

Mountain BizCapital, Inc.
153 S Lexington Ave ■ Asheville, NC, 28801■ (828) 253-2834
Prospectus for
Mountain BizCapital Investment Notes

December 31, 2007

Investors should read this prospectus in conjunction with the disclosure accompanying the microenterprise investment note Application form which can be found inserted between the last Page and back cover of this prospectus. This form may also be obtained free of charge by contacting Mountain BizCapital at the address or telephone number on the back cover of this prospectus. This prospectus contains all of the representations by Mountain BizCapital with respect to the microenterprise investment notes. Investors are cautioned not to rely on any information not expressly set forth in this prospectus. All persons are advised to read this prospectus carefully prior to making any decision to purchase the securities offered hereby.

This prospectus does not constitute an offer or the solicitation of an offer, to sell to any person in any state or other political Jurisdiction in which such offer or solicitation may not be lawfully made.

An investment in the microenterprise investment notes is subject to certain risks. In making an investment decision, investors must rely on their own examination of Mountain BizCapital and the terms of this security offering, including the merits and risks involved. These securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

These securities are offered under an exemption from federal Registration pursuant to sections 3(a)(4) of the securities act of 1933 and 3(c)(10) of the investment company act of 1940; however, the Securities and exchange commission has not made an independent determination that these securities are exempt from registration.

These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the securities act of 1933, as amended, and applicable state securities laws, pursuant to registration thereunder or exemption therefrom. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

These securities are being offered by Mountain BizCapital.

Mountain BizCapital, Inc.
Microenterprise Investment Notes
P R O S P E C T U S
T A B L E O F C O N T E N T S

Offering Summary	3
Risk Factors	4
Management and Control.....	6
Description of the Notes.....	6
Distribution	8
Financial Statements	9
Investment Form.....	Insertion

Microenterprise Investment Notes
PROSPECTUS
OFFERING SUMMARY

Overview

In June 2004, the Mountain BizCapital, Inc. launched a new investment program called **Microenterprise Investments** - which seeks investments from individuals and institutions through the purchase of Microenterprise Investment Notes of \$1,000 or greater for up to ten-year terms. Microenterprise Investment Notes are medium term notes that pay investors a below-market fixed rate of interest between 0 and 3 % which accrues on an annual basis on the anniversary of the note. Mountain BizCapital was established to promote community development by improving the social and/or economic conditions of underserved people – low-income individuals and others who lack access to capital and small business development services; and to make loans, loan guarantees, equity investments or other financing-related products or services that will enable self-employed individuals and small businesses to obtain access to capital.

A brief summary of Mountain BizCapital's financial statements follows:

Fiscal Year	2007	2006	2005
Total Assets	1,925,985	957,666	482,918
Total Liabilities	1,376,583	408,815	209,300
Net Assets	549,402	548,851	273,619
Support and Revenue	337,127	522,008	207,781
Expenses	205,513	107,604	91,123
Increase (Decrease) in Unrestricted Assets	551	389,404	116,658

Use of Proceeds

Proceeds from the sale of Microenterprise Investment Notes will be used to capitalize Mountain BizCapital's loan pool which makes small business loans to underserved entrepreneurs in Western North Carolina. Mountain BizCapital pays all marketing and operations expenses from other sources, and therefore, every investor dollar is applied toward loans to underserved small businesses.

To Make An Investment

Investments can be made by completing the Microenterprise Investment Note Application Form or contacting Mountain BizCapital at **828-253-2834** or 153 S. Lexington Avenue, Asheville, NC 28801. Please read all materials carefully before you invest or send money.

History

Founded in 2002 by its affiliate company, Mountain BizWorks (previously Mountain Microenterprise Fund), **Mountain BizCapital** is a North Carolina 501(c)(3) non-profit organization whose key activities are to provide business loans and loan preparation assistance. Mountain Capital's targeted clients are alumni of Mountain BizWorks' *Foundations Business Planning Program*: low-income individuals, women, people of color, recent immigrants, rural residents, and the un- and under-employed from Western North Carolina. Mountain BizCapital was developed as a result of direct feedback from Mountain BizWorks' clients that larger loans for capital-intensive businesses -- from \$2,500 to \$50,000 --were needed. Mountain BizCapital underwrote 67 small business loans to entrepreneurs in 2007 totaling \$887,500. Mountain BizCapital has been officially certified as a "Community Development Financial Institution" (CDFI) by the U.S. Department of the Treasury.

