

Purchasing Modes

The [ABC](#) uses [different methods to purchase property](#) into the [Commons Trust](#). They are designed to meet different needs. In those modes where the buyer provides the funds, they can be in U.S. dollars or [Elsies](#) at the 1:1 [peg](#). Purchasing modes are innovations of the ABC, and the list provided here is neither exhaustive nor required.

There are four possible dispositions of currency in a purchasing mode, with the timing and quantity of these dispositions varying from mode to mode.

Seller: This is the payment of funds to the property seller

Immediate: This is the direct distribution of funds [as rent](#) at closing or [auction](#).

Delayed: This is the delayed distribution of U.S. dollars as rent by offering associated Elsie at 99.16% of the peg. The length of the delay is a function of demand for the Elsie.

Advance Rent: These are the funds that go into the [advance rent account](#)

Future: These are payments made at some future date by tenants with restricted title to structures

Immediate-Delayed Disposition

Purchase mode revenue, over and above revenue designated for the advance rent fund, received in the currency preference of the rent recipient, is disbursed immediately. Funds received in the other currency are delayed until the money is converted to the preferred currency.

Funds are batched daily to maximize immediate distribution. For instance, suppose 50% of the recipients required Elsie, and the other 50% required U.S. dollars. In the case of auction mode, if there are ten auctions one day, five winning bids are in Elsie, and five winning bids are in U.S. dollars, batching the ten results allows everyone to receive immediate payment. If each auction result were treated separately, 50% of each result would be delayed. Batching will typically be done daily, although in the early days if the ABC starts slowly, it might be done weekly or even monthly. Revenue from all purchasing modes on a given day or in a selected period will be batched.

By default, the ABC, [VTLM](#), and [counties](#) receive their funds in U.S. dollars. The [EDSF](#) and dividend payable must receive funds in Elsie. The [land fund](#) has its own rules, which vary with conditions. In the simulation, the land fund receives its distribution in Elsie.

There are two methods of delaying payment. If the required amount is in Elsie, and the funds are in dollars, the dollars are bid for Elsie at 99.05%. This bid will be filled by the ABC in [ram and jam](#) or earlier by market makers. The Elsie are then distributed directly to the rent recipients. In [Phase II](#), the dollars will be used to purchase land, and the minted Elsie will be distributed to the rent recipients.

If payment is required in dollars, and the funds are in Elsie, the Elsie are offered on the market at 99.16% of the peg. This causes the principal market maker to set the upper bound of their spread at 99.15% of the peg. Only when the market maker's inventory of Elsie is fully depleted will delayed Elsie be converted to dollars. It is thus in the interest of the ABC, VTLM, and counties to encourage demand for Elsie. This is best done by facilitating the acceptance of Elsie in commerce and encouraging auction bids and trebles in Elsie. With two months' advance notice, the ABC, VTLM, and counties can request

any mix of dollars and Elsie. Even early in [Phase I](#), Elsies can augment salaries or bonuses. The probability that all funds will be immediately disbursed is significantly increased by requesting a mix of currencies.

Auction Mode

Formerly “[sales mode](#),” auction mode describes the auction protocol and disposition of funds raised at auction to rent [commons trust](#) property. Typically, this occurs after “for sale” property is purchased into the commons trust. However, any abandoned property is put up for auction.

In auction mode, 5% of the auction receipts are placed in an advance rent account for the winning property owner. The other 95% are distributed with an immediate-delayed disposition.

Direct Mode

In direct mode (formerly “[advance rent mode](#)”), the seller surrenders 55% of the market price. 5% goes to an advance rent fund, and 50% is distributed with an immediate-delayed disposition (always U.S. dollars). The seller receives U.S. dollars for 45% of their property value.

Unlike auction mode, which is only available to properties with an average land share of 40%, all properties are available for direct mode purchases, subject to a waiting list, and with county approval. The additional 5% over auction mode helps compensate counties for low-land-share properties, now exempt from [property tax](#), that will never again pay [ground rent](#) (after the advance rent fund is exhausted). The ABC also saves on the cost and risk of an auction.

