OVERVIEW FOR FUNDERS, PARTNERS AND ADVISORS

CommonBlock

Neighborhood funds that share appreciation with residents, on rails that keep the value circulating locally

South Shore, Chicago · September 2026 · Working draft — not an offer or investment advice

THE PROBLEM

Revitalization usually displaces the people who made it home

The opportunity is a suppressed basis. Decades of disinvestment hold values far below their potential. When investment finally arrives, the gain usually goes to outside buyers, and long-time residents are priced out.

South Shore has lived this. Out-of-state capital bid up its apartment buildings after the Obama Presidential Center was announced. Many buyers never reinvested; buildings slid into disrepair and foreclosure.

13 yrs	South Shore led Chicago in multifamily building sales, through 2023
<$60K → ~$73K	Inflation-adjusted price per unit, 2019 to 2024
Flat	Renter incomes over the same period

Source: Institute for Housing Studies, DePaul University.

THE IDEA

Give residents a stake in the rise, and make it usable

1

Grant the stake, don't sell it

Every resident household gets one identical stake, free, because they live there. Tokens are what make that possible at the scale of a neighborhood: thousands of small stakes, no minimum, no lawyer.

2

Fund it from appreciation, not from investors

Residents share 35% of the gain above what the fund paid. Neighbors who invest still earn a market return, and a foundation takes the first loss for a capped 2%.

3

Make it spendable on the block

The stake sits next to a spendable dollar balance in one app. Residents can draw on it early, spend it at local merchants, and the merchants can lend it back.

The payoff: a community with a stake helps drive revitalization instead of resisting it, and the value it creates keeps circulating locally.

THE SOLUTION

Real buildings appreciate. A share of that gain is tokenized and given to residents, who can spend it on the block.

THE ASSET

Appreciating real estate

$32M

exit value on $20.7M of cost, base case

A $10M neighborhood fund buys ~$16.7M of South Shore apartment and mixed-use buildings off a suppressed basis, puts ~$4M into renovation, and backs ~$13M more through advances to local owners. Held ten years with ordinary bank debt, the portfolio is worth about $32M at sale: ~$11.3M of appreciation above what it cost.

THE TOKEN

A share of that gain, on a blockchain

35%

of appreciation, granted free to 5,385 households

The Community Trust holds 35% of the appreciation and issues it as Wealth tokens on Solana: one identical token per resident household, granted, not sold. Each token is a claim on real buildings, credited quarterly as they appreciate and never clawed back. The rules live in the token itself: who can hold it, how much can be drawn against it, and that any deal on these rails carries the residents’ share.

THE RAILS

One wallet, two balances

$922K

spent at local merchants over the hold

Next to the Wealth balance sits Spend, a dollar stablecoin that works like cash at participating local retailers. Harvest lets a resident turn up to 60% of their marked Wealth into Spend today, as an advance repaid only from their own share at the sale. Merchants settle in seconds at 1.25% and can lend the money back through Harvest Notes. The value stays on the block.

WHY A BLOCKCHAIN, AND NOT A SPREADSHEET

Four things the token has to do that a cap table and a gift card cannot

1

Grant, don't sell

A conventional deal is entered by buying in, which shuts out people with no capital. Tokens let the fund grant thousands of small stakes with no minimum and no lawyer.

2

Program the rules

Allowlists, the 60% Harvest limit, the merchant network and the Trust's 35% slice are code. Any deal minted on the rails carries the resident share by construction.

3

See the pool

The community's claim, every mark and every advance are on a public ledger the neighborhood can audit.

4

Settle instantly

Spend clears at a corner store in seconds for 1.25%, and one network spans every CommonBlock neighborhood.

Solana Token-2022. The chain adds no value of its own; the buildings do. It is what lets that value be split, moved and spent locally.

