

## **Bailey Building & Loans**

# Bailey Building & Loans

Bailey Building & Loans (**BBL**) has decided to start offering members of Bedford Falls a line of credit so they can purchase a home. The new computers that Bailey Building & Loans got in July 2015 (Ethereum), and May 2020 (Binance Smart Chain) are more than enough for underwriting our loans.

The underwriting process will be done completely by our network of computers at the click of a button. Bedford Falls community members will be able to know about their line of credit, and acquire a loan based on their credit with the click of a button.

To put some numbers to this ambitious plan, here is what our President, Mr. Bailey said during our last press briefing:

***"Each and every consistently dedicated member of Bedford Falls will have the ability to purchase a \$100,000 home at 2 years of building credit with us. I think that you will find that's a heck of a lot better than any alternatives. [...] I don't like that it takes 2 years, but the time that it takes to develop credit at our bank is unfortunately a must, and we can't help you if you aren't a member." - George Bailey***

"Mr. Bailey, Is it possible for a member of Bedford Falls to have a larger credit line? " - Bedford Falls Member

***"Yes, a Bedford Falls Community Member can have a larger line of credit, BUT credit can't be built overnight. I want to see a record of your being a member at Bailey Building & Loans before we extend larger credit lines." - George Bailey***

In short, the network of computers at BBL will analyze your interactions within decentralized finance at large, AND your involvement at BBL since it's inception Q2-2021. This leads us to our [development plan](#).

Mr. Bailey, thought it best to split our development plan into phases. That way Bedford Falls community members can immediately being involved in the community (developing credit at Bailey Building & Loans) so they can start their "clock" before the underwriting process is production ready. Please read our [Roadmap](#) for more details.

*"The invention of Bitcoin has revolutionized the way we look at money. Ethereum has revolutionized the way we interact with money, art, and expression. We are the frontier of this transformation, and I hope to add just one more industry to this transformation."*  
- George Bailey

*"If I have seen further it is by standing on the shoulders of Giants."* - Isaac  
Newton

# Road Map:

Bailey Building & Loans Development plan will be split into Phases:

This project only works if it is structured properly; there has to be a careful balance of ease-of-use, proper due diligence of borrowers, achievable limits, and a future value proposition for borrowers. Each challenge will require a unique approach, as this is to be done on chain with pseudo anonymous addresses.

George Bailey thought it best to split into phases so that Bedford Falls community members can start immediately being involved in the community (developing credit at Bailey Building & Loans).

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## Phase 1: Design, Credit Building, Fair Launch

**Q2-2021 to Q2-2022**

Bailey Building & Loans wants to provide an alternative to traditional financing services for homes, while still providing a Bedford Falls community member a line of credit. This will be the first project to focus on lines of credit in DeFi.

George Bailey's "Line-in-the-Sand" is for a consistent and dedicated member of Bedford Falls to have the ability to purchase at a minimum a \$100,000 home at 2 years mostly with credit.

### Phase 1.1

In Phase 1.1 Bailey Building and Loans will determine modular and adaptable credit building metrics based on member's DeFi history and weights accordingly.

#### **Economic Involvement:**

- Bedford Falls Dues
- Liquidity Providing
- Amount and Duration of Staking

**Governance Involvement:**

- Participation

**Development Involvement:**

- Beneficial Misc. Involvement

**Decentralized Finance Involvement at Large:**

- Consistently active
- Long time involvement in DeFi cross chains prior to 2021 (Compound, Uniswap, Sushi, BAO, ACSI...)

**Phase 1.2**

In Phase 1.2 Bailey Building and Loans will start "The Clock" for Bedford Falls' members via a fair launch. This will enable:

- Staking
- Participation in governance
- Member dues

**Phase 1.3 - Q2-2022**

In Phase 1.3 Bailey Building and Loans will start "soft" loans mostly backed by collateral (but not all the way). This is where the members are first allowed to take loans that are under collateralized. Phase 1.3 is also expected to run parallel to early stages of Phase 2 almost as a soft launch of Phase 2.

