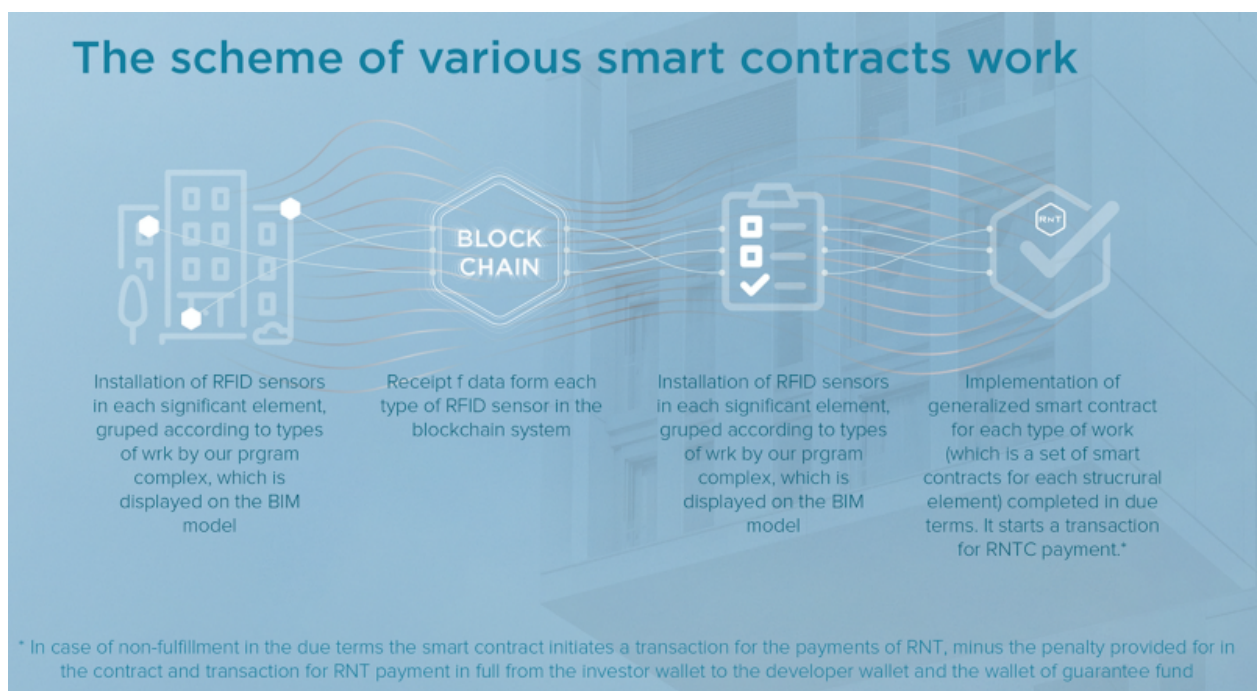# Smart contracts in the Bitrent

Smart contacts play an essential part in our distributed ledger. Actually, the code isn't a contract in traditional legal sense. In Bitrent platform it's a self-executed and self-governing algorithm that replaces the need for a wider contracts or checks and balances.

In Bitrent smart contracts area of responsibility is divided into 2 parts: **Investment and Construction**. Once agreed smart contracts control the construction flow and regulate financial tranches.

In Investment after terms and conditions were settled smart contracts are responsible for return on investments. It means that when a construction is over and a building starts earning profit, all investors will get their dividends according to the smart contract conventions.

In Construction, for MVP we've chosen the following smart contract strategy:

The system would include one smart contract with diverse methods to which will call the platform backend while operating. In other words, each project will have it's owns smart contract methods suit which is registered in the platform backend.

In the UI it will be represented by smart contract constructor. Participants choose optional methods that are marked in the backend and saved to the project blockchain node and when conditions change statuses backend calls to the chosen method to act in accordance with its terms and conditions.

Smart contract usage simplifies construction process by omitting 3d party

audit service, developer saves budget sources to implement equipment as to correspond to "green standards" like Active house, LEED, BREEAM, and etc.

Our Telegram community: https://t.me/bitrentio