BUSTAD

WHITE PAPER

A STABLE COIN BACKED BY THE PRIVATE HOUSING MARKET

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www.bustad.io

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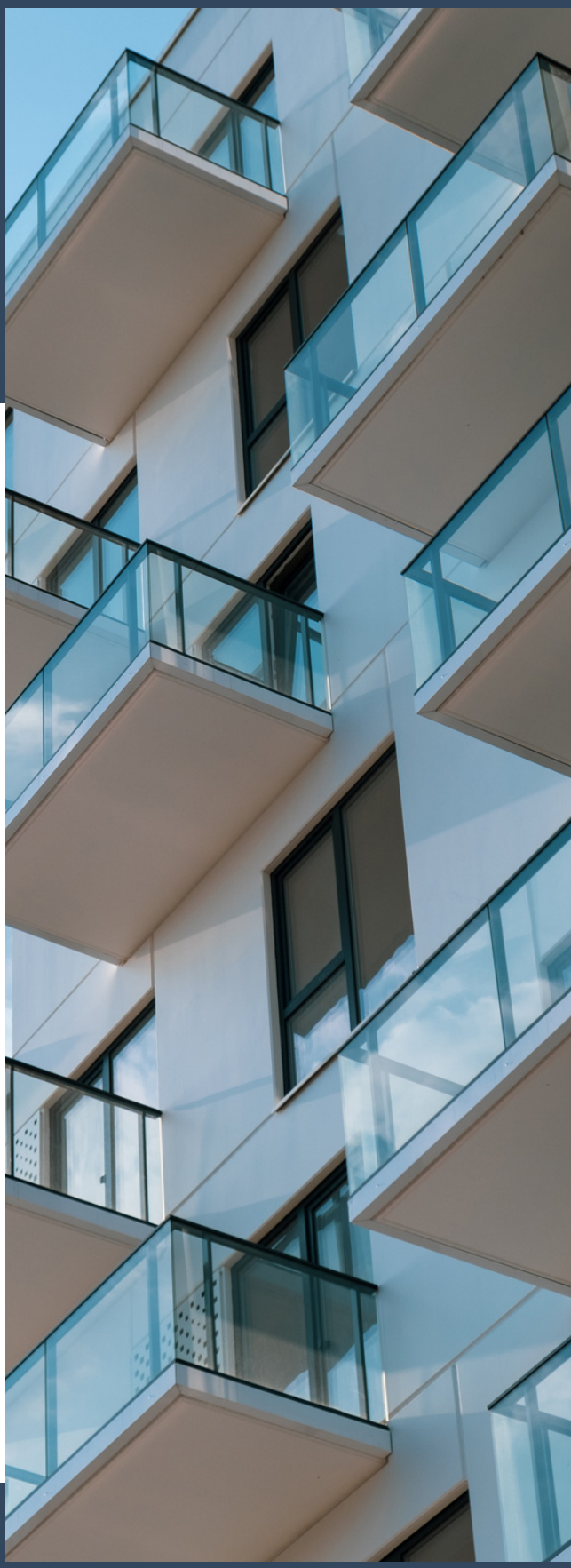
Executive Summary

In the last two years, the world has suffered through a global pandemic, an active war in Europe, a 6.5% global unemployment rate (and rising), and annual inflation rates, which have more than doubled from just one year ago. Naturally, this has had immense repercussions on the world markets and triggered global financial and economic crises that were simply unimaginable at the start of the decade.



Global debt has reached new heights, touching $226T USD at the end of 2021. This number has only climbed higher as 2022's supply shortages and rising inflation figures have continued to impact wallets around the world.

Unlike many challenges in years past, these events have not been isolated to a particular country, region, or part of the world. They have impacted everyone – from global superpowers to third world nations, the direct and indirect effects of these events have created new challenges that many families now find themselves unequipped to deal with.

Short of the usual methods, governments and central banks have few tools to address these new issues. Mostly armed with fiscal and monetary policies that seem to hurt more than help, citizens around the world are realizing that using the same playbook from years past won't help this time around.