**Phase 2:****Q2-2023 to Q2-2024**

This will be production ready and the building and implementation of the credit borrowing and issuing platform will begin. The details of this development will be updated over time. But this is where the line in the sand will be drawn to allow substantial credit to dedicated members of Bedford Falls.

The bulk of the project will be building the mechanics for underwriting, and ensuring proper incentives are met. However, just because this project will take some time to build doesn't mean users can't start building their credit now.

More to come as the docs are continuously updated.

# Mechanics

Bailey's Building & Loans will take on several development projects for this infrastructure to fully support its mission. There will need to be a lending platform that is similar to Compound, and a stable coin that is similar to FRAX. These will not be built during the first phase. Docs will be updated when that time comes up.

Development of the Stable Coin:

The stable coin will be built using an algorithmic model that has already been tested and to date has maintained peg with notable capital efficiency. It will be a fractional-algorithmic stable coin, based on the FRAX stable coin model. You can read more about it here:

<https://docs.frax.finance/price-stability>

Development of the lending platform:

The lending platform will be a version similar to Compound. You can read more about this here: <https://compound.finance/docs>

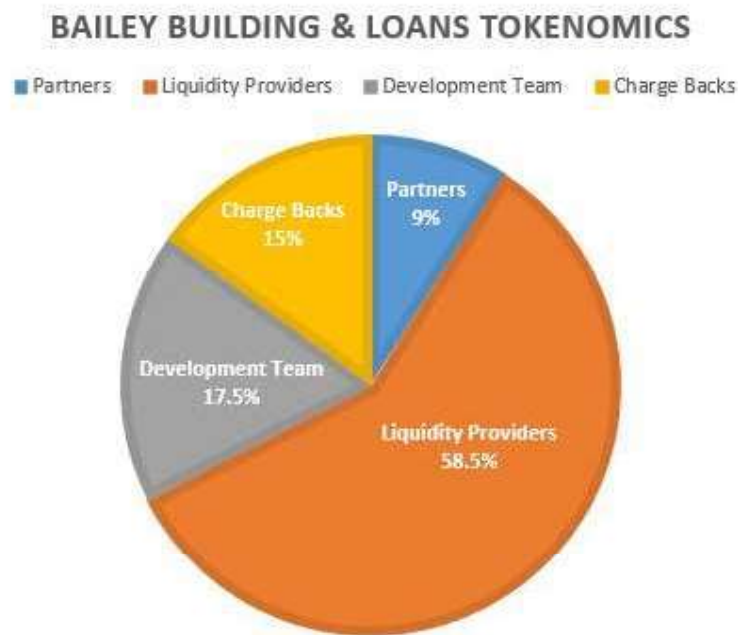
# Tokenomics

Bailey Building & Loans has a governance token. The governance token will allow members of Bedford falls community to be apart of governance decisions, and it will receive a portion of the revenue generated from the protocol during phase 2.

There are 4 groups of allocations that will be used for the tokens.

**Total BBL Supply: 7,000,000,000**

- Liquidity Providers - 58.5%
- Development Team - 17.5%
- Charge Backs - 15%
- Partners - 9%
- **No private sales, No backroom deals**



**Liquidity Providers - 58.5% - 4,095,000,000 BBL**

The dedicated members of Bedford Falls that provide liquidity amongst the different pairings, and stake it to the pool contracts. This will begin at the launch of Phase 1.2. This is scheduled for Q2-2021.



### **Development Team - 17.5% - 1,225,000,000 BBL**

This is the founding team that has a background in Financing, Software Development, and Decentralized Finance. The initial capital used for marketing, development, pool seeding, and procurement of talent was provided by the founding team members. The team welcomes helps as there is plenty of work to go around.

### **Charge Backs - 15% - 1,050,000,000 BBL**

This capital allocation will be created upon the launch of Phase 2, and be stored directly in the treasury. This is to be used only to help offset loans which are not fully paid back, after the launch of phase 2.

