

Law and Money

Our legal structure

The intentional community “Feldwinkel” is a co-living project that is being established together with the “Mietshäuser Syndikat (MHS)”. The MHS is a joint venture of more than 180 independent residential projects. All of these projects are based on the same tried and tested legal construct (see Figure 1):

The real estate is purchased by a newly founded company with limited liability (Ltd. => German: GmbH), in our case this is the Feldwinkel GmbH. The Ltd. has exactly two shareholders: 1) the housing association, hereafter referred to as ‘the association’ (registered association => German: e.V.) [in our case this is the WIGL e.V.] and 2) the MHS Ltd. as a control organization. According to the legal constitution of Feldwinkel GmbH the voting right of the MHS is limited to matters of selling real estate (selling the house or transforming individual apartments into condominiums). In these matters of selling real estate both the association and the MHS have equal voting rights (i.e. veto right). In all other matters the association has the sole voting right.

The Feldwinkel GmbH leases the available living space of the real estate. The residents organize themselves in the association (joining the association when moving in, leaving the association when moving out). The association is responsible for all aspects of project management (everyday life, renovations, finances, social projects etc.). The association takes all decisions in consensus. Therefore, the residents of the house act as landlords and tenants at the same time.

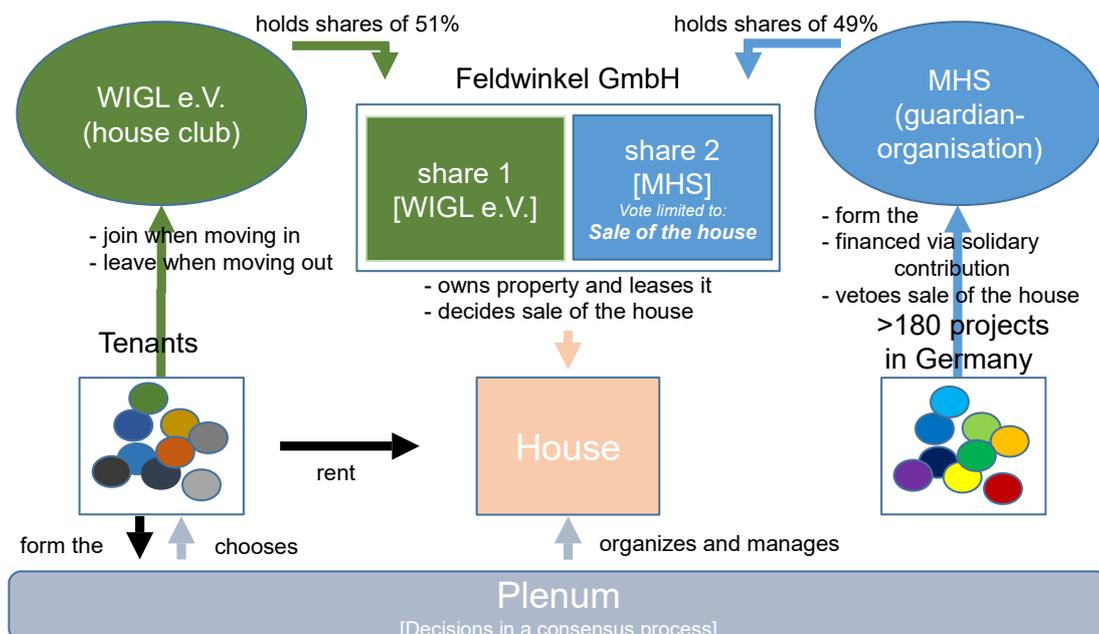


Figure 1: flow chart of the legal structure of the project

The legal constructs render the real estate practically unsaleable (according to its constitution the MHS will never agree to sell the real estate). Accordingly, the real estate is removed from the market, the rental price is undocked from the local rent index and the rent is only used to refinance the purchase and maintenance of the real estate. The rent is never used to generate profit.

Our financial structure

The Feldwinkel GmbH needs borrowed capital to purchase and renovate the existing houses as well as to purchase the neighboring building site and construct a new building. For the purchase of the existing houses the creditor is the GLS Bank (around 560.000€). The GLS Bank grants credits only to sustainable companies and is involved in financing the majority of all MHS projects. We have negotiated a 10 year tied interest rate of 1.1%. We will start negotiations for a credit concerning the building site and the construction of a new building once the municipality Dossenheim has updated their land-use plan and our planning phase is finished.

For our first loan the GLS bank requests an equity share of 25% (around 300.000€). The Feldwinkel GmbH does not have any equity (apart from the legally required capital deposit of 25.000€). However the GLS Bank accepts so called subordinated loans by private creditors as equity.

Subordinate loans

Anyone can support our project financially. This does not happen via donations, but via private loans. To this end a loan agreement is concluded between the Feldwinkel GmbH and the interested private person. In this loan agreement the creditor can choose the conditions:

1. Amount of the loan (minimum 500€ due to administrative burden)
2. Interest rate (fixed annual interest rate 0 - 1,5% [you choose])
3. Paying out of interest (either every year, or at timepoint of loan repayment [with compound interest])
4. Duration of the loan (either fixed duration e.g. 5 years; or no fixed duration, but with period of notice before cancellation of the contract [min. 3 months]).