In this new world, it is time to reimagine the solutions to these issues.

Introducing Bustad.

Bustad is a blockchain-based solution helping homeowners tap into the capital currently locked inside the value of their home while creating a stablecoin backed by the real estate market. For most homeowners, their house is their biggest financial asset, but the capital is currently inaccessible, regardless of the percentage of ownership the homeowner has in their home. Bustad frees up this capital and ultimately helps its users retain more liquidity in their bank accounts, leaving them better equipped to tackle the challenges brought about by inflationary pressures and rising costs in this increasingly expensive world.

Bustad's solution allows users to unlock up to 20% of the value of their homes by selling a fraction of their home to The Bustad Association. There are no practical implications for the homeowner, no interest or rent, and they can repurchase it at any time. The process is simple, intuitive, and while core to its operation, it does not require the homeowner to understand the intricacies of crypto or blockchain technologies.

Bustad is funding these property purchases by creating a stablecoin backed by real estate, an asset that has proven itself as a good hedge against inflation. Private real estate tightly correlates with consumers' purchasing power, which is the reason for inflation. This makes real estate a great store of value where your money retains its purchasing power. Bustad aims to outperform inflation as even though homeowners do not pay rent, other value transfer mechanisms exist between homeowners and token holders.

The Bustad Association

The Bustad Association is a non-commercial, self-owned legal entity whose purpose is to create a stable payment token while ushering forth a more democratic and sustainable real estate market.

Strong Market Conditions

Bustad has identified Norway as the ideal market for the initial product launch. This is based on long-term stability in the housing market driven by high rates of ownership, low rates of default, and an overall responsible approach to home ownership. Norway has a robust economy backed by the world's largest sovereign wealth fund, strong political backing for technical innovation and high adoption of blockchain and crypto technologies.

Norway's stability is further reflected in many key metrics which give confidence to consumers and investors alike. It consistently ranks high amongst other countries in terms of GDP per capita, public debt/gdp ratio, and unemployment rates. It ranks in the Top 10 in terms of easiest places in the world to do business, and crime is significantly below global averages.

Once the initial launch is complete, phase two will identify and expand beyond Norway into other suitable regions, countries, and markets.