Direct mode gives property owners, with a mortgage below 45% of property value, the chance to sell their property into the commons trust and receive 45% of the property value in U.S. dollars, remain on the property with free and clear title to the structure, and eliminate property taxes. Those property owners with [land shares](#) below 28% will likely never need to add to their advance rent accounts.

While [ABC purchasing agents](#) choose for-sale properties, direct mode property purchases are initiated by the property owners who need only apply on a waiting list. Properties are purchased first-come, first-served at the market price assigned by the [VTLM](#). Once on the waiting list, the market price promised by the VTLM will never fall. A final identical or higher price will be assigned when the property is at the top of the direct mode queue.

A county can refuse direct mode purchases when the [county agreement](#) is signed. They have the right to allow direct-mode purchases as well subsequently.

Exchange Mode

This mode allows a homeowner (Home A) in an agreeing county to upsize or downsize to any abandoned (auction mode) home (Home B) anywhere in the world within five days of Home B’s contract with the Commons Trust. Home B will be switched from auction mode to exchange mode. A small good faith deposit might be required to compensate the commons trust for any delay in auctioning Home B, should Home A fail to close.

Suppose a homeowner on a \$200,000 property (Home A) with a \$30,000 mortgage wishes to upsize to a \$300,000 property (Home B) with a 50% land share. The structure at Home B is worth \$150,000. In exchange mode, Home A is sold to the commons trust for \$200,000. Of that, \$30,000 is paid to the mortgage holder, \$150,000 is used to purchase Home B, and the remaining \$20,000 is paid to the

homeowner (seller). Of the \$150,000 used to buy Home B, 5% is placed in an advance rent account, and the other \$142,500 is distributed through an immediate-delayed disposition. Because the ABC always pays in U.S. dollars, the advance rent account and immediate-delayed funds are in U.S. dollars.

Once the transaction is complete, Home A will enter auction mode unless someone else wishes to do an exchange in the next five days. The homeowner is only responsible for the closing costs on Home A. There are no uncovered closing costs on the Home B transaction.

Downsizing is an excellent way to eliminate a mortgage and an empty nest when nearing retirement. Suppose a homeowner on a \$300,000 property (Home A) with a \$200,000 mortgage wants to downsize to a \$100,000 property (Home B) with a 30% land share. The Home B structure is worth \$70,000. The ABC pays \$300,000 for Home A, with \$200,000 for the mortgage holder. \$70,000 is used to purchase Home B, and the remaining \$30,000 is paid to the homeowner (seller).

The homeowner has a new home with a free and clear title to the structure and \$30,000 in cash. If this transaction were done in the private market, the homeowner would have taken away no money and had an extra closing cost expense.

The exchange mode is the most profitable for the ABC and destination county and greatly appeals to the homeowner.

Rescue Mode

Rescue mode, while the least profitable of all the purchasing modes, is an innovation that could draw all the world's attention to [AFFEERCE](#) and its respect. It can save entire counties from blight and encourages Elsie commerce within the county. The rescued community might even become a megacity.

Rescue mode is a partnership between the ABC and the county board, a philanthropist within the community, or even a well-known corporation abandoning the community for a factory abroad and trying to generate some tax-deductible goodwill. Small losses by the rescuer might even be eligible for a tax credit.

[Land share](#) is not a consideration because the land share of a rescued community should always rise above 30%, even if the blight were caused by the only industry leaving town.

The rescue domain does not need to be an entire county; it can be as small as a large neighborhood. This decision is up to those supplying the rescue funds.

Eligibility is by lottery in the affected jurisdiction. The number of winning properties is determined by the funds available for rescue and the discounts obtained. ABC Rescue Services takes its pool of lottery entrants and negotiates with banks and mortgage providers to lower the payoff. Entrants are chosen in order of payoff discount. Ties in the bottom tier are selected by chance. The average deal obtained from mortgage providers is associated with the purchase price. For instance, if the average lender accepts a rescue payoff at 96%, then those with equity in their home will receive it at 96%. Entrants are allowed to drop out after the equity ratio is determined. This discourages those with high equity in their homes from entering the lottery.

Mortgages and property equity are paid off at this reduced rate from rescue funds provided by the donor. In return, the donor receives 50% of the Elsie mints as the property is moved into the commons trust. The other 50% is subject to immediate-delayed disposition.