WHO GETS WHAT

Every dollar of value has one owner, and residents never carry the downside

	Puts in	Receives	Puts at risk
Residents (5,385 households)	Nothing. Residency is the qualification.	One identical Wealth token: 35% of appreciation above cost, credited quarterly, never clawed back. Harvest up to 60% early.	Nothing
Community investors (~1,465 neighbors)	$5M, from $500 to $20,000 each	Rent, refinance proceeds and 65% of appreciation, net of fees: ~13.1% a year, 3.4x	Their capital, behind the PRI
Foundation PRI	$5M, first loss	Principal back plus 2%, capped; no share of the resident pool; recycled into the next fund	First loss, ~30% of value
Local merchants	Accept Spend	Instant settlement at 1.25% instead of ~3% card fees; Harvest Notes at 5%	Nothing
Building owners (advances)	A building and 20% of its future gain	Improvement capital of ~5% of value; keep title, cash flow and 80% of the upside	Nothing beyond the shared gain
CommonBlock	Sponsorship, platform, 1% GP commitment	Market fund fees, promote, merchant fee; nothing from the resident pool	GP commitment, startup capital
Accredited investors	Deal-by-deal capital, only with the 35% slice minted in	Deal tokens on normal terms: 20% promote over an 8% pref, ~11.4%	Their own capital

One $10M fund, ten years, one shared upside

Raise $10M

$5M from ~1,465 neighbors ($500–$20,000 each) + a $5M philanthropic PRI that takes first loss at a capped 2%

Buy and improve

~$16.7M of apartment and mixed-use buildings (~230 homes) with ordinary bank debt

Back local owners

$667K of improvement advances reach ~$13M more property; owners keep title and share 20% of the gain

Share the rise

35% of appreciation to 5,385 resident households; rent and the rest to investors

Opportunity Zone tracts are the eligibility test. Value-add deals refinance at year 5; the fund sells at year 10.

Base case: 3% rent growth, 7.00% exit cap, net of all fees

13.1%	5,385	$4.0M	~30%
a year for community investors (3.4x their money)	resident households with a free stake, ~22% of South Shore	resident pool, about $739 per household over ten years	fall in value the PRI absorbs before neighbors lose capital

The deal itself earns ~9.1% on all $10M. The gap to 13.1% is the upside the PRI gives up by capping its return at 2%.

THE APP: ONE WALLET, TWO RAILS

An appreciating balance and a spendable one, side by side

WEALTH

$131.05

your stake, marked conservatively · never clawed back

SPEND

$42.00

dollars, good at participating local retailers

Harvest | Pay | Cash out

Illustrative screen: year-5 mark per stake

1. **See it grow**

   Wealth is credited every quarter as the buildings appreciate, on a mark residents can check.

2. **Harvest in one tap**

   Move up to 60% of the marked value into Spend at 4.5%, or to a bank at 7%. Non-recourse; repaid from your own share at the sale.

3. **Pay at the corner store**

   One tap splits a purchase between Spend and a card. The merchant pays 1.25%, less than card fees.

4. **Learn by doing**

   Plain-language explanations at each step, prize entries for money lessons. A first wallet, a first appreciating asset.

The tax, securities and custody machinery stays under the hood. Regulated partners handle custody, KYC and card rails; CommonBlock builds the experience.