Introduction

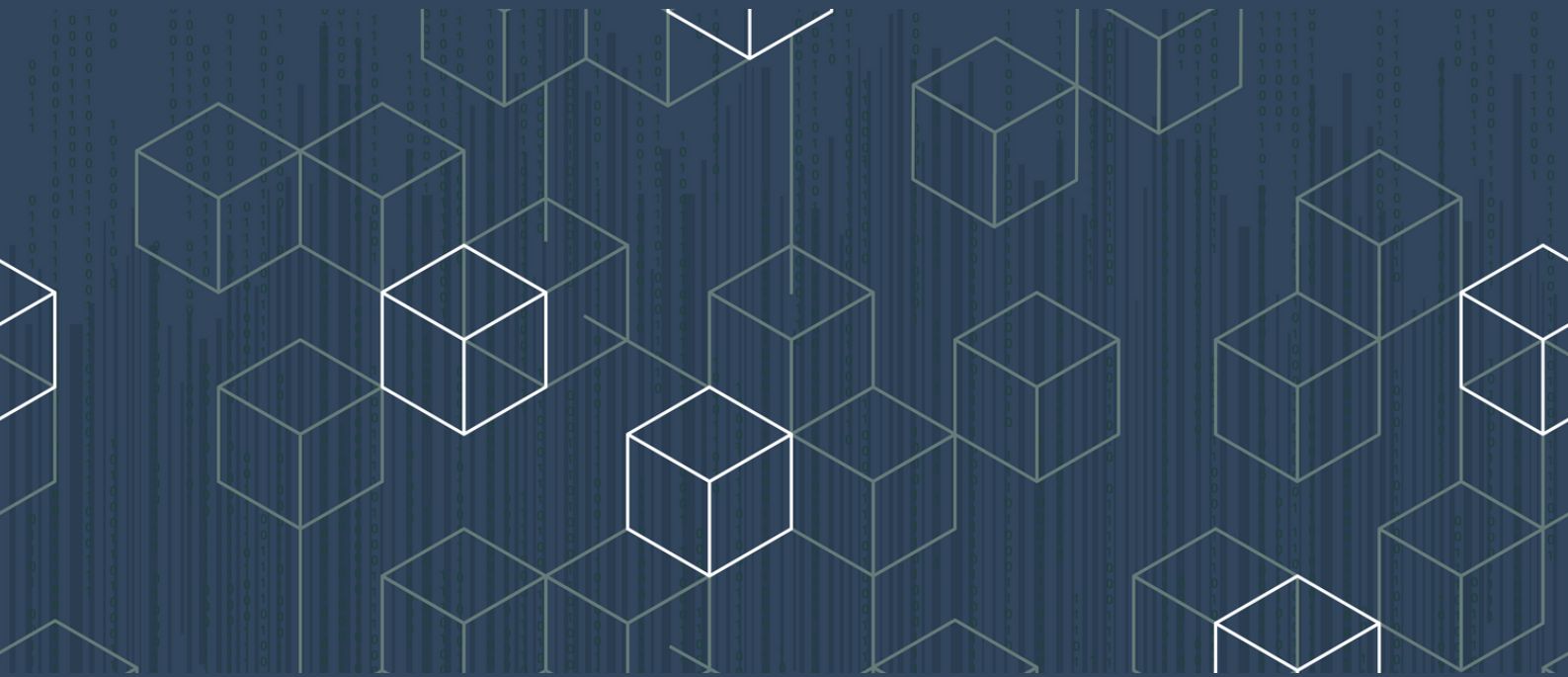
In recent years, cryptocurrencies and blockchain technologies have captured the attention of audiences worldwide. Once synonymous with Bitcoin, blockchain has since grown to introduce new sub-industries – most notably, Non-Fungible Tokens (NFTs) and Decentralized Finance (DeFi). Virtually non-existent prior to the start of 2021, both are now billion dollar industries, and projected to reach hundreds of billions of dollars within the next ten years.

As a result, these new areas within crypto have introduced new possibilities, new solutions, and new business models for the world to consider.

Decentralized finance, in particular, is inspiring new ways of lending and borrowing – which help to drive efficiencies, capital allocation, and a more favorable bottom-line for its participants (as compared to traditional finance). At its most basic level, DeFi is providing a way for two parties to interact without having to place trust in the other party – streamlining processes and eliminating middlemen, who's primary value in the traditional world is to act as a trusted intermediary.

The elimination of these middlemen means that all remaining parties stand to benefit from a financial, operational, and efficiency perspective. Most importantly, in the context of lending and borrowing, the borrower will receive more money (due to less fees), and will receive money faster (due to the elimination of administrative processing activities – an arduous task that is so often required when processing paperwork related to finances).

Leveraging DeFi and blockchain technologies, Bustad provides liquidity by unlocking a percentage of the equity previously tied down in a property. This form of alternative finance has clear advantages over traditional finance in terms of speed, efficiency, safety and overall value.



How It Works

Use case for homeowners:

- Those who are struggling financially with high-interest debt
- Those who are struggling due to increasing living costs
- Those who are looking to upgrade to a larger property for a lower price or looking at attracting a new buyer by selling their house at a lower price
- Those who have received poor refinancing options from traditional banks

Each of these use cases reflects the inadequacies of traditional finance and the demand for safe, convenient, and consumer-first solutions. Bustad is part of a global shift towards non-bank financing solutions, albeit with a unique hybrid value proposition.

Bustad allows consumers to “tokenize” (sell) up to 20% of their house to reduce their debt. The monies received from the sale are applied directly to reducing the existing principal due on the homeowner’s outstanding debt. As a result, the homeowner does not receive an influx of cash, but rather, their monthly debt payments are reduced due to the overall reduction in the principal balance of the initial loan. Therefore, this reduction ends up keeping more cash in the hands of the consumer, as their monthly expenses have now fallen as a result of the overall reduction in the outstanding loan amount due.

