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Did you know that it's now possible to buy an IRL house on [@opensea](#)?

It may sound like science fiction but it's real.

Read on if you're curious how it works and why this is a giant leap forward in the use of [#web3](#) technology!

On October 14, 2022, an on-chain transaction was completed for the purchase of a house on 149 Cottage Lake Way in Columbia, SC. The purchase price was 175,000 USDC and the house is now listed on [@opensea](#) (with traits!) for everyone to see.

<https://opensea.io/assets/ethereum/0xf928d6285b8a4f9ac5a640ae598d7399c331cea7/o>

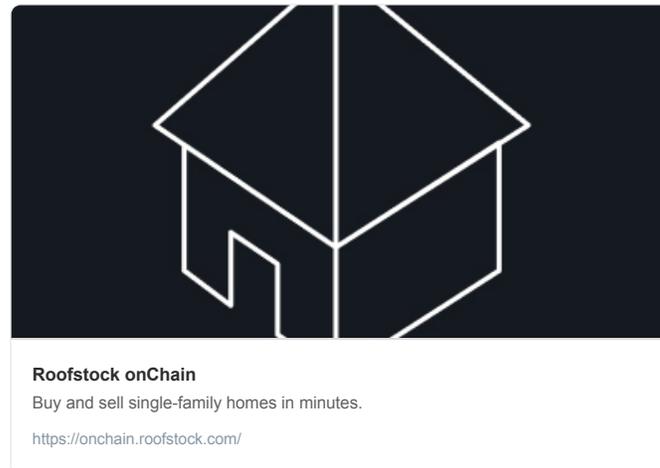
The transaction was facilitated by [@Roofstock](#), a company that specializes in buying, selling and managing single-family rental (SFR) properties.

While [@Roofstock](#) is a known player in the SFR space (\$5B+ in transactions), this transaction was their first using web3 technology.

After numerous problem-solving sessions with regulators and lawyers, Roofstock onChain is now up and running.

Roofstock onChain is designed to allow anyone to buy and sell homes with one click using cryptocurrency.

Let's unpack the what, why and how:



#### The What: Single-family rental (SFR) properties

SFR properties have traditionally been considered a core strategy for accumulating wealth. They serve as a non-correlated, inflation-adjusted alternative to traditional public equity markets and alternative assets.

Owning SFR properties has proven to be attractive both in up and down markets.

Monthly rent payments produce an attractive stream of income.

Long-term home price appreciation behaves like an equity kicker.

Periodic increases in rent act as an inflation hedge.

And if you're a long-term holder, this is a great time to accumulate and dollar cost average your investments even though home prices are declining.

SFR assets are an inflation hedge and the current environment only increases the need for people to rent vs. own.

#### The Why: Benefits of buying homes using web3 technology

Being about to complete a real estate transaction with one click (in a legally enforceable way) turns the complex, stressful traditional real estate closing process into a low friction buying experience.

A low friction process has the added benefit of driving costs down.

Selling using Roofstock OnChain: 3% as a platform fee

Selling using a traditional process: 6% in commissions plus 1.5% in closing costs

The savings can easily be tens of thousands of dollars!

Another benefit is access to commercial DeFi lending options with more flexible terms than a TradFi Bank can offer.

Right now, Roofstock onChain is working with Teller Finance on a short duration interest only product and other products will be made available over time.

And since the Roofstock OnChain process issues NFTs using the ERC-721 standard, it means the product is compatible with all leading NFT marketplaces.

This provides optionality to sellers to expand their marketing reach to new, crypto-savvy audiences.

The How: Details on the buying/selling process

Roofstock OnChain starts the process by creating a dedicated single-purpose LLC for each home. The home is titled in the name of the LLC and recorded in the traditional manner at the local county recorder's office.

When you purchase a Roofstock onChain home, you are effectively purchasing a 100% membership interest in the LLC that owns the home. As the sole member of the LLC, you own and control the underlying home.

The beauty of the LLC structure is that changes to the ownership of the LLC do not require any changes to the underlying deed.

The beauty of using web3 architecture is that the blockchain serves as a recordkeeping device to track ownership of the membership interest in the LLC.

The LLC operating agreement is structured so that the owner of the LLC is the person who rightfully controls the wallet in which the home token is held.

If the token moves wallets, it serves as an instruction to the LLC to record the new ownership.

Most aspects of the traditional real estate transaction and settlement process are required as part of the Roofstock onChain process including legal requirements such as property inspections, property insurance and title insurance.

The difference is that these activities have been reordered in the transaction timeline so that all the information the buyer needs is made available PRIOR to the property being listed which eliminates the need for contingencies for inspections and other sources of friction.

When the buyer clicks the “buy” button and signs the wallet, the NFT marketplace’s smart contract executes the transaction seamlessly with an important caveat:

The Roofstock onChain contract restricts transfers only to those wallets that have a “verified buyer” status.

Interested buyers can get KYC'd (currently through Roofstock) after which Roofstock updates a soul bound non-transferrable membership token as verified.

Once verified, the customer can purchase Roofstock onChain homes on any NFT marketplace.

When the Roofstock onChain home is transferred from one wallet to another, the transaction is deemed to be complete. There’s no additional paperwork, no DocuSigns, no notaries, and no closing documents.

Once verified, a consumer can buy a house with a click.

Owners of Roofstock onChain homes have complete freedom when it comes to what they want to do with the underlying property.

They can choose to live in it, use it as a vacation property, turn it into a short-term rental, or lease it as a long-term rental.

The elephant in the room: Can I lose my home if I lose access to my wallet or if it is hacked?

No. When you purchase a Roofstock onChain home, your real-world identity is connected to your wallet which allows for several layers of security protection.

First, all buyers must undergo an identity verification process before being allowed to purchase a Roofstock onChain home.

Potential buyers receive a non-transferable (aka “soul bound”) token in their wallet when they’re onboarded.

The smart contract only allows Roofstock onChain homes to be transferred to wallets that have passed their onboarding process, so fraudsters have to jump through hoops to own your property. And if they do, the identity of the fraudster will be known and legal steps can be taken.

The second line of security defense is that Roofstock onChain homes can only be sold after the “sellable” flag in the token has been activated by the administrator.

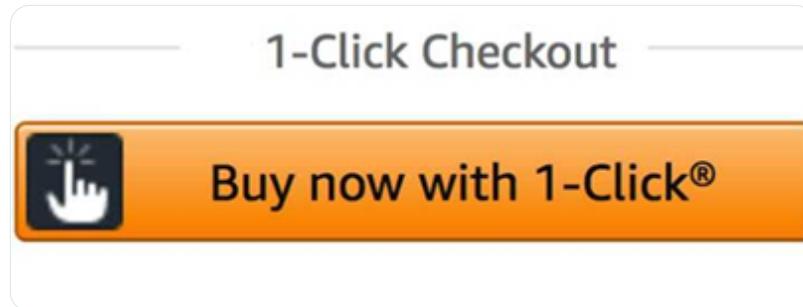
You are free to sell your home at any time, but before doing so there are some basic steps that occur first.

A final layer of protection is that Roofstock is able to de-platform a home token and issue a replacement (when requested by the rightful owner).

This is useful if you lose the keys to your wallet or if your token has been involuntarily transferred out of your wallet.

Buying and selling real estate on a NFT marketplace isn't a fantasy anymore. With ERC-721 tokens and smart contracts, Roofstock has created a one-click purchase and sale transaction completed entirely on-chain.

It's now possible to sell an Ape (click) to buy a house (click)!



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