A CIRCULAR LOCAL ECONOMY

Value earned on the block is spent on the block and lent back

1

Buildings appreciate

35% of the gain is credited to residents as Wealth

2

Residents Harvest into Spend

~$920K of local spending over the pilot’s ten years

3

Merchants get paid

Instant settlement at 1.25%, instead of ~3% card fees

4

Merchants and savers buy Harvest Notes

~$250K rolled back in at 5%, funding the next neighbor’s advance

5

The sale repays everyone

Advances and Notes are settled from the resident pool; savers keep the rest

back to the block

$922K

spent at local merchants over the hold, from one $10M fund

4.5% vs 7%

the rate gap that makes spending locally cheaper than cashing out

1 network

one Spend merchant network across every CommonBlock neighborhood

Losses hit philanthropy first; residents never lose capital

1. **PRI first-loss**

   $5M absorbs roughly the first 30% fall in value

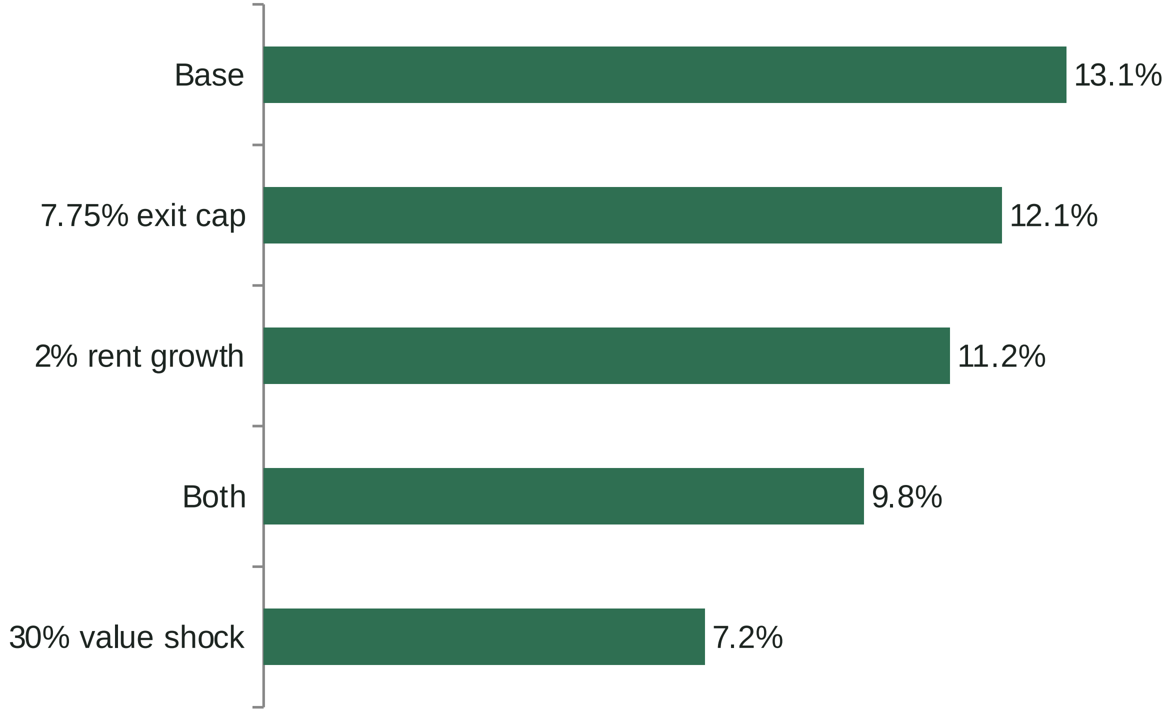
2. **Community investors**

   Protected behind the PRI

3. **Residents**

   Upside only; credited value never clawed back

Community investor return by scenario



At a 30% fall, ~$633K of Harvest advances go unrepaid; it comes out of investors' upside, and the PRI's capital and 2% are untouched.

TWO WAYS IN

Catalytic capital in front, community capital behind it

For catalytic funders

A recoverable PRI, not a grant

$5M first-loss match per neighborhood fund, alongside $5M from neighbors

2% capped return; principal recoverable and recyclable into the next fund

$5.9M of upside the cap moves to community investors over the hold

For community investors

A market return with philanthropy in front of you

$500 minimum, up to $20,000 per household

13.1% a year, 3.4x over ten years, after every fee and the promote

~30% fall in value the PRI absorbs before your capital is touched

Accredited investors can join deal by deal on normal terms (20% promote over an 8% pref), only where the residents' 35% is minted in. Not counted in the base case.

Improvement capital for owners, without buying their buildings

1

The advance

About 5% of appraised value, paid out against completed improvements.

2

The share

The fund receives 20% of appreciation above an appraised baseline. The owner keeps 80%.

3

The owner keeps

Title, cash flow and control of the building.