Furthermore, the consumer will keep the living and collateral rights, pay no additional mortgage or interest, and can repurchase ownership from Bustad at any time. Meaning they can keep living in their current home while drastically decreasing their monthly debt expenses.

To compensate for the lack of monthly payments or interest, Bustad purchases the property at an independently assessed, discounted market price. After the transaction is confirmed, the existing owner and the Bustad Association become legal co-owners of the property and share in the financial benefits of any price appreciation.

For token holders:

Bustad is built on Ethereum, a decentralized blockchain network that is second in popularity only to Bitcoin. What Bitcoin does to revolutionize the concept of money, Ethereum does to revolutionize computer and mobile applications, platforms, and software. Ethereum is the network of choice for many blockchain-based projects, powering thousands of decentralized applications in finance, gaming, entertainment, and more. It is by far the most popular platform for launching solutions for the next generation of the internet.

Bustad will be launching a token, issued by Bustad Eiendom AS, a company 100% owned by The Bustad Association. Early participants in Bustad will receive governance tokens, which give certain influence over the protocol.

The Bustad coin will revolutionize what it means for a crypto asset to be a stablecoin, by becoming the world's first token that is fully backed by a portfolio of real estate assets. Traditional real estate securities/companies are priced on estimated revenue and are often highly leveraged, creating a higher but more volatile price, which has often proven unsustainable. Bustad does not leverage its purchases and is priced based on the current market value of the properties owned (plus additional liquidity on hand), making it a more stable store of value, hedged against inflation.

With this approach, Bustad is providing consumers and investors with a currency that protects their purchasing power. And as Bustad increasingly adds assets to this portfolio, token holders will be able to view these assets on the blockchain – providing complete transparency and auditability.

Bustad coins do not provide any right for dividends or interest, but in periods of excessive cash or crypto holdings, Bustad will engage with virtual asset service providers to act as market makers buying back tokens at a price reflecting the value of the underlying assets. This will be a clear indication to the market of the tokens price and help provide stability to the token.

Users can mint (meaning create) Bustad coins by using traditional cryptocurrency on the Ethereum blockchain. The Bustad protocol swaps the traded cryptocurrency for stablecoins (USDC and DAI), converts them to fiat currency, and buys and operates properties in selected real estate markets.

The properties are bought through a company owned and controlled by the Bustad Association. All proceeds from the company go into Bustad's liquidity pool and will either be used to buy more properties or to buy back Bustad coins. Every real estate purchase is recorded on the blockchain and in the country's national public ledger, providing complete transparency and auditability.

In its initial rollout in Norway, the Bustad Association will have legal ownership in the properties that it has provided capital to – fully recognized by the laws and regulations of the Norwegian government. As Bustad expands to other countries and markets, similar structures will be put into place – ensuring legal claims for those properties with the relevant governmental authorities.

The token is tradable on exchanges or can be used as a means of payment between parties. Early users participating in the minting process will receive governance tokens, giving them a certain influence over the Bustad protocol.

Bustad will regularly provide estimated value on the properties and any cash holdings. The Bustad coin does not promise a return, pay dividends, or have an exit strategy. It must be traded on an exchange or repurchased through the buy-back protocol for a user to convert back to other currencies.

What Sets Bustad Apart

Bustad is doing more than just purchasing up to 20% of an existing homeowner's property. It is also introducing a new form of economics as it relates to the buying and selling of the properties themselves.

After Bustad acquires its stake in a property, existing homeowners can choose to continue living there as long as they like and can sell the property at any point in time. Should the decision be taken to sell the property, the homeowner has two options.

Buy back the 20% share, which was previously sold to Bustad. This value will be determined based on the market rate of the home. After the homeowner is "whole" once again, with 100% ownership of the home, the property can then be sold. The eventual buyer of the property will then own 100% of the home – without Bustad's involvement.

