

Defending the Dollar

Why PHOCIS Is Inevitable — The Market Thesis

\$500B+ U.S. Private Lending TAM	\$3B–\$5B Annual Escrow Fees	4.5% T-Bill Yield Today	\$0 PHOCIS Lender Fee
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THE CORE THESIS

Every dollar that moves through the Private Money Lending ecosystem passes through escrow. Escrow is slow, expensive, and structurally unnecessary. PHOCIS replaces it with digital clearing backed by T-Bill yield — giving lenders a faster, cheaper settlement layer while PHOCIS earns the spread.

The trade: Lenders give up expensive escrow accounts that earn nothing. PHOCIS gives them faster settlement, zero fees, and a better operational experience. PHOCIS earns T-Bill yield on pooled AUM. Both sides win.

5 REASONS PHOCIS WINS

1. The fee moat is permanent

PHOCIS charges zero lender fees — not as a promotional tactic, but as the business model. The revenue comes from yield, not fees. This is structurally impossible for traditional escrow to replicate without destroying their own economics.

2. Timing: the rate environment is favorable

T-Bill yields at 4–5% make the PHOCIS model highly profitable at scale. Even a 100bps rate decline is manageable — PHOCIS does not break until T-Bills approach 0%, which has not occurred since 2022 and is not forecast for the near-term horizon.

3. Infrastructure is already built

Wells Fargo custody is active. Priority Technology Holdings (NASDAQ:PRTH) ACH/wire infrastructure is executed and live. LenderWise pilot is running. PHOCIS is not raising to build — it is raising to scale what already works.

4. Regulatory positioning is defensible

PHOCIS operates under CA Corp. Code §17006(a)(1) as a fund manager — not as a bank, not as a broker-dealer. This is a narrow, defensible regulatory lane that competitors must navigate independently, and that PHOCIS has already navigated.

5. Network effects favor the first mover

Every lender added to the PHOCIS clearing network increases liquidity and clearing velocity for all other lenders. At \$50M AUM, PHOCIS becomes the most attractive platform for any new lender entering the Private Money space. The moat deepens with every participant.

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Market Thesis · Continued

MARKET LANDSCAPE

Solution	Positioning
Traditional Escrow	Slow (3–5 days), expensive (0.5–2%), paper-based, no yield
Bank Wire Transfer	Fast but costly per-wire, no yield, no clearing intelligence
Title Companies	Real estate focused, not Private Money native, fee-dependent
PHOCIS Tech©	Same-day digital clearing, \$0 lender fee, T-Bill yield, Wells Fargo custody

THE \$500B OPPORTUNITY

The U.S. Private Money Lending market processes over \$500 billion in loan volume annually across hard money, bridge, fix-and-flip, DSCR, commercial, and family office segments. Every one of those transactions currently uses some form of escrow or title settlement.

Capturing 1% of market AUM under PHOCIS management = \$5B AUM = ~\$225M annual revenue.
 Capturing 0.1% = \$500M AUM = ~\$22.5M annual revenue. The pre-seed \$250K raise funds the path to \$50M AUM — the inflection point.

THE PATH FROM HERE

When	AUM Target	Milestone
Now	\$5M AUM	Pre-seed close, Priority PRTM live, Wells Fargo active
Q3 2026	\$15M AUM	USDC layer live, 3–4 new lender segments, Series A prep begins
Q1 2027	\$40M AUM	LenderWise scale, AI underwriting, SOC 2 audit initiated
Q4 2027	\$80M AUM	Series A close at \$15–20M / \$100–125M cap, enterprise sales
2029+	\$200M–\$500M AUM	Institutional clearing platform, multi-state licensed

The bottom line: PHOCIS is building the financial plumbing that the \$500B private lending market has never had. The infrastructure is proven, the regulatory path is clear, the partnerships are executed, and the revenue model is simple. One check — \$25K to \$50K — gets you in before this becomes obvious to everyone.

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