RISK FACTORS

Risk Level of Unsecured Obligations

Microenterprise Investment Notes are unsecured obligations and are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by any federal or state agency. Principal repayments and interest payments on Microenterprise Investment Notes will be dependent solely upon the financial condition and strength of Mountain BizCapital. Additionally, no sinking fund or trust indenture has or will be established by Mountain BizCapital to provide for the repayment of the Microenterprise Investment Notes. Therefore, the relative risk level may be higher for the Microenterprise Investment Notes than for other similar securities.

Types of Borrowers

Mountain BizCapital makes loans to borrowers after a comprehensive loan review. While Mountain BizCapital has established criteria in order to determine which borrowers are most likely to maintain their repayment obligations, and procedures have been put into place to monitor repayment progress, there can be no guarantee that the borrowers will be able to make payments as scheduled or that losses will not occur. If a large number of Mountain BizCapital's borrowers default on their obligations to Mountain BizCapital, then Mountain BizCapital may be unable to make interest or principal payments on the Microenterprise Investment Notes.

Not a Liquid Investment

The Microenterprise Investment Notes are not liquid securities. There is not currently a liquid market for the Microenterprise Investment Notes and it is highly unlikely that a public or secondary market will develop. Consequently, the purchase of Microenterprise Investment Notes should be viewed as an investment to be held to maturity. (See discussion in "Description of the Notes," "Secondary Market," below)

No Pending Litigation

There is no pending litigation against Mountain BizCapital that would materially affect an investor's investment decision.

Early Redemption

Early redemption is possible, but Mountain BizCapital is not legally obligated to redeem a Microenterprise Investment Note prior to its maturity. Consequently, you may not be able to liquidate your investment in a Microenterprise Investment Note prior to its maturity. In the case of an early redemption, a full or partial penalty will be charged against interest earned. (See section titled "Description of the Notes" under "Early Redemptions," below.)

Repayment

As with any investment, there is investment risks associated with an investment in Microenterprise Investment Notes. Mountain BizCapital intends to pay investors on schedule. However, defaults or untimely loan repayments from Mountain BizCapital borrowers may result in Mountain BizCapital having insufficient reserves to satisfy all outstanding notes. Mountain BizCapital may be dependent upon the proceeds from future sales of Microenterprise Investment Notes to make principal and interest payments on its outstanding indebtedness. A substantial decrease in future sales of Microenterprise Investment Notes or other securities could affect our ability to meet our obligations. Investors can only expect to be paid from reserves from Mountain BizCapital, and not from any other entity. At this time Mountain BizCapital does not contemplate or foresee curtailing or eliminating the sale of Microenterprise Investment Notes.

Liens

The creation of liens on the property of Mountain BizCapital is restricted. The Microenterprise Investment Notes are unsecured.

Securities Laws and Regulations

Changes in laws, rules, or regulations regarding the sale of securities by religious, charitable, or other non-profit organizations may make it more costly and difficult for Mountain BizCapital to offer and sell Microenterprise Investment Notes in the future. Such an occurrence could result in a decrease in the amount of Microenterprise Investment Notes sold by Mountain BizCapital. A substantial decrease in such sales could affect our ability to meet our obligations.

Interest Rates

Currently investors choose interest rates ranging from 0-3%. Investors should be aware that if commercial rates rise, Mountain BizCapital is not legally obligated to redeem the principal or exact a partial withdrawal of a Microenterprise Investment Note prior to its maturity. Early redemption and partial withdrawal of Microenterprise Investment Notes may be allowed, but in such case a penalty may be charged against interest earned except in the case of a designated transfer. See discussion in "Early Redemption," "Partial Withdrawal," and "Designated Transfers" below. Furthermore, the interest rates of these notes may not be as high as those of other financial institutions offering similar securities.

Default Rollover

Upon maturity of a Microenterprise Investment Note, the default option is to rollover the principal unless an investor specifies other instructions in response to a maturity notice. The original interest rate offering may not be available at maturity, and the renewed interest rate offering could be lower than the original. If you do not take any action, your money will be reinvested at the current interest rate (the interest rate established for notes on the date your money is reinvested, which can be less) for the same time period as the previous.

Change in Operations

Mountain BizCapital is not obligated to continue offering Microenterprise Investment Notes or to continue its current operations or its existence as a non-profit entity. Any such change in operations or status could have a negative impact on our ability to repay Microenterprise Investment Notes. Mountain BizCapital currently has no plans to significantly modify its present operation.

Tax Consequences

While donations of interest to Mountain BizCapital are tax-deductible, and while there may be certain tax benefits for an investor purchasing below-market securities, the principal amount of a Microenterprise Investment Note is not tax-deductible. (See section titled "Description of the Notes" under "Tax Reporting" below.)