Alternatively, existing homeowners can inform interested buyers that a purchase of the home can be made wherein Bustad continues to remain a co-owner of the property. In doing so, interested buyers can effectively purchase the property/living rights at a lower price than the current market price – as property ownership after the sale will be split between Bustad and the new homeowner.

While this requires acceptance of the concept of co-ownership, the financial incentives associated with this model, and the zero impact that such a model has on the daily life of the new homebuyer after taking possession of the property, is too significant to ignore.

With this new model of buying and selling homes, Bustad looks to materially change what it means to own a home while also providing meaningful financial assistance to homebuyers and homeowners along the way.

In addition to purchasing properties from existing homeowners, Bustad has the option to purchase real estate properties that are fully owned by Bustad. Similar to evaluating the health and wellness of the underlying properties which existing homeowners may be looking to sell to Bustad, Bustad will also perform the same level of due diligence when seeking to purchase fully owned properties. In doing so, Bustad will continue to seek ways to allocate its capital efficiently and capitalize on market opportunities which present themselves over time.

Bustad will ensure that such a purchase is not in contradiction with the core values of the association:

- Democratizing the real estate market
- Providing homeowners greater financial freedom
- Supporting sustainable real estate development

Market & Target Audiences

Bustad is a solution for homeowners and those looking for a genuinely stable store of value that consistently performs even in challenging economic conditions. It can also work as a diversification of their portfolios.

On the homeowner side, global debt, which includes public debt, household debt, and nonfinancial corporate debt, is at record levels as measured against GDP. In particular, household debt (defined as liabilities of all households), has reached 58% of GDP and is ever-expanding.

The European Union is currently seeing household debt levels of over $7T USD, while the United States is more than double that amount, coming in at almost $15T USD. In short, consumers far and wide are under more pressure than ever to find financial relief and to continue to meet their financial and daily obligations.

For those looking to preserve or grow their monetary values, global markets have plummeted more than $11T USD in value as investors have begun exiting various positions in the stock market. This value only grows larger when considering other forms of investment. In particular, the cryptocurrency market has seen its value cut by more than half from its November 2021 highs – from $2.8T USD down to $1.3 T USD (as of June 2022).

While sitting on the sidelines with cash is arguably better than double-digit losses in the markets, we must also battle global inflation – which has been rising all around the world, and where practically no currency is safe from debasement during these challenging times.

Through it all, housing prices have continued to climb globally. The pandemic added further fuel to overall price appreciation; however, home price increases have generally steadily increased through the years – turning this asset class into one of the most stable and reliable investments for all investors.

While real estate has generally been a good investment, not all individuals have been able to partake. Requiring significant amounts of upfront capital, as well as management thereafter, many retail investors who might otherwise want to preserve their money in real estate may be shut out of the market due to these requirements.

Bustad democratizes this experience – by allowing all (from those with minimal income to spare to family offices and investment firms) to partake in global real estate. With the 2020s quickly transitioning into a decade where people require vehicles to de-risk their portfolios, Bustad offers a new way for users to deploy their capital against an asset that has stood the test of time.

Tokenomics

Bustad believes in decentralization as it provides transparency and trustlessness. While the blockchain delivers this, the technology has proven insufficiently mature for total decentralization. For Bustad, it is essential to have a legal entity recognized by governments to ensure the legal claims of the properties. Bustad will work with regulators and continue to develop towards providing safety, stability, and minimizing risks.

Fair governance is crucial for creating trust between token holders, property owners, the community, and the founders.

To ensure fair governance, Bustad will create governance tokens, of which a maximum number of 100.000.000 tokens will be created. The process of creating tokens, known as minting, will introduce assets into the ecosystem wherein the token holders will act as an advisory board. This board will be charged with guiding the protocol by performing off-chain votes on directions and development.

To ensure that no single party or entity will have 51% control or greater, the distribution of these tokens is planned to be spread between the initial founders, team, partners, the community, and those who mint Bustad coins.

