage should also include the opportunity cost of tying up a substantial part of your income for thirty years. Oh, and by the way, did you know that the 30-year introduces extraordinary leverage into the system that raises the price of housing? As such, the true cost should also look at the increased principal amount (ie, cost of the house) that then also gets financed over a 30 year period! Nice little setup for the banks, don't you think?

## Scenario Elements

For each scenario, Unscrewed True Cost calculations show the following elements.

Item	Description
Name	Brief descriptor for the scenario.
Initial Home Value / Principal	Initial cost of the house and starting loan amount.
Annual Interest Rate	Loan interest rate.
Term (months)	Length of the loan in months.
Payment (monthly)	Loan payment per month.
Total Loan Cost	The loan cost over full term - all accrued payments (interest + principal).
Resulting Home Value	Assumed value for each scenario: flat market, market collapse, or value after restructuring / orderly unwinding of leverage.
Opportunity (Cost) / Gain	Money lost due to a long loan term and increased principal due to leverage. For restructured scenarios, money gained due to reduced loan term and reduced leverage on initial house price.
True (Cost) / Gain	True cost including all of the above factors.

## Scenario Calculations

Each scenario is designed to highlight the effects of the loan term on the True (Cost) / Gain experienced by homeowners. The numbers are shown for both a \$300,000 and a \$500,000 home. Home value appreciation is not shown as the number would be arbitrary and applied to all scenarios anyway, so one less variable to factor.

However, as one exception in order to emphasize the systemic risk presented by the 30-year mortgage, a “market collapse” where homes are shown to lose 30% of their value is also shown; the True Cost is even more astonishing in this case and is why Unscrewed advocates an orderly unwinding of this hyper-leveraged market.

- All scenarios assume an effective annual rate of 5% after mortgage interest income tax deduction.

Example<sup>1</sup>:

Enter the Following Two Items	
New Loan Amount or Existing Loan Balance (e.g. 100000)	300000
Interest Rate per Year (e.g. 7.50)	5
Enter One of the Following and Click on the Other	
If You Want to Know the Payment, Enter the Term (in Months) Here: (e.g. 360)	360
To Calculate the Remaining Term, Enter the Payment Amount Here: (e.g. 650)	1610.47

- All scenarios assume an after tax opportunity cost (for "Status Quo" and "Market Collapse" scenarios) or opportunity realized (for "First Time Restructure" scenarios) of 8% in years 20 through 30.

Example<sup>2</sup>:

Inputs	
Current Principal:	\$ 0.00
Annual Addition:	\$ 19,325.00
Years to grow:	10
Interest Rate:	8 %
Compound interest	4 time(s) annually
Make additions at	<input checked="" type="radio"/> start <input type="radio"/> end of each compounding period
<input type="button" value="Calculate"/>	
Results	
Future Value:	\$ 297,653.42

<sup>1</sup> Mortgage payment calculator source: <https://www.mortgageretirementprofessor.com/calculators/Calculator7a.html>

<sup>2</sup> Compound interest calculator source: [http://www.moneychimp.com/calculator/compound\\_interest\\_calculator.htm](http://www.moneychimp.com/calculator/compound_interest_calculator.htm)



- For the "Future Restructure" scenario, an additional opportunity capture is shown for every month during the first 20 years of the loan when compared to the "Status Quo" scenario due to lower mortgage cost due to lower principal required

Example<sup>2</sup>:

Inputs	
Current Principal:	\$ 0.00
Annual Addition:	\$ 3,486.60
Years to grow:	20
Interest Rate:	8 %
Compound interest	4 time(s) annually
Make additions at	<input checked="" type="radio"/> start <input type="radio"/> end of each compounding period
<input type="button" value="Calculate"/>	
Results	
Future Value:	\$ 172,279.35

- Carrying costs such as maintenance, insurance and taxes, are not factored.
- True (Cost) | Gain is given by the following simple formula:

$$(Total\ Loan\ Cost) + Resulting\ Home\ Value + Opportunity\ (Cost) | Gain = True\ (Cost) | Gain$$

Example:

$$(579,765.60) + 300,000.00 + (297,653.00) = (577,418.60)$$

# The Unscrewed True (Cost) | Gain for Each Scenario

## Status Quo, 30 Year, Stable Market

This scenario shows the cost under the current system. Here we assume that market prices remain stable, and neither grow or collapse. This is the current, typical, 30-year flat rate mortgage. The net loss based upon the True Cost analysis is **(\$577,418.60)** on a 300k home, and a whopping **(\$962,383.84)** on a 500k home - all due to interest costs and forgone opportunity costs.

