

Diversified Community Investment Fund



Properly designed community investment funds offer effective and efficient structures for raising capital from within a community and deploying it in community-supported ventures, with the potential for the non-wealthy to build wealth. The Diversified Community Investment Fund (DCIF) allows for communities to raise and deploy investments with real estate comprising at least 60% of the fund's assets.

LEGAL STRATEGY

The Diversified Community Investment Fund is a compliance strategy that keeps a fund out of the definition of an "investment company" and therefore unburdened by the ICA's heavy compliance requirements. This type of fund must meet two requirements:

- (1) Its primary business is investing in real estate, not securities (like stock) issued by other companies; and
- (2) real estate and other non-securities assets comprise at least 60% of the fund's assets.



HOW IT CAN BE USED

This type of fund is very versatile. For example, it can:

- Raise capital using almost any legal strategy, including Regulation Crowdfunding, direct public offering (registered with state regulators), Regulation A (qualified with the SEC), or other strategies.
- Offer different types of securities tailored to different types of investors.
- Scale up or down; there is no minimum or maximum size for this type of fund.
- Invest in any kind of real estate (commercial, residential, farms, industrial, etc.).
- Invest up to 40% of portfolio in local businesses via loans, equity, revenue share or other types of securities.
- Generate profits and distribute those profits to community investors.
- Redeem investments, thereby offering liquidity and asset appreciation to investors.
- Could be a Qualified Opportunity Fund, with tax benefits for investors.

ABOUT NC3

The National Coalition for Community Capital (NC3) is a 501(c)(3) nonprofit dedicated to democratizing the economy and creating wealth-building opportunities for everyone, using the tools of community capital. For more information, go to www.nc3now.org.