

Understanding a Commons Trust



A [commons trust](#) indicates the owners (commons) and form of ownership (trust).

The rules specified here are use cases for the creation of legal contracts and are far less rigorous than the actual implementation.

A commons trust is defined by a contract with three major parts:

1. Leasing terms.
2. Terms of rent distribution.
3. Terms of trust transition.

A commons trust holds land and issues currency as a receipt (VIP\$). Listed are features of the VIP\$:

1. VIP\$ are a biometric digital currency with transactions supported by the rent.
2. A commons trust issues [VIP\\$](#) at the U.S. dollar [peg](#) for the full market value of the entire property when a property contract is signed in good faith, unless there exists previously created VIP\$ for a contract that failed to close. In such a case, no new VIP\$ are created until the old VIP\$ are accounted for.
3. VIP\$ can be used to [pay rent](#) or [capture land](#) at the peg, regardless of market price.
4. VIP\$ pay a [dividend](#) from rents as specified in the terms of rent distribution of the commons trust.
5. VIP\$ are a claim on the land should the trust go bust.
6. VIP\$ are maintained by not-for-profit benefit corporation with [community oversight](#).

Leasing Terms

A commons land lease never expires. The lease can be bought and sold. The lease can be captured by another party. The lease carries no obligation of future rent. The property owner can simply walk away.

Leases of this kind have never existed, so getting the initial terms correct is unlikely. However, the [property owner](#) has a right to the lease they purchased. Experimentation with terms is not permitted!

All modifications to existing leases require a 20-year advance notice!

Leasing terms are identical (or projected to become identical within 20 years) across all properties across all commons trusts.

Who Sets Leasing Terms?

If the AFFEERCE Benefit Corporation ([ABC](#)) has no competition, leasing terms are set initially by the ABC in the business plan. These terms might require compromise with [legacy governments](#) or the major industrialized democracy in which AFFEERCE is located (the United States examples used throughout the book do not preclude the ABC from forming elsewhere).

If the ABC has competition, leasing terms are set by an International Standards Organization ([ISO](#)) committee and ratified by benefit corporations holding at least 90% of all leases during [Phase I](#). This also requires approval of the host national government.

During [Phase II](#), changes to leasing terms are proposed by the ABC or ISO committee and ratified by benefit corporations holding at least 90% of all leases and ratified by a majority of representatives at all levels of the cellular democracy.

Following [federation](#), leasing terms are enshrined in the [constitution](#) and changed by constitutional amendment.

Summary of the Proposed Lease – The Treble

Land is available to the highest bidder of ground rent in continuous auction.

Rent is paid one year in advance in either U.S. dollars or VIP\$ (refundable in full when [trebled](#) or with standard sale, or refundable in part for property abandonment, if sufficient funds are raised at a special auction). For auction and other details of this list see the [Parameters of Ground Rent in the Early Days](#) module.

Parameters of the lease are primarily defined by the tuple (minimum bid increment, premium paid on structures, and default annual rate of falling rent).

Proposed parameters (200%, 33%, 67%) – to capture land, one must triple (hence the word treble) the current rent, and [pay a 33% premium](#) to the current property owner for structures and other improvements.

Then the [rent falls by 67%](#), unless raised or frozen by the property owner. Rent is always equal to 8.33% of the advance rent fund which falls by 8.75% monthly. If rent is allowed to fall, the difference ($8.75\% - 8.33\% = 0.42\%$) is refunded to the property owner at the end of each month when the actual rent falls.

If the property owner chooses to raise the rent, they increase the advance rent fund with either U.S. dollars or VIP\$ at the peg.

If the property owner chooses to [freeze the rent](#), they pay 8.75% of the advance rent fund in U.S. dollars or VIP\$ at the peg, at any time during the month before the rent falls (Earth dividend distributions can occur at any time during the month). They will receive the 0.42% refund when the rent falls back to where it was at the start of the month.

The current property owner, with sufficient liquidity to augment the advance rent, can match the treble and keep the property.

Mechanics [liens](#), unpaid mortgage liens, [treble-protected liens](#), and utility liens are held in an associated negative lien account. This does not apply to mortgaged assets, but would apply to payments in arrears. There is no 33% structure premium on property to the extent of its lien account.

Terms of Rent Distribution

Terms of distribution, during Phase I, cannot be changed without proposal by the ABC and approval by 5/6 of the property owners.

Changes to distribution terms in Phase II must be proposed by the ABC and/or appropriate ISO committee, and require a 2/3 majority vote of property owners, a 2/3 majority vote of those receiving the distribution package, and a 2/3 plurality of any persons not receiving distributions within the domain of distribution.

Changes to distribution terms post-federation require a constitutional amendment.