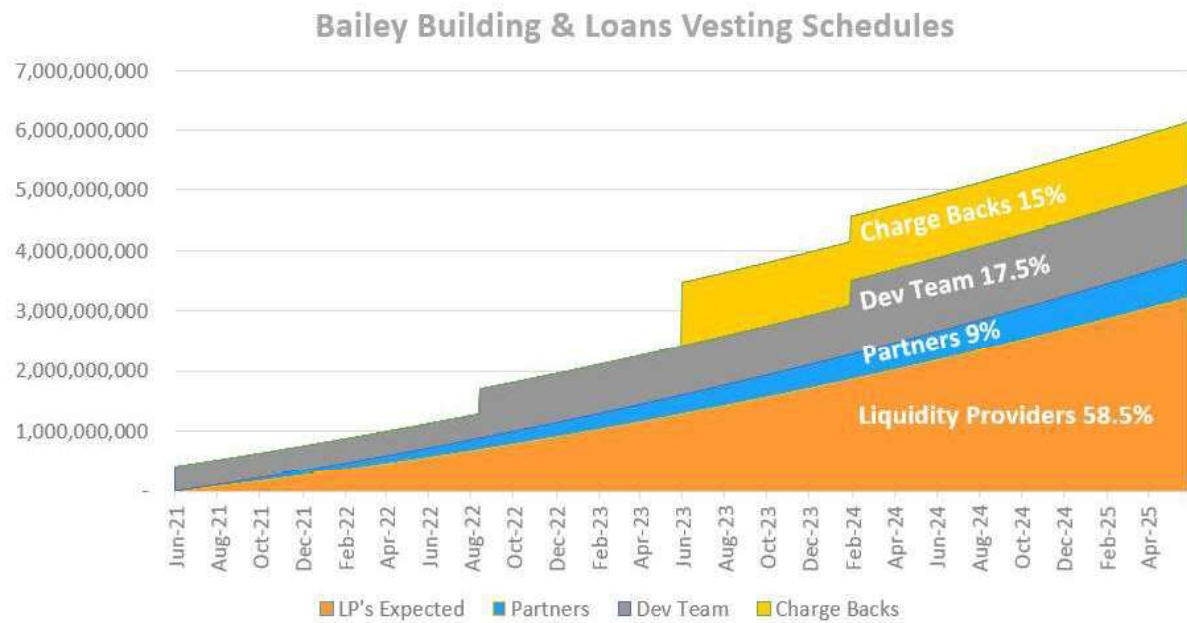
### **Partners - 9% - 630,000,000 BBL**

There is a allocation of tokens for Partners which sits in the treasury with no plan to be spent unless community members vote for its use. Example use case's would be contractors, social influences or extra help that would provide benefit to the team or DAO.

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## **Vesting Schedules**

Each allocation will have a unique vesting schedule as to spread the available float of the token. You will notice the vesting schedule shows less than the total supply of 7 Billion BBL. This is because of the staking implementation. Please read below for staking mechanics.



## Staking Implementation

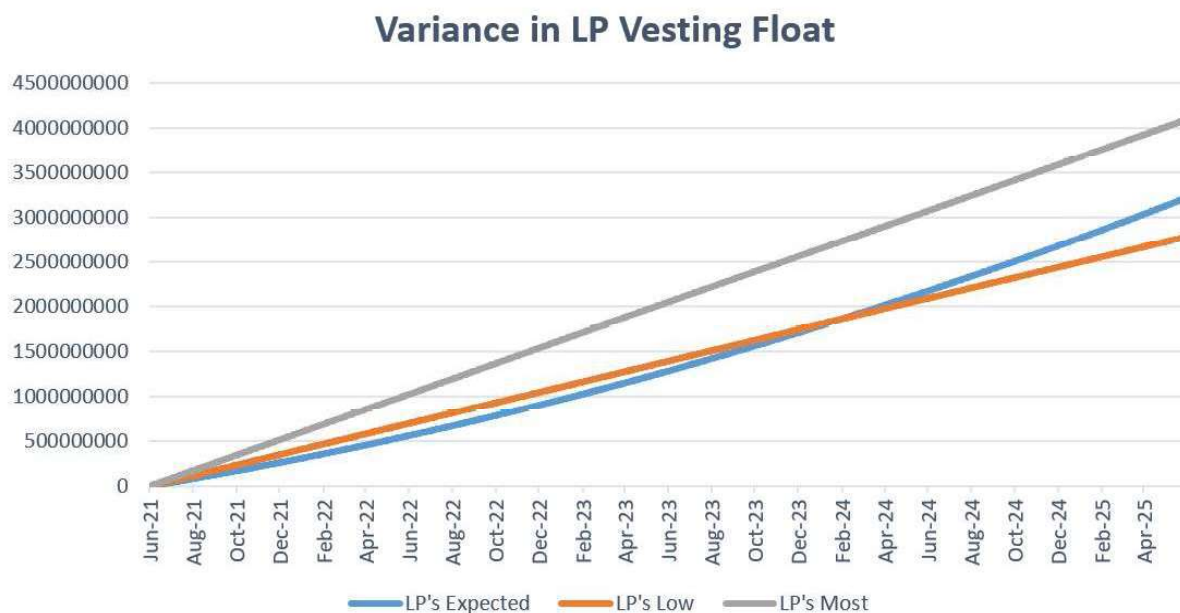
The staking implementation is designed to reward long term stakers and prevent the use of yield aggregators as to minimize external smart contract risk.

