

1

Why Invest in America?

When I completed high school, I was able to get a loan to pay for college. Later, I became a homeowner because the company I worked for had a deal with a bank that provided a loan to cover my down payment. The day I moved into my house, I drove a new car home without paying the dealership anything or any interest for the next five years. My company also made it easy for me to buy stocks through a tax-advantaged retirement account.

I did not have the cash to make these investments. I needed someone to provide the financing that could enable me to invest in a better future. Access to timely and fair financing has been crucial in propelling my family onto a trajectory of opportunity and financial security.

But what happens to the people who cannot access this type of fair financing? Almost half of the people in the United States cannot come up with \$400 for an emergency without tapping credit cards, predatory loans, or family and friends for help. They certainly cannot pay upfront for a house, an education, or a car that is often crucial to get to work.

And what about the entrepreneur with a bold, new idea that requires spending money upfront before the business takes off? Or the health clinic or food bank that could expand their services, but only gets paid

after they have delivered them? Or the local government that could provide better services in the future if able to access money to invest in improving delivery now? Today, too many of them are shut off from pathways to security and success because they cannot access fair and affordable financing. They are competing in an economy rigged to favor the people, companies, and communities with access to money to invest when opportunities arise.

Despite the myriad ways we are divided, Americans broadly agree that our economy is not providing enough hardworking people with a path to success and economic security. Expanding access to finance alone will not solve this problem. But solving it will be impossible unless we increase these financing opportunities.

What Is Investing in America?

Picture loans and equity investments like a river running through a valley. Capital follows the contours of the land, flowing to where there is least resistance downstream: large established companies, familiar financial products, mortgage applicants with high credit scores buying homes in middle-class and wealthier neighborhoods, small business owners with personal assets to pledge as a guarantee for a loan. Investments flow where investors can access the best data, the longest track records, the deepest relationships, and the lowest transaction costs.¹

This investor behavior concentrates wealth and opportunity in the hands of too few people and communities. Beyond the banks of the river, and the lakes of capital it creates, many Americans live on parched land where the seeds of their hard work and ambition will not bear fruit because they cannot access the investment needed to nourish them.

Investing in America is about bringing the water of fair finance to that parched land. While sometimes investing in America is about finding ways to invest in specific overlooked places, it is about more than geography. It is often about investing in ways that help make the promise of America more real for more people, honoring the idea that we are a country that offers opportunities to hardworking people and gives everyone a fair chance at success.

Fortunately, across the United States, inspiring people are investing in America, bringing investments to where they have not been or back to places capital retreated from. They are expanding access to the loans and investments that will enable families and communities to work successfully for a better future. And they are helping to solve the national challenges that most Americans, from a wide range of political beliefs and backgrounds, agree we need to fix.

The chapters that follow begin with a title that expresses an aspiration about our economy that most Americans would agree with. Each chapter outlines the challenges we face in achieving that aspiration and then provides brief profiles of leading innovators helping to expand who gets access to fair financing to solve those challenges.

- How can we ensure that full-time work leads to financial stability and retirement security?
 - In El Paso, Texas the workers at a commercial landscaping company are growing their retirement accounts after they secured a loan to buy their company from its retiring owner.
- How can we make rent more affordable and home ownership more accessible?
 - In Detroit, first-time homeowners are partnering with investors to purchase homes with lower down payments and monthly mortgage costs through a new fund working closely with government and local donors to expand who gets to be a homeowner.
- How do we expand American energy production so that everyone can access reliable and affordable energy services?
 - In southwest Utah, an energy company is using fracking technology to create carbon-free energy, building the world's largest geothermal power plant, fueled by investment from a fund focused on financing new energy sources.
- How can we enable people to pay for the education and training they need to advance their careers without bankrupting them?
 - In Ohio, workers are getting trained and certified as diesel technicians through a loan they will only have to repay if they find and keep a good job after graduation.

- How can we create a healthcare system that is affordable and accessible and focused on helping us stay healthy?
 - In Tippecanoe County, Indiana, almost two thirds of county workers have reversed their Type 2 diabetes and are saving more than \$3,000 in annual prescription costs after working with a startup company, backed by an impact-focused venture capitalist, that supports people to get healthier and lose weight.
- How can we enjoy our country's abundant land, waters, and wildlife and pass them on to future generations?
 - In Oregon's Rogue Valley, crews are clearing brush and thinning trees to reduce the risk of catastrophic fires on national forest and private lands, as part of a collaboration between a firm that arranges financing for fire resilience interventions, a local nonprofit, and Tribal leaders.
- How can all Americans access technology that is safe and improves our lives?
 - In the rural North Carolina town of Enfield, community members are enjoying the benefits of rapid internet broadband service that costs less than their old dial-up connections, after a nonprofit investment fund financed a local entrepreneur to build an internet provider focused on reaching households large companies ignore.
- How can we ensure that who you are and where you live do not limit your ability to secure an investment?
 - In the Wood Basket of Northern Minnesota, in an old timber mill town, small businesses are borrowing from a local foundation to invest in the upkeep of their stores to help preserve the beauty and vitality of their commercial district.

These are just a few of the inspiring examples of people and organizations investing to expand opportunity in America. From Alaska to Florida and Maine to California, determined and creative investors are broadening investment access and reviving the American Dream.