Scenario Info		Scenario Payment Schedule		
Item	Value	Month	Monthly Payment	Accrued Payments
Name	Status Quo 300k 30y   Holds	1	1,610.46	1,610.46
Initial Home Value / Principal	300,000.00	2	1,610.46	3,220.92
Annual Interest Rate	0.05	3	1,610.46	4,831.38
Term (months)	360	4	1,610.46	6,441.84
Payment (monthly)	1,610.46	5	1,610.46	8,052.30
Total Loan Cost	(579,765.60)	6	1,610.46	9,662.76
Resulting Home Value	300,000.00	7	1,610.46	11,273.22
Opportunity (Cost) / Gain	(297,653.00)	8	1,610.46	12,883.68
True (Cost) / Gain	(577,418.60)	9	1,610.46	14,494.14
		360	1,610.46	579,765.60

Scenario Info		Scenario Payment Schedule		
Item	Value	Month	Monthly Payment	Accrued Payments
Name	Status Quo 500k 30y   Holds	1	2,684.11	2,684.11
Initial Home Value / Principal	500,000.00	2	2,684.11	5,368.22
Annual Interest Rate	0.05	3	2,684.11	8,052.33
Term (months)	360	4	2,684.11	10,736.44
Payment (monthly)	2,684.11	5	2,684.11	13,420.55
Total Loan Cost	(966,279.60)	6	2,684.11	16,104.66
Resulting Home Value	500,000.00	7	2,684.11	18,788.77
Opportunity (Cost) / Gain	(496,104.24)	8	2,684.11	21,472.88
True (Cost) / Gain	(962,383.84)	9	2,684.11	24,156.99
		360	2,684.11	966,279.60

## Status Quo, 30 Year, Market Correction

This scenario shows the cost under the current system, but shows what the transaction looks like for someone who bought at a market peak, and is caught up in a 30% market correction. Here we assume that market prices are down 30% at Month 360. This is the current, typical, 30-year flat rate mortgage, with a scary market collapse or correction. The net loss based upon the True Cost analysis is **(\$667,418.60)** on a 300k home, and an even more whopping **(\$1,112,383.84)** on a 500k home - all due to risk in the market resulting in a correction, interest costs, and forgone opportunity costs.

Scenario Info		Scenario Payment Schedule		
Item	Value	Month	Monthly Payment	Accrued Payments
Name	Status Quo 300k 30y   Correction	1	1,610.46	1,610.46
Initial Home Value / Principal	300,000.00	2	1,610.46	3,220.92
Annual Interest Rate	0.05	3	1,610.46	4,831.38
Term (months)	360	4	1,610.46	6,441.84
Payment (monthly)	1,610.46	5	1,610.46	8,052.30
Total Loan Cost	(579,765.60)	6	1,610.46	9,662.76
Resulting Home Value	210,000.00	7	1,610.46	11,273.22
Opportunity (Cost) / Gain	(297,653.00)	8	1,610.46	12,883.68
True (Cost) / Gain	(667,418.60)	9	1,610.46	14,494.14
		360	1,610.46	579,765.60

Scenario Info		Scenario Payment Schedule		
Item	Value	Month	Monthly Payment	Accrued Payments
Name	Status Quo 500k 30y   Correction	1	2,684.11	2,684.11
Initial Home Value / Principal	500,000.00	2	2,684.11	5,368.22
Annual Interest Rate	0.05	3	2,684.11	8,052.33
Term (months)	360	4	2,684.11	10,736.44
Payment (monthly)	2,684.11	5	2,684.11	13,420.55
Total Loan Cost	(966,279.60)	6	2,684.11	16,104.66
Resulting Home Value	350,000.00	7	2,684.11	18,788.77
Opportunity (Cost) / Gain	(496,104.24)	8	2,684.11	21,472.88
True (Cost) / Gain	(1,112,383.84)	9	2,684.11	24,156.99
		360	2,684.11	966,279.60

## First Time Restructure, 20 Year, Market Stable

This scenario shows what a change in public policy and a controlled, orderly unwinding of the current hyper-leveraged market can produce. Since this property will be transitioning from a legacy valuation to a restructured valuation, the Resulting Home Value of 30% less is shown.

As described in the section covering public policy reform and this new real estate transaction, the seller receives their full price and the buyer can opt-out of the unfair market.

The result is that the delta on the True (Cost) | Gain on this transaction is the True Gain shown below, less the True (Cost) shown for the “Status Quo, 30 Year, Stable Market” transaction. Therefore, for the 300k home, the resulting net True Gain difference is 111,142.60 + 577,418.60, or a **\$688,561.20** improved cash position! For the 500k home, the resulting net True Gain difference is 186,917.84 + 962,383.84, or a **\$1,149,301.68** improved cash position!

Scenario Info		Scenario Payment Schedule		
Item	Value	Month	Monthly Payment	Accrued Payments
Name	First Time Res 300k 20y   Holds	1	1,610.46	1,610.46
Initial Home Value / Principal	300,000.00	2	1,610.46	3,220.92
Annual Interest Rate	0.05	3	1,610.46	4,831.38
Term (months)	240	4	1,610.46	6,441.84
Payment (monthly)	1,610.46	5	1,610.46	8,052.30
Total Loan Cost	(386,510.40)	6	1,610.46	9,662.76
Resulting Home Value	200,000.00	7	1,610.46	11,273.22
Opportunity (Cost) / Gain	297,653.00	8	1,610.46	12,883.68
True (Cost) / Gain	111,142.60	9	1,610.46	14,494.14
		240	1,610.46	386,510.40