Currently we already managed the collection of enough subordinate loans by private creditors for our first loan. Yet we still need more subordinate loans for the financing of the building site and the construction of a new building.

What kind of money are we looking for?

A private subordinate loan for the Feldwinkel GmbH does not promise high return or high financial security. In other words, this is not the right investment for you if you want your money earn you high return or if you are very likely to need it for yourself very soon. We are looking for “too much money” that is lying around on your bank account doing nothing (not needed as a reserve, not invested).

With your investment nobody earns money. It is only used to finance our co-living project. The money is used to purchase and maintain real estate which belongs to the Feldwinkel GmbH.

If you happen to have this kind of money and if you are interested to invest in a local, sustainable, non-profit, solidary, self-governed, intentional community (while possibly

generating more interest than on your checking account) we would be very happy to hear from you.

We would like to stress that we are also very much interested in comparably small loan amounts. E.g. for us it is easier to pay back five times 3.000€ to different creditors at different time points than paying back 1x 15.000€ at a single time point.

Figure 2 depicts our finance model in detail with the case of the existing houses using a flowchart.

IMPORTANT: We are not a bank! These subordinate loans are not a certified financial product. We do not have any insurance for the collected money. A complete loss of the invested money is possible.

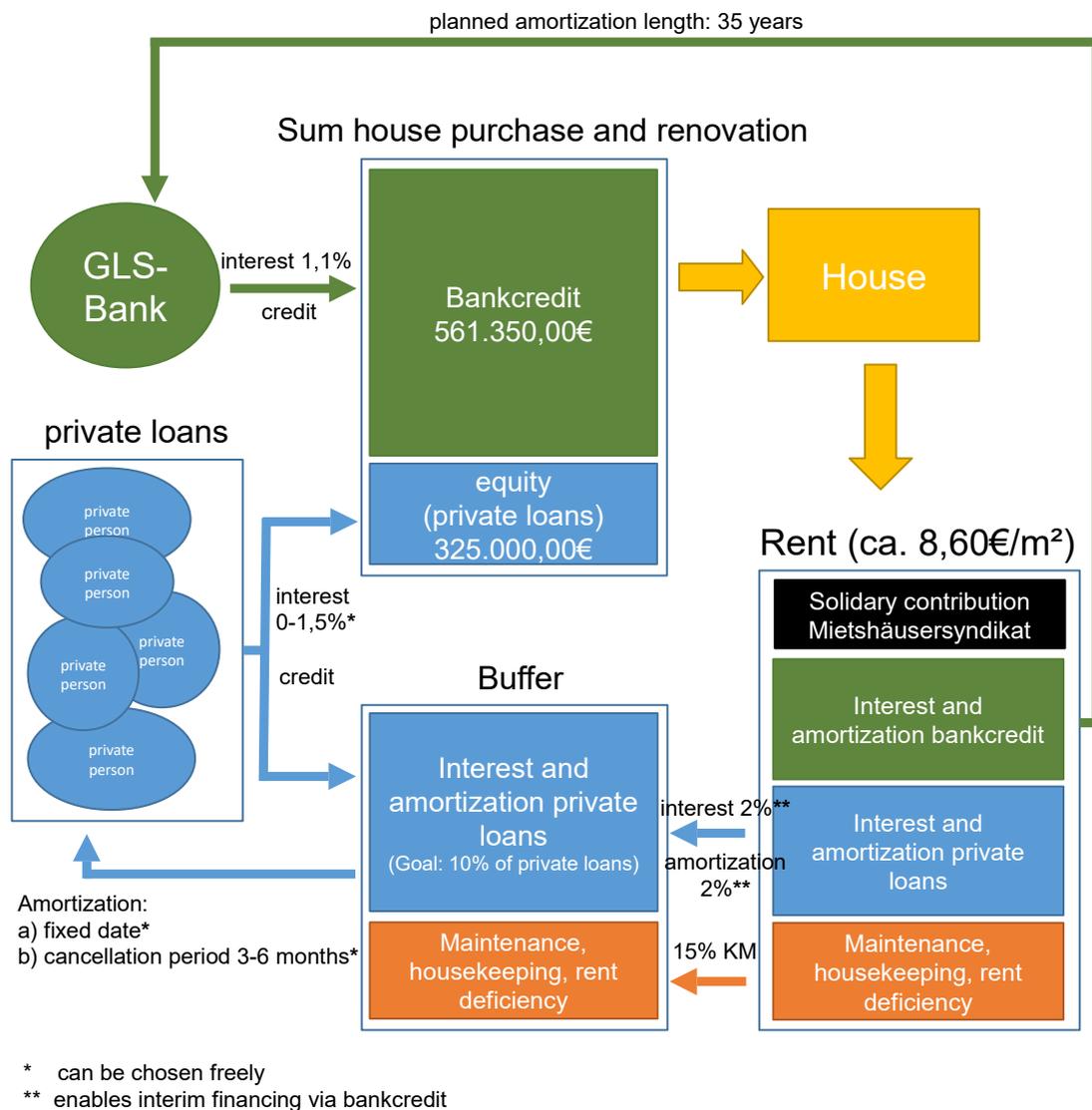


Figure 2: flowchart of our finance model with the case of the existing houses