Dirt*i*Coin™

Virtual Currency Built on Dirt

By

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Key Facts

- Decentralized autonomous organization (DAO) embodied using a smart contract built using the Ethereum Virtual Machine (EVM)
- Low relative volatility
- Inherently hedged against inflation
- 65% of the value backed by real estate assets (AKA Dirt)
- 35% of the value backed by liquid assets, including fiat currencies, cryptocurrencies, and other liquid assets
- Assets backing the currency controlled by Dirt*i*CoinMinting, LLC (the Company)
- Initial Dirt*i*Coin release in third quarter of 2022 valued at 8 to 14 Dirt*i*Dollar (DiD) per ETH, 158 to 264 DiD per BTC, or $73.25 to $122.09 USD per DiD
- Coin Cap of 500 million DiD with an initial minting of 15 million DiD into circulation.
- Dirt*i*Coin supply is controlled by the coin holders (Dirt*i*CoinDAO): Coin Cap changes or burning require majority vote from Dirt*i*CoinDAO
- A virtual currency, not a security. Fails the "Howey Test"

This is not a solicitation to purchase Dirt*i*Coin, nor does it constitute investment, legal, or tax advice. Dirt*i*Coin is NOT a banking product and is NOT insured by the FDIC. Dirt*i*Coin MAY lose value. Dirt*i*Coin does not include any depository services or products.

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Overview

Dirt*i*Coin™[1] is a fungible cryptocurrency (virtual currency) with the stability and value of the currency backed by the value of real estate and liquid assets held by Dirt*i*CoinMinting, LLC (the Company). Dirt*i*Coin is a smart contract using the ERC-20 protocol of Ethereum. The monetary supply of Dirt*i*Coin is controlled by a decentralized autonomous organization (DAO) comprised of the buyers of Dirt*i*Coin, known hereafter as Dirt*i*Coin DAO (the DAO). Every Dirt*i*Coin holder is a member of DAO and has contractual rights to vote on matters affecting the supply of Dirt*i*Coin. Specifically, these are the Coin Cap, burning Dirt*i*Coin, and the relationship between the DAO and the Company.

Management of real estate assets and liquid assets, minting, burning, and releasing of Dirt*i*Coin are all performed by the Company. The Company maintains a publicly viewable, and

[1] Dirt*i*Coin is a registered trademark of Dirt*i*CoinMinting, LLC

regularly updated, Asset Ledger (the Ledger) showing the value of real estate and liquid assets reserves backing the value of Dirt*i*Coin.

Based on legal precedents as well as explanations and definitions provided by the US Securities and Exchange Commission (the SEC) Dirt*i*Coin is a currency, not a security.

Although the Company is not a bank, there are many parallels between its role between the DAO and the Asset Ledger. Depositors store their wealth in accounts with bank. In its turn, the bank may pay interest on the deposits and invests the deposits in loans and other financial vehicles. The bank makes money on these deposits. They use most of that money as profits which accrue to the bank. A portion of the revenues is given back to the depositors as interest.

In this case the DAO are depositors, storing their wealth in Dirt*i*Coin. The Company invests the wealth in real estate and liquid assets. The appreciation of the real estate assets is passed through to the DAO. The Company retains the other revenues for its use.

The Problem(s)

Volatility and inflation are two of the most common threats to your accumulation of wealth.

Although some investors specialize in making money from volatility in the value of investments, for most people dramatic changes up and down in the value of an investment are justifiably frightening. High volatility means there is a proportionally high probability of an investment losing value. Extreme volatility is a gluttonous monster that devours your wealth and is always ready to eat more.

Photo Credit:
Figure 1 Volatility is Always Ready to Devour More of Your Wealth

Devastating Crypto Volatility

From November of 2021 to February of 2022 Bitcoin lost about one-third of its value. For anyone counting on Bitcoin sustaining or increasing above the November 2021 valuation this volatility has been devastating.

Most investors either entirely avoid highly volatile investments, or they find ways to lock in their gains and cut their losses short. The short version of how they do that by moving their money from a highly volatile investment into a much less volatile investment very quickly when the trend goes against their position.

Safe Currencies

Very often, the less volatile investment of choice is the US Dollar (USD), i.e., cash. Unfortunately, the USD, like most fiat currency, is designed to lose value over time through inflation. If inflation takes a sudden upward turn, the investor shifting from a very volatile asset to USD will find themselves taking a hidden loss to inflation as the buying power of their investment decreases more rapidly than expected.

Inflation Zombies

Inflation is like having an uninvited house guest who takes a bite (one or more) out of every dish you serve (your wealth), before you can eat any of it yourself. As long as you store your wealth in fiat currency your unwelcome guest never stops eating your wealth. This uninvited houseguest is an economic zombie. Like their fictional counterparts, they relentlessly and slowly shuffle along in a mindless quest to devour your wealth.

Photo Credit: © 2020 Olga Yastremska used under license from DepositPhotos

Figure 2 Inflation Eats Your Fiat Currency Wealth

Real Estate and Wealth

"Ninety percent of all millionaires become so through owning real estate. More money has been made in real estate than in all industrial investments combined."

Andrew Carnegie, industrialist

Most successful investors realize that real estate is one of the best investments to preserve wealth while hedging against both inflation and volatility. Unfortunately, investing in real estate brings with it several significant problems.

Barriers to Entry

Real estate generally requires a substantial investment. this is a barrier that keeps many people from investing in real estate.

Wealth invested in real estate is typically locked up in the investment for prolonged periods of time. When you store your wealth in real estate you can't get it out quickly and easily. You may lose an opportunity because you can't quickly get to your wealth. You might find yourself "land rich and cash poor." Sudden, unexpected bills can destroy your finances when you can't quickly get to your wealth. Because of this, real estate is not a liquid investment. You can't easily "pour" it from one opportunity into another. Illiquidity is a major barrier to entry for anyone who may have a sudden need or opportunity to use their wealth.

Reliably growing wealth through real estate is known as a way to “get rich slowly.” Turning real estate into a revenue producing asset (and sustaining that revenue) is costly, complicated, and involves many risks specific to that business. The risks and complexity of real estate are significant barriers to entry for many. Not everyone can afford the time and money it takes to learn how to effectively manage these risks.

Because of these issues, most people without a lot of money are unable to benefit from investing in real estate. Many people who have lots of money avoid investing in real estate because of their own inexperience with the risks and the problems with liquidity just mentioned.

Dirt*i*Coin is a virtual currency backed by the value of real estate. It gives you some of the important benefits of real estate investing. It also insulates you from most of the problems of direct real estate ownership. This means, you can benefit from real estate without becoming an expert in real estate by storing your wealth in Dirt*i*Coin,

Dirt*i*Coin is the Solution

Dirt*i*Coin is the Solution, but what is the problem?

The problem is how do you keep your wealth safe?

A Crash Course in Wealth Storage

Storing Wealth 101

Throughout recorded history people have struggled to safely store their wealth.

When wheat, salt, tobacco, or other commodities were used as currency it had to be protected. You wanted to keep it safe from spoilage and from theft.

When gold, silver, jewels, or other precious items became currency, the struggle continued. Mostly you had to protect those against theft. But spoilage happened too. Many precious metals corrode and disintegrate when exposed to the elements.

Banking, Stocks, and Crypto

Now, maybe you store your wealth in a bank account. Maybe you store it in stocks, bonds, or crypto investments. Weather doesn't make those disintegrate. You do have to protect them from theft. Not all thieves break the law to steal from you. In fact, inflation steals wealth from you every day. Federal Reserve Chairman Alan Greenspan said that inflation is confiscation. That's a fancy word for theft.

Volatility is another thief. When you buy a stock, or crypto, and the value goes up you are happy to see your wealth grow. But, when the value plunges, you weep as your wealth disappears into thin air.

Storing Wealth 201

A wise investor once said, "you can never lose money when you sell on a gain." That is true. Disciplining yourself to periodically harvest your gains instead of just reinvesting them is hard. Unfortunately, it is even harder to find a place to store your gains where they aren't being filched, little by little.

Storing your wealth in so-called safe-haven fiat currencies has been the go-to position for smart investors for many years. Unfortunately, it is trading one thief for another. It locks the door to the volatility thief while the inflation thief keeps right on stealing.

Storing Wealth 301

It has been said that the two most important factors affecting value are utility and scarcity (CEVNews.in, 2022). That explains why gold, jewels, and real estate have been valuable throughout history.

The world reserves of gold, jewels, and precious metals increases with every new mine. Each new mine decreases the value of the existing supplies.

Haciendo No Más

Haciend no más is Spanish for They're not making anymore. Mark Twain is credited with advising people to invest in land (real estate) because "they're not making anymore of it."

The amount of land available on the planet has not appreciably increased or decreased throughout human history. Its supply is, essentially, fixed or finite, and therefore it is scarce, by definition.

Real Estate is Part of the Solution

For thousands of years owning real estate was something only the rich could afford. Smart, wealthy people converted their easily stolen gold, silver, and jewels into land purchases. A thief can't pick up a plot of land and carry it off like he can a bag of gold. And land gets more valuable over time. It is so valuable today that, to buy a home or piece of land costs so much money that most people must get a loan.

Borrowing money to get a place to store your wealth puts your wealth in the hands of your lender.

Unfortunately, buying, maintaining, and selling real estate is a complicated and risky business. It requires so much sophisticated knowledge that the US Consumer Protection Bureau and other regulators impose many strict rules on lenders. They want to protect you from lenders using their knowledge of real estate risks to steal from you.

A Post-Graduate Course in Storing Wealth

Dirt*i*Coin's Solution is to store your wealth in a currency that backs its value with real estate. But that isn't the whole story.

The advantages of gold, silver, and jewels as stores of wealth is that they are transportable. Also, they can easily be exchanged for the things you may need to survive such as a home, a business, food, and clothing. Real estate can't be moved around.

When you buy Dirt*i*Coin you get the value storing protections that come from real estate. You also get the transportability and liquidity of gold, silver, and jewels.

Dirt*i*CoinMinting manages the wealth of your Dirt*i*Coin. Its experts fully understand and manage the risks of real estate investing. They invest in properties that increase in value. As those properties increase in value, the value of your Dirt*i*Coin increases.

You don't have to be rich to buy Dirt*i*Coin. One Dirt*i*Dollar (DiD) is worth about $100 USD. This means you don't have to borrow hundreds of thousands of dollars just to get the same wealth protection rich people get from real estate. You can use real estate to store the value of your nest egg through Dirt*i*Coin.

Bretton Woods

The Bretton Woods Agreement happened in July of 1944. It did not become fully functional until 1958.

Under the Bretton Woods System, gold was the basis for the U.S. dollar. Other currencies were pegged to the U.S. dollar's value.

On 15 August 1971, Richard Nixon terminated convertibility of the US dollar to gold, effectively bringing the Bretton Woods system to an end and rendering the dollar a fiat currency.

On March 5, 2022, the USA closed the US Treasury for access to central banks. This effectively marks the final end of Bretton Woods. (Chen, 2022)

The Value of Currency

Usable land, land where people can build homes, grow crops, or even enjoy the views is just a portion of the total amount of land available. This makes usable land even more scarce, and hence more valuable.

With the Bretton Woods agreement of 1944, the value of the currency of the United States of America was backed by gold reserves. In theory, this meant that someone could redeem their USD for a specific amount of gold. In the early 1970's, the USD, followed by nearly every other currency in the world, relinquished the gold standard and backed the value of the USD with nothing more than the faith and credit of the USA.

Dirt*i*Coin is backed by real estate assets (dirt) and liquid assets

Dirt*i*Coin value is backed by the value of real estate and real estate related instruments (hereafter referred to as Real Estate or Dirt) held by the Company. Although at startup the asset ratio of Dirt*i*Coin to real estate will be low, the Company will move quickly to achieve its target ratio of 65% (+/- 15%). In other words, the value of real estate assets

held by the Company will meet or exceed 65% of the value of all issued Dirt*i*Coin with an acceptable variance range from 50% to 80%.

The early disparity of the reserve ratio is because, at inception, the Company holds no real estate. As Dirt*i*Coin is minted and sold the Company will begin operations to invest the proceeds from Dirt*i*Coin sales into real estate purchases to be held by the Company. At this time, all Real Estate will be strictly limited to the United States of America. At some future point operations may be expanded to other nations.

Expert opinions by well qualified and successful real estate investors are that, depending on the cash involved, it will take 1 to 4 months to convert cash into closed real estate deals. The Company is allowing for up to a full year for the initial stabilization of the asset ratio. This period of market penetration is protracted because the Company will be relying on the creation of a network of affiliates in regional markets being established, funded, and executing acceptable deals. The duration of this period may also be prolonged by the amount of cash inflows from the sale of Dirt*i*Coin. If purchases of Dirt*i*Coin significantly exceed projections that could create an embarrassment of riches which might overtax the planned real estate purchasing schedules.

Dirt*i*Coin Hedges Your Wealth Against Volatility

When you convert your wealth from highly volatile assets into Dirt*i*Coin, you hedge your wealth against the ravages of extreme volatility.

As mentioned, the value of Dirt*i*Coin is backed by real estate. While real estate values are not devoid of volatility, they are historically far less volatile than most investment opportunities. [2] estate value bubbles, the nation-wide real estate market is so fragmented that bubbles tend to be isolated and have little effect on other regions, even regions just a few miles away. This is one reason why real estate investors consider it axiomatic that "like politics, all real estate is local."

The highly localized and fragmented valuation of real estate is a systemic insulator against widespread volatility. The real estate purchased to back the value of Dirt*i*Coin will be purchased in multiple markets across the USA. The geographic distribution of the assets will allow the stability of real estate values to transmit themselves to Dirt*i*Coin to restrain significant and sudden changes in value.

To be clear, although Dirt*i*Coin is designed to provide low volatility, its value is expected to vary over time, similar to the way the value of the underlying real estate assets varies over time.

[2] A "bubble" is defined as a rapid increase in value which is driven by speculation instead of underlying, reliable value increases. When such bubbles "burst" values drop rapidly and those holding assets which were purchased at inflated values tend to lose money and be forced to sell the assets at a loss.

In addition to the hedge against volatility provided by real estate backing the currency, the volume of Dirt*i*Coin and its accompanying valuation is expected to provide some hedge against speculator-driven volatility.

The initial release of Dirt*i*Coin contains 15m Dirt*i*Dollars (D*i*D) with an anticipated value of about $100 per coin. This gives the first release a market valuation of about $1.5 billion. The targeted volume and value are sufficient that most speculators will be unable to surmount. Subsequent Dirt*i*Coin releases will further loosen the control of speculators, deflate speculative valuations, and bring them more in line with the true, asset-based valuation built into the design of this currency.