What does this mean for you? I hope you draw inspiration from these examples. But I also hope you are moved to take action. Investing in America need not be a spectator sport. You can use your powers as a voter to back government action that supports those who are investing in America, often

a more efficient way to solve our challenges as Chapter 10 shows. And the final chapter describes how you can invest in America with just a savings account or \$1 and an internet connection.

What Does It Take to Invest in America?

Having collected stories from across the country and across a wide range of issues, a few common themes stand out about what it takes to invest in America:

Buy-In, not Bail-Out: The people and institutions profiled in this book are not looking for handouts. They are trying to create a level playing field of capital access. They are working to make sure that the people creating more opportunity for more Americans can access credit on the same terms as those looking to perpetuate the status quo, where too many opportunities are hoarded by too few. They are equipping workers with the financing they need to compete with private equity investors when the chance arises to buy their company. They are setting up cooperatives so that family fishermen can compete with massive conglomerates to purchase the right to catch fish in Alaska. They are financing developers who put renters on a path to own their homes instead of buying out homeowners and turning them into renters. Part of America's economic genius has been its ability to steer capital to the best people with the best ideas. Investing in America is about making that truer for more people.

Bridge Builders: The people profiled in this book are remarkably diverse but share one common trait: they invariably excel at working with all kinds of people to get the job done. Many have taken wide-ranging career paths that allow them to draw on different skills and approaches themselves, like the Wall Street banker turned AME minister who is helping churches invest in their local communities, the Army veteran turned real estate developer buying old hotels to turn into permanently affordable supportive housing for veterans, the former nonprofit leader turned Goldman Sachs banker now lending to Dallas area public schools to invest in career counseling for high schoolers. Others have formed unusual partnerships to bring necessary

skills together, such as the conservation nonprofit and global bank that formed an investment company to buy and preserve forests in Appalachia and around the country.

Pragmatism over Purity: The best investors in America are driven by a clear and unwavering moral vision about what this country can be. In service to that mission, they do not hesitate to work with people they do not always agree with. This seems to be an increasingly scarce mentality and skill. At a time when too many people choose purity over impact, the people in this book seek ways to collaborate with traditional and unexpected allies to achieve common goals.

First Steps: A multi-billion-dollar community bank in North Carolina began with start-up capital from a bake sale with goods donated by a local baker the founders had helped. An investment firm that has invented a new financing tool to fund national forest fire prevention began as a pitch in business school. An investment fund buying companies on behalf of their workers began in discussions about purpose among two friends in a college dorm room. It's easy to forget that many breakthroughs, like marathons, begin with a single step. What conversations are happening now that will become major contributors to this work in a decade?

Government as Wingman: The investors in this book solve national challenges in ways the mainstream investment markets have ignored. Sometimes that's because mainstream markets are mispricing risk or missing opportunities. Other times, the investments might be profitable eventually but will take too long for most investors to wait. In these cases, private markets can match the right investor to the right opportunity.

Sometimes these investments will simply not be as lucrative to investors as alternatives, even when they create substantial value for their borrowers and for America. Government has stepped in before to make financial incentives work for private sector investors to expand this type of lending, most notably with the creation of the 30-year fixed-rate mortgage market as we see in Chapter 3. Many of the investors profiled here collaborate with government in similar ways. They work with government to invest in nuclear energy production in Idaho, extend student loans in Illinois, and expand home

ownership in Detroit. They know that investing in America sometimes requires working alongside our government, not trying to replace or circumvent it.

From Sea to Shining Sea: When you buy a red car, you start to see red cars everywhere. When you invest in America, you start to see examples everywhere. This book includes examples of investors operating in every state and describes specific work in 42 states and Washington, DC. Investing in America is not just a game for so-called Coastal Elites or for Red States. The challenges this book describes show up everywhere. Fortunately, so do the problem solvers.

Why I Wrote This Book

One of the greatest blessings of my work is the opportunity to meet so many inspiring people. I wrote this book so that more people can learn about them. Most of us who do this work cannot explain to our families what we do for a living, seeking to make profitable investments that also solve social challenges. But that also brings us closer. This has remained a remarkably collaborative and generous group, despite the financial stakes and growing competition.

I am honored to highlight the ways that practical problem solvers are making a difference, freed from old ways of thinking about the separate roles that government, investors, and nonprofits must play. I did not set out to be an investor. Like many people, I used to believe that advancing social progress required working for nonprofits or government and that investors should only seek to maximize profits. But through experience in Africa and across the United States, I have come to see the power of what we now call impact investing: the simple idea that for-profit investment could be a legitimate and effective tool to help solve social challenges.² I hope these examples make clear what a difference this work can make in communities across our country.

I hope the book helps more elected officials and voters see the potential in policies that expand access to fair finance across America. I am one of the few people I know who remains optimistic about the work of Congress and who enjoys spending time on Capitol Hill. Most of the elected officials and

their staff members, from both parties, with whom I have discussed these ideas are excited to work on ways to bring more private investment to solve the pressing challenges their constituents face. Chapter 10 describes many of the tools the US government has and has used in the past to invest in America. There is real, bipartisan momentum for these initiatives.

Finally, I hope this book increases interest in investing in America among anyone who can make or advise on investments. The final chapter describes how anyone with a savings account or \$1 and an internet connection can invest in America. Impact investing is too often portrayed as an indulgence of Coastal billionaires, attracted to an idea that can make them feel good without having to give their fortunes away. By contrast, this book shows how impact investors are deploying capital across the country to solve pressing national challenges.

What This Book Is Not

This book is not a “Best of . . .” list. Like a Bruce Springsteen