

SMART REALTY



Revolutionizing Real Estate Transactions
v0.8

SMART REALTY

ABSTRACT

None of us want to admit it, but it's a true and simple fact that 'smart contract' and 'blockchain' technology have a long ways to go before they disrupt most normal everyday transactions the way all of us crypto enthusiasts want them to. Imagining and conceptualizing the future is a lot easier than coming up with innovative ways to apply current technology to existing real world uses and the needs of everyday people outside of the cryptosphere.

With that in mind, SMARTRealty is developing a platform focused on the practical application of smart contracts and blockchain technology in real estate transactions in a way that is possible with current technology. Our goal is to make real estate transactions more transparent, efficient, secure, and understandable.



DISCLAIMER

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INTRODUCTION

Real estate transactions can be some of the most complicated and burdensome undertakings many people ever participate in. Even the simplest lease agreement is rarely fully understood by the parties signing it. Additionally, enforcing the terms of these contracts can take significant time and effort on both sides, landlord and tenant. Many landlords waste countless hours in their attempts to collect rent payments from their tenants and terminating the tenancies of those who are unable to pay, and many tenants have trouble recovering security deposits or compelling landlords to do repairs in a reasonable timeframe or otherwise abide by their various obligations under the law and the terms of their leases.

SMARTRealty believes many of these problems can be solved, or at least significantly reduced, by applying smart contract technology to the real estate sales and rental market.

No one can deny that a digital revolution of some form is currently taking place. This is creating a huge opportunity to change the way we transact, especially on a person-to-person basis. Cryptocurrencies like Bitcoin, Ethereum, and SMARTRealty tokens are in a prime position to transform the way we transact with one another, and smart contract technology can transform the way we record and enforce contracts and agreements, reducing the need for long drawn out court battles and dispute resolution processes.

The purpose of SMARTRealty is to allow users to execute, record, and enforce real estate transactions using a system of smart contracts known as SMARTRealty Contracts. The smart contracts can replace traditional contracts such as leases/tenancy agreements, owner-financing agreements, contracts for sale, and even mortgage agreements.

What makes SMARTRealty contracts preferable over traditional contracts is that they can eliminate various human elements outdated technology resulting in a reduction in legal, accounting and transaction costs, and a significant reduction in fraud, corruption and legal disputes and their associated costs.

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MARKET DYNAMICS

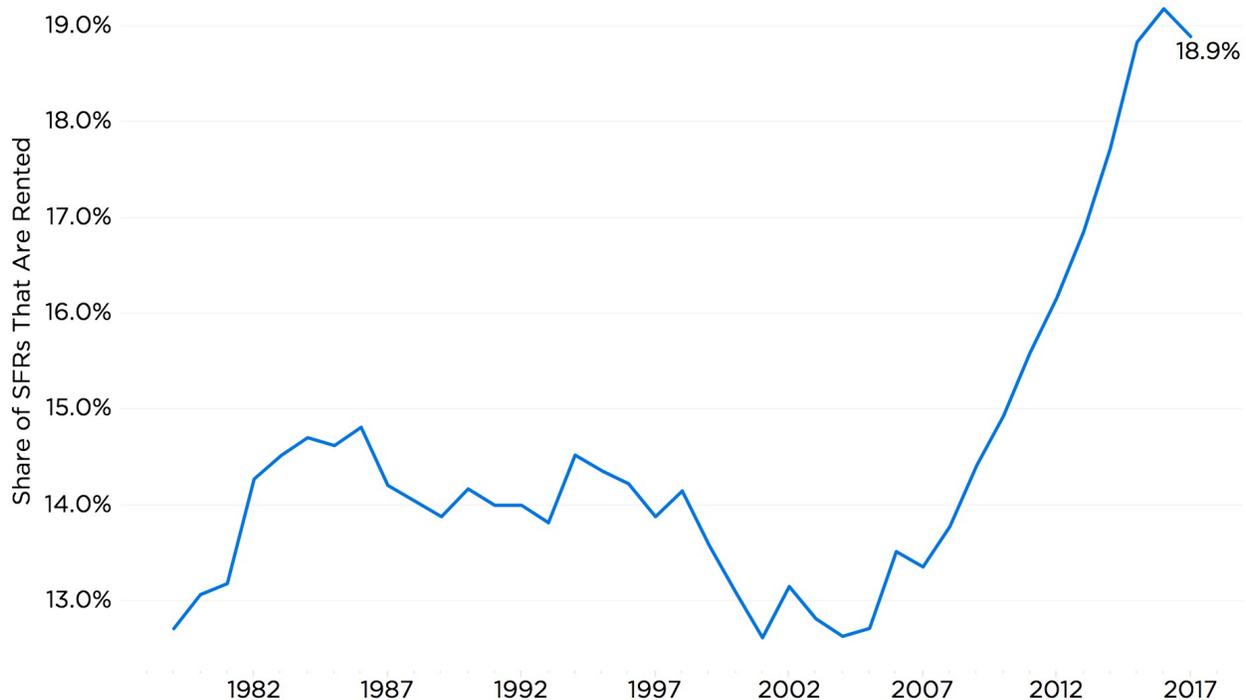
According to Savills Research, the value of all world real estate totals around US\$180 trillion. Approximately 17% of that is commercial real estate and 83% is residential real estate. Of the residential real estate, 72% is owner-occupied, while the other 25% is rented out to tenants.