Caution: Although the design of Dirt*i*Coin incorporates an inherent hedge against volatility and the Management of the Company is committed to support the asset-based valuation of Dirt*i*Coin, as with any currency there is nothing to prevent speculators from taking actions which might cause the price of Dirt*i*Coin to vary without reference to the underlying value proposition. The Company cannot prevent and is not responsible for the actions or results of such speculative behaviors.

Dirt*i*Coin Hedges Your Wealth Against Inflation

When you convert your wealth from fiat currency into Dirt*i*Coin you hedge your wealth against the ongoing predation of inflation.

Because Dirt*i*Coin is backed by the value of real estate it has an innate tendency to be a deflationary currency, meaning that the buying power of each Dirt*i*Coin tends to increase at a rate that is faster than inflation. This contrasts with fiat currencies, such as the US Dollar, which are deliberately managed to sustain some level of inflation, meaning that they innately decrease in buying power over time.

The graph below shows how the median home value in the USA has changed versus how the value of the USD has changed due to inflation from 2000 to 2021. The changes have been normalized to percentage value changes without adjusting home prices for inflation, to enable a more reliable comparison.

The Value of DirtiCoin

Dirt*i*Coin value is backed by the value of real estate, and real estate related instruments (real estate) held by the Company. Although at startup the reserve ratio of Dirt*i*Coin to real estate to Dirt*i*Coin will be low, the Company will move quickly to achieve its target to have a standing ratio of 65%. Meaning that the value of real estate held by the Company will meet or exceed the value of 65% of all issued Dirt*i*Coin.

The early disparity of the reserve ratio is because at inception the Company holds no real estate. As Dirt*i*Coin are minted and sold, at least 65% of them will be converted into real estate purchases to be held by the Company. Expert opinions by real estate investors are that,

depending on the cash involved, it will take 1 to 4 months to convert cash into closed deals. The Company is targeting 6 months or more, depending on the actual amount of cash inflows from the sale of Dirt*i*Coin and our success in standing up regional DAO to manage the deal flow.

We have chosen the 65% reserve threshold based on commercial lending practices which have proven to be generally sufficient for lenders to protect their equity and preserve their liquidity in the face of economic downturns.

Most commercial lenders will only lend up to 65% of the value of real estate. In the event of foreclosure this allows them to use the forfeited owner's equity to pay for the costs of foreclosure and liquidation while recouping the principal of the loan.

This relationship between the 65% loan to value (LTV) threshold is illusory. Instead, 65% represents the exchange rate the Company is establishing between Dirt*i*Coin and real estate. Meaning that, of a Dirt*i*Coin were converted to $100 USD the Company would exchange $65 USD worth of real estate in a liquidation event. The $35 remainder would come from liquid assets in the Asset Ledger.

Backing Dirt*i*Coin with a ratio of 65% real estate and 35% liquid assets allows the company to maintain adequate liquidity levels to fund ongoing operations and take advantage of market opportunities.

Our Secret Sauce

Coca-Cola[3] has their secret formula for their flavor. Kentucky Fried Chicken[4] has their secret blend of herbs and spices for their. Bitcoin has its algorithm (a fancy word with the same meaning as formula) to determine its value. Dirt*i*Coin too has its value formula, but it is no secret. It can be summed up in two, closely related equations which are readily understood by anyone who has learned mathematics through the concepts of addition and division.

$$DiD\ Value = \frac{Value\ of\ the\ DirtiCoinMinting\ Asset\ Ledger}{DiD\ in\ Circulation}$$

$$Value\ of\ the\ DirtiCoinMinting\ Asset\ Ledger = Value\ of\ Real\ Estate\ Assets + Value\ of\ Liquid\ Assets$$

[3] Coca Cola is a registered trademark of The Coca Cola Company

[4] Kentucky Fried Chicken is a registered trademark of KFC Corporation

Appreciation Beats Inflation

Because Dirt*i*Coin is backed by the value of real estate it has a tendency to be a deflationary currency, meaning that the buying power of each Dirt*i*Coin tends to increase at a rate that is faster than inflation. The graph below shows how the median home value in the USA has changed versus how the value of the USD has changed from 2000 to 2021. The changes have been normalized to percentage value changes without adjusting home prices for inflation, to enable a more reliable comparison.

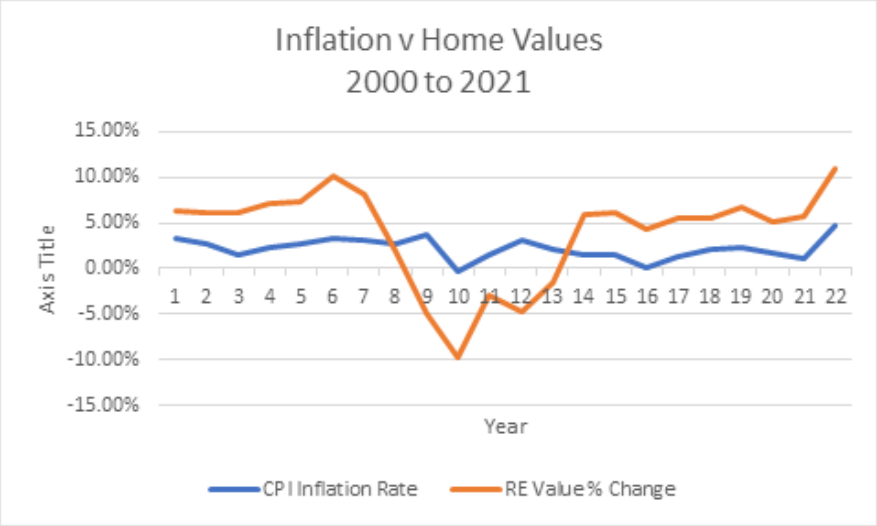

Figure 3 Inflation v Home Values 2000 to 2021

Despite the significant decline in home values in 2008 through 2012 over this total period the average of inflation was 2.2% while home values increased 3.9%. This trend is consistent even when measured over longer periods of time. The period of 2012 through 2018 was deliberately chosen and the time span shortened to exaggerate the effects of that historic decline in home values so that the overall resilience of real estate as a hedge against inflation can be seen even in unusually adverse conditions.

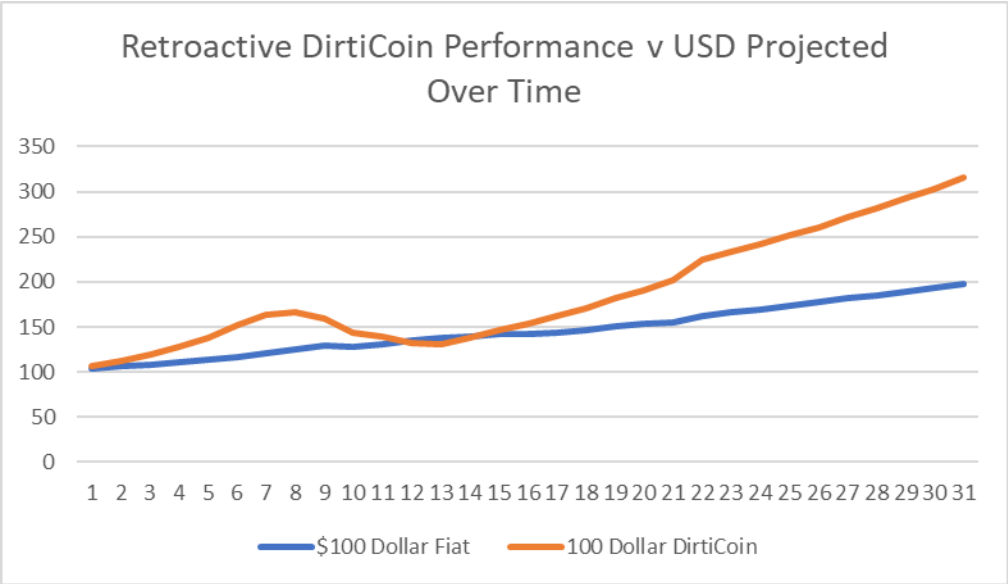

Figure 4 DirtiCoin Performance (Projected) Retroactively Over Time ($93 of DirtiCoin v $100 USD)

This second chart shows the respective value over time of $100 USD invested in a hypothetical inflation-pacing security versus $100 USD invested in Dirt*i*Coin retroactively using information from the past 20 years (the same time frame used in Figure 3 Inflation v Home

Values 2000 to 2021). Further, it assumes that you could have bought Dirt*i*Coin 20 years ago, and that an inflation-pacing security actually existed back then for your $100 USD investment.

The graph uses the rate of inflation to adjust the value of the USD and uses the change in home values to adjust the value of the Dirt*i*Coin and it uses the same base period of 2000 to 2021. For years beyond 2021, the graph assumes the average inflation rate of 2.2% and the average appreciation rate for homes of 3.9% both continue unchanged.

During the massive value decline in real estate from 2008 to 2012 Dirt*i*Coin would have fallen below the value of your inflation-pacer. However, just two years after the nadir, Dirt*i*Coin would be worth more than the inflation-pacer. By 2021, your inflation-pacing $100 investment would have been worth $162, which isn't bad. However, your $100 Dirt*i*Coin investment would be worth $209.

When we compare the declining buying power of USD due to inflation against the appreciating value of Dirt*i*Coin (based on the appreciating value of real estate) the value proposition of Dirt*i*Coin is even more dramatic.

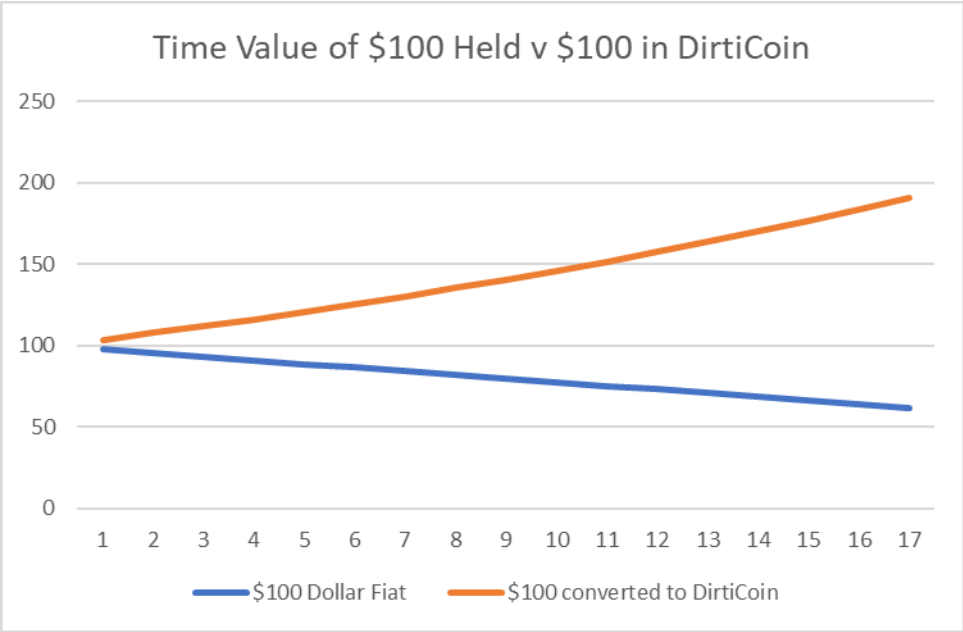

Figure 5 USD Inflation v DirtiCoin Buying Power (projected) Over Time ($93 DirtiCoin v $100 USD)

In this scenario, using the 20-year averages for inflation of the USD and appreciation of real estate applied to Dirt*i*Coin, respectively, by year 2 the buying power $100 USD will have declined to $96 while the buying power of $100 USD of Dirt*i*Coin will have increased to $108. Every year after that the gap in buying power continues to widen until by year 10 today's $100 USD will be worth only $75 USD today. At the same point the $100 USD of Dirt*i*Coin will have the buying power of $152 USD today. When we reach the end of year 17 we find the $100 USD has degraded to just $62 worth of buying power, while the same initial value of Dirt*i*Coin has the buying power of $191, a difference of more than 300%.

Key Ratios

When investing Dirt*i*Coin into real estate the Company must maintain certain key asset ratios in the asset mix backing the value of Dirt*i*Coin.

Real estate is a notoriously illiquid asset. Money going into real estate assets may not come out again for months, years, or even decades in the natural flow of real estate deals. If an investor suddenly needs to get their investment back out of real estate the process can take weeks or months and may result in substantial losses for everyone involved. The weeks or months it takes to liquidate a real estate investment might be too slow to meet the immediate cash needs of a desperate investor. The fastest liquidation is when another party can "buy" out the position of the troubled investor. The slowest liquidation is when the real estate asset must be sold to someone else before anyone can get their money out. In either case, the desperate need of the investor trying to pull out is likely to force a loss, either for the desperate investor, or for everyone involved, except whomever buys the asset. Because the seller needs to move fast, the buyer usually gets the asset at a substantial discount from its real value. That may not seem fair, but it is the way investing in real estate works. The adage is true, "haste makes waste." Rapidly withdrawing from real estate assets wastes capital.

Another problem with having all your assets tied up in real estate is something called opportunity cost. If all your money is tied up in deals, and another great deal comes along your choices are to let the deal go, find money elsewhere to do the deal, or quickly sell some of your current assets to invest in the new deal. Without liquid reserves, you are unable to act quickly to take advantage of new, emerging opportunities.

Finally, the Company has a special obligation to Dirt*i*Coin buyers that most real estate investors do not. Because Dirt*i*Coin is a currency, buyers can present it to the Company at any time with the request to redeem it in the same currency it was purchased with. Back when the Gold Standard applied to US currency, this meant that a person had the right to redeem their dollars for gold. In practice, the redemption for gold was usually reserved only for other nations who had bought USD.

Because a purchase of Dirt*i*Coin is not directly linked, either wholly or fractionally, to a specific real estate investment, the promise the Company makes is that it will redeem Dirt*i*Coin for assets from its treasury, in the same kind as the purchaser used to buy Dirt*i*Coin. Of course, this exchange will be made at the prevailing rates at the time of redemption, rather than when the Dirt*i*Coin was bought.

This means that the buyer who exchanged BTC for Dirt*i*Coin can expect to get BTC back when they redeem their Dirt*i*Coin. Likewise, if they buy Dirt*i*Coin with ETH, or USD. Or, if the buyer prefers, they can take their Dirt*i*Coin to any participating digital exchange and they may be able to exchange their Dirt*i*Coin for any currency offered by that exchange.

Redemptions of Dirt*i*Coin are anticipated as a routine event for the Company. In fact, there are situations anticipated where the Company may elect to buy Dirt*i*Coin back into the treasury (and Asset Ledger). If the Company were to invest 100% of Dirt*i*Coin in real estate, it would be unable to quickly and easily redeem Dirt*i*Coin, without forcing the sale of real estate assets. To prevent that forced sale, and to keep cash on hand for special opportunities, the Company will keep a portion of the money generated by sales of Dirt*i*Coin in liquid assets.