The [property owner](#) gets restricted title to the structure, with rent prohibited. The property will be [trebled](#) if (and when) the land share exceeds 28%. The donor is entitled to 50% of the [depreciated replacement cost](#) and 50% of the 33% [structure premium](#), with the other 50% going to the property owner. At the donor's discretion, if the property is not trebled within 60 days of closing into the commons trust, a sale of the house is permitted, provided the donor receives no more than 50% of the depreciated replacement cost of the structure.

Once the property is sold or trebled, all restrictions on the title and prohibitions on paying rent are lifted. The property becomes no different than any other property in the commons trust.

Assume a 40% land-share property is in distress with a \$100,000 mortgage and a property valued at \$100,000. The mortgage holder agrees to settle for \$90,000. The structure is worth \$60,000. The fund pays the mortgage and moves the property into the commons trust. 90,000 Elsie mints are minted, with 45,000 going to the donor and 45,000 disbursed with immediate-delayed distribution. The property is trebled for \$1. The depreciated replacement cost plus a 33% premium comes to \$80,000. Of that, \$40,000 goes to the property owner for a fresh start, and the other \$40,000 goes to the donor. The donor donated \$90,000 for this transaction and received $45,000 \times \$0.9905/\text{Elsie} + \$40,000 = \$84,572$ in return. The \$5,427 is tax deductible and could qualify for a tax credit. ABC lawyers will identify regions where this is true.

Suppose the distressed property had only a 20% land share, with the same \$100,000 mortgage and property value. The mortgage holder agrees to settle for \$90,000. The structure, in this case, is worth \$80,000. The fund pays the mortgage and moves the property into the commons trust. 90,000 Elsie mints are minted, with 45,000 going to the donor and 45,000 disbursed with immediate-delayed distribution. After 60 days, the property is not trebled. Nobody wants to pay \$1 + \$106,667 for this property. The donor agrees to a sale for \$70,000. Although the donor has the right to \$40,000 (50% of depreciated replacement cost) from this sale, they agree to take \$35,000, with \$35,000 going to the property owner. Houses that are not trebled will usually result in a more significant loss for the donor.

Until the property is trebled, or the property owner and donor agree to a sale, the property owner lives in their house rent-free and property tax-free.

Rescuers can pay as they go, with high land share properties rescued first. Proceeds from one rescue are used to fund the next.

In describing simulations, rescue packages are assumed to be \$100 million. When the simulation calls for two rescues annually, the donated amount is entered as \$200 million.

This is only one way to implement rescue mode. The ABC can and will develop others to handle different economic and legal considerations.

2026 may represent peak land prices, peak credit refinancing, and peak retirement. A perfect storm that can devastate the world. As industries are shuttered, rescue mode can provide hope, bringing much of the world's land into the Commons Trust.

Phase II Purchasing Mode

A sudden jump from direct mode purchases that take 55% of property value (5% to the ARF and 50% immediate-delayed distribution) to purchases that take only 35% for the ARF in [Phase II](#) will not result in confidence or stability. A better strategy is a scheduled reduction in the take, perhaps with a more significant percentage going to the ARF. The VTLM must remember that if little or no land is sold into the Commons Trust in Phase II, Phase II will end prematurely (enter [hyperdeflation](#)), perhaps in as little as two years.

Another consideration is that according to AFFEERCE theory, most of the world's land value will already be in the commons trust despite purchasing only 10% of the land in Phase I. A reduced take can generate goodwill with those whose land values have already been decimated.

Because Elsie can be scarce in Phase II and many rents will be paid in U.S. dollars, for-sale property purchases with U.S. dollars, followed by auctions, will happen to the extent that Elsie rent recipients require Elsie rather than dollars. Distribution of auction proceeds will be the same as in Phase I, although most counties, the VTLM, and ABC will request an Elsie distribution, delayed briefly until more land can be purchased into the commons trust.

Summary

Auction, direct, exchange, and rescue are preliminary purchasing modes. The exact terms of these purchasing modes and others will be an ongoing innovation of the ABC, VTLM, ISO, UN, and others.