Staking is implemented in a manner where your principle is staked, and you instantly earn governance tokens, and the longer you stake the larger your bonus gets. Each pool has a "Long Stake Bonus." The longer you are in the pool the more your bonus gets until it reaches 100% of the bonus reward amount. To claim your pending governance tokens you will need to withdrawal your capital which resets your clock for the Long Stake Bonus. The proportion of capital you withdrawal will also withdrawal the same proportions of governance tokens. If you leave the pool before the bonus, you will still get a proportionally smaller bonus based on the time staked.

- Example: If Long Stake Bonus requires 30 days of staking, and is a bonus of 75%, then after 30 days of staking you will get 175% of the base amount. It pays to stake long term.

- Example: If Long Stake Bonus requires 30 days of staking, and is a bonus of 75%, and you withdrawal and claim at 15 days, you would receive your capital and a 35% reward on base amount.

Because there is variability in the payout of staking, based on user actions, the pool has 58.5% of the total supply allocated to LP's assuming that 100% will stake for maximum time, however, that is unlikely. So in the case someone unstakes early, and doesn't receive the full bonus which was allocated for them, those tokens are burned.



This model represents the possible variance in the available supply of the governance token BBL.

- LP's Low - Represents the supply if users unstake quickly after staking, which would lead to a lower total supply.
- LP's Most - Represents the supply if users stake to the maximum bonus, leading to a higher total supply.
- LP's Expected - Represents what is expected if some users stake to maximum term, while some stake short term.

Day	Date	LP's Expected	Partners	Dev Team	Charge Backs
1	6/15/2021	1309518.86	431506.8493	408333333.3	0

1454	6/7/2025	3202798295.36	627410958.9	1225000000	1050000000
1455	6/8/2025	3205895505.72	627842465.8	1225000000	1050000000
1456	6/9/2025	3208993945.58	628273972.6	1225000000	1050000000
1457	6/10/2025	3212093614.94	628705479.5	1225000000	1050000000
1458	6/11/2025	3215194513.79	629136986.3	1225000000	1050000000
1459	6/12/2025	3218296642.15	629568493.2	1225000000	1050000000
1460	6/13/2025	3221400000.00	630000000	1225000000	1050000000

# Smart Contracts

Smart Contracts and Links will be updated here:

BEP20 Token: 0x8abcEbDa80cE8C1fCF0105EF8d5d7fC5b26b0Cd0

Contract Description	Contract Address
BEP 20 Token: BBL	0x8abcEbDa80cE8C1fCF0105EF8d5d7fC5b26b0Cd0
Farm Contract: BNB-BBL LP	0x7D7B5E451D622f0204a3e2FeB2aF93b087AeEf5d
Farm Contract: BUSD-BBL LP	0xee555B0919816D2f0Be3E2Cc4ce067bDc93BbDED
More to Come	

# FAQs

## **Will Bedford Falls' Community Members be able to use their Decentralized Financial Credit Score to finance a home through Bailey Building & Loans?**



A Resounding Yes

## **Will community members be able to take a loan without putting up any collateral?**

The initial design will NOT have that as an option for Phase 1, however, this will ultimately be decided by community vote, and possibly implemented for Phase 2.