The Company has established target asset ratios in the Asset Ledger of 65% in real estate and 35% in liquid assets. Variance boundaries are set for these ratios, which if exceeded will trigger predefined actions intended to protect the wealth represented in the purchases of Dirt*i*Coin. These asset ratios are considered key performance indicators (KPI) for the health of Dirt*i*Coin and the Company.

65/35 and Acceptable Variances

Why are 65/35 our key ratios for Dirt*i*Coin?

We have chosen the 65% reserve threshold based on commercial lending practices which have proven to be generally sufficient for lenders to protect their equity and preserve their liquidity in the face of economic downturns.

Most commercial lenders will only lend up to 65% of the value of real estate. In the event of foreclosure this allows them to use the forfeited owner's equity to pay the costs of foreclosure and liquidation while recouping the principal of the loan.

For Dirt*i*Coin buyers, this ratio protects the overall value of the investment in Dirt*i*Coin by providing the necessary safety margin to protect against the risk of non-performing real estate deals. It also represents the exchange rate the Company is establishing between Dirt*i*Coin and real estate. If a total liquidation event of Dirt*i*Coin occurred, and it were all done in USD, for every $100 USD of the liquidation, the Company would sell off $65 USD worth of real estate and provide the remaining $35 USD from liquid assets.

Revenues for real estate deals usually fund ongoing Company operations. However, revenue from real estate deals tends to be uneven. The 35% liquidity reserve allows the company to maintain adequate liquidity levels to fund ongoing operations, even when deal revenues are temporarily inadequate.

Acceptable Variances in the 65/35 Rule

Dirt*i*Coin regularly checks on the health of the Company via a publicly available version of the Company Assets Ledger (the Ledger). The Ledger is a subset of the Company's balance sheet. The Ledger provides summary information about the real estate assets and liquid assets backing the value of Dirt*i*Coin. A "state" indicator shows if the assets are within tolerances (see ***The Asset Ledger*** for a full description of the various ledger states).

Releasing Dirt*i*Coin for sale temporarily throws the Ledger out of balance. The Ledger stays out of balance until the newly minted Dirt*i*Coin is bought up and the cash is invested in real estate. Dirt*i*Coin releases are accompanied by a change in the state to "Initializing." Initialization persists until the balance of assets are within tolerances.

Daily Variances

Keeping ratios exactly at 65/35 is not reasonable. Acquisitions, divestitures, and revaluation of both real estate and liquid assets changes the ratio of real estate to liquid assets. DirtiCoin allows a variance of 15% above and below the target ratio. Therefore, real estate to liquid assets ratios ranges from 50/50 to 80/20 (real estate to liquid assets).

The Company routinely updates and monitors asset ratios. Out of tolerance ratios require us to decide if we can fix the ratios using current assets, or if we need more (or less) DirtiCoin. If we need to change the amount of DirtiCoin, we will change the ledger state and initiate a vote. This won't happen often. For instance, if we know that the ledger is moving out of balance and that a transaction is in progress which would bring the ledger back within balance, we may decide to wait until the impacts of the deal are felt. More often, we will consider trends in advance of breaches of tolerances. If we can't take countermeasures, then we may proactively initiate a state change and request a vote from DirtiCoinDAO (the DAO). This allows us to act while the ledger ratios are still within tolerances.

Key Ratios Summary

A target ratio of 65/35 between real estate and liquid assets reduces many risks and enables opportunities.

As a DirtiCoin buyer the Asset Ledger lets you always see the value of assets protecting your wealth.

Tolerances of 15% above or below targets avoids creating continual crises.

The Company's primary duty is to protect and grow your wealth as safely as possible. The monthly updates to the Public Asset Ledger make our efforts more transparent than other companies.

Is Dirt*i*Coin a Currency or Security?

Why Dirt*i*Coin is a Currency and not a security? The question of whether Dirt*i*Coin constitutes a security has been raised and considered carefully. The "Howey Test" is a key consideration for whether any purchase constitutes a security. Securities in the USA are closely regulated by the Securities and Exchange Commission (SEC).

The question of whether Dirt*i*Coin constitutes a security has been raised and considered carefully. A key consideration for whether any purchase constitutes a security is something called the "Howey Test."

Howey Test

Investopedia (Reiff, Howey Test, 2021) explains that the Howey Test refers to a US Supreme Court (SCOTUS) case. The case established criteria to determine whether a transaction qualifies as an investment contract (a security). Therefore, if it is a security then disclosure and registration requirements apply under the Securities Act of 1933 and the Securities Exchange Act of 1934. There are four key points in the criteria.

1. An investment of money
2. In a common enterprise
3. With the expectation of profit
4. Value derived from the efforts of others

Currency - Failing the Test is Good

First, investing is such an ambiguous term. For example, it could be defined by SCOTUS as making an investment of coin money into paper money. For instance, exchanging a roll of quarters for a $10 bill. If you put money into your piggy bank, you are investing. Everybody passes the first test. **PASS**

Second, if anyone other than you is working to protect or grow your money, it's a common enterprise. Again, everybody passes the second test. **PASS**

Third, common sense says, if you expect the value of your money to increase, you have an expectation of profit. Interestingly, SCOTUS and the SEC explicitly exclude increases in value due solely to real estate appreciation. Real estate appreciation is the lynchpin of the protections Dirt*i*Coin provides for your stored wealth. Dirt*i*Coin fails this test. **That is really good for you**. **FAIL**

Fourth, you are deriving value from the effort others unless you do it all yourself. Everyone passes this test. **PASS**

SEC Chair

In June of 2019 SEC Chair Jay Clayton ruled that bitcoin is not a security (Rakesh, 2019). “Cryptocurrencies are replacements for sovereign currencies…[they] replace the yen, the dollar, the euro with bitcoin. That type of currency is not a security.” He made these statements in an interview with CNBC (Rooney, 2018) earlier in June of 2019.

In the interview Clayton noted that "A token, a digital asset, where I give you my money and you go off and make a venture, and in return for giving you my money I say, 'you can get a return' that is a security and we regulate that," Clayton said. "We regulate the offering of that security and regulate the trading of that security."

A Good Thing

Why is it a good thing that Dirt*i*Coin fails the Howey Test? Because failing the test means you have another form of cash where you can store your wealth. Dirt*i*Coin is the best cash for storing your wealth.

Currency - No Returns or Dividends

With Dirt*i*Coin, you don't get returns or dividends. Storing your wealth in Dirt*i*Coin gives you a currency backed by tangible assets. You can use cryptocurrency exchanges to exchange fiat currency and other cryptocurrencies for Dirt*i*Coin just as you might use a Foreign Currency Exchange (FOREX) to exchange your US Dollars for Euros, Yen, Rubles, etc. You will want to exchange your inflationary fiat currencies and volatile cryptocurrencies for Dirt*i*Coin to protect your wealth against the volatility or ongoing devaluation of those currencies. Dirt*i*Coin appeals to you because you understand the value having currency whose value is backed by a defined reserve of real-world assets, i.e., real estate and real estate related instruments. The desirability of Dirt*i*Coin as a currency is further strengthened by the visibility of those reserves in the Asset Ledger.

Dirt is the New Gold

Gold used to be the commodity backing the USD. The government kept a supply of gold in Fort Knox. In theory, this meant that someone could redeem their USD for a specific amount of gold. With the Bretton Woods agreement of 1971 the USD and nearly every other currency in the world relinquished the gold standard. Instead, they backed the value of the USD with nothing more than the faith and credit of the USA. This the essence of so-called fiat currency. Its value is what the government says it is.

Because Dirt*i*Coin is backed by tangible real estate it can be redeemed for value just like gold standard currency, Ordinary redemption comes by exchanging Dirt*i*Dollars (DiD) for ETH, BTC, or USD. In the unlikely event that the Company were to totally liquidate, to redeem your DiD the Company will sell its real estate, add that to our liquid assets, and give you your money. The wealth you store in Dirt*i*Coin is backed by assets that have real world value. That backing is more substantial than the "faith and credit[5]"of any country.

Currency Appreciation Drives Value

There is no expectation of profit, dividends, or interest accruing to you through Dirt*i*Coin. Returns generated from the real estate are incidental to the value proposition of Dirt*i*Coin. They

[5] In case you aren't sure, this refers to the statement that the value of the USD is backed by the full faith and credit of the government of the USA. Unfortunately, it isn't incontrovertibly good faith. Fiat currencies, including the USD, are deliberately managed to create what they consider a "healthy" level of inflation. In practice this means that the currencies are designed to get less valuable over time, thus robbing currency holders of the value they hoped to preserve when they stuffed those dollar bills into the mattress, wallet, or bank account.

fund the operations of Dirt*i*CoinMinting (the Company). They don't directly affect the value of Dirt*i*Coin and are not paid to Dirt*i*Coin holders. The value of Dirt*i*Coin grows directly from the appreciating value of the real estate bought by the Company.

Dirt*i*Coin is NOT a security, it is a currency. Specifically, it is a virtual currency. At some point in the not-too-distant future, you will have a debit card to spend your Dirt*i*Coin. We want Dirt*i*Coin to become the next world-wide currency. We want to replace fiat currencies with Dirt*i*Coin to help people all over the world store their wealth safely from inflation and volatility.

Indirect Real Estate Ownership

The offering of fractionalized ownership of real estate is increasingly being carried out with the use of cryptocurrencies. These fractional ownerships are securities. The cryptocurrencies used for these offerings are typically based on the ERC-721 Ethereum protocol and are non-fungible tokens (NFT), meaning one token is not precisely as valuable as any other and are not readily interchangeable.

Dirt*i*Coin will not directly own any real estate. If Dirt*i*Coin were to directly own real estate, it would not be a currency. Instead, it would correctly be categorized as some form of real estate investment syndication, fractional ownership, or real estate investment trust, all of which qualify as securities under current US law.

To support the value of Dirt*i*Coin the Company acquires real estate using funding from Dirt*i*Coin sales. The Company owns the real estate, either outright or through partnerships, while maintaining and recognizing the liability owed to Dirt*i*Coin. The Asset Ledger of the Company is a subset of the balance sheet. It balances the values in the Asset Ledger with the liabilities owed to Dirt*i*Coin owners.

Problems Avoided

Direct ownership of real estate by Dirt*i*Coin would not only transform Dirt*i*Coin from a currency into a security, it would also burden Dirt*i*Coin owners with many of the problems commonly associated with direct ownership of real estate. The most problematic burdens of real estate ownership are:

- liquidity
- transferability
- tax consequences
- regulatory burdens
- operating losses

Liquidity

As noted elsewhere in this paper, real estate is largely an illiquid investment. To liquidate real estate investments costs time and money. In contrast, liquidating an investment in Dirt*i*Coin

will be done as quickly as the chosen currency exchange permits. If done through a digital exchange it will be nearly instantaneous. If done through the Company, at most, it will take no more than three business days

Transferability

When people invest in stocks, a key feature enabling stock trading is the presence of a strong market where people seeking to sell an investment position can readily find buyers who want to invest in a position. With stocks and bonds, the volume and extent of position trades is extensive. The ability to reliably compare investments is robust and understood well by many people.

In contrast with the widely understood and robust stock markets, the real estate investing market is highly fragmented and often heavily influenced by local market conditions. This fragmentation and lack of ability to readily compare one real estate investment with another makes it difficult to get into quickly and easily or out of real estate.

Many companies have recently begun touting the transferability of real estate investments in the form of "tokenized" real estate. Tokenization uses blockchain technology to better enable fractional ownership of real estate. Unfortunately, the tokenization of real estate does not resolve the lack of transferability that arises because of the unique value proposition associated with each individual real estate investment.

In contrast with nearly every other real-estate related investment, Dirt*i*Coin is entirely fungible. One Dirt*i*Coin is worth the exact same as every other Dirt*i*Coin. Buyers are totally insulated from the direct ownership of real estate. The problems of transferability arising from real estate are eliminated. Dirt*i*Coin can be easily transferred directly into BTC, ETH, USD, or some other liquid asset.

Tax Consequences

Direct investment in real estate results in many and varied tax consequences. Some are positive, some are negative. Requirements around depreciation, cost recovery, and many others create a substantially complex tax compliance requirement.

While buying Dirt*i*Coin is not free of tax consequences, buyers of Dirt*i*Coin are incurring a relatively simple tax compliance situation. They need to track how much the Dirt*i*Coin cost when they bought (cost basis) it and how much it was worth when they sold it. These are the same tax consequences they currently experience with any currency exchange (e.g., FOREX), or stock exchange (e.g., NYSE).

Regulatory Burdens

Real estate syndication and real estate investment trusts (REITs) are two common ways that many people band together to directly invest in real estate. However, real estate syndications have many regulatory requirements which often prohibit who can invest. REITs carry many

regulatory burdens which often drive down the returns and are more complicated than many stock purchases and are definitely more complicated than currency exchanges.

While blockchain technology, and recent regulations changes, have significantly lowered the hurdles to fractionalized real estate interests, the regulatory burdens are still substantial and can depress returns for investors.

While Dirt*i*Coin gives buyers some key benefits of real estate by combatting volatility and inflation, it does not put any regulatory compliance burden on purchasers[6] which would lessen the value of their purchase.

Operating Losses

When people invest directly in real estate and the investment fails to perform as expected the losses directly and proportionally impact the investors. This is the risk part of the "risk versus rewards" element of investing. The risk of loss is one of the primary reasons most of our securities regulations exist today. The government has taken great pains to ensure that investment promoters fully and accurately disclose the risk of loss that goes with any investment in real estate.

While there are no investments devoid of the risk of loss[7], the pleasant reality is that Dirt*i*Coin allows people to gain the inflation-hedging and volatility reduction properties of real estate without requiring them to become particularly knowledgeable of all the risks, rewards, and operational mechanics of real estate investing.

Because Dirt*i*Coin does not directly hold real estate investments and the investments held by the Company are in various geographic parts of the USA the impacts of losses are spread across many real estate investments and may be more than offset by gains in other investments. Neither these individual property losses, nor these individual property gains directly impact the value of Dirt*i*Coin.

The Company, which directly owns the real estate backing Dirt*i*Coin value will manage and generally absorb the losses and gains of specific real estate through its operating revenues. Because of the geographic dispersion the Company is insulated against large-scale impacts from specific markets. However, a nation-wide, or world-wide, loss or gain of real estate value could respectively decrease or increase the value of Dirt*i*Coin.

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[6] Purchases and sales of Dirt*i*Coin directly from the Company or through authorized exchanges are subject to Know Your Customer and Anti-Money Laundering statutes and requirements. Purchases and sales of Dirt*i*Coin on a peer-to-peer basis may be subject to laws and regulations of the countries where the parties reside.

