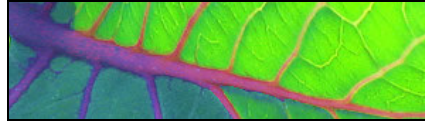


Exeter Ecocommunity Financial Model

Exeter Ecocommunity project



This paper is a general summary of our initial thoughts on a financial model for the Exeter Ecocommunity Project. There have been far more extensive discussions than can be included in a general summary and the model is constantly evolving. We are happy to discuss the model (including provisional figures!) in more depth with anyone interested in joining us. See also our latest news section of the website and monthly meeting notes which will provide further details.

General Assumptions

- The community property will consist of one large house in need of some refurbishment, plus outhouses and land.
- The main house would be divided into four self contained units i.e: Flats: 3 to lease and one to rent; outbuildings converted into 2 housing units to lease, up to six work/income generating 'units' to rent out (we can also include land as a 'work unit' e.g. renting out fields etc.), and space to place 2 semi-permanent static caravans/mobile homes to rent. In total this is 5 lease units and three rental units – 8 families (be that single or groups). Possibly space for building new houses too.
- We will establish a company which will purchase the property as a whole. The company will lease (i.e. sell) or rent parts of the property to members of the company and retain ownership of the whole property including common parts. The company will also take out the mortgage. Members will be Directors of the company. Members will have to finance their purchase/rental payments in their own way e.g. through a personal mortgage, from their own funds etc.
- We will need to finance the setting up of the company and associated legal work with each adult in the group making a donation/loan in order to set up the company.
- We will set up a bank account and agree expenditure together; one member will be appointed as treasurer. The account will need to be appropriate for a social enterprise, e.g. Unity or Co-op.
- Refurbishment or funding for specific projects such as renewable energy will be funded by loan stock. This would be for a fixed term basis (say 3/5/8/10 years at 5% fixed annual interest rate, or other rate we choose). The company will issue loan stock and repay in future years once our revenue improves. Loan stock will be cheaper to service than a mortgage.

Further discussions will focus on:

- a) Agreeing the budget in principle
- b) Agreeing a 'set up fund'/joining fee
- c) Reviewing the amount of loan stock required, set target and prepare 'prospectus' and paperwork
- d) The development of a business plan
- e) Seeking advice on setting up a company
- f) Agreeing a legal model, memorandum and articles (the company's governing document) and setting up a company
- g) Thinking about and planning specifications for refurbishment so that we can start preparing a more detailed budget; identify suppliers and what work we can do ourselves and what we need to outsource etc.
- h) Identifying options and purchase of static caravans/mobile homes
- i) Agreeing a policy on priorities for eligibility for renting
- j) Approaching building society/bank for a mortgage in principle