

**Mountain BizCapital**  
**Microenterprise Investment Notes**  
*Frequently Asked Questions*

**1. WHAT IS COMMUNITY INVESTING?**

Community investing mobilizes investment capital toward philanthropic goals. The full value of your capital is placed with Mountain BizCapital to help finance small businesses throughout Western North Carolina. While community investment pays a modest financial return, at the same time it helps people create opportunity in their lives. Through community investment you may forego some interest income, but the full principal value is used again and again throughout the term of the investment. Upon maturity your community investment is returned with interest.

**2. HOW IS COMMUNITY INVESTING DIFFERENT FROM SOCIALLY RESPONSIBLE INVESTING?**

With a Socially Responsible Investment (SRI), you are buying stocks and bonds of large companies and 'screening-out' companies that produce tobacco, pollute the environment, or otherwise cause harm. With Community Investment you actively invest in community organizations that create positive change by addressing basic community needs such as affordable homes, good jobs, and key social services.

**3. WHAT ARE MOUNTAIN BIZCAPITAL'S MICROENTERPRISE INVESTMENT NOTES?**

Microenterprise Investment Notes are an investment mechanism created by Mountain BizCapital that was created to give individual or institutional investors the opportunity to channel investment capital into the local small business economy in Western North Carolina. Mountain BizCapital is a non-profit 501c3 that was started to promote community development in Western North Carolina by improving the social and/or economic conditions of underserved people by lending to self-employed individuals and small businesses.

**4. HOW DOES IT WORK?**

All it takes is an investment of as little as \$1,000. You choose your interest rate (the lower the rate you choose, the more your investment goes to work for communities in need) and you choose the term of your investment from 1 to 10 years. It's that simple.

**5. WHERE IS MY MONEY INVESTED?**

Mountain BizCapital re-lends your investment to underserved individuals so that they can start or strengthen their own businesses.

**6. IS MY INVESTMENT SAFE?**

Although Mountain BizCapital's Microenterprise Community Investment notes are not federally insured, they benefit from credit enhancements including portfolio diversification, rigorous due diligence, portfolio monitoring and Mountain BizCapital's 15 years of community investment experience. And we back our entire portfolio with a loan loss reserve.

## **7. HOW IS MICROENTERPRISE INVESTING DIFFERENT FROM A CHARITABLE CONTRIBUTION?**

With a microenterprise investment, you essentially enter a partnership with disadvantaged communities and entrepreneurs who use investment capital to create their own opportunity. As the table below shows, for about the same “cost” a community investment can have a huge impact compared to a charitable donation. Your money is pooled together with those of other investors in a revolving loan fund that goes to work over and over where it's most needed.

### **The Power of Your Investment**

When you make a \$20 donation, only that \$20 dollars goes to work helping people. When you invest \$1000 in a microenterprise investment note at 3% interest, you may sacrifice \$20 in interest\*, while the entire \$1000 goes to work helping people help themselves!

*\*Compared to a T-bill investment of 5%.*

## **8. DOES MICROENTERPRISE INVESTING QUALIFY FOR TAX BENEFITS?**

No. There are no tax benefits for Microenterprise Investment Note holders. A tax deduction may be available for an outright gift to where capital is donated to Mountain BizCapital and enters a permanent revolving pool. Contact Mountain BizCapital for further information.

## **9. WHAT ARE THE BENEFITS OF MICROENTERPRISE INVESTING?**

Your capital earns interest and you can measure your return not just in dollars, but in jobs created and lives transformed. Microenterprise Investment Notes are a simple, direct, and measurable way to help end poverty and change lives.