[7] Under current US law only certain insurance investments can legally use the words "guaranteed" when promoting the returns on their investments. However, during the financial contraction of 2008 – 2012 many insurers petitioned the US Government to let them out of the guarantees they had previously provided their investors. (Schich, 2009)

Using Debt

Unlike many real estate investment funds, the Company will not use leverage to increase the real estate assets backing Dirt*i*Coin. While this will constrain the amount of real estate the Company can buy, leveraging the funding pool created by Dirt*i*Coin sales would expose the wealth entrusted to Dirt*i*Coin to certain risks which could suddenly and dramatically decrease the value of Dirt*i*Coin.

During the financial crisis of 2008 many owners of revenue producing real estate found themselves forced to sell profitable properties because they could not renew the loans, they had used to acquire those same properties. This was not because the owners were unable to make the debt service payments. Rather, it was because the lenders were being told by government regulators that they needed to eliminate all exposure to real estate risks. Without the financial reserves to pay off those loans, the owners had to sell their properties, often at "fire sale" prices. They lost most of their equity and wealth in those sales.

The Company will avoid this particular risk to the wealth of Dirt*i*Coin holders by not incurring debt to acquire real estate.

Managing the Value of Dirt*i*Coin

Scarcity is one of the determining factors of value for any medium of exchange, such as a currency. The scarcity, or abundance, of a currency is referred to as the monetary supply. When the amount of currency in circulation goes down, the relative value of each unit of currency goes up. When the amount in circulation goes up, the value of each unit of currency goes down. This is true except when the value of the currency is tied to some asset like gold, silver, or in the case of Dirt*i*Coin tied to real estate assets.

Monetary Supply

The monetary supply of US Dollars is controlled by the Federal Reserve Bank of the United States, under nominal guidance from the US Government. The monetary supply of Dirt*i*Coin is controlled by the DAO and managed by the Company.

The DAO has exclusive control over key variables which directly affect the Dirt*i*Coin monetary supply. These controls are the Coin Cap and the ability to burn Dirt*i*Coin. Establishing Dirt*i*Coin with a Coin Cap and Circulation as distinct numbers serving multiple purposes designed to provide stability to the value of Dirt*i*Coin as a currency.

The Coin Cap

The Coin Cap is the total amount of Dirt*i*Coin which can ever be put into circulation. It is a restriction, not a mandated goal. The Coin Cap, set when Dirt*i*Coin was created, can only be changed by the Company after an authorizing vote of the DAO. The Company has no authority to unilaterally alter the Coin Cap.

Setting a limit on the supply of Dirt*i*Coin and placing control of that number into the hands of Dirt*i*Coin owners, gives Dirt*i*Coin buyers control over inflation relative to Dirt*i*Coin. Under extraordinary circumstances, the Company might propose an increase or decrease in the Coin Cap. However, whether or not the number is changed is solely at the discretion of the voting Dirt*i*Coin holders.

The current financial model for the Company assumes a Coin Cap of 10 billion D*i*D (*see* ***DirtiCoin Denominations*** for an explanation of the D*i*D denomination). While this Coin Cap may seem exceedingly large it should be viewed in the context of an eventual global reach of the Company. Initial models indicate that a Minting Authorization 100 million D*i*D will require seven to ten years to fully deploy in USA markets alone. Out initial model absorbs less than 3% (290 million D*i*D) in the five-year startup period.

The difference between the Coin Cap and the Minting Authorization is positioned for use as the Company expands into markets outside the USA.

Comparing the number of D*i*D with other cryptocurrencies and share offerings of some major corporations demonstrates the reasonableness of the Minting Authorization.

Table 1 Market Cap Comparisons

Coin or Stock	Circulation or Shares Outstanding	Value per Coin/Share (USD)	Market Cap
Dirt*i*Coin (DID)	15 million	~ $100	$1.5 billion
Ethereum (ETH)	119.2 million	~ $1,000	$110.2 billion
Bitcoin (BTC)	18.9 million	~ $20,000	$361.4 billion
IBM	899.4 million shares outstanding	$137	$123.3 billion
Wells Fargo	3.89 billion shares outstanding	$45	$172 billion
Zions Bank	151.4 million shares outstanding	$56	$8.5 billion
Citigroup	1.9 billion shares outstanding	$54	$105 billion

Minting and Burning Dirt*i*Coin

The DAO is the only authority which can approve increasing or decreasing the supply of Dirt*i*Coin. However, the Company is the only entity authorized to mint Dirt*i*Coin. Because Dirt*i*Coin is a smart contract based on the ERC-20 Ethereum protocol, the smart contract contains the mechanisms that carry out the actions of the DAO (for more on this see ***DirtiCoin Technical Specifications***).

The Company has full authority to mint any amount of Dirt*i*Coin below the Coin Cap. The practical limit on minting is set by the ability of the Company to acquire the necessary real estate assets in a timely and risk-managed manner.

If the DAO wants to decrease the supply of Dirt*i*Coin, they will authorize the Company to burn a specified quantity of Dirt*i*Coin. The Company cannot burn Dirt*i*Coin without the express authorization of the DAO. To burn Dirt*i*Coin, the Company will buy Dirt*i*Coin off the market and then burn it.

Circulation

Circulation indicates how much Dirt*i*Coin has been minted by the Company. Circulation can never exceed the Coin Cap. As the Company mints additional Dirt*i*Coin it will update the Circulation.

The Asset Ledger

The Asset Ledger is the key connection point between Dirt*i*Coin and the Company. It is also a key connection point between the Company and the rest of the world.

Asset Ledger States

The valid states for the Asset Ledger are:

1. Initializing (State = 0) – this state is used immediately after the minting of Dirt*i*Coin (either at startup or subsequently) until the real estate and liquid asset levels of the Asset Ledger can be brought into compliance with the predefined tolerances.
2. Balanced (State = 1) – this state indicates that the ratios of real estate and liquid assets are within acceptable tolerances.
3. Out of Balance
    i. Real Estate Out (RE Out = State 2) – this state indicates that less than 50% of the Asset Ledger assets are in real estate.
    ii. Liquid Assets Out (LA Out = State 3) – this state indicates that less than 20% of the Asset Ledger assets are liquid.

Asset Ledger Changes

The Asset Ledger receives periodic updates to the values of the assets supporting Dirt*i*Coin and the volume of Dirt*i*Coin in circulation. Changes in asset values or Dirt*i*Coin in circulation will not trigger any actions by the DAO. These are transactions and will incur gas fees as the company updates the publicly viewable Asset Ledger in blockchain.

Changes to the Dirt*i*Coin in Circulation occur only as the Company mints and releases additional Dirt*i*Coin, or burns it, within the limit of the Coin Cap.

When the Company changes the State of the Asset Ledger to one of the out of balance states, other than “Initializing”, a proposal will also be updated in the Asset Ledger. The Asset Ledger

will then tally the votes on the proposal and the results will be publicly viewable. Based on the results, the Company will take the appropriate action.

Actions which would directly update the Asset Ledger include changing the Coin Cap and the Minting Authorization. Changing those values will be a transaction requiring a gas fee but won't incur action from Dirt*i*Coin.

The Initializing state for the Asset Ledger occurs whenever there is a release of Dirt*i*Coin by the Company. The Initializing state remains in effect until the Company has deployed the Dirt*i*Coin in Circulation and assets levels are within tolerances. Then the Asset Ledger State is changed to Balanced

When the Asset Ledger detects an Out of Balance state, based on the tolerances of the asset ratios, if the state is currently Balanced, it will initiate a Request for Proposal to the Company UI. Once the proposal is submitted, the Asset Ledger will change the State to the appropriate out of balance indicator and submit the proposal to Dirt*i*Coin for a vote.

The Asset Ledger will tally the votes received and post the results in the Asset Ledger while notifying the Company UI of the results.

Dirt*i*Coin monitors the relevant portions of the treasury of the Company through the Asset Ledger. When the real estate assets in the Asset Ledger falls below 50% or exceeds 80% (65% +/- 15%) of the total assets the smart contract of the will require a vote to either increase or decrease the supply of Dirt*i*Coin. In most cases, Management of the Company will anticipate these conditions and will precipitate a vote aligned with a recommendation to increase the supply of Dirt*i*Coin along with a specific amount to increase.

Results of the vote will be provided to the Company which, depending upon the outcome, will either mint new Dirt*i*Coin to increase the currency supply or buyback and burn Dirt*i*Coin to decrease the currency supply.

In order to support the initial value of Dirt*i*Coin the Minting Authorization will, for many years, be well below the Coin Cap. Further, the amount of Dirt*i*Coin actually minted will typically be a portion of the current Minting Authorization rather than the whole amount. The portion of the Minting Authorization minted by the Company in any release is based on the ability of the Company to convert the wealth invested into real estate in a reasonable amount of time, without incurring unreasonable risks by acting too hastily.

As the use of Dirt*i*Coin increases and opportunities to invest in real estate increase, the Company will periodically request to increase the Minting Authorization. If circumstances arise where it is desirable to increase the Minting Authorization beyond the Coin Cap, via voting, the DAO must authorize a new Coin Cap before increasing the Minting Authorization.

Key Metrics in the Asset Ledger

The Asset Ledger gives both the public at large and Dirt*i*Coin buyers in particular, a line of sight to the key information about the value of Dirt*i*Coin. Although there are a number of metrics shown in the Asset Ledger, the most important are the Ledger State, Coin Cap, Minting Authorization, Circulation, Total Assets Value, RE Assets, Liquid Assets, and D*i*D Value.

Table 2 Projected Asset Ledger First 3 Years

Asset Ledger State	Year 1		Year 2		Year 3	
Balanced	DiD	USD	DiD	USD	DiD	USD
Coin Cap	500,000,000		500,000,000		500,000,000	
Circulation	15,000,000	$1,395,000,000	65,000,000	$6,280,755,000	115,000,000	$11,545,477,09
Total Assets Value	15,366,408	1,429,075,989	69,129,043	6,679,732,044	132,000,963	13,252,296,489
RE Assets	10,116,408	940,825,989	46,379,043	4,481,467,794	91,750,963	9,211,379,506
RE %	67%		71%		80%	
Liquid Assets	5,250,000	488,250,000	22,750,000	2,198,264,250	40,250,000	4,040,916,983
LA %	35%		35%		35%	
DiD Value		$95.27		$102.77		$115.24

Ledger State settings will change each time a coin release occurs, the Asset Ledger State will be set to "Initialize" reflecting the fact that the ratios of real estate and liquid assets will be temporarily outside of limits until the Company can fully deploy the new infusion of capital. As soon as the capital deployment is reasonably within the required limits, the state of the Asset Ledger will be reset to reflect it has reached stability. Otherwise, the Ledger State will only change if the target variances for the asset ratios are exceeded.

For a more detailed understanding of how Dirt*i*Coin holders will vote to manage the supply of Dirt*i*Coin please see DirtiCoin Technical Specifications, elsewhere in this publication.

Having already addressed the next three, we will move on. In addition to the Ledger State and Dirt*i*Coin information, the Asset Ledger shows the amount of D*i*D invested in Real Estate, the market value of those investments, and the value of liquid assets held in the treasury. The ratios of Real Estate Assets Value and Liquid Assets Value is shown as a percentage at the bottom of the Asset Ledger.

Total Assets Value of Dirt*i*Coin is the sum of the RE Assets and the Liquid Assets. When the Total Assets Value meets or exceeds the Circulation this indicates that the Company is properly managing the entrusted wealth of Dirt*i*Coin buyers.

RE Assets reflects the market value of real estate assets held by the Company. When the Company owns only a partial share of an asset, only the value accruing to the Company is

reflected in the RE Assets. The difference between the RE investment amount and the Real Estate Assets value is based on the operating requirements that the Company will never invest more than 70% of the fair market value (FMV) in any real estate asset.

RE % is the proportion of assets which are held in real estate. It is derived by dividing the RE Assets into the Total Assets Value.

Liquid Assets are the assets held by the Company in the form of both fiat and cryptocurrencies. For fiat, this is USD. For cryptocurrencies this is Bitcoin (BTC), Ethereum (ETH), Dirt*i*Coin (D*i*D), and occasionally stablecoin such as USD Tether (USDT).

LA % is the proportion of assets held in liquid assets. It is derived by dividing the Liquid Assets into the Total Assets Value.

D*i*D Value is the current USD market value of one D*i*D. It is derived by dividing the Total Assets Value by the Circulation.

Together, the information provided in the Asset Ledger gives Dirt*i*Coin buyers unprecedented visibility into how the wealth they have entrusted is being managed. Published monthly, it also deters currency speculators by clearly demonstrating the factual basis for the value of Dirt*i*Coin. The Company anticipates that this frequent, public disclosure will significantly reduce speculation driven volatility for Dirt*i*Coin.

It is the primary and ongoing duty of the Company and its affiliates to actively monitor and manage the Asset Ledger balance and take all reasonable and legal measures to keep the asset balances in the Asset Ledger within tolerances needed to support the inherent value of Dirt*i*Coin.

Dirt*i*Coin Denominations

Creating or naming different denominations of Dirt*i*Coin enables the use of a common short descriptor to specify the volume of Dirt*i*Coin being discussed. The primary reference for discussing Dirt*i*Coin is the Dirt*i*Dollar (D*i*D). There are several denominations of lesser value than D*i*D, and many above it. These denominations facilitate fractional exchanges of value down to a level usable in ordinary retail commercial activities as well as mega exchanges of value.

Dirt*i*Coin will have the following name for the various denominations of the currency (see Table 5 DirtiCoin Denominations, below). For the purposes of this paper Dirt*i*Coin is discussed only as DiD (Dirt*i*Dollar), and purchases of Dirt*i*Coin are assumed and projected in whole DiD amounts. The realities of the marketplace demonstrate a substantial market for fractional sales of Dirt*i*Coin. The effect of fractional sales is to make Dirt*i*Coin available to the widest possible audience of interested buyers, and to allow fulfillment of all purchase offers without having to truncate them into DiD when a fractional purchase can be used to capture any remainders.

Fractional ownership of Dirt*i*Coin also has the effect of more thoroughly democratizing the currency and making it useful for purchases such as currently happens with BTC. Such

purchasing arrangements for Dirt*i*Coin are anticipated at a future date but are not currently being negotiated.

Nearly all the denominations of Dirt*i*Coin have names associated with some measure of a quantity of dirt. A DiD is a truck full of dirt. Ten times more is an acre of dirt (DAc). This goes all the way down to a Mote (which may be in your "brother's eye") and all the way up to a universe (Dirt*i*Universe, also called an Asimov[8]).