## **How much are Bedford Falls dues?**

Dues are whatever you want to pay on a monthly basis. This is designed to offer credit to various types of users. The higher your dues, the higher your credit score will be. Keep in mind that your overall credit will be determined by a function that takes into account many things that are still being developed. Some of the initial metrics include:

- Monthly Dues Amount and Reliability
- Liquidity Providing
- Involvement in community
- Other on chain metrics.

## **If I am paying dues and providing collateral for the loan, will it make sense to use this platform?**

If you are looking to leverage a credit line or retire your membership in under a year, most likely you will put more in than you are getting out as the system is designed to root out actors looking to grab free credit and run.

If you are looking to build and leverage your credit line for more than a year, it is designed to benefit you. People should be excited to know that during phase 2 they will be able to buy home with a substantial line of credit without having to deal with a bank. George Bailey said it himself "You can't build credit over night." - George Bailey

**"Mr. Bailey, Is it possible for a member of Bedford Falls to have a larger credit line?" - Bedford Falls Member**

*"Yes, a Bedford Falls Community Member can have a larger line of credit, BUT credit can't be built overnight. I want to see a record of your being a member at Bailey Building & Loans before we extend larger credit lines." - George Bailey*

More to come.

# Banking 1.0: Mortgages

## What Is a Mortgage?

A mortgage is a loan that the borrower uses to purchase or maintain a home or other form of real estate and agrees to pay back over time, typically in a series of regular payments. The property serves as **collateral** to secure the loan.

### KEY TAKEAWAYS

- Mortgages are loans that are used to buy homes and other real estate.
- The property itself serves as collateral for the loan
- Mortgages are available in a variety of types, including fixed-rate and adjustable-rate.
- The cost of a mortgage will depend on the type of loan, the term (such as 30 years), and the interest rate the lender charges.



Home Mortgages 101 (For First Time Home Buyers)

<https://www.youtube.com/watch?v=mU69g6Ao47A>

What Is A Mortgage?

## How Mortgages Work

Individuals and businesses use mortgages to buy real estate without paying the entire purchase price upfront. Over a specified number of years, the borrower repays the loan, plus interest, until they own the property **free and clear**. Mortgages are also known as "liens against property" or "claims on property." If the borrower stops paying the mortgage, the lender can **foreclose** on the property.

For example, in a residential mortgage, a homebuyer pledges their house to the bank or other lender, which then has a claim on the property should the buyer default on paying the mortgage. In the case of a foreclosure, the lender may evict the home's residents and sell the property, using the money from the sale to pay off the mortgage debt.

## The Mortgage Process



Would-be borrowers begin the process by applying to one or more mortgage lenders. The lender will ask for evidence that the borrower is capable of repaying the loan, which might include bank and investment statements, recent tax returns, and proof of current employment. The lender will generally run a **credit check**, as well.

If the application is approved, the lender will offer the borrower a loan of up to a certain amount and at a particular interest rate. Homebuyers can apply for a mortgage after they have chosen a property to buy or while they are still shopping for one, a process known as **pre-approval**. Being pre-approved for a mortgage can give buyers an edge in a tight housing market because sellers will know that they have the money to back up their offer.

Once a buyer and seller have agreed on the terms of their deal, they or their representatives will meet at what's called a **closing**. The seller will transfer ownership of the property to the buyer and receive the agreed-upon sum of money, and the buyer will sign any remaining mortgage documents.

## Types of Mortgages

Mortgages come in a variety of forms. The most common types are 30-year and 15-year fixed-rate mortgages. Some mortgages can have terms as short as five years, while others can run 40 years or longer. Stretching payments over more years reduces the monthly payment but increases the total amount of interest that the borrower will pay over the life of the loan.

With a **fixed-rate mortgage**, the interest rate stays the same for the entire term of the loan, as do the borrower's monthly payments toward the mortgage. A fixed-rate mortgage is also called a "traditional" mortgage.