In the United States alone as of January of 2018, there are nearly 112 million renters, according to the Rental Protection Agency®, and nearly 23 million landlords. The number of renters and landlords is increasing, with approximately 2,654 new renters and 544 new landlords added per day, on average.

The popularity of single-family residence rentals has increased tremendously in the U.S. over the last several years:

Single-Family Residence Rentals

Renting single-family homes is increasingly popular.

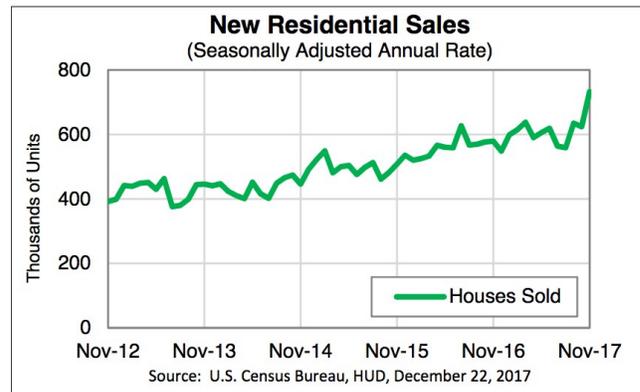


Source: Zillow analysis of U.S. Census Bureau, Current Population Survey 2017

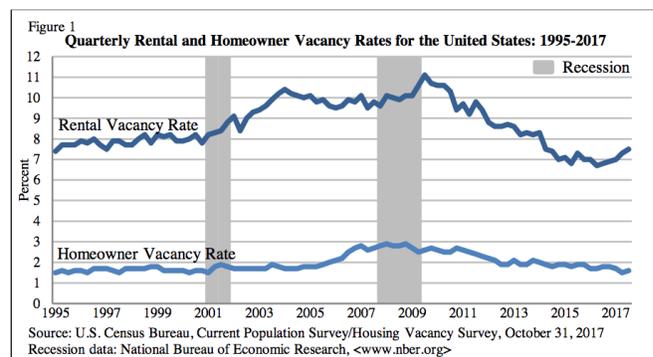
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MARKET DYNAMICS (Continued)

Home sales in the United States are also on the rise:



Sales of new single-family houses in November 2017 were at a seasonally adjusted annual rate of 733,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 17.5 percent above the revised October rate of 624,000 and is 26.6 percent above the November 2016 estimate of 579,000.



Based on the above referenced data and the current U.S. Population of 323.1 million, it's safe to assume that about one-third of all adult U.S. residents are currently renting their home, and nearly two thirds are homeowners.

Simply put, that means nearly every adult in a country like the United States is currently involved in at least one real estate contract of one type or another, be it a lease (oral or written), mortgage, or owner-finance or lease-option agreement.

