

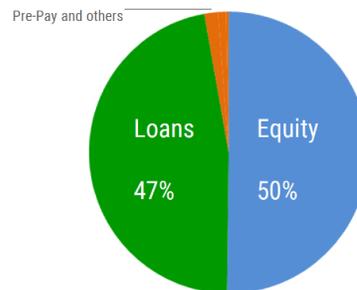
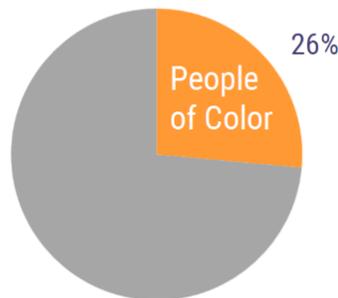
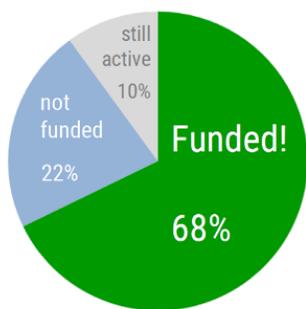
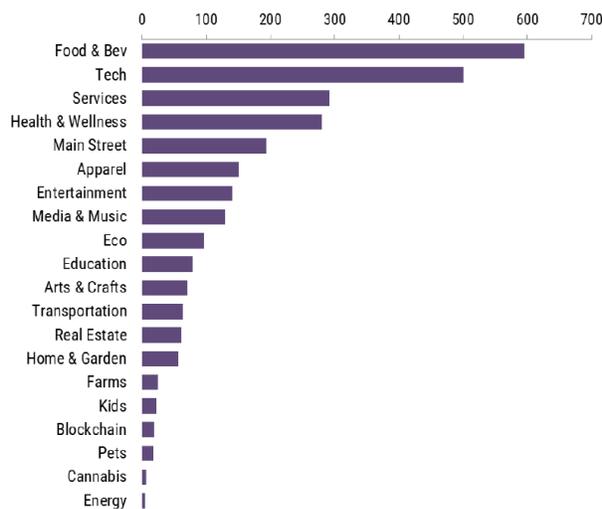
LOCAL INVESTING

resource center

Local Investing Fact Sheet

Community (or “local investing”) is the practice of directing capital from investors to communities that may not be well served by traditional financial services. It can be a game-changer for valuable local assets like small businesses, affordable housing units, grocery stores, or Main Street shops. The institutional community investing sector has experienced rapid growth over the last decade, nearly doubling in assets between 2014 and 2016, and growing more than 50 percent from 2016 to 2018, from \$122 billion to \$185 billion. (US SIF Trends Report, 2018) With recent law changes, community investing is now accessible to individual investors for the first time in nearly a century.

How has it been going so far?



- Peer-to-peer loans
- JOBBS Act, e.g.
- Regulation Crowdfunding
- Direct Public Offerings
- Intrastate Crowdfunding
- Pre-Pay
- Pooled Impact Funds
- New on the block (chain)
- ▶ some crypto/token

Source: <http://investibule.co>. “\$ Invested” refers to Reg CF offerings since going into effect. Community Capital Trends Highlights from Investibule’s Community Capital 2000 study.

How did it happen?

JOBS Act 2012

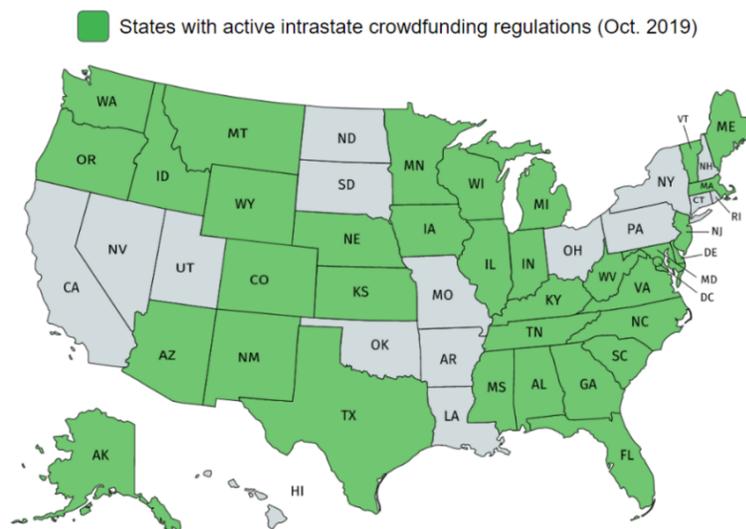
Allows companies to use what is now called *Regulation Crowdfunding* (or “Reg CF”) to raise capital from all investors, regardless of whether they are high net worth or not.

- Maximum offering of \$1,070,000 in a 12-month period
- If either of an investor’s annual income or net worth is less than \$107,000, then the investor’s investment limit over a 12-month period is the greater of:
 - \$2,200 or 5 percent of the lesser of the investor’s annual income or net worth
 - During the 12-month period, the total amount of securities sold to an investor through all offerings may not exceed \$107,000
- Offering must be exclusively conducted through an online platform that must be a broker-dealer or a funding portal that is registered with the SEC and FINRA

Intrastate Securities Law Changes

Intrastate laws allow small businesses to issue securities to local investors within their state and not be subjected to federal securities regulations that are intended for more mature companies.

The SEC defers to state securities regulators for intrastate offerings. Not every business can qualify in every state, though. Here is the map of states that have intrastate laws.



Resources for further learning

[Local Investing Resource Center](http://localinvesting.org) (localinvesting.org)

In-depth resources and questions to evaluate your opportunities.

[National Coalition for Community Capital \(NC3\)](http://comcapcoalition.org) (comcapcoalition.org)

Information about community investing best practices, data, and upcoming events around the country.

[Locavesting.com](http://locavesting.com)

A national clearinghouse for news, articles, and latest updates in the community investing movement.

[A Retrospective in Michigan Crowdfunding](http://tinyurl.com/y22c9ta5) (tinyurl.com/y22c9ta5)

An example of how one specific state has leveraged community capital, complete with stats and case studies.

[Angel Guidebook](http://tinyurl.com/yxdomqd3) (tinyurl.com/yxdomqd3)

Sample due diligence questions from the Angel Capital Association.

The Local Investing Resource Center gratefully acknowledges the significant contributions of [Revalue LLC](#) to the creation of this document and other materials on our website. Revalue LLC is a values-based investment advisory, a Certified B Corporation, and a Chartered Sustainable Responsible Impact Investing Counselor, based in Ypsilanti, MI. This work was funded by a grant from the Investor Protection Trust, www.investorprotection.org.