*Table 5 Dirt*i*Coin Denominations*

Dirt*i*Coin Denominations			
Descriptive Value	Number Value	Name	Nickname
0.000000001	1.00E-09	Mote	a mote
0.00000001	1.00E-08	Fleck	a fleck
0.0000001	1.00E-07	Grain	a grain
0.000001	1.00E-06	Pebble	a pebble
0.00001	1.00E-05	SQin -Pronounced 'skin"	a square inch
0.0001	1.00E-04	SFt - pronounced 'soft'	a square foot
0.001	1.00E-03	SY - pronounced 'soy'	a square yard
0.01	1.00E-02	Dirt*i*Penny (DiP)	a shovel
0.1	1.00E-01	Dirt*i*Dime (DiB)	a bucket
1	1.00E+00	Dirt*i*Dollar (DiD)	a truck
10	1.00E+01	Dirt*i*Acre (DAc)	an acre
100	1.00E+02	Dirt*i*Section (DiS)	a section
1,000	1.00E+03	Dirt*i*Town (DiTo)	a township
10,000	1.00E+04	Dirt*i*Valley (DiVa)	a valley
100,000	1.00E+05	Dirt*i*Mountain (DiMo)	a mountain

[8] In honor of the scientist and science fiction writer Issaac Asimov who created an entire universe in his Foundation series of books

DirtiCoin Denominations			
Descriptive Value	Number Value	Name	Nickname
1,000,000	1.00E+06	DirtiIsland (Disl)	an island
10,000,000	1.00E+07	DirtiCountry (DiNa)	a country
100,000,000	1.00E+08	DirtiContinent (DiCon)	a continent
1,000,000,000	1.00E+09	DirtiWorld (DiWo)	a world
10,000,000,000	1.00E+10	DirtiSolarSystem (DiSol)	a solar system
100,000,000,000	1.00E+11	DirtiGalaxy (DiG)	a galaxy
1,000,000,000,000	1.00E+12	DirtiUniverse (Asimov)	a universe

Initial Valuation

Dirt*i*CoinMinting (the Company) set the Dirt*i*Coin Coin Cap as well as the initial Dirt*i*Coin release (minting) based on a careful market analysis. We looked at several factors. Subsequently, we continue to monitor these factors because they affect our ability to carry out our mission.

- What is the current demand around the world for protecting wealth from inflation?
- What is the current demand around the world for protecting wealth from volatility?
- The current market size of cryptocurrencies such as Bitcoin (BTC) and Ether (ETH) and how much has been lost recently
- How much capital can we invest in US real estate in a given period of time without taking excessive risks?
- What is a reasonable price point to enable many people to store their wealth in Dirt*i*Coin?

Inflation Woes

In June of 2022 inflation in the USA broke a 40-year record going above 8%. According to the Pew Research Center in 37 of 44 countries average annual inflation in 1Q2022 was more than double what it was in 1Q2021. Israel, Greece, Italy, Spain, and Portugal have all seen inflation go up more than 10x of what it was a year ago. In the USA it has increased more than 400% from two years ago.

Inflation rates like this haven't been seen in decades in most of these countries. The short-term and long-term economic devastation inflation is wreaking on individual wealth will probably be largely ignored in the news.

The damage can be expressed in simple terms. If inflation is at 8% you have to subtract 8% from your investment returns to figure out how much you wealth is growing or shrinking. Given the accompanying volatility we are seeing below, the losses for most people are huge.

The last time the US saw a comparable situation was during the 1970s when lending interest rates soared above 20%. The World Bank Group's June 2022 Global Economic Prospects predict that inflation will be a serious problem for several years. Bear in mind that government economists often promote the view that a certain amount of inflation is necessary, healthy, or unavoidable. So, if they are saying it is a problem, it is a much bigger problem for most people than the experts say.

For you, even a 2% rate of inflation means that every year you are losing 2% of your buying power. That may not be considered a problem by the experts, but it is eating your wealth.

Volatility Wars

In June of 2022 The Washington Post noted that the Dow Jones Industrial Average (DJIA) has dropped nearly 18% in the six months since January of this year. Meanwhile, the Standard and Poor's 500 index has shed nearly 23% of its value during the same period. The NASDAQ has lost 31%. These drops in stocks represent massive losses for the nest eggs of many people. Tack on an 8% inflation rate and the real impact to your wealth may range from a loss of 26% to 39%. The Washington Post doesn't think this downturn will end soon. With $8 trillion in losses already, they conclude that "the only questions thar remain are the length and depth of the current contraction."

While some few investors have made money from these downturns, most people have suffered losses in a few months that will take years to recover.

The Crypto Crash

In early November of 2021 the crypto market was estimated to be worth about $3 trillion. Since then, the crypto market has shrunk rapidly. Therefore, in June Finbold.com valued the market at less than $1 trillion.

BitCoin has declined from a high of about $60k per coin to nearly $20k. The crypto market as a whole currently is worth less than $1 trillion USD.

Running for Safety

Volatility and inflation are adversely affecting both traditional and crypto investments. At the same time soaring inflation is adversely affecting fiat currencies. This appears to be a perfect storm for the launch of Dirt*i*Coin.

This year, the Dow has lost about $2 trillion in market cap. The S&P has lost about $12 trillion. Crypto has lost about $2 trillion. That is a total of about $16 trillion of wealth that has been devoured by volatility, in the last six months. If we had rolled out Dirt*i*Coin in November

or December of 2021 and just 1% of that lost wealth had been converted to DiD, $160 billion of wealth would have been preserved.

The initial planned minting of Dirt*i*Coin is for 15 million DirtiDollars (DiD). With each DiD valued at about $100 USD an initial market cap of $1.5 billion USD seems very conservative. That is less than one-one hundredth of one percent of the wealth that could have been protected in the first half of 2022.

We adjusted our targets dramatically lower than the probable market ranges to account for the difficulties of A) selling large quantity of Dirt*i*Coin at a useful price point and B) the challenges of acquiring significant amounts of risk-acceptable real estate in a limited time.

The most aggressive, or optimistic, projection the Company has done to predict returns to our financials is based on a market capitalization of about $10 billion USD in real estate assets.

DiD will quickly rise to stand beside Ethereum (ETH), BitCoin (BTC), and the US Dollar (USD) as preferred currencies. Those three currencies are the only ones we will accept in exchange for Dirt*i*Coin. The exchange rates between these currencies and each Dirt*i*Dollar (D*i*D) are shown below. These valuations were based on the values of ETH and BTC as of the morning of July 4, 2022.

The first table (below - Table 6 Initial ETH v DiD Valuations) shows the price relationship between Dirt*i*Coin and ETH. The second table (below - Table 7 Initial BTC v DiD Valuations) shows the price relationship between Dirt*i*Coin and BTC. The "Target" value reflects the value of Dirt*i*Coin used in the projections associated with this publication, rounded down to the nearest whole dollar.

The "Low" and "High" estimates reflect the probable range of valuation which will occur as Dirt*i*Coin is launched.

Table 6 Initial ETH v DiD Valuations

Initial ETH v D*i*D Valuations			
Ether Value		$ 1067.88	
Ether to D*i*D Exchange Rate		9.15%	
D*i*D USD Value		$ 97.67	
D*i*D for 1 Ether		10.934	
ETH Ranges		**D*i*D Value**	**D*i*D to ETH Ratio**
High	125%	$ 122.09	8.7468
Target	100%	$ 97.67	10.9336
Low	75%	$ 73.25	14.5781

Table 7 Initial BTC v DiD Valuations

Initial BTC v D*i*D Valuations			
BTC Value		$ 19,384.29	
BTC to D*i*D Exchange Rate		0.50%	
D*i*D USD Value		$ 97.67	
D*i*D for 1 BTC		198.4372	
BTC Ranges		**D*i*D Value**	**D*i*D to BTC Ratio**
High	125%	$ 122.09	158.7737
Target	100%	$ 97.67	198.4372
Low	75%	$ 73.25	264.6229

Initial Release of Dirt*i*Coin

The Company projections for the release of Dirt*i*Coin over the next five years are based on recent market events which tend to drive investors to seek hedges against volatility and inflation.

According to a November 2021 article in Investopedia (Reiff, How Much of All Money is in Bitcoin?, 2021) BitCoin, back then, was worth about $1.03 trillion USD. This is estimated at about 41% of the value of all cryptocurrencies which together have a combined value of about 7% of the world's money supply.

The most aggressive, or optimistic, projection that the Company has done to predict market penetration reflects an average annual investment in Dirt*i*Coin over the next five years of about $14 b USD per year. This is equivalent to just 1.4% of the November 2021 value of BTC. Volatility in BitCoin values between November 2021 and February 2022 stripped away nearly 1/3rd of the value of Bitcoin. If Dirt*i*Coin had been available for those holders of Bitcoin to hedge against that volatility, it is highly probable that significantly more than 1.4% of all BTC holders would have taken advantage of that hedge.

Given that volatility and inflation threaten to adversely affect most existing cryptocurrencies and fiat currencies the Company's targeted goals for Dirt*i*Coin releases appear reasonable and attainable.

Uses of Funds

When you deposit your wealth in Dirt*i*Coin its value shows up on the public Asset Ledger (the Ledger) of Dirt*i*CoinMinting, LLC (the Company). The Ledger is a subset of the Company's balance sheet. Your wealth initially shows up in the Ledger as liquid assets.

Operational Expenses and Debts

The Company commits 65% of your wealth to purchase real estate assets. The remaining 35% is both a cash reserve and meets immediate operational expenses of the Company. These expenses include debts incurred as the Company took steps to create Dirt*i*Coin. As the real estate portfolio grows the Company will use income generated from real estate to meet operational expenses. This means the 35% liquid assets in the Ledger become a stronger protection for your Dirt*i*Coin.

The Product and Production Costs

Dirt*i*Coin is a virtual currency. It is the product of the Company in exactly the same way that US greenbacks are the product of the Federal Reserve Bank.

We have invested our intellectual and financial capital to create this virtual currency. We deliberately designed Dirt*i*Coin to fill a major gap in wealth protection. This gap is feeding inflation as long as you have no asset backed currency to store your wealth. We have designed it to protect your wealth from both inflation and volatility. Additionally, we designed it to protect your wealth from the exploits of cyber pirates.

Directors' Cut

We set aside a minor portion of each Dirt*i*Coin release as deferred Director compensation. It is divided equally among all the current Directors. We keep this deferred compensation in the Ledger and use it for at least one year. After one year we start to pay it to the Directors. They only get this if there are profits to pay it. If there are no profits, then we keep the deferred compensation in the Ledger for the Company's use until we can pay them. Because we only pay this from the profits it doesn't affect the real estate appreciation that continues to increase the value of your Dirt*i*Dollars (D*i*D).

Summary

Whenever any venture is started it begins with a backlog of debts to be paid. The Company is no exception. A portion of the initial sales of Dirt*i*Coin will be used to pay off these debts and to fund short-term operational expenses. As the real estate begins to perform that will fund operational expenses.

When Dirt*i*Coin is released by the Company it is deposited directly into the treasury of the Company. Buyers can buy Dirt*i*Coin directly from the Company through its website (www.DirtiCoin.com) or through selected reputable cryptocurrency exchanges.

The Asset Ledger will always show you the value of the assets backing your D*i*D.

Dirt*i*Coin Management

Dirt*i*CoinMinting, LLC Management Duties

The primary duty of the Company is to actively monitor and manage the Asset Ledger balance. This means, we must take all reasonable and legal measures to keep the asset balances in the Asset Ledger (the Ledger) within tolerances. Above all, we must take actions that support the value of Dirt*i*Coin.

The Ledger won't usually get the out of tolerance quickly. Experience suggests, out of bounds conditions occur when can't take corrective actions within current limitations.

At times, we may preemptively request a Dirt*i*CoinDAO (the DAO) vote to increase or decrease the supply of Dirt*i*Coin. We constantly analyze market conditions and opportunities. If analysis indicates, we may contract or expand the currency supply to support Dirt*i*Coin value and stability.

Limited Control

Our ability to increase or decrease the supply of Dirt*i*Coin is limited. We can only mint Dirt*i*Coin up to the limit of Coin Cap. We can buy Dirt*i*Coin off the market and into the treasury. The Company can take these limited actions without a vote from the DAO.

Buying Dirt*i*Coin off the market does not decrease the Circulation. Only burning does that. The Company cannot burn Dirt*i*Coin without authorization from the DAO.

Methods

The primary mechanism we use to maintain the balance within tolerances is through the acquisition and divestiture of real estate. Acquisition converts liquid assets into real estate assets. Divestiture converts real estate assets into liquid assets.

When liquid assets are excessive we buy more real estate. Alternatively, we can fund related strategic endeavors. We can declare and pay dividends to the Company owners. We can submit a proposal to the DAO to burn coins. Or we can do any combination of these actions.

When real estate assets are excessive, we have several alternatives. First, we can liquidate real estate assets. Second, we may ask the DAO to raise the Coin Cap. With an increased Coin Cap we will mint and sell additional Dirt*i*Coin. Third, we may do a combination of these actions. All of our alternatives have the effect of increasing liquid assets relative to real estate.

Options

The preferred resolution of out of balance conditions is to:

1. Mint and sell more Dirt*i*Coin, investing in additional real estate to increase the value of Dirt*i*Coin

2. invest in strategic efforts that related to Dirt*i*Coin that will indirectly bolster its value Buy back and burn Dirt*i*Coin.

The DAO authorizes us to take any balancing actions, except increasing the Coin Cap or burning of Dirt*i*Coin. Either of those requires a vote of approval by the DAO.

To avoid excessive and too frequent voting, which could impede the ability of the Company to react to emerging situations, a vote to increase the Coin Cap will target a quantity of Dirt*i*Coin substantially greater than the amount the Company needs for immediate release.

The difference between the Coin Cap and the quantity released is at the discretion of the Company. This effectively gives the Company the authorization to mint Dirt*i*Coin up to the Coin Cap.

Dirt*i*CoinDAO Contract and the Asset Ledger

As noted, Dirt*i*Coin is a smart contract and smart contracts are computer programs. All computer programs require constants, variables, conditions, and actions. For Dirt*i*Coin the constants (Coin Cap and Circulation) as well as the conditions and actions are in the contract. The values for nearly all the variables come from the Asset Ledger.

When you buy Dirt*i*Coin, you are using an ERC-20 protocol to create a contract on the Ethereum main blockchain. Your contract will have a unique blockchain address. It will contain the terms of the contract. It will also contain certain constants and variables related to Dirt*i*Coin. The most important constant is the Coin Cap. Circulation is an important variable which doesn't usually change quickly for Dirt*i*Coin. The quantity of Dirt*i*Coin you have is also stored in each contract as well as the date the contract was established. The quantity will change as you buy, sell, or spend Dirt*i*Coin.

For the Rules of the DAO, and related information, please see ***DirtiCoin Technical Specifications***, below.