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THE PROBLEM

Contracts made between individuals with little to no legal counsel, as most rental and lease agreements are, are often the subject of dispute, debatable obligations and meanings, and countless misunderstandings. Every jurisdiction in every civilized country in the world is full of landlord-tenant disputes and courts are over-burdened by these disputes every day.

Even real estate purchase and sales agreements handled with the help of lawyers, real estate agents, mortgage brokers and lenders, escrow companies, title companies, and other third parties are the source of many legal disputes.

Whether it's a landlord failing to return a security deposit to a tenant, a tenant disputing the deductions the landlord made to the security deposit, a landlord attempting to terminate the tenancy of a non-paying tenant, or a seller who owner-financed the sale of his home and now needs to foreclose due to non-payment, this is a market that could seriously benefit from the rigid terms and conditions and automated and autonomous processes that smart contract technology can provide.

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THE SOLUTION

SMARTRealty believes that while we may never be able to eliminate contract disputes completely, we can significantly reduce them, as well as the time and effort spent settling them, by applying smart contract technology to certain types of agreements.

SMARTRealty's goal is to initially apply smart contract technology to residential leases, and provide a platform for landlords to advertise their rental units and homes to potential tenants, with SMARTRealty smart contracts governing the transactions.

Over time, as laid out in our roadmap, we plan to branch this platform out to include residential and commercial real estate transactions, including rentals, sales, and even non-traditional transactions such as owner-financing and lease-option agreements.

HOW SMARTREALTY WORKS

One simple example of how SMARTRealty smart contracts can be utilized.



Two Parties Agree to Transact Using SMARTRealty

This could be for the purchase and sale of a piece of property, or a simple one year rental agreement. The parties use the SMARTRealty platform to solidify the terms of their agreement in a SMARTRealty smart contract, which includes whatever terms and conditions the parties agreed to, including dates of payments due, amounts due, length of the agreement, penalties for non-compliance, etc.



The SMARTRealty Contract Manages The Relationship Between The Parties

The paying party can make payments using ETH, BTC, LTC, USD, EUR, or many other currencies, which would automatically be converted to RLTY tokens and applied to the SMARTRealty contract. Payment can also be made directly with RLTY tokens, if preferred. The contract can even be 'pre-programmed' to automatically serve notices in the event of breach, or to terminate upon expiration, or whatever protocols the parties agree to upon contract creation and/or are required by local statute(s).



SMARTRealty Contract Executes and Deal Closes

Upon final payment(s) or whatever variable the parties agree to, the contract executes and, upon expiration, the transaction is completed. Upon expiration, any necessary filings can be made or, if rental agreement, tenancy can be terminated and any security deposit refunded according to the terms of the agreement. Contracts can even be set to auto-renew, if required, or new terms can be negotiated and a new contract executed, if the parties agree.

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THE SMARTREALTY PROCESS

When completed, the SMARTRealty solution will consist of a network of websites where landlords, tenants, real estate buyers, and real estate sellers all connect with one another, not unlike many real estate portals already in existence.

Where SMARTRealty differs is our websites will facilitate the SMARTRealty contract process as well, walking the users through every aspect of the transaction from negotiation to agreement, execution, and payment.

For example, a landlord will be able to list his rental property on a SMARTRealty website.

From there, it will be visible to thousands of potential tenants looking for housing in that general area. Not only will the property be advertised on our sites, but via partnerships with other real estate networks, it will also show up on other various listing services as well.

Once the landlord and tenant reach an agreement on lease terms, price, etc., the details of the agreement are solidified in a SMARTRealty contract that is recorded on the blockchain and “set in stone” from that point on through the predetermined end of the tenancy. The parties can use the SMARTRealty system to create their contract, but SMARTRealty does not provide the contract itself. Rather, SMARTRealty provides a template system that allows the parties to create their own contract, based upon the legal requirements and options allowed in their respective jurisdictions.