	Allocation	Percentage
Horde AS (Initial Founder & Partner)	25 000 000	25%
Team	11 000 000	11%
Bustad Association	2 000 000	2%
Partners	10 000 000	10%
Community	2 000 000	2%
Token minters	50 000 000	50%
Sum	100 000 000	100%

Distribution of governance tokens to early minters

Early token minters will receive governance tokens corresponding to the amount of Bustad coins they mint (1:1). With the passing of every 25M Bustad coins minted, the amount of governance tokens received is reduced by 50%. By placing confidence in Bustad and its protocol from the start, early minters are rewarded with more governance tokens, thereby giving them greater influence over the protocol.

Bustad coins minted	Governance tokens minted
25 000 000	25 000 000
50 000 000	12 500 000
75 000 000	6 250 000
100 000 000	3 125 000
125 000 000	1 562 500
150 000 000	781 250
175 000 000	390 625
200 000 000	195 313
225 000 000	97 656
250 000 000	48 828
275 000 000	24 414
300 000 000	12 207
325 000 000	6 104
350 000 000	3 052
375 000 000	1 526
400 000 000	763
425 000 000	381
450 000 000	191
475 000 000	95
500 000 000	48
525 000 000	24
550 000 000	12
575 000 000	6
600 000 000	3
625 000 000	1
650 000 000	1
675 000 000	0
	50 000 000

Easy auditing and full transparency

The list of purchased properties will be available on the blockchain, creating total transparency of the Bustad Association's assets for pricing. The blockchain and the property ownership via the Norwegian public ledger, are publicly available online. This means any interested party could perform a valuation of the underlying assets to assess if the price offered by Bustad is over or undervalued.

Anyone can check the blockchain and confirm the ownership in the Norwegian public ledger (Grunnboken), which is available online. Anyone could perform their own valuation of the underlying assets to assess if the price offered by Bustad is over or under-valued.

Lower costs and less need for trust

Replacing traditional, complex operations with efficient automation through blockchain technology, it significantly reduces costs when compared to conventional financial institutions. By removing the monthly rent and replacing it with more efficient mechanisms of value transfer, we reduce the need to collect payments and handle defaults. Outdated trust verifiers are replaced by more scalable and efficient smart contracts. The savings created by the system are distributed between the consumers and Bustad coin holders.

Liquidity cap

To ensure that real estate is the predominant underlying assets, rather than fiat or other cryptocurrencies, minting will be temporarily disabled if the liquidity pool reaches a designated threshold. The governance tokens establish and define the guidelines for this liquidity cap.

Bustad as a market maker

If other currencies are overrepresented as the underlying value, Bustad will engage with virtual asset service providers to act as market makers, buying Bustad coins. This process both stabilizes the market price of Bustad and minimizes the effect that traditional fiat currencies will have on the integrity and growth of the Bustad coin.

Horde - The Initial Founder And Partner

Horde is a leading fintech company powering the next generation of consumer-first finance. The mission behind the company is that every individual should have easy access to their financial data, be able to make informed financial decisions, never pay more than they need to, and have access to alternative customer-first financial solutions.

As a well-known consumer brand, Horde has so far helped 200.000 Norwegians to improve their finances and their overall financial stability. They have helped delete more than 450.000 credit cards and are facilitating € 50 million in loan applications each month where users are reducing their interest rate by 35-40%.

Being a European licensed payment company, Horde is launching services to more than 300 million Europeans, powering the next generation of consumer-centric financial solutions.

Bustad's launch will see Horde delivering both technology services and customers to the protocol.

The Team - Where finance and technology meet

Bustad is comprised of some of the most intelligent and hardworking people within the software development, finance, crypto, real estate, legal, and data science spaces. With decades of experience at the local, regional, and international levels, the founding team is well equipped with the experience and resources to launch this project on a global scale.

Alf Gunnar Andersen

Founder

As the founder and CEO of Horde, Alf has grown the company into one of Norway's most popular personal finance applications, which is now expanding into the rest of Europe. Considered an industry expert, he is regularly featured in the media and invited to give talks for institutions, firms, colleges, and regulators.