The Asset Ledger

Dirt*i*Coin will regularly communicate with the Company via a publicly available version of the Company Assets Ledger (the Ledger). The Ledger provides summary information regarding the real estate assets and liquid assets of the Company, as well as a “state” indicator which will allow the DAO to monitor the required ratios.

If the Asset Ledger is out of balance the Company will submit a proposal to the DAO to rebalance the portfolio. We rebalance the Ledger either by increasing or decreasing the supply of Dirt*i*Coin.

Decreasing the supply of Dirt*i*Coin in Circulation requires burning Dirt*i*Coin. The Company cannot burn Dirt*i*Coin without approval from the DAO.

DAO Contract Summary

The DAO is a "slow DAO." Votes take days or weeks, not seconds.

The contract comprises many essentials of the design of Dirt*i*Coin as a currency. We engineered the Contract to achieve several goals. First, we wanted to give you the ultimate control over the monetary supply of Dirt*i*Coin. Second, we wanted to protect your wealth from pirates. Third, we created a structure that stores your wealth in much the same way putting your money in a bank does.

Decreasing the supply of Dirt*i*Coin in Circulation requires burning Dirt*i*Coin. The Company cannot burn Dirt*i*Coin without approval from the DAO.

Minting and Burning Dirt*i*Coin

Minting and burning affect the monetary supply of Dirt*i*Coin and therefore affect its value. In this context minting and burning are terms of science in blockchain technology.

Minting is the process of creating new blockchain contracts or tokens[9].

Burning is the process of destroying or cancelling existing blockchain contracts or tokens.

The US Treasury Department does it too

These processes are directly analogous to the actions of the US Treasury printing (minting) new dollars or tossing old bills into an incinerator to burn them. Both cases change the total supply of available Dirt*i*Coin.

Who can burn DirtiCoin?

Burning of already minted Dirt*i*Coin directly affects the quantity of Dirt*i*Coin in circulation, without affecting the potential total supply of Dirt*i*Coin. Only Dirt*i*CoinMinting (the Company) can Burn Dirt*i*Coin. However, the Company needs permission from Dirt*i*CoinDAO (the DAO) to burn Dirt*i*Coin. Burning takes Dirt*i*Coin out of circulation. It decreases the liquid assts of the Company because it trades active capital for destroyed Dirt*i*Coin.

Just buying back Dirt*i*Coin isn't the same as burning it. Dirt*i*Coin in the Company treasury is still in circulation. It is a liquid asset in the same as USD held in a bank account.

Lighting the Match

If we need to burn Dirt*i*Coin, the Company will submit a proposal to the DAO. The proposal will specify the amount of Dirt*i*Coin we recommend burning. The DAO can accept or reject the proposal. If they accept it, the Company buys back the specified amount of Dirt*i*Coin and burns

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[9] Every US Dollar is effectively a contract between the holder, the Federal Reserve, and the US Government to provide the holder with value and accept the bill in payment of debts.

it. This will decrease assets in the Ledger and the Dirt*i*Coin in circulation. This may decrease the value of Dirt*i*Coin.

Assets or Liabilities

The mathematical difference between the Coin Cap and Circulation of Dirt*i*Coin is both a potential asset and liability. It is a potential asset because when it is minted it increases the assets in the Ledger. It is a liability because all the assets in the Asset Ledger are pledged to the DAO. The Asset Ledger reflects the liability of the claims the DAO has on the Company.

Increasing the supply of Dirt*i*Coin can be achieved either through the minting of Dirt*i*Coin below the current Minting Authorization which has not yet been minted, or through the request of an increase in the Minting Authorization accompanied by the actual minting of new Dirt*i*Coin.

Who Can Mint DirtiCoin?

The Company is the only entity authorized by the DAO to mint Dirt*i*Coin. The limit of what the Company can mint is the Coin Cap. If the Company wants to mint more Dirt*i*Coin than the Coin Cap allows, the DAO will have to increase the Coin Cap.

Summary

The DAO holds the sole ability to authorize the minting and burning of Dirt*i*Coin. The Coin Cap is the maximum amount the Company can mint. Burning requires specific permission from the DAO.

Dirt*i*Coin Technical Specifications

Dirt*i*Coin uses the ERC-20 standard contract which is a smart contract that is used when creating a fungible token. The ERC has the primary responsibility of tracking balances (Solorio, Kanna, & Hoover, 2020).

Key Fields

Each Dirt*i*Coin has several fields common to all ERC-20 as well as some specific for the implementation. The list below contains some, but not all fields.

- *totalSupply* – this is the total amount of Dirt*i*Coin in circulation
- *coincap* – this is the total amount of Dirt*i*Coin which can ever be minted
- *balance* – this tracks the balance for the owner address associated with this instance
- *transfer* – contains the address where balances will be transferred to, and the quantity being transferred.

Rules of the DAO

The Dirt*i*Coin contract contains several rules.

1. The Coin Cap is set at 500,000,000 DiD.

2. Only the DAO can approve burning Dirt*i*Coin, changing the Coin Cap, or changing the terms of the Dirt*i*Coin contract.
3. The Dirt*i*Coin minter (Dirt*i*CoinMinting, LLC, also known as the Company) is the only entity authorized to mint Dirt*i*Coin and be the de facto trustee for the DAO.
   3.1. The Company has full discretion to mint any amount of Dirt*i*Coin up to the limit of the Coin Cap without approval of the DAO.
   3.2. All wealth stored in Dirt*i*Coin by those who have bought Dirt*i*Coin is, effectively, held in trust for them.
   3.3. The Company is the trustee, and the DAO is the beneficiary.
   3.4. The Company may retain profits generated from the Trust investments, excluding those that derive directly from the appreciation of the value of real estate in the Trust.
   3.5. The Company has authority to invest the principal of the Trust within the following limits:
      3.5.1. The Company must maintain real estate and liquid assets (Brex.com, 2021) to back the value of Dirt*i*Coin within predefined tolerances to back the value of Dirt*i*Coin in circulation.
      3.5.2. These tolerances, plus or minus 15% are 65% real estate assets and 35% liquid assets.
      3.5.3. When assets exceed tolerances, the Company will present a proposal for a DAO vote designed to correct the imbalance.
   3.6. The Company verifies compliance with the contract through the Asset Ledger (the Ledger).
   3.7. The Ledger shows, at a minimum, the following information:
      3.7.1. Coin Cap (in DiD),
      3.7.2. Circulation (in DiD)
      3.7.3. Asset Ledger Total Value (in DiD) - This is the sum of Real Estate Assets Value and Liquid Assets Value.
      3.7.4. Real Estate Assets Value (in DiD)
      3.7.5. Liquid Assets Value (in DiD)
      3.7.6. Ledger State - This is one of three values (Initializing, Balanced, Out of Balance).
   3.8. The Company will update the Ledger within 7 days after the end of each month.

Voting Rules

1. The Company is the only entity which can submit proposals to the DAO for their vote.
2. Only contracts holding a quantity equal to or greater than 1 DiD are eligible to vote.
3. Only contracts that are older than 30 days from the start of the voting period are eligible to vote.
4. Each eligible contract gets one vote, regardless of the quantity of DiD held in the contract.
5. The voting period for proposals to the DAO will not be less than 7 days and not more than 30 days.

6. Votes submitted after the end of the voting period are rejected.
7. A plurality of the eligible votes submitted is a majority vote regardless of the number of eligible contracts.
8. Each vote has a value of either "For", "Against", or "Abstain." These values are mutually exclusive.
9. The Company can choose to count eligible submitted abstentions as votes "For" or "Against", at their discretion.

Conclusions

Asserting that a new product is unique is cliché. Although a cliché, it should not be dismissed as untrue. Dirt*i*Coin delivers a unique value proposition which may subsequently be imitated but does not currently exist in the marketplace.

Today, so-called stablecoins attempt to provide a non-volatile harbor to park your crypto wealth to either consolidate gains or weather a volatility event. Unfortunately, the recent collapse of TerraUSD (Osipovich & Ostroff, 2022) amply demonstrates that despite their name, stablecoins may not actually be stable. Additionally, because stablecoins are pegged to fiat currencies they are designed to pass along to you the devaluation occurring as fiat currencies are hit with inflation.

Some cryptocurrencies are offering to hedge against inflation by linking the cryptocurrency to real-world precious metals such as gold and silver. The values of both gold and silver are notoriously volatile. Further, the link between the cryptocurrency and the underlying asset, while being presented as a direct link, is not. It is an exact equivalent to certificates for gold or silver which have been sold for many years now. There is no visibility to the underlying assets and all you truly have is a piece of paper which may quickly become worthless if the management company becomes defunct.

Investing in real estate is one of the most proven successful means to protect your wealth against both volatility and inflation. Real estate tends to retain and increase its value and often provides cash flows. Unfortunately, it typically requires large amounts of capital and always entails significant risks. While the risks are well understood and relatively easily managed by those familiar with them, they can decimate the investment of novices.

Fractionalized real estate ownership interests attempt to lower the costs of entry to real estate investing and provide you a harbor against both volatility and inflation. The market has begun to experience a flood of cryptocurrencies which are NFT-based fractional real estate ownership to decrease the barrier to entry and attract investors with small amounts of capital. Unfortunately, NFT are not recognized as a legal ownership claim anywhere. Further, these approaches typically suffer from the low liquidity inherent in private placements and pass along to the investors all the risks that come with direct real estate ownership.

Through Dirt*i*Coin, your cryptocurrency and fiat wealth both enjoy the benefits of low volatility and inflation protection which come from real estate. Because the real estate is held by Dirt*i*Coin Minting you enjoy these benefits without bearing the risks associated with direct real estate ownership.

Because the Asset Ledger of Dirt*i*Coin Minting is published regularly and publicly available there is no mystery around the true value of reserves protecting your wealth.

Because Dirt*i*Coin is a true, fungible, currency it is liquid.

Dirt*i*Coin is a good place to protect your wealth against volatility and inflation.

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This whitepaper includes forward-looking statements and projections into the future. These forward-looking statements are typically subject to the influences of one or more risk factors that may or may not be identified in this document. Every potential customer, client, investor, or partner should be aware that actual results may vary significantly from the statements made. Moreover, the Company does not assume responsibility for the accuracy and completeness of such forward-looking statements; nor is the Company obligated to update any such statements for any reason, even if new information becomes available or other events occur in the future. It

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Appendix A - Frequently Asked Questions About Dirt*i*Coin

Q. How is Dirt*i*Coin different from Bitcoin and Ether?

A. Dirt*i*Coin, Bitcoin, and Ether are all cryptocurrencies, meaning they use blockchain technology and represent a value to their buyers. The value of BTC is driven by both public perception and a mathematical model using scarcity to create a store of value which is resistant to inflation, but not volatility. The value of ETH is driven by its utility in enabling blockchain and cryptocurrency transactions and platforms (Shah, 2021). In contrast with Bitcoin and Ether the value of Dirt*i*Coin is supported by the assets of the publicly available Asset Ledger of the Company.

Q. What is the publicly available Asset Ledger of the Company (the Asset Ledger) and why is it important?

A. When minted Dirt*i*Coin are deposited into the treasury of the Company. The Company then sells Dirt*i*Coin, depositing the proceeds from the sales into the treasury of the Company. The Company then works with real estate investing companies across the USA to buy real estate assets. The Company was formed specifically for the purposes of minting Dirt*i*Coin while also acquiring real estate assets to support the value of Dirt*i*Coin.

The Asset Ledger is a summary of a subset of the treasury of the Company. It shows the current, total market value of real estate and liquid assets held by the Company and available to exchange for the value of Dirt*i*Coin.

Q. Why doesn't the Asset Ledger also show the liabilities associated with the real estate?

A. The most common liability offsetting the value of real estate is debt. The Company does not use debt to secure real estate assets.

Q. Why doesn't the Company show its whole balance sheet?

A. Corporate balance sheets show assets and liabilities. They are designed to demonstrate the liabilities of a company are completely offset by the assets. The most important liability of the Company is to be able to exchange Dirt*i*Coin for assets in their treasury. The Asset Ledger shows the assets which are offsetting the liability owed to the buyers of Dirt*i*Coin. All other liabilities of the Company are offset by other assets which are irrelevant to the Asset Ledger and the duty owed to Dirt*i*Coin buyers.

Q. How frequently and how much dividends can I expect to see from my purchase of Dirt*i*Coin?

A. Dirt*i*Coin will not ever provide dividends because it is a currency, not a security. When you put a $100 bill of US currency in your wallet, no matter how long you keep it there, neither

the Federal Reserve nor the US Government will ever send you a dividend payment for your purchase of US Dollars (USD). USD is a currency, not a security.

Q. If I don't get dividends from Dirt*i*Coin, why should I buy it?

A. There are two primary benefits to buying Dirt*i*Coin: 1) Hedging against inflation and 2) Hedging against volatility.

Q. How does Dirt*i*Coin give me a hedge against inflation, and why is that important?

A. Inflation erodes the buying power of your money. For the past 20 years (2001 to 2021) inflation of the USD had been held to just about 2.2% per year. While that doesn't seem like much it compounds over time, meaning that what you cany buy with $100 today would have only cost you $75 just 10 years ago, and $53 just 20 years ago.

The value of Dirt*i*Coin is backed by investments in US real estate held by the Company and publicly seen in that company's Asset Ledger. During the same 20-year period where the buying power of USD declined by 2.2% (on average) each year, the value of real estate increased by 3.9% (on average) each year. This means that the $100 invested in real estate 20 years ago would now be worth $202.

If your investments don't outpace inflation, then the buying power of your money in those investments is declining. Real estate has long been acknowledged as one of the best investments to hedge against inflation. Unfortunately for most people, getting that benefit from real estate has typically required people to have tens of thousands and hundreds of thousands of dollars available to invest directly in real estate.

Dirt*i*Coin makes available to all its buyers this important benefit of hedging against inflation without requiring them to directly invest in real estate and without the requirement for investing large amounts of cash.

Q. How does Dirt*i*Coin give me a hedge against volatility, and why is that important?

A. Volatility is the rapid upward and downward change in the value of an investment. It is dangerous to the value of any investment. Holding volatile investment position means risking dramatic decreases in the value of the investment. For those willing to bear the risk, it can also mean the opportunity to quickly increase the value of their investment. Historically, most investors end up experiencing dramatic gains and even more dramatic losses due to volatility. The investors who make money when investment values drop quickly are few and far between.

The cryptocurrency investing world is no exception to the temptations and perils of volatility. In November of 2021 the most prominent cryptocurrency in the world was trading at about $65k per coin. By February of 2022 that had fallen to about $42k per coin. For anyone who bought Bitcoin in November of 2021 they lost about 1/3rd of their investment. As of this writing, the value has still not regained its November 2021 levels.

