

Immediate-Delayed Payments and the 99.16 Percent Inventory

In version 6.0 of the [business plan](#), 100% of [auction receipts](#) went into the [advance rent fund](#), which was rapidly distributed to the [ABC](#), [VTLM](#), and [counties](#). However, this led to a volatile imbalance between the actual rent and the rent in the fund, creating the potential for extremely deep discounting and chaotic markets.

In version 6.1 and beyond, only 5% of the auction proceeds went to the advance rent fund. For 40% [land share](#) properties where 50% of the market price is expected at auction, this positions the advance rent fund with 2.5% of the market price, almost exactly equal to the natural rent on 40% land share properties. With a deep discount (the Elsie trading at less than 99% of [the peg](#)), anti-discounting mechanisms come into play immediately. They are rental and [treble](#) arbitrage, in addition to the rapid increase in the [dividend](#). The dramatic effects of these, particularly [treble arbitrage](#), on any discount, can be seen in the module [Anatomy of an Elsie Dump](#).

What becomes of the other 95% of auction proceeds? That depends on the nature of the currency. Typically, these will be U.S. dollars in the first few years. Dollars will be distributed as a bonus rent payment immediately upon a win at the auction.

These percentages are 30% to the county, 7% to the VTLM, 5% to the ABC, and 1% to the purchasing agent. The other 57% of distributions go to Elsie recipients (although the land fund can take either Elsies or dollars). These are the [Earth Dividend Subsidy Fund](#) (EDSF), [dividend payable](#), and, for simulation purposes, the land fund. In [Phase I](#), auction proceeds are converted to Elsies in the market.

Elsie recipients, the EDSF and Dividend Payable, will have their distribution delayed for an auction win in U.S. dollars. Instead of receiving Elsies, recipients receive non-cancelable ownership of bids on the Elsie Market. Dividend Payable, typically immediately executed, gets a receipt for a bid 100% of the peg. The EDSF receives a receipt for a bid at 99.05% of the peg (at the end of the queue).

To maintain 99% of the peg, U.S. dollar recipients of auction proceeds in Elsies will receive a receipt for an offer of Elsies at 99.16% of the peg. Market makers are expected to offer Elsies at 99.15% of the peg (recall that dividends since version 6.1 do not fall when market prices exceed 99.1% of the peg), so Elsies in the 99.16% inventory will only sell when market maker inventory is exhausted. These offers

cannot be combined (as in the simulations) and must be a queue of offers (first-in, first-out) distinguished by county.

Unlike typical bids at auction, home rescue bonus distributions are always in Elsies. 50% of the Elsies minted following the rescue of a home are distributed with immediate-delayed disbursement. When the bonus is in Elsies, the EDSF and Dividend Payable are distributed immediately. U.S. dollar distributions are delayed.

If these Elsies hit the market without support from the market makers, the Elsie would fall below 99% of the peg, halting [ram and jam](#) until the market recovered.

Because most market makers will only increase their total inventory once the existing inventory is depleted on a spike, the 99.16% inventory queue will empty due to [natural demand](#) over time and entirely by [Phase II](#). However, it is in the financial interest of ABC, VTLM, and other counties to empty the queue as quickly as possible.

Methods for depleting the queue include promoting the [retail trade](#), encouraging Elsie holdings by investors, treblers, and auction bidders, promoting rescue mode, and rewarding employees who take their salary in Elsies and suppliers who accept their payment in Elsies.

In the latter days of Phase I, when the 99.16% inventory is being filled by auction winners, high auction participation will play a significant role in depleting the stock. For instance, the auction of homes that neighbor the homes of celebrities is likely to draw extensive involvement. Sequestration of Elsies used for [bidder arbitrage](#) is expected to deplete all market makers' inventories and make a severe dent in the 99.16% inventory.

The 99.16% inventory applies only to auction proceeds and rescue-mode Elsies. It does not apply to [ground rent](#), which is always distributed at the time it is received in the currency requested by the recipient.