Scenario Info		Scenario Payment Schedule		
Item	Value	Month	Monthly Payment	Accrued Payments
Name	First Time Res 500k 20y   Holds	1	2,684.11	2,684.11
Initial Home Value / Principal	500,000.00	2	2,684.11	5,368.22
Annual Interest Rate	0.05	3	2,684.11	8,052.33
Term (months)	240	4	2,684.11	10,736.44
Payment (monthly)	2,684.11	5	2,684.11	13,420.55
Total Loan Cost	(644,186.40)	6	2,684.11	16,104.66
Resulting Home Value	335,000.00	7	2,684.11	18,788.77
Opportunity (Cost) / Gain	496,104.24	8	2,684.11	21,472.88
True (Cost) / Gain	186,917.84	9	2,684.11	24,156.99
		240	2,684.11	644,186.40

## All Future Restructure, 20 Year, Market Stable

This scenario shows what the sale or re-financing of a previously converted property would look like. Since this property's initial valuation reflects its de-leveraged, restructured status, and we are depicting a stable market, the Resulting Home Value does not need to be reduced. In addition, the lower Initial Home Value / Principal is reflected in the lower payment structure over the 240 month period, as well as in the enhanced opportunity gains.

The result is that the delta on the True (Cost) | Gain on this transaction is the True Gain shown below, less the True (Cost) shown for the "Status Quo, 30 Year, Stable Market" transaction. Therefore, for the 300k home, the resulting net True Gain difference is 353,151.20 + 577,418.60, or a **\$930,569.80** improved cash position! For the 500k home, the resulting net True Gain difference is 581,107.73 + 962,383.84, or a **\$1,543,491.57** improved cash position! Welcome to Unscrewed's New World of Real Estate!

Scenario Info		Scenario Payment Schedule		
Item	Value	Month	Monthly Payment	Accrued Payments
Name	Future Res 200k 20y   Holds	1	1,319.92	1,319.92
Initial Home Value / Principal	200,000.00	2	1,319.92	2,639.84
Annual Interest Rate	0.05	3	1,319.92	3,959.76
Term (months)	240	4	1,319.92	5,279.68
Payment (monthly)	1,319.92	5	1,319.92	6,599.60
Total Loan Cost	(316,780.80)	6	1,319.92	7,919.52
Resulting Home Value	200,000.00	7	1,319.92	9,239.44
Opportunity (Cost) / Gain	469,932.00	8	1,319.92	10,559.36
True (Cost) / Gain	353,151.20	9	1,319.92	11,879.28
		240	1,319.92	316,780.80

Scenario Info		Scenario Payment Schedule		
Item	Value	Month	Monthly Payment	Accrued Payments
Name	Future Res 335k 20y   Holds	1	2,210.86	2,210.86
Initial Home Value / Principal	335,000.00	2	2,210.86	4,421.72
Annual Interest Rate	0.05	3	2,210.86	6,632.58
Term (months)	240	4	2,210.86	8,843.44
Payment (monthly)	2,210.86	5	2,210.86	11,054.30
Total Loan Cost	(530,606.40)	6	2,210.86	13,265.16
Resulting Home Value	335,000.00	7	2,210.86	15,476.02
Opportunity (Cost) / Gain	776,714.13	8	2,210.86	17,686.88
True (Cost) / Gain	581,107.73	9	2,210.86	19,897.74
		240	2,210.86	530,606.40

# The Medallion NFT - Exclusive and Rare Status for Early Holders

## Early Holder Status

The Unscrewed Medallion NFT is the first NFT being sold by Unscrewed. As such, the Medallion NFT holders will always have the unique distinction of having been first to the party. Of course, we are naturally very grateful to early friends of the project, and nothing can demonstrate your early support and belief in our mission more effectively than holding the Unscrewed Medallion NFT.

As an important note, anyone in the world can hold and enjoy the status of the Unscrewed Medallion NFT holder. There is no need to be a US citizen and everything described below applies equally to all holders, anywhere in the world.

## Planned Medallion NFT Token Minting

We plan to sell up to 10,000 (ten thousand) Unscrewed Medallion NFTs. Each NFT will be uniquely identifiable by its number and its address on the blockchain.

## The Value of NFTs

Due to regulatory and other legal constraints, we cannot make any representations at this time about what holding the Unscrewed Medallion NFT will mean in the future. However, we can point to how NFTs have been used by other successful projects and how they have delivered incredible value to their holders.

On other projects, NFT holders:

- Receive token airdrops exclusive to NFT holders
- Rent their NFT to others to generate income
- Trade their NFT on the open market at increased valuations
- Use their NFT to unlock special powers in apps
- Use their NFT to backup their bragging rights - to show others that they were first
- And more!

We invite you to review what Unscrewed is planning to do to restructure a major segment of the US residential real estate market and to imagine what might be possible for the Unscrewed community and Medallion NFT holders as we work to achieve our objectives and strengthen our community every day and in every way. It all starts with the Unscrewed Medallion NFT. Welcome to the party.