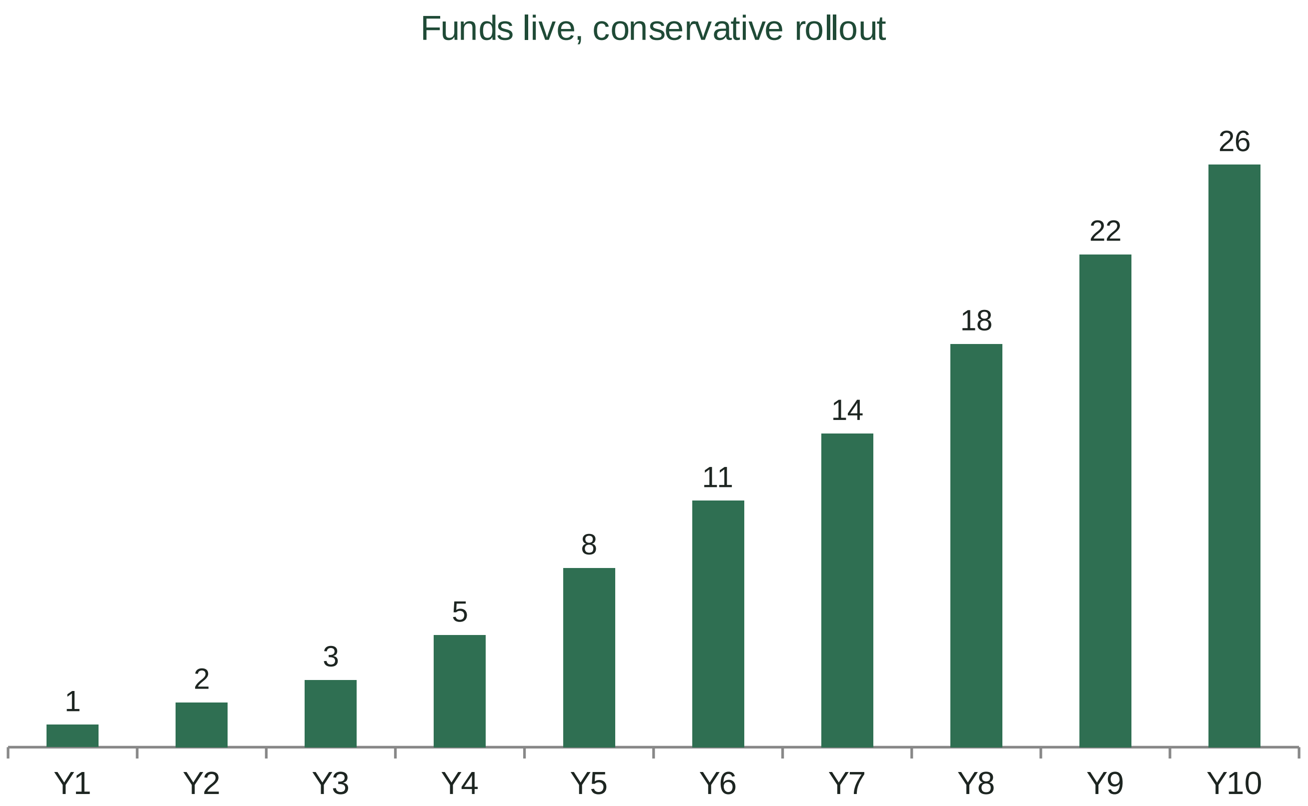
4

The reach

$667K reaches ~$13M of property; residents get 35% of the fund's share.

Heavy rehab on occupied buildings goes through advances, not debt, so debt service never forces rent increases. Loss (5%) and collection (90%) assumptions are placeholders.

Sponsor and platform, growing one neighborhood at a time



16 / 26 neighborhoods / funds by year 10

$650M of property on the platform

$12.7M fee revenue in year 10

~$22.6M company value, year 10

~90% of funds CommonBlock-sponsored; ~10% licensed to CDFIs, CDCs, chambers and block clubs. Value: fee earnings at 10x with a 1.25x software premium, property management at 8x.

