

Understanding a Commons Trust



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

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

A contract with three major parts defines a commons trust:

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

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

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

Leasing Terms

A commons land lease never expires. It can be bought and sold, or another party can capture it. The lease does not carry an obligation of future rent, and the property owner can walk away.

Leases of this kind have never existed, so optimality in setting the initial terms 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, the ABC will set leasing terms initially 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 the 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 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

A property 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 Elsie (refundable in full when [trebled](#) or after a standard sale or refundable in part for property abandonment if sufficient funds are raised at a special auction). For auction and other list details, see the [Parameters of Ground Rent in the Early Days](#) module.

The lease's parameters are primarily defined by the tuple (minimum bid increment, premium paid on structures, and the monthly rent amount removed from the advance rent account).

Proposed parameters (200%, 33%, 8.33%) – 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.

The rent falls by 8.33% monthly unless raised or frozen by the property owner. It equals 8.33% of the advance rent fund and falls by the same amount monthly.

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

If the property owner chooses to [freeze the rent](#), they restore the advance rent fund to its original value before it is subtracted by paying rent in U.S. dollars and/or Elsie at the peg, precisely equal to the rent subtracted.

With sufficient liquidity to augment the advance rent, the current owner 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 the property to the extent of its lien account.

Terms of Rent Distribution

Terms of distribution during Phase I cannot be changed without a 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 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 distribution domain.

Changes to distribution terms post-federation require a constitutional amendment. However, this is generally not applicable as Earth Dividend and Intellectual Property distributions replace commons trust distributions in the Federation Commons Trust.

Trust Goes Bust

Suppose physical, political, legal, or economic circumstances prevent the trust from fulfilling its distribution obligation, and the trust cannot gain the needed votes to change the distribution terms. In that case, 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 benefit currency holders more from success than failure. Examples include [peg appreciation](#), [dividends](#), and the [natural exchange rate](#) at [federation](#).

Because changes are challenging to implement, 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, 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. Beginning as early as month 37, the transition to that world will be an [Earth Dividend](#) for basic income and public goods and services, distributed equally to all dividend holders.

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 ground rent from its land.

Proposed Terms of Distribution

Phase I commons trust distributions: ABC operations (5%), Purchasing Agent (1%), VIP Treasury and Land Management (7%), counties (30%), Elsie dividend (7%), Earth Dividend Subsidy Fund (EDSF) (25%), and Land Fund (25%).

The Elsie dividend pays 7% if the Elsie is above 99% of the peg. It increases by .1% for every .01% the Elsie falls below 99%. There is an equal and opposite change to the EDSF allocation. The dividend can never exceed 32% of the total ground rent.

The ABC Commons Trust is likely the only Phase I commons trust, although competitors and franchises may be granted their own.

Phase II commons trust distributions: ABC operations OR cellular democracy revenue (5%); the VIP Treasury and Land Management (7%); counties (30%); Elsie dividend (7%); and Earth Dividend Subsidy Fund (50%).

Phase II Elsie dividends are handled the same way as in Phase I.

Federation Commons Trust distributions: VIP Treasury and Land Management – worldwide financial infrastructure (1%); Elsie dividend before Worldwide Federation (7%); reserves (92%).

Trust Transition

The land transition from an ABC Commons Trust to a Phase II commons trust will hurt the ABC with a loss of ground rent revenue. However, there are benefits, such as a new incentive for jurisdictions worldwide to allow land sale 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 of 36 months (3 years) worth of revenue.

These streams disappear after ten years or with federation, whichever is later. Despite this incentive, an independent oversight board decides whether a community has entered Phase II.

The 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 Elsie.

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, except for new distribution benefits that result from transition.

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

1. There is insufficient for-sale land to keep the Elsie below 200% of the peg. Remember, revaluations are not allowed in Phase I.
2. There are no logistical impediments to land purchase.
3. There is commons trust land in sufficient quantity and quality to provide food and housing for the entire world's population. This is at least 80 million parcels with an average price of \$250,000 in 2022.

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.

An independent oversight board decides 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 is transferred from the ABC Commons Trust into the new trust.

Any ABC Commons Trust land bordering a Phase II commons trust is automatically transferred to that 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.

The 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 the Worldwide Federation of sovereign individuals, families, and collectives.