With an **adjustable-rate mortgage** (ARM), the interest rate is fixed for an initial term, after which it can change periodically based on prevailing interest rates. The **initial interest rate** is often a below-market rate, which can make the mortgage more affordable in the short term but possibly less affordable long-term, if the rate rises substantially. Adjustable-rate mortgages typically have limits, or caps, on how much the interest rate can rise **each time it adjusts** and **in total** over the life of the loan.

Other, less common types of mortgages, such as **interest-only mortgages** and payment-option ARMs, can involve complex repayment schedules and are best used by

sophisticated borrowers. Many homeowners got into financial trouble with these types of mortgages during the [housing bubble](#) of the early 2000s.

As their name suggests, [reverse mortgages](#) are a very different financial product. They are designed for homeowners 62 or older who want to convert part of the equity in their homes into cash. These homeowners can borrow against the value of their home and receive the money as a lump sum, fixed monthly payment, or line of credit. The entire loan balance becomes due when the borrower dies, moves away permanently, or sells the home.<sup>1</sup>

## Average Mortgage Rates 2020

How much you'll have to pay for a mortgage depends on the type of mortgage (such as fixed or adjustable, its term (such as 20 or 30 years), and interest rates at the time. Interest rates can vary from week to week and from lender to lender, so it pays to shop around.

In 2020, mortgage rates were at near-record lows. At year's end, average interest rates, according to the [Federal Home Loan Mortgage Corporation](#), looked like this:


- 30-year fixed-rate mortgage: 2.67%
- 15-year fixed-rate mortgage: 2.17%
- 5/1 adjustable-rate mortgage: 2.71%

( A 5/1 adjustable-rate mortgage is an ARM that maintains a fixed interest rate for the first five years, then adjusts each year after that.)

Your mortgage may represent only a portion of your monthly mortgage payment if your lender also requires you to pay your property taxes and homeowners insurance through an escrow account.

Source: <https://www.investopedia.com/terms/m/mortgage.asp>

# The Math on a Mortgage

 Some of the advice below is uncommon because it requires a solid understanding of the math involved. Most of the common advice given publically is often a harmful oversimplification which would point towards less optimal outcomes.

If math is not your strong suit and you would like further clarification call one of your friends that majored in math, a real estate financier or join us in the Discord.

The Math for a primary residence home loan is complicated to say the least. Khan Academy does a great job explaining it, and the process of how money flows.



**Introduction to Mortgage Loans | Housing | Finance & Capital Markets | Khan Academy**

<https://www.youtube.com/watch?v=y-1Gh4ewkIY>

## The Math of an Amortized Product

For Example: On a typical 30yr loan, at 4% interest, it would take you 16 years until your monthly payments actually started paying more in principle than interest, and during the 16th year you would have paid more than the cost of the original home price. Only 34% of your money would go towards equity (which is essentially money you'll get back one day).

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## Why a DeFi Line of Credit May be Better

Every person's use case is different and this topic can get complicated quickly because we are talking about numbers. But...