Seeing the need for an organization that champions the disruptors and innovators within the financial industry, Alf founded Fintech Norway with like-minded peers. Today, he holds the board's chairman position, and the organization has evolved into the leading industry association for fintech companies operating in Norway.

He also hosts a Norwegian economy podcast with 15.000 monthly listeners, from crypto to mortgages, a wide array of financial topics is covered by him and his guests.
Being one of the first to complete an EMBA in financial technology, he wrote his thesis about tokenizing properties in 2018/2019. Before Horde, he had a successful nine-year career in finance while acting as a consultant and investor for startups within various sectors.

Rina Andriana

Tech lead

Rina is an experienced senior software engineer who has worked for several big Norwegian fintech companies like Vipps and BankID. Since 2019, he has been with Horde and has led several internal projects with great success.
Being highly engaged in the startup community, Rina has co-founded multiple businesses with new exciting business models like Ravina. He has closely followed the crypto space, experimented with various projects, and built a solid understanding of Solidity contracts and ERC-20 tokens.

Silje Algrøy

legal advisor

Silje has a Master of Laws from the University in Bergen and years of experience in retail and HR. She joined the Horde team in early 2020 and has since been the company's CCO, working with regulatory finance, AML, and GDPR.

As an active member in Fintech Norway, she regularly participates in meetings with the Financial Supervisory Authority, focusing on the Revised Payment Service Directive (PSD2), innovation, and improving industry conditions for fintechs.

Thuc Hoang

Crypto market advisor

Thuc is the co-founder and CEO of Firi, Norway's leading crypto exchange. He has a deep understanding of the markets and the underlying technology. Being a leading industry figure, he is frequently featured in the media and proactively advises incumbents and regulators on creating a safe and sustainable market.

Matthew Robinson

Marketing and business development

Matthew has significant experience leading high-performing, digitally-led marketing functions in B2B and B2C across a variety of sectors, including retail, telecom, software, and technology.

Matthew joined Horde in 2021, most recently from Vizrt Group, where he led the digital transformation project for three global brands. During his tenure at Vizrt, he oversaw a digitally-led transformation that improved customer experience and delivered a material improvement in marketing effectiveness.

Prior to this, Matthew led the digital marketing team for the Chess brand for Telia communication and was a highly respected digital strategist with Falck international and The Heinemann group, amongst his global clients.

Anders D. Sleire

Chief Data Scientist

Anders is a data scientist and financial professional with more than 16 years of experience in commodities trading, portfolio management, and insurance. He has worked as a trader and later head of Risk and Compliance in a licensed investment firm operating in the European energy markets. Before joining Horde, he spent five years as a Senior Data Scientist in Scandinavia's largest casualty insurance firm Tryg, building machine learning models within the fields of customer analytics, sales, claims analytics, AML, and fraud.

Anders held a position on the board of directors of The Norwegian Society of Actuaries from 2019-2021. He also serves as a startup mentor in the Norwegian fintech cluster NCE Finance Innovation, advising early-phase companies on topics within quantitative modeling and machine learning.

Anders holds an MSc. in Economics from the Norwegian School of Economics (NHH), an MSc. in Financial Mathematics and Statistics, and a Ph.D. in Statistics from the University of Bergen (UiB). He has published papers in internationally renowned scientific journals in quantitative finance and statistical computing. Anders is also a keen open-source enthusiast and serves as the creator and maintainer of the quantitative finance package package 'etrm' used in the R-programming language.

PricewaterhouseCoopers

Legal team - lead by Daniel Næsse

PwC is a global professional services firm operating in more than 150 countries around the world. Helping clients across a variety of topics, including audit, tax, and consulting services, PwC is working with Bustad to map out the legal implications of cryptocurrencies, regulators, and homeownership. As Bustad advances, PwC will be alongside and engaged in handling communications with regulatory entities, ensuring that all the legal work is satisfactory and meeting established standards.