$1.5M of catalytic capital, repaid by year 10

Tranche A: $1.0M

Recoverable foundation PRI to CommonBlock at 2%

Tranche B: $0.5M

Family-office note at 6% plus a 5% warrant; not subject to PRI rules

Drawn as needed

~$0.94M and ~$0.47M over years 1–5, plus the founder's $100K

Repaid, then recycled

Family office repaid by year 9; foundation gets ~$1.07M back by year 10 to roll into new funds

Founder keeps ~85% fully diluted (after a 10% option pool and the warrant). A conventional seed round priced at 10x would take roughly two-thirds of the company.

BUILT TO BE TRUSTED

Two entities, two jobs

1

CommonBlock PBC

A public benefit corporation (Delaware or Illinois) sponsors the funds and owns the platform. Fund GPs are LLCs it owns.

2

Community Trust

A charitable entity holds residents' 35% claim and credits Wealth tokens. It never contributes capital or absorbs losses.

3

Board and voice

Founder (chair), CEO, three independents, a foundation observer seat, and a paid community advisory council.

Related-party terms (property management, fund fees, platform fees) get independent review.

WHAT WE'RE LOOKING FOR

Three kinds of partners

1

Funders

A $5M first-loss PRI for the South Shore pilot fund, and $1.5M of company startup capital ($1.0M foundation PRI + $0.5M family-office note).

2

Leaders

A CEO to run the company and three independent directors: real estate and finance, legal and compliance, community. The founder stays as executive chair.

3

Advisors and counsel

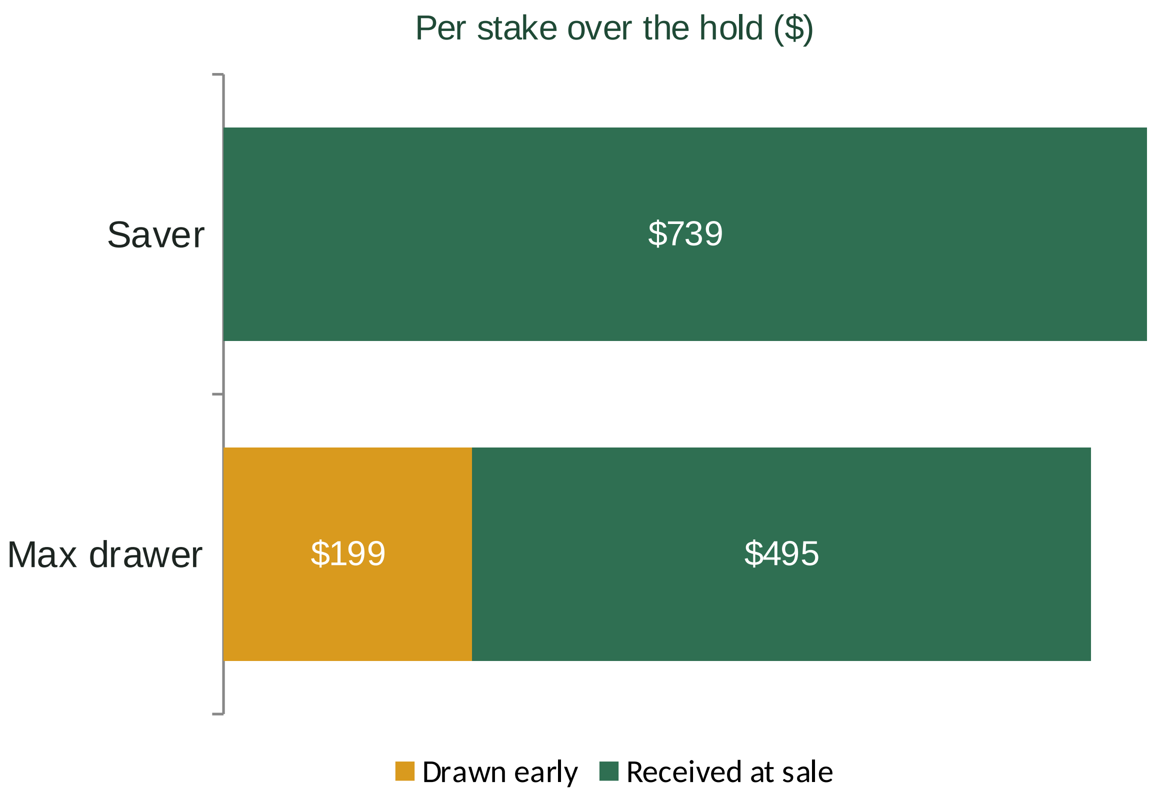
Securities, PRI and private benefit, consumer lending, stablecoin payments, prize-linked savings, Opportunity Zones, Trust tax.

