

# PHOCIS Tech©

REPLACING ESCROW WITH DIGITAL CLEARING · PHOCIS.AI

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## Investor FAQ

The questions serious investors ask — answered directly.

### 1. How does PHOCIS make money if lenders pay nothing?

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PHOCIS earns yield on pooled AUM via daily U.S. T-Bill sweeps. Lenders pay \$0 in fees — that's the product. PHOCIS captures the spread between T-Bill yield and the sweep rate credited to lenders' accounts. At \$30M AUM and 4.5% T-Bill yield, that's \$1.35M in annual revenue with no sales force, no invoicing, and no churn risk from fee complaints.

■ *The model scales linearly with AUM — no marginal cost per lender added.*

### 2. What stops a bank or escrow company from just copying this?

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Three things: infrastructure, compliance, and time. Our Wells Fargo custody partnership took 18 months to execute — it is not a vendor relationship any startup can replicate quickly. Our 50-state AI compliance engine is built in-house, attorney-verified, and audited — not a plug-in. And escrow companies are structurally incentivized to keep fees high; they can't go to zero without destroying their own model. Banks are too slow and too regulated to serve private lenders at this speed.

■ *We issued a due diligence challenge: find a single-platform competitor. The answer is still empty.*

### 3. What is your current AUM and how are clients using the platform?

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We are live at \$5M AUM with active clients across Family Offices, Fix & Flip lenders, and Business-Purpose lenders. Construction lenders are onboarding now. The LenderWise Network partnership is live and provides distribution to hundreds of additional lenders. Our total identified pipeline is \$200M+ across these segments.

■ *Clients are using Draw Request Management, Hold-Back Tracking, and daily T-Bill sweeps in production today.*

#### 4. What happens if T-Bill rates drop significantly?

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T-Bill yield is variable — we disclose this prominently. However, the business model is not rate-dependent in a binary sense. Even at 2% T-Bill yield, \$30M AUM generates \$600K annual revenue. At \$100M AUM, that's \$2M. The value proposition to lenders — \$0 fees, same-day disbursement, AI compliance, real-time visibility — exists independent of yield. Lenders stay on the platform because the operational benefits are irreplaceable, not because of yield alone. Additionally, future revenue streams (SaaS compliance, USDC rails, LOS integration) de-risk yield dependency over time.

#### 5. What is the regulatory risk? Is this legal in all 50 states?

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Yes. PHOCIS operates as a Digital Clearing platform — not a bank, not an escrow company, and not a money transmitter in the traditional sense. The Wells Fargo custody structure provides FDIC-insured, bankruptcy-remote accounts held in each lender's own EIN. Our 50-state AI compliance engine was built specifically to navigate the patchwork of state business-purpose lending regulations. We have attorney review at the state level and ongoing compliance audits baked into the platform.

■ *Business-purpose lending (non-owner-occupied) has different regulatory requirements than consumer lending — PHOCIS operates squarely in that space.*

#### 6. Why raise only \$250K at this stage?

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This pre-seed round is targeted and surgical. The \$250K unlocks three specific milestones: completing the USDC crypto rails integration (opens international and digital-asset lenders), LOS (Loan Origination System) integrations that trigger distribution to thousands of additional lenders, and initial legal/regulatory filings for Canada expansion. These are the exact inputs that compound AUM growth and position PHOCIS for a \$2.5M seed round within 12 months. We are not raising \$250K because we can't raise more — we're raising \$250K because that's what the next milestone actually costs.

## 7. What does the cap table look like?

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Cap table detail is available in the NDA-gated Legal & Structure folder. At a high level: this is a founder-controlled company. The pre-seed SAFE is at a \$10M cap with no discount and no negotiation. We are targeting 5–10 angels at \$25K–\$50K each — keeping the round clean, the cap table tight, and the terms simple.

■ *Please execute the NDA to access the full cap table and operating agreement.*

## 8. Who else is on the team / advisory board?

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Nate Cater, Founding CEO: 10+ years mortgage and real estate, U.S. Marine Veteran (Weapons Co. 2/23), Founders Institute Graduate Fall 2025. Advisory board includes Rod Hecker, Scott Rosenhaus, and Dave Roberts — bios available in the Team folder. PHOCIS also has an active relationship with the Tributary Foundation, with 3% of net proceeds pledged — giving institutional partners a mission-aligned angle.

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[Questions not answered here? Contact Nate directly at nate@phocistech.com · phocis.ai](#)

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