As an investment, real estate is historically one of the least volatile investments available. Even gold has been more volatile. Further, while it is possible for people to find some massive gold deposits which would lower the value of gold as an investment, discovering "deposits" of real estate isn't a possibility. It is a finite commodity. As the saying goes, "Haciendo No Más", or in English "they aren't making any more of it."

Some may point to the dramatic decline of real estate values in the USA from 2008 to 2012 noting that real estate can be volatile on a large scale. Without question that period represents the dangers of negative volatility and on a national scale. Our analysis of the appreciation rates of real estate deliberately included that time frame so that a 'worst case' actual scenario would depress the historical average. We found that for the 20 years from 2001 to 2021 real estate values in the USA have risen an average of 3.9% each year. Even with the "crash" in 2008, the average appreciation outstrips the average inflation rate of 2.2% over these same two decades.

The value of Dirt*i*Coin is backed by investments in US real estate held by the Company and publicly seen in the Company's Asset Ledger. Because of the natural and historical resistance to widespread negative volatility, investments in real estate are hedged against volatility. Prior to Dirt*i*Coin for individuals to enjoy this benefit against volatility required the investment of large sums of capital. Dirt*i*Coin allows people to benefit from the naturally low volatility of real estate without all the risks and large investments required by direct real estate investing.

Q. There are a lot of cryptocurrency and other funds offering people the benefits of investing in real estate without requiring that they invest large amounts of money. They are doing this through blockchain and cryptocurrency tokens. How is Dirt*i*Coin any different than those?

A. Today, more than ever before, many investment schemes offer small investors the ability to benefit from real estate. They achieve this primarily by allowing investors to buy a fractional ownership of a specific real estate asset. Blockchain technology, also often referred to as cryptocurrency, is a wonderful enabler in this realm. All these opportunities are tied directly to real estate. Some are dependent entirely on one property. Others rely on a pool of properties. They all qualify as securities and carry with them all the inherent risks associated with owning real estate. The economic impact of those risks shows up in the returns from the investment and the value of each share. All of them suffer from a systemic problem with liquidity. The market for buying and selling these fractional shares is limited very limited, and a share in one investment is not the same as a share in another investment. This latter point is called fungibility. Most real estate investments are not fungible. They are not all equally valuable.

Dirt*i*Coin is not tied to specific real estate investments. The value of Dirt*i*Coin is backed by the publicly viewable Asset Ledger of the Company. The Company directly bears the risks and rewards of real estate and manages the same. The benefits of low volatility and hedging against inflation are the rewards passed to Dirt*i*Coin buyers. The dependence of all Dirt*i*Coin on the value of the same Asset Ledger makes Dirt*i*Coin a 100% fungible currency. The 1,000 DiD you

hold can be exchanged for the 1,000 DiD of anyone else without a change in value. In contrast, the 1,000 shares you have in one real estate investment cannot be directly exchanged for the 1,000 shares of someone else in another real estate investment without some adjustment for the differing risks, rewards, and values of the relevant real estate.

Q. How and where can I buy Dirt*i*Coin?

A. Dirt*i*Coin can be purchased through the official Dirt*i*Coin website www.DirtiCoin.com. It may also be purchased from individuals holding Dirt*i*Coin or through many digital currency exchanges. You can buy Dirt*i*Coin directly using your bank account, credit cards, or with Bitcoin (BTC), or Ether (ETH) or indirectly through an exchange.

Buying Dirt*i*Coin will require that you establish a cryptocurrency wallet (your wallet) before the purchase can be finalized. When we accept your payment, your Dirt*i*Coin purchase will be deposited directly into your wallet.

If you are using ETH or BTC to buy Dirt*i*Coin, you may need to pass certain US legal requirements known as KYC (Know Your Customer) and AML (Anti-Money Laundering) which are intended to prevent the funding of terrorism and the illegal drug trade.

Q. What fees do I have to pay to buy Dirt*i*Coin?

A. When you buy Dirt*i*Coin through Dirt*i*Coin.org, Dirt*i*Coin charges a modest purchase contract administration fee and a variable currency conversion fee. When you buy Dirt*i*Coin through Dirt*i*Coin.org the portal will allow you to either specify a maximum dollar amount you want to commit to the transaction or to specify the number of Dirt*i*Coin you want to buy. Regardless, before the sale is finalized, you will be provided with a record of the transaction which will show you how many Dirt*i*Coin you are buying, how much you are paying for the contract administration fee and how much you are paying in conversion fees. You will then have the chance to cancel, change, or approve the transaction.

Q. What is the purchase contract administration fee?

A. Dirt*i*Coin is a cryptocurrency using the ERC-20 smart contract protocol. When the purchase contract is created there is a one-time fee to initially add this to the blockchain. The fee is the same for each contract, regardless of the amount of Dirt*i*Coin being purchased.

Q. What is the variable currency conversion fee?

A. When you purchase Dirt*i*Coin using your credit card, bank account, or other automated US Dollar (USD) payment service (e.g., Venmo, PayPal, Zelle, etc.) your currency is converted from the analog world of the USD into the world of cryptocurrency. There are costs involved in that transition and they vary based on the value of the exchange.

Appendix B – Direct Real Estate Investing versus Dirt*i*Coin

A Comparison of Direct Real Estate Investing Versus Dirt*i*Coin

By

The Savvy RE Investor

Among the secrets of the rich (and famous) the role of real estate in building and maintaining long-term wealth is well known. Regardless of how wealth was earned, the wealthy consistently funnel large amounts of their wealth into real estate to preserve it against the ravages of inflation and volatility, and to grow it through appreciation and income.

When considering whether to include real estate in your wealth building efforts, a couple of simple internet searches can be both informative in their contents and educational in the high-level results. The figure below (Figure 6 - Benefits of Real Estate Search Results) reveals that in less than 1 second you can find nearly 900 million reasons (multiplied by the number of reasons in each search result) why you should invest in real estate.

Figure 6 - Benefits of Real Estate Search Results

A similar search, looking for the downsides of real estate (see Figure 7 Dangers of Real Estate Investing) gives you nearly 18 million reasons (multiplied by the number of reasons in each article) why investing in real estate may not be such a good idea.

Figure 7 Dangers of Real Estate Investing

It is worth noting that the reasons for investing in real estate appear to be 50 times greater than the reasons to avoid real estate (900 million results compared to 18 million results). While that number isn't scientifically or mathematically sound for calculating your odds, it does reveal

that the benefits of investing in real estate appear to significantly outweigh the problems, by a pretty substantial margin.

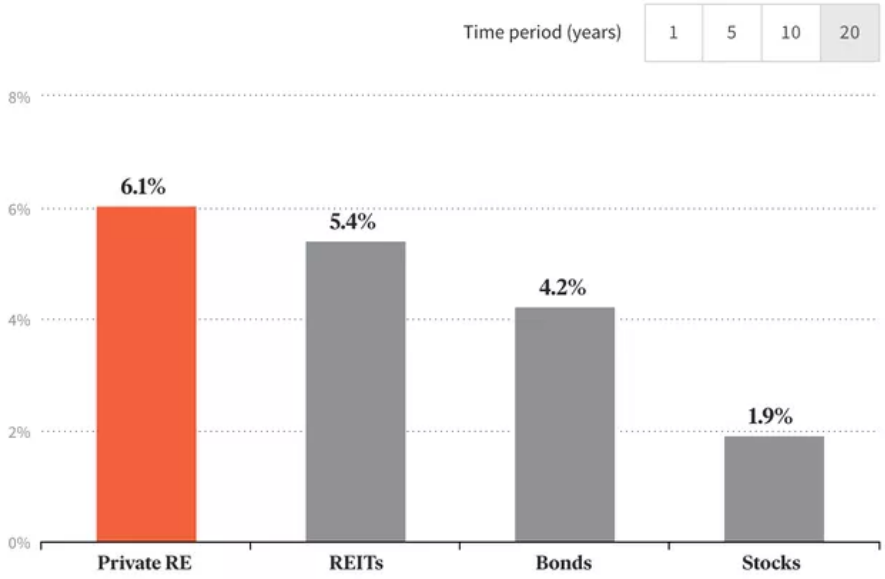
Without reading all 893 million search results, which notably include many advertisements for companies and individuals who will be happy to take your money and invest it in real estate for you, the Savvy Real Estate Investor has summarized the benefits of direct investment in real estate to the following 7 points.

7 Benefits of directly investing in real estate

1. Real estate returns consistently outperform investments in stocks and bonds
2. Diversifying your portfolio into different classes of assets reduces your risk of losses due to volatility
3. Income
4. Tax breaks
5. Appreciation – hedge against inflation
6. Equity
7. Leverage

1. Performance

The graph below shows how private real estate investing has performed over the past 20 years compared to real estate investment trusts (REITs), bonds, and stocks during the same period. As you can see real estate is the big winner across all these categories.



Source: Fundrise (Fundrise.com, 2022)

This performance compares favorably when risks are factored in.

	Total Return	Volatility	Sharpe Ratio
Stocks	6.56%	18.07%	0.22
Bonds	5.03%	3.43%	0.74
Publicly traded REITs	11.28%	18.68%	0.47
Private real estate	8.73%	8.20%	0.76

Source: Fundrise

2. Diversification

"By spreading your funds across a number of different vehicles, you can more effectively offset losses, should they occur."

Aly J. Yale, Millionacres.com[10]

Investing is never an unbroken stream of wins, with no losses. A key practice taught by Investools'[11] investor education is to let your winners run and cut your losers short. The principle behind this is to minimize the damage done when an investment position goes against you. Diversification of your portfolio is less about minimizing the damage and more about hedging your bets that your wins will more than offset your losses. That won't be possible if all your money is invested in one asset.

3. Income

Income can be a significant benefit from real estate investing. To be totally clear, this doesn't usually come from buying your own home. The trend to take advantage of AirBnB notwithstanding, most people pay more into their homes each year than any income it gives back to them.

Income generating real estate is almost exclusively about rental property. This is true regardless of the type of property. If you invest in storage facilities, you are renting out each unit.

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[10] https://www.millionacres.com/real-estate-basics/investing-basics/benefits-of-investing-in-real-estate/

[11] Investools is a registered trademark of ThinkOrSwim Group and TD Ameritrade Holdings, Inc.

If you invest in single family homes, you are renting out each house. If you invest in strip malls, you are renting out each storefront. And the list goes on, and on.

When directly investing in real estate the income generated is a key consideration. That income will help offset costs of ownership and, if it exceeds the costs of ownership, may be available to grow your wealth.

4. Tax Breaks

Direct investing in real estate is, de facto, owning a business. Each property you own is a separate business and all-together, they are a business conglomerate.

Robert Kiyosaki, in his landmark book Rich Dad Poor Dad: What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not! (Kiyosaki, 2017) makes the point that businesses get very different tax treatment than do individuals.

Businesses deduct their expenses from their income and only pay taxes on the profit. Individuals pay taxes on their gross income ("adjusted gross income") with a general disregard for how much they have had in expenses.

For many years individuals could reduce their taxes by showing how much they paid in interest on their mortgage. With the recent increase in the standard deduction that specific benefit has essentially disappeared for most individuals. There is no standard deduction for businesses, so every dollar of expenses decreases their tax liability. That mortgage interest may be one factor reducing your taxes on your real estate investment.

Real estate, at least the buildings on top of the dirt, according to the tax man are usually considered depreciating assets – they get less valuable over time. This means you may get to take a tax loss because of the assumed decrease in the value of your real estate. Sometimes the tax loss more than offsets your positive cash flow from the same property.

However, this is not all sunshine and rainbows. When you sell the real estate the tax man realizes that you made money and the real estate may have increased in value. So, they recover the depreciation (meaning you must give it back) when you sell.

Depending on where your real estate is located, there may be other tax breaks as well. Designated economic recovery zones, disaster zones, and others may qualify for additional tax incentives.

5. Appreciation

Notwithstanding the tax man's view of the depreciating value of your real estate, most real estate increases in value over time. The underlying reason for this is that population growth creates an increasing demand for real estate while the core supply of available real estate isn't growing. In fact, although real estate development continues, God isn't making more real estate on this planet, so the supply is limited. In other words, "they aren't making any more of it."

This fundamental example of the effects of supply and demand is why real estate is almost unparalleled in its value as a hedge against inflation.

While currencies are subjected to devaluation through inflation, real estate keeps increasing in value. Historically the increase in the value of real estate has outpaced inflation. This means you can usually realize a gain when you decide it is time to sell your real estate investment. The chart below (Figure 8 Average US Home Prices Since 1963) shows the behavior of home prices. The gray vertical bands are when the US economy was in recession.

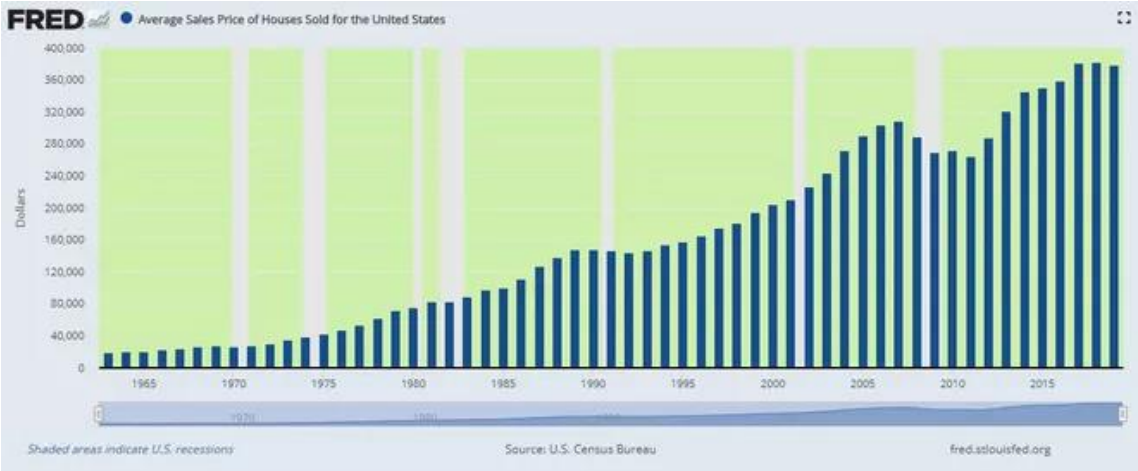

Figure 8 Average US Home Prices Since 1963

Source: Federal Reserve Bank of St. Louis[12]

Rents too tend to increase over time. Your role of a landlord requires you to pay more for goods and services as inflation lifts prices. You need to ensure your income stream from your real estate keeps pace with inflation so your cash flow from real estate remains positive.

6. Equity

Equity is your net ownership of real estate. Estimate the market value of your real estate and subtract what loans you have against that real estate, what remains is your equity.