The tenant will make payments to the smart contract itself. Payments will be able to be made with just about any commonly used cryptocurrency or fiat currency. The SMARTRealty platform will process the payment, converting the currency used into RLTY tokens, recording the payment(s) on the blockchain, and delivering currency to the landlord according to the terms set out in the initial contract. Some payments (such as security deposits) may be held in escrow, others (such as rent) may be released to the landlord as needed – so long as such terms are agreed upon in the initial agreement.

In the event of a breach of the agreement terms, such as non payment, or upon the expiration of the lease term, the SMARTRealty contract can be pre-programmed to issue notices, such as a 'pay or quit' notice, a notice to terminate tenancy, or a notice of expiration – whatever is predetermined by the contracting parties. The possibilities are really endless.

This is just one example of how SMARTRealty contracts can be used, but hopefully it allows you to envision the multiple ways SMARTRealty contracts can be utilized in all different types of real estate transactions.

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WHAT IS A SMART CONTRACT?

In 1994, Nick Szabo, a legal scholar, and cryptographer, realized that a decentralized ledger, such as the bitcoin or ethereum blockchains, could be used for self-executing contracts. In other words, contracts could be converted to computer code, stored and replicated on the system and supervised by the network of computers that run the blockchain. This would also result in ledger feedback that could include the transfer of money and ensuring that a product or service was delivered and received as agreed.

Smart contracts help you exchange money, property, shares, or anything of value in a transparent, conflict-reduced way while avoiding the need for a middleman. Smart contracts not only define the rules, terms, and penalties of an agreement in the same way that a traditional contract does, but they can also automatically enforce those obligations or enforce the agreed upon penalties for failure to perform obligations.

“Blockchain technology streamlines the real estate ecosystem by enabling people to securely and efficiently share data and money. It makes information more accessible, cuts out middlemen and reduces the risk of fraud and theft. A more secure, speedier, trusted process for buying and selling property is good for everyone involved.”

- Matthew Murphy, Global Vice President at Renren

“Smart Contracts are where the rubber meets the road for businesses and blockchain technology. While a few highly specialized distributed financial services use cases for blockchain have appeared—for example, payment ledger services for the Yangon Stock Exchange in Myanmar. Its services on top of blockchain that are really interesting. In the Yangon Exchange, it solves the problem of distributed settlement in a trading system that only synchronizes trades twice a day. But the autonomous execution capacities of smart contracts extends the transactional security assurance of blockchain into situations where complex, evolving context transitions are required. And it’s this possibility that has Amazon, Microsoft Azure and IBM Bluemix rolling out Blockchain-as-a-Service (Baas) from the cloud.”

– Patrick Hubbard, SolarWinds

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OUR TEAM



Val Kleyman

Senior Management

Val is a crypto and blockchain enthusiast with degrees in Real Estate & Law.



Ernie Wong

Senior Management

Ernie is a real estate investor, cryptocurrency investor, and financial advisor.



Lindsay Burleson

Smart Contract & Crypto Law Consultant

Lindsay is an attorney specializing in business, real estate, and cryptocurrency law.