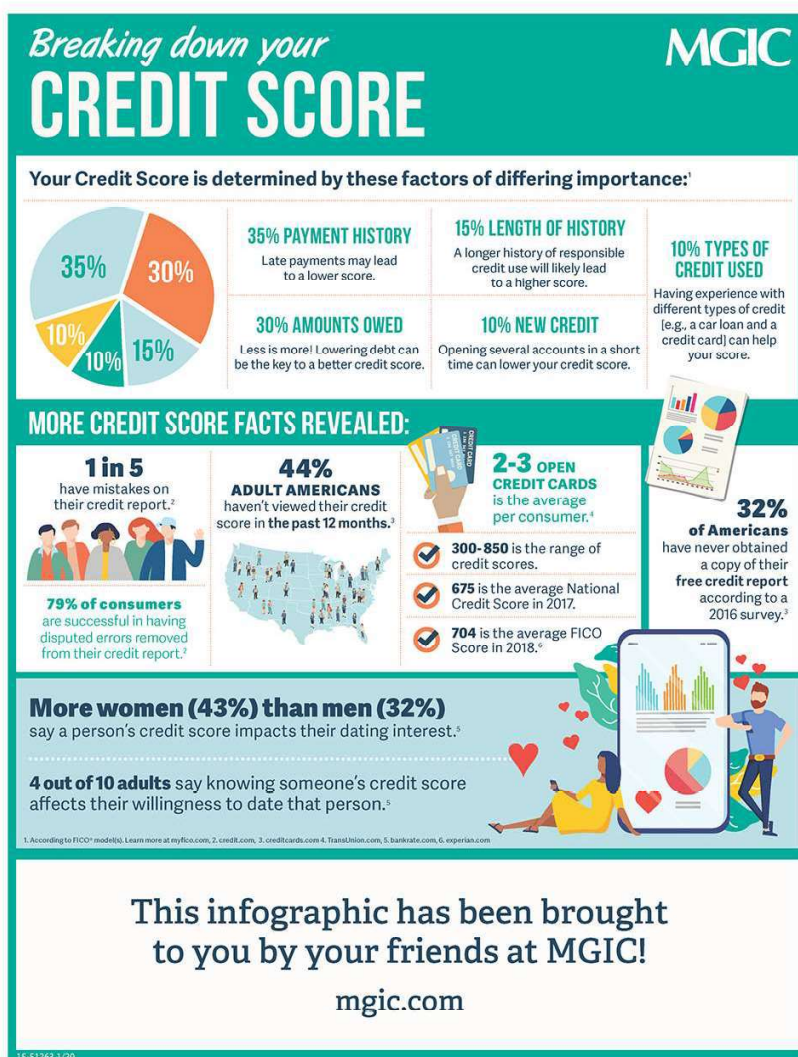
Generally speaking a typical home buyer is better off not using an amortized product (Mortgage loan from a bank) when buying a home. Typical home buyers plan to accelerate

payments for their home to become debt-free quicker. When using an amortized product, accelerating payments effectively raises your interest rate. There are much better alternatives.

# Credit Score

## What is a Credit Score?

There is a lot to say about your credit score, but the short take away is that a substantial portion (80%) of your credit score is determined by already having a line of credit; this is a function of time and money. If you don't have any lines of credit, it can be difficult to develop a line of credit.



Beaking Down Your Credit Score



How To Get A PERFECT Credit Score For \$0

<https://www.youtube.com/watch?v=Vn9ounAgG3w>

Graham can share a bit more on the development of a credit score.

How long can it take for you to get a good enough credit score to purchase a home in the United States in traditional financing?

The screenshot shows a Google search interface. The search bar contains the text "how many years to have good credit". Below the search bar, the Google logo is on the left, and navigation links for "All", "News", "Videos", "Shopping", "Images", "More", "Settings", and "Tools" are on the right. The search results show "About 2,270,000,000 results (1.20 seconds)". The first result is titled "Seven years" and includes a snippet: "What Is a Good Credit History Length? Seven years is deemed a reasonable amount of time to establish a good credit history. After seven years, most negative items will fall off your credit report. However, the seven-year time period doesn't guarantee your credit score and credit history will improve." Below the snippet is the URL "https://www.lexingtonlaw.com › credit › length-of-credit-...".

Google

how many years to have good credit

Q All News Videos Shopping Images More Settings Tools

About 2,270,000,000 results (1.20 seconds)

### Seven years

What Is a **Good Credit** History Length? Seven **years** is deemed a reasonable amount of time to **establish** a **good credit** history. After seven **years**, most negative items will fall off your **credit** report. However, the seven-year time period doesn't guarantee your **credit** score and **credit** history will improve.

<https://www.lexingtonlaw.com › credit › length-of-credit-...>

**Length of Credit History: How Does it Affect Your Credit Score?**

7 years for "Good" Credit

# Decentralized Finance Credit Score

Can DeFi help determine credit worthiness? Yes



The goal of this project, Bailey Building & Loans, is to use, almost exclusively, information provided by the blockchain in order to provide financing for its Bedford Falls' Community Members.

This project is loosely based off a similar project which determines your "Degen Score" from blockchain activity. <https://atomic.blue/degenscore>