During the financial crisis of 2008-2012 the downturn in property values created situations where many real estate owners had negative equity. The amount of their loans exceeded the value of the real estate.

In general, real estate investors enjoy increasing equity from three factors:

A) Appreciation – the natural increase in value over time increases your equity

[12] https://www.investopedia.com/articles/mortgages-real-estate/11/key-reasons-invest-real-estate.asp

B) Debt Reduction – as you use income from the property to pay off the principal of the loans used to buy the property, your equity increases
C) Forced Appreciation – as you invest in certain improvements in your property, or the management of your property, the changes may increase your equity.

7. Leverage

Leverage means borrowing money. Real estate is one of the few investments where banks will happily lend you money to make an investment. They are willing to do that because they recognize the inherent value of real estate and know that if you fail to repay your loan, they can take the property away from you and sell it to regain the money they loaned you. They call that a collateralized loan because you promise they can take the real estate if you fail to pay as agreed.

From your standpoint as a direct investor in real estate, leverage means that you can invest a fraction of the value of a real estate asset (usually not less than 20%) and get the other 80% of the cost of the investment as a loan.

8 Dangers of Directly Investing in Real Estate

As pointed out at the start of this article, investing in real estate also has many risks or downsides. Sparing you the tedium of looking up the 17.6 million dangers showing up in Google, the Savvy RE Investor will summarize for you the 8 major problems with owning real estate.

8. High cost of entry
9. Locality specific
10. Negative cash flow (expenses)
11. Deal problems
12. Building problems
13. Illiquid
14. Debt service
15. Complicated taxes

1. High Cost of Entry

In case you didn't realize it, buying real estate takes a lot of money. That chart shows the rise in home prices over time (Figure 8 Average US Home Prices Since 1963) is great news if you own real estate. It is not as much fun if you are trying to buy real estate. Across the USA, on nearly every weekend, there is some self-proclaimed real estate expert offering a seminar to teach you how to invest in real estate in your spare time with none of your own money. Experience shows that these claims range from being incomplete to downright misleading.

For instance, take the claim that you can do this "in your spare time." Recall that directly investing in real estate is a business. Every entrepreneur will tell you plainly that setting up and properly running a business takes time. A lot of time. In this case, your spare time had better be

no less what you would expect to devote to a part-time job, about 20 hours per week, or more. (Sheppard, Millionaire Liar, 2013)

You will invest time first in learning the business. That will take both time and money.

Next, you will search for deals. When you find a prospective deal, you will invest hours crafting offers, presenting offers, and researching the property. If your deal is accepted you will invest more time finding someone to fund your deal (a lender, partner, or buyer).

If you are partially or fully funding your own deals (skipping the "none of your own money" part of the pitch), you will need access to thousands, or hundreds of thousands of dollars to be able to buy, fix up, and sell, or rent your property.

Some experts teach techniques to buy properties with "no money down." While these deals can be made, the result is usually a real estate investment where your equity is near zero (or negative) and one wrong move will cause you to lose the investment to the lenders who are carrying the debts on the property.

2. Location Specific

Immobile: Real estate sales agents will consistently tell you that the three most important factors affecting the value of real estate are 1) Location, 2) Location, and 3) Location.

"When buying any investment property, the location should always be your primary consideration."

Ruth Lyons, InvestorJunkie.com[13]

With few exceptions, you cannot move a real estate investment to a more desirable location. Property values depend heavily on the immediate, geographic market conditions around them. These local conditions are far more volatile than the same considerations for a larger area.

Volatile: If crime goes up in the neighborhood of your property, values go down. Values in other neighborhoods of the same town may stay high or go up. That doesn't help you.

Zoning changes are very location specific. If the town council changes the zoning, your quiet residential street might become a busy commercial center or your busy commercial center might become a wasteland of derelict store fronts.

Concentration Risk: The high cost of investing in real estate often means that, until you get successful, your investments are all geographically close together. This is called concentration risk. It means that the value of your entire real estate investment portfolio can be devastated by one, location-specific, event. Tornados, hurricanes, earthquakes, zoning changes, factory

[13] https://investorjunkie.com/real-estate/risks-of-real-estate-1/

closures are all events where the worst impacts tend to be focused on small areas. Any of these, and more, can abruptly remove all the benefits of your real estate investment while leaving you with significant debts and other costs which you pay, unless you walk away and lose it all.

3. Negative Cash Flow

Assuming when you made your investment in direct real estate you ran the numbers and didn't over-leverage yourself into a negative cash flow, then are two other primary causes why you might have to dig into your savings account to keep your real estate investments alive.

Vacancies: When no one is renting your property you still have to pay the taxes, insurance, maintenance, and any debt service on the property. (Sheppard, The Tired Landlord Program (2nd Edition) (The Savvy RE Investor Book 1), 2022) The Savvy RE Investor builds an estimated vacancy rate into the numbers when considering the deal. That rate is based on historical information and experience. However, as noted above with concentration risk, sometimes even The Savvy RE Investor can get caught off-guard and experience higher than anticipated vacancies.

When this happens, financial reserves are used. For most people, that means their savings and checking accounts. It may even mean taking money out of a 401k or IRA to ensure you can carry the property until you can fix the vacancy problems. Otherwise, you may have to give the property to your lenders.

Problem tenants: Every landlord, without fail, can tell you stories about the "tenants from Hell." Typical problems are: 1) failing to pay rent on time, 2) failing to pay rent at all, 3) making the place look trashy, 4) damaging the property, 5) running drugs out of the property, 6) unending complaints, 7) calls at all hours, 8) bringing in other people you didn't approve, and the list goes on, and on.

While you have a problem tenant in place, often the cash flow from your property slows or stops. In addition to this decrease in revenue you must spend money on legal fees to get them evicted. Then, when they are gone, you will have to invest time and money to get the property move-in ready before you can begin showing it to prospective tenants. Sometimes this means tens of thousands of dollars in repairs.

You can pursue legal action against the problem tenants to get them to pay. After you pay your attorney to get a judgement against them, you get to pay a collection agent to try to get them to pay. Even if your collection agent finds them, chances are good they don't have any resources to pay what they owe you.

And, while all these legal actions and repairs are going on you still must keep paying the taxes, insurance, maintenance, and debt service.

4. Deal Problems

When you directly invest in real estate there is always a “deal” involved. This is true regardless of whether you are the only investor, or if you are one of many investors (this is known as fractionalized ownership).

The Savvy RE Investor carefully considers all aspects of the deal and looks at what can go wrong. Understanding what will happen when things go wrong is the essence of risk identification. Building controls, warning mechanisms, and countermeasures into the deal is risk management. All this needs to be done whether you are buying into someone else’s deal or crafting it all for yourself. Failure to do this is failure.

Regardless of your risk management, lenders and property expenses have the first claims on revenues from real estate deals. Investors and deal managers are the last people to get paid in almost all deals. If the deal, or the property, have problems the risks of you losing all or a portion of your investment go up.

If the lender forecloses on your real estate, they get back all their money before you get any of yours.

5. Building Problems

When you make a direct real estate investment it usually involves a building. For the untrained eye, just looking at a building rarely reveals if there are problems (large or small) which could adversely affect your investment, either requiring you to invest much more than you planned or destroying the value of your investment.

Can you tell, just by looking, if that is lead-based paint on the walls or asbestos in the ceiling tiles? Professional building inspectors get dirty crawling under buildings, through attics, peering behind walls, and generally poking and prodding all over buildings, as well as researching some history on the building to help them identify apparent and unseen problems.

If your real estate investment wasn’t properly inspected, the costs of remediation can be very high. Typically, while you remediate them you won’t have any income off the property, and you will still have to pay those pesky carrying costs of insurance, maintenance, taxes, and debt service.

6. Illiquid

> “Liquidity is the ability to access the money you have within an investment. One risk of real estate investing is that investment properties are illiquid, meaning you can’t easily convert them into cash. Selling a property is neither a quick nor a simple process and selling quickly or under pressure will most likely result in taking a loss on your investment.

"This lack of liquidity forces real estate investors to hold their investments for longer than other types of investments, which is risky for those who might need access to cash quickly if necessary."

Mashvisor.com[14]

7. Debt Service

The Savvy RE Investor has been both borrower and lender. The first lesson learned from this experience is that leverage is both the boon and bane of the real estate investor. While it allows you to build a much larger real estate portfolio than would otherwise be the case, it seriously escalates the risk that you will lose all that portfolio, and your equity with it, if sufficient problems occur.

"Interest is a faithful servant and a relentless master."

Unknown

When you lend money, the interest on the loan is wonderful to receive. It is your money making more money for you. When you borrow money, the interest you pay is relentless. You must pay it every hour of every day for as long as the loan is in force. This is true regardless of whether the property has a positive or negative cash flow.

When you borrow money to buy real estate, the sums are large, and the interest paid is often far larger than the principal borrowed.

The best way to buy real estate is without using debt service. This allows you to keep more of the profits and gives you a better cushion against problems with the property. Unfortunately for most people, paying all cash for real estate is a very expensive proposition. Few have the financial resources to buy real estate without resorting to using loans and servicing that debt.

8. Complicated Taxes

Those tax benefits mentioned earlier, depreciation, cash flow, etc., all add complications to your tax situation. As a business, you have already complicated your taxes with your expense tracking, revenues, cost of goods, etc. With real estate investing you multiply all of that for each property and add depreciation schedules and other complications as well.

Chances are good that when you invest directly in real estate your taxes will quickly become far too complicated for you to do them yourself. You may need both an accountant and a paid tax preparer to make sure you don't get on the wrong side of the tax man.

How Dirt*i*Coin Manages All This

[14] https://www.mashvisor.com/blog/major-risks-real-estate-investing/

The value of Dirt*i*Coin is sustained by investments in real estate which are published in the Asset Ledger of Dirt*i*CoinMinting[15]. The central premises of Dirt*i*Coin are that buyers enjoy the low volatility and hedge against inflation provided by real estate, without the attendant complications of direct real estate ownership. Dirt*i*CoinMinting (the Company) handles all the dirty details of the real estate.

1. Low cost of entry

A single Dirt*i*Dollar, known as a D*i*D, can be bought from the Company for less than $100. As investments go, that is about as low a cost of entry as you will find. You can purchase Dirt*i*Coin in smaller increments as well, all the way down to a Mote, which is that thing "in your brother's eye" and is a tiny, tiny fraction of a penny in USD ($ 0.00000009.)

2. Diverse localities & properties

The Company is establishing affiliates to purchase income properties in major real estate markets all over the USA, with plans for international expansion and can handle a wide variety of types of real estate investments.

3. No cash flow (+ or -)

If there is a downside to Dirt*i*Coin it is this. Dirt*i*Coin is a currency, not a security. When you buy a Euro with USD, it doesn't come with dividends or cash flow. That is true also when you buy Dirt*i*Coin.

The cashflow from the income properties the Company purchases is used first to pay the expenses of the company and can be used for reinvestment in additional real estate. Some is also kept in the treasury of the Company as a liquid reserve to handle situations where a property might produce negative cash flows.

While some might complain that this insulation of Dirt*i*Coin buyers from real estate deprives them of the cash flow, you could also argue that it also insulates them against negative cash flows.

4. Simple tax situation

Buying Dirt*i*Coin is not a direct investment in real estate. Not even a fractional investment in real estate. Because of that, Dirt*i*Coin buyers have none of the tax complications associated with real estate investing. All of that is handled by the Company. All you need to do is keep track of how much you paid for your Dirt*i*Coin when you bought it, and how much you got for it when you sold it. The Internal Revenues Service will want to take their bite out of your gains.

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[15] Dirt*i*CoinMinting, LLC.

5. Standardized deal structures

The Company employs a small army (would you believe a platoon, or just a squad?) of real estate experts and attorneys. They standardize their deal structures based on the type of real estate and the type of deal (fix-and-flip, buy-and-hold, etc.). Then, they use smart contracts to turn every deal into the equivalent of a computer program. Payments go in, expenses come out, and paper-shuffling is kept to a minimum.

6. Rigorous due diligence

Through its innovative use of affiliates, the Company employs the services of local real estate experts to evaluate every aspect of every deal while considering the nuances of specific location. The experts follow standardized and rigorous processes to ensure that risks and all other aspects of the property, the deal, and the partners involved are properly managed.

7. Highly liquid

Dirt*i*Coin is a currency. It is as fungible as the US Dollar. This means that, just as you can trade someone a $20 bill for two $10 bills, you can trade 100 D*i*D for one DAc (a DAc, or Dirt*i*Acre is ten times the value of a D*i*D).

As mentioned, Dirt*i*Coin is not a direct investment in real estate. This means you don't have to sell real estate to get your value back out of Dirt*i*Coin. At any time, you can take your Dirt*i*Coin to the Company website and cash it in for its equivalent value in ETH, BTC, or USD[16]. Soon, Dirt*i*Coin will be available on other digital exchanges, and you won't have to rely on the Company to exchange your Dirt*i*Coin.

8. No debt service

There are many risks involved with directly investing in real estate. The Company understands those risks and takes many actions to dramatically reduce them. If the Company were to leverage Dirt*i*Coin they could buy much more real estate. However, they would also dramatically increase the risk of losing it all and destroying the basic value proposition of Dirt*i*Coin. The Company has chosen to avoid leverage risks entirely.

This means that if an investment goes bad, the costs will not be driven higher by the need to service the debt. Instead, the problem can be remedied, or the property liquidated, without the interference or considerations due to a lender. This approach is much more likely to protect the value of Dirt*i*Coin than would be the case if leverage were used.

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[16] BTC (BitCoin), ETH (Ether), and USD (US Dollars) are the native exchange pairings used by the Company. Exchanges into any other currencies would need to be done by a third party and would not involve the Company in any way.

Conclusions

Directly investing in real estate, either on your own or through fractionalized investments like REITs, loan syndications, and private investment groups is not for the faint of heart, nor for anyone ignorant of the risks.

Carlton Sheets, the master of "Buying Real Estate With No Money Down," (Sheets, How to Buy Your First Home or Investment Property with No Down Payment, 1985-1999) has opined that if you have little knowledge or experience in real estate investing, but you have lots of money to invest, and you partner with someone who has lots of knowledge and experience, but no money, when the deal is done, you will have the experience and the partner will have your money. (Sheets, Creating Quick Wealth With Partners, 1999) He based that opinion on both his own experience and that of others. Unfortunately, he was not wrong. Successfully investing directly in real estate requires knowledge, experience, and money.

Dirt*i*Coin represents a unique opportunity for ordinary folks to gain some of the most important benefits of reduced volatility and hedging against inflation which come from real estate investing without exposing yourself to all the dangers that come with those benefits. It makes these benefits available to you even if you don't have hundreds of thousands of dollars to invest.