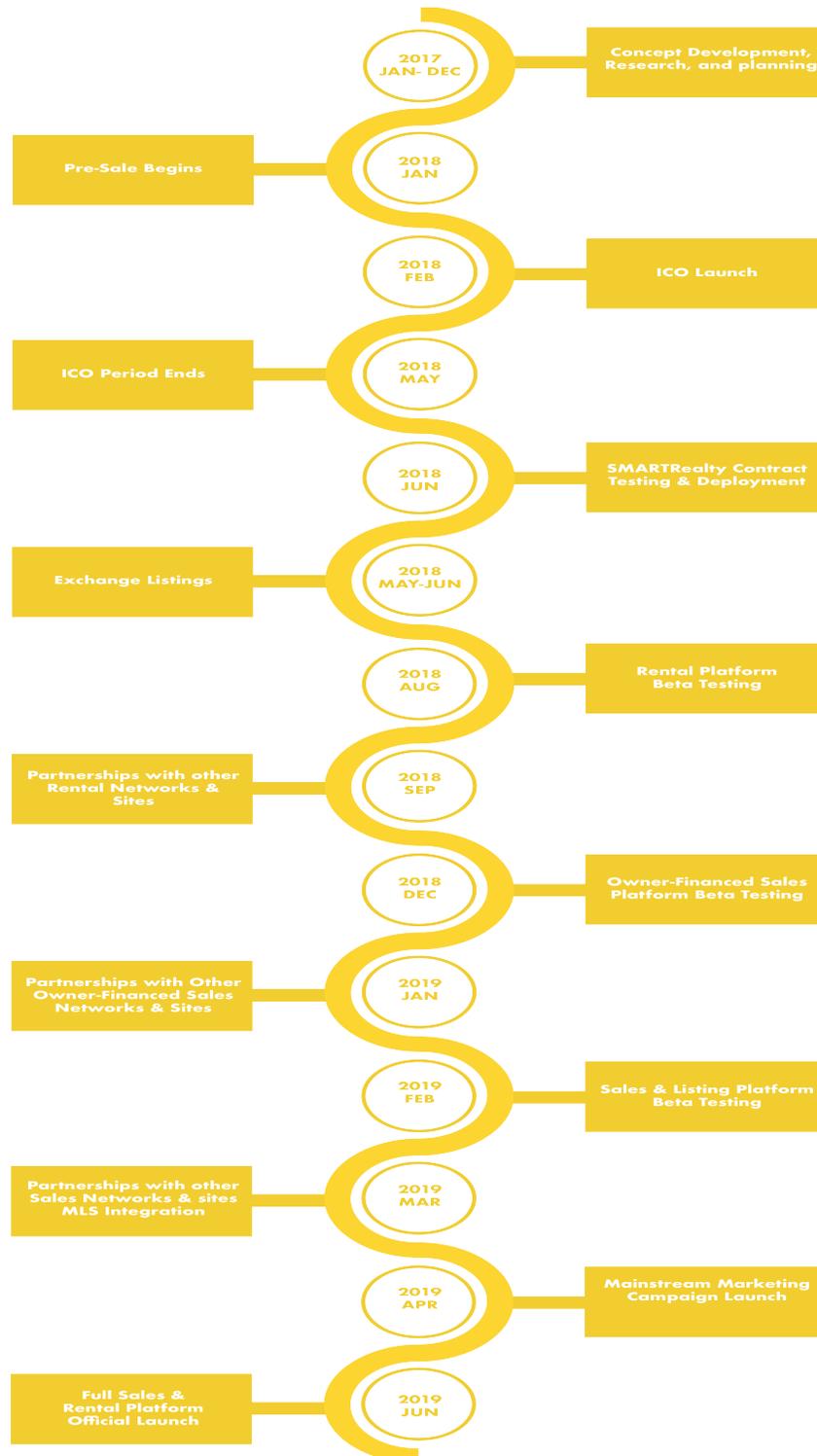
OUR PARTNERS

The Crypto Consultants – *Cryptocurrency marketing and PR firm*

CoinBills – *Cryptocurrency bill-payment facilitator*

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OUR ROADMAP



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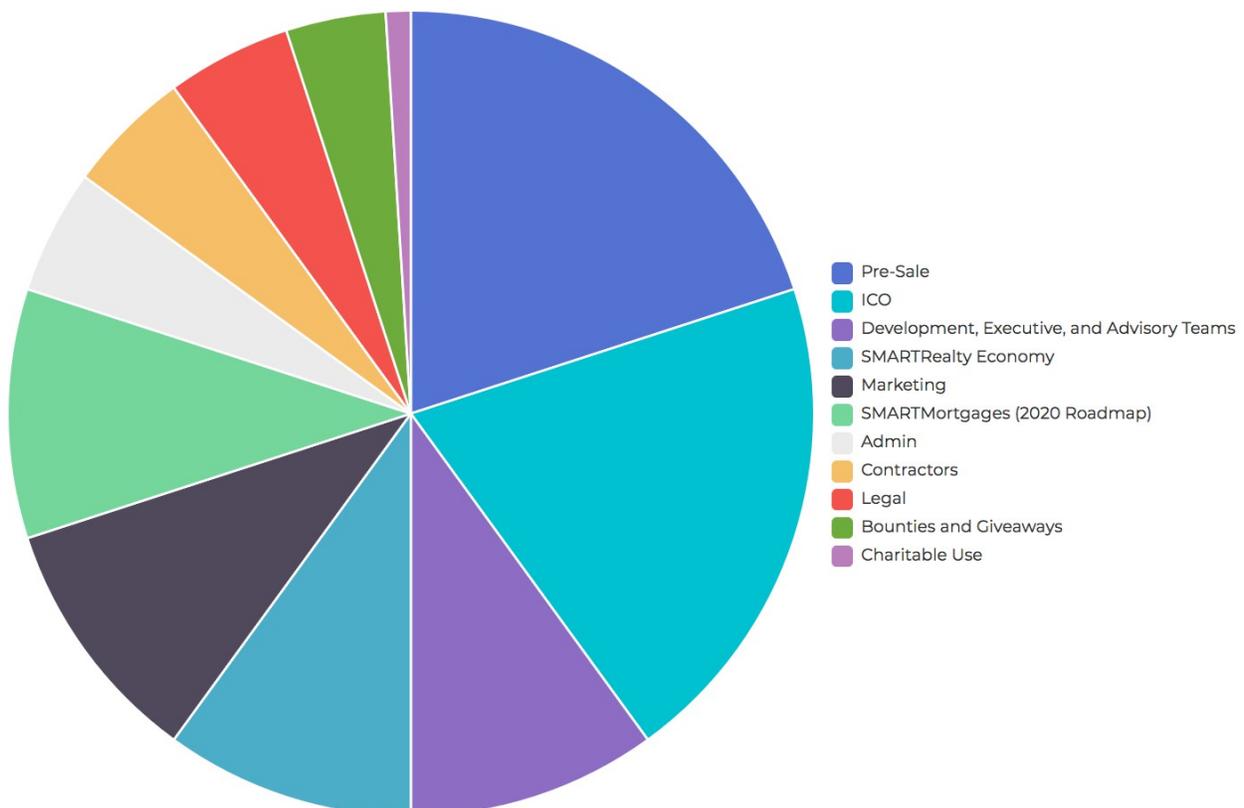
INITIAL TOKEN OFFERING

An Initial Token Sale is an event in which an organization swaps all or part of an amount of blockchain-based tokens for other cryptocurrencies in order to raise funds. Token holders are incentivized through loyalty rewards based on the amount of tokens owned. The potential increase in the value of the token, due to its usability for various different applications, is also a driving incentive for participants.

We believe that token sales are the future of crowd sales. This token sale also represents the perfect opportunity to invite people, especially from the world of blockchain and cryptocurrencies, into the SMARTRealty community and enable them to take part in our success story by contributing to all aspects of the project, from product development to marketing to strategic partnerships.

The SMARTRealty token is called RLTY. Our pre-sale period is ongoing now, and the official public token sale begins on February 15th, 2018 and will last for 90 days. Anyone participating in the pre-sale is entitled to a bonus of up to 50%.

There are 500,000,000 RLTY tokens. 20% of those tokens are allocated for the pre-sale, and 20% are allocated for the actual ICO period. The total RLTY token allocation is as follows:



Any tokens allocated for the pre-sale or ICO period that go unsold will be destroyed.



SUMMARY

At SMARTRealty, we believe that it's time to revamp the standard processes involved in real estate transactions, with the goal of reducing the likelihood of disputes and long drawn out court battles and making it easier for all parties to be aware of their obligations and enforce the agreed upon penalties of failing to abide by those obligations. In fact, we are already hard at work at creating the platform and services described in this document.

The revolution is upon us. Much like the internet changed the world in the last millennium, cryptocurrency is changing the world now. Let's take that one step further and disrupt the very nature of person-to-person agreements with smart contracts.

We invite you to join us on this endeavor would love to welcome you aboard as part of the SMARTRealty family. We look forward to your participation.

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