Trust Goes Bust

If physical, political, legal, or economic circumstances prevent the trust from fulfilling its distribution obligation, and the trust is unable to gain the needed votes

to change the distribution terms, the trust goes bust and the auction proceeds from the sale of commons land are distributed to holders of the currency. If this is not feasible, [VIP Land Management](#) personnel should attempt the most equitable solution under conditions of tyranny and cataclysm.

Currency appreciation is designed to provide currency holders more benefit from success than failure. These include [peg appreciation](#), [dividends](#), and the [natural exchange rate](#) at [federation](#).

Because of the difficulty in making changes, initial distribution terms, leasing terms, and terms of transition should first be scrutinized by lawyers, political analysts, and economists before being set in stone. This is the responsibility of the land and currency oversight group as appointed by the AFFEERCE Benefit Corporation and ratified in negotiations for government protected monopoly status with the host legacy government.

Trust Distribution

Distribution is a benefit designed to build a more perfect world. The transition to that world, beginning as early as month 28, will be in the form of an [Earth Dividend](#) for basic income and public goods and services, distributed equally to all holders of that dividend.

Commons trust distributions are different than Earth Dividend distributions. While the Earth Dividend is funded from the [present value fund](#), the commons trust distributes the [net rent](#) from the land it owns.

Proposed Terms of Distribution

Phase I commons trust distributions: ABC operations (10%), VIP Treasury and Land Management (10%), VIP\$ dividend (5%), Earth Dividend Subsidy Fund (EDSF) (37.5%), and Land Fund (37.5%).

The VIP\$ dividend pays 5% if the VIP\$ is between 99% and 99.1% of peg. It increases by .1% for every .01% the VIP\$ falls below 99%, and decreases by .1% for every .01% the VIP\$ rises above 99.1%. There is an equal and opposite change to the EDSF allocation. The dividend can never exceed 42.5% of net ground rent (26.25% of total ground rent) or go below 0%.

The ABC Commons Trust is likely the only Phase I commons trust, although it is possible that competitors and/or franchises will be granted their own commons trust.

Phase II commons trust distributions: ABC operations OR cellular democracy revenue (10%); the VIP Treasury and Land Management (10%); a dividend (5%); Earth Dividend Subsidy Fund (75%).

Phase II VIP\$ dividends are handled the same way as in Phase I.

Federation Commons Trust distributions: VIP Treasury and Land Management (1%); VIP\$ dividend prior to Worldwide Federation (5%); the Bank (94%).

Trust Transition

Transition of property from an ABC Commons Trust to a Phase II commons trust will hurt the ABC through loss of ground rent revenue. However, there are benefits, such as a new incentive for jurisdictions around the world to allow sale of land into the ABC Commons Trust.

Once all original residents of a Phase II dominion have received the Earth Dividend, the ABC can use its land fund in Phase I, or profits in Phase II, to purchase the 10% rent stream going to the cellular council and 30% of rents going to the county for a windfall 36 months' (3 years') worth of revenue.

These streams disappear after 10 years, or with federation, whichever is later. Despite this incentive, the decision on whether a community has entered Phase II is left to an independent oversight board.

Transition of property from a Phase II commons trust to a federation commons trust is determined by ratification of the constitution and it benefits everyone within the federating nation with an Earth Dividend and the [natural exchange rate](#) of fiat currency for the VIP\$.

Terms of Commons Trust Transition

Changes to the terms of transition are subject to the same majorities as changes to the terms of distribution.

Because of standardized leasing terms, transitions are transparent to property owners, save new distribution benefits that result from transition.

The ABC Commons Trust enters Phase II when three conditions have been met;

1. There is an insufficient supply of available land to keep the VIP\$ below 200% of peg. Remember, revaluations are not allowed in Phase I.
2. There are no logistical impediments to land purchase.
3. There is a sufficient quantity and quality of commons trust land to provide food and housing for the entire world's population. This is at least 15% of the world's land value (about \$32 trillion 2018 dollars).

A community enters Phase II when:

1. 2/3 of all land value is in the ABC Commons Trust.
2. 2/3 of the population lives on ABC Commons Trust land.
3. The population of the community is at least 100,000.

The decision is made by an independent oversight board with input from community leaders and VIP Land Management. When the decision is made, a new Phase II commons trust is created for the community and all community land transferred from the ABC Commons Trust into the new trust.

Any ABC Commons Trust land bordering a Phase II commons trust is automatically moved into the Phase II commons trust.

At federation, any Phase II commons trust land or ABC Commons trust land within federation boundaries shall be transferred to the federation commons trust.

Confederation of two-or-more Phase II commons trusts before federation, or of two-or-more federation commons trusts, is subject to negotiation at the applicable levels of jurisdiction.

The goal is [Worldwide Federation](#) of [sovereign](#) individuals, families, and collectives.