APPENDIX

Detail for the diligence-minded

Prize-linked saving · fees · charitable purpose · risks · key assumptions

A sponsor-funded prize program rewards holding



$60K a year from a sponsor
No cost to residents or investors.

Two tracks, 65/35 toward saving
Saving prizes credit Wealth; spending prizes pay Spend at local shops.

Nobody at zero
Entries for holding, streaks and short money lessons.

A max drawer gets $694 in total versus $739 for a saver: about $44 goes to interest for spending sooner.

FEES, IN THE OPEN

Market-standard, and never charged to residents

Fee	Rate	Paid from
Management	1.5% a year on all $10M of equity	Operating cash flow
Acquisition	1% of purchase price	Year-1 operating cash flow
Construction management	5% of rehab and turn costs	Project budgets
Property management	6% of income + leasing and renewal fees	Normal operating costs (Chicago 5–8%)
Disposition	1% of sale price	Investors’ share at sale
Promote	20% of profit above a 12% return	Investors’ share at sale
Merchant	1.25% of Spend volume	Merchants
Launch costs	At cost, no margin	Operating cash flow over 2 years

Why the PRIs qualify, and where the real test is

1

The rules fit

Treas. Reg. §53.4944-3(b) lists below-market loans to businesses in deteriorated urban areas (Ex. 1, 4, 5) and stock in a for-profit (Ex. 3) as qualifying PRIs.

2

The real test

Private benefit. The PRI's primary purpose must be charitable, not the founder's wealth.

3

The mitigants

PBC mission lock, below-market capped terms, resident ownership built into every fund, expenditure-responsibility reporting.

Counsel to confirm for both the fund match and the company-level PRI.

RISKS TO WEIGH

What could make the numbers worse

1

Market

Rent growth and exit pricing drive returns: 11.2% at 2% rent growth; 9.8% if exit prices also soften.

2

Execution

Buying, renovating and managing ~230 homes per fund is operationally demanding.

3

Regulation

Securities, lending, payments and prize rules could require design changes. Counsel is not yet engaged.

4

Illiquidity

A ten-year hold. Harvest serves residents; investor interests are not freely tradable.

APPENDIX

Key assumptions and results

Assumption	Base
Fund equity	$5M community + $5M PRI
Hold	10 yrs; refinance at yr 5
Price / going-in cap	$73K a door / 7.75%
Exit cap	7.00%
Rent growth	3% a year
Leverage	70% LTC; 65% LTV
Rates	8.0% constr.; 6.85% perm
Resident share	35% of appreciation

Result	Base
Investor MIRR / multiple	13.1% / 3.4x
Deal return (all $10M)	9.1%
PRI return	2.0% capped
Resident pool / stakes	$3.98M / 5,385
Harvest advanced / coverage	$992K / 3.3x
Debt coverage after refi	1.60x
Promote + disposition fee	$392K + $326K
Break-even ticket vs grant	$305

Dollars and cents, hearts and minds.

1. Fund the South Shore pilot’s $5M first-loss PRI
2. Place $1.5M of catalytic capital in the company
3. Recruit a CEO and independent board; engage counsel

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