Loan Loss Reserve

Mountain BizCapital's investment portfolio maintains a loss reserve that is reviewed quarterly by the Board Loan Committee. (See discussion in section "Description of the Notes" under "Loss Reserve" below.) However, please note that the loss reserve may not be adequate to meet all potential losses.

MANAGEMENT AND CONTROL

Mountain BizCapital has a Board of Directors that is responsible for the overall policy and direction of the organization. The Board of Directors has established a Loan Committee which reviews due diligence and makes recommendations to the Board.

Board of Directors

Sallie Broach – *Board Chair*

Ken Brown – *Vice-Chair*

Harvey Jenkins - *Treasurer*

Jeri Kumar, Esq. - *Secretary*

Ed Anderson

Trish Marshall

Diane Caldwell

CeCe Hipps

David Hayes

Robert Jumper

Hedy Fischer

John Mark Stroud

Charles Leahy

DESCRIPTION OF THE NOTES

What is Community Investment?

Community investment directly finances socially or economically beneficial projects in disadvantaged communities that may not be able to attract financing through traditional market mechanisms. It creates a new source of capital for community development organizations and a more efficient way to channel funds to these institutions. Long term, it is intended to create a mainstream financial mechanism for the general public to invest in these community institutions.

What is a Microenterprise Investment Note?

Microenterprise Investment Notes have been designed to support the growth of Mountain BizCapital for the purposes of promoting business creation and economic and social development of disadvantaged communities. A Microenterprise Investment Note is an investment opportunity created by Mountain BizCapital. Microenterprise Investment Notes are designed to pay a fixed below-market rate of interest, determined at the time the investment is made, for the term of the note. This range is determined by maintaining lower interest rates than the general market on medium term instruments similar to the Microenterprise Investment Note. Proceeds from the sale of Microenterprise Investment Notes will be used to capitalize Mountain BizCapital's loan pool which makes small business loans to underserved entrepreneurs in Western North Carolina. Mountain BizCapital pays all of its marketing and operations expenses from other sources, and therefore, every investor dollar is applied toward loans to underserved small businesses. Microenterprise Investment Notes are unsecured obligations and are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by any federal or state agency.

Who will Invest?

Microenterprise Investment Notes are marketed to individual investors and selected institutional investors through direct mail, and other means.

How to Invest

Microenterprise Investment Notes may be purchased in amounts of \$1,000 or more for a term of one, three, five, seven, or ten years. Interest rates are below-market, currently ranging between 0-3%, and will be paid as simple interest, compounded annually.

Note Administration

Microenterprise Investment Notes are issued, and begin to accrue interest, upon the deposit of funds made available to Mountain BizCapital by the investor. The maturity date of a Microenterprise Investment Note will correspond to the first day of the month of investment, or the first day of the following month, whichever is the fewest number of days from the date of the opening of a given Microenterprise Investment Note. For terms longer than one year, subsequent years will always be 365 days in duration. Promissory notes evidencing the terms of the investment are available upon request.

Increasing an Investment

Investors may add to an existing Microenterprise Investment Note in amounts of \$250 or greater at any time. Interest will accrue for any additional investments on a pro-rated basis. Such increases will be added to the Microenterprise Investment Note at its existing term and interest rate except if the existing interest rate is higher than the maximum current rate offered. (For current rates offered, see "Interest Rates" on p.3.) In this case, the interest rate of the entire balance shall be adjusted according to the dollar-weighted average of the two rates.

Renewals

Investors will be sent a letter 45 days prior to maturity of the Microenterprise Investment Note asking if they wish to renew the investment. Instructions will be given for redemption. Also see the section "Risk Factors" and "Default Rollovers" in this Prospectus.

Early Redemption

Early redemption may be possible if Mountain BizCapital determines that it has sufficient cash available, but a penalty may be charged against the interest accrued on the Microenterprise Investment Note. Specifically, notes redeemed within the first year of the term of a multi-year note, or at any time during the term of a one-year note before interest is earned, will receive no interest payments. (Interest is earned on an annual basis). Notes redeemed after the first year of the term of a multi-year note may receive a 50% penalty against the interest accrued in the current year in which the note is redeemed.

Partial Withdrawal

Partial withdrawals of principal may be possible if Mountain BizCapital determines that it has sufficient cash available, but a penalty may be charged against the interest accrued on the Microenterprise Investment Note except in the case of designated transfers. Specifically, partial withdrawals within the first year of the term of a multi-year note, or at any time during the term of a one-year note before interest is earned, will receive no interest for the amount withdrawn. (Interest is earned on an annual basis.) Partial withdrawals after the first year of the term of a multi-year note may receive a 50% penalty against the interest accrued on the amount withdrawn in the current year in which the money is withdrawn. The minimum partial withdrawal amount is \$250. Partial withdrawals can be made up to two times each year throughout the term of the note.

Transfer on Death Accounts

Transfer on Death (TOD), or Payable on Death (POD) accounts are not offered for Microenterprise Investment Notes. These accounts allow registered owners to pass accounts

directly to beneficiaries upon death in some states. An estate planner should be consulted regarding such beneficiary designations.

Minimum Required Account Balance

The minimum account balance per Microenterprise Investment Note is \$1,000. Partial withdrawals or outgoing transfers which cause the remaining balance of the Microenterprise Investment Note to go below the minimum account balance will result in the note being closed and the remaining principal value being returned to the investor as an early redemption. (See “Early Redemption” above.)

Illiquid Investment

The nature of this program is one which does not afford the opportunity of a secondary market. It may be impossible to sell Microenterprise Investment Notes on a secondary market. Mountain BizCapital may attempt to facilitate secondary market transactions, but it is not obligated to do so. Consequently, the purchase of Microenterprise Investment Notes should be viewed as an investment to be held to maturity as investors may not be able to sell any Microenterprise Investment Notes purchased for emergency purposes or otherwise. However, early redemption, and partial withdrawals may be possible. (See “Early Redemption” and “Partial Withdrawal.”)

Interest Payments and Tax Reporting

Interest will be paid once a year on the anniversary date of your investment. If you are a cash-basis taxpayer, you are required to report interest on your tax return only after the interest has been paid to you. For example, if you invest in May 2003, your first payment of interest would be in May 2004 and you would report this interest on your 2004 tax return. Mountain BizCapital will mail you a Form 1099 in January of each year indicating the interest earned on your investment in the prior year. *These investments are not tax deductible. Federal and state tax is due on the interest earned on the Microenterprise Investment Note. Donated interest payments will still receive a Form 1099 as the interest was earned by the note holder. Consult your tax advisor regarding the effect on your taxes, if any, of accepting a below-market rate of return on your investment.*

DISTRIBUTION

Mountain BizCapital, as the issuer of Microenterprise Investment Notes, is serving as the sole distributor of the notes. No commissions or fees will be paid to any party in connection with the issuance of the Microenterprise Investment Notes.

FINANCIAL STATEMENTS

Capitalization

Mountain BizCapital's microenterprise investment program is funded by individual and institutional investors, program-related investments, grants and loans from the following organizations:

Loans and Program Related Investments

- US Department of Agriculture – \$800,000 (\$445,000 still available for draw down)
- Adrian Dominican Sisters - \$ 35,000
- Investment Note Program - \$157,500
- Wachovia - \$50,000
- Mary Reynolds Babcock Foundation - \$200,000
- Bank of America - \$250,000
- Capital Bank - \$50,000
- Small Business Administration - \$750,000 (\$250,000 still available for draw down)

Institutional Equity Grants

- US Department of Health and Human Services – Job Opportunities for Low-Income Individuals - \$50,000
- City of Asheville, Community Development Block Grant Program - \$223,000
- US Treasury, CDFI Fund - \$200,000
- Mary Reynolds Babcock Foundation - \$100,000
- Cherokee Preservation Foundation - \$95,000

Selected Balance Sheet

Fiscal Year	2007	2006	2005
Total Assets	1,925,985	957,666	482,918
Total Liabilities	1,376,583	408,815	209,300
Net Assets	549,402	548,851	273,619
Outstanding Debt Obligations	1,358,704	365,539	193,621
Investment Note Program	157,500	92,000	55,500
Loans Receivable	1,042,693	547,765	224,913
Reserve for Loan Loss	95,684	58,271	35,758

Selected Income Statement

Fiscal Year	2007	2006	2005
Support and Revenue	337,127	522,008	207,781
Expenses	205,513	107,604	91,123
Increase (Decrease) in Unrestricted Net Assets	131,614	389,404	116,658
Changes in Temporarily Restricted Assets	(131,063)	(114,172)	125,000
Changes in Permanently Restricted Assets	0	0	0
Increase (Decrease) in Net Assets	551	275,232	241,648

Please see the attached or www.mountainbizworks.org/subsection.php?id=2 for full versions of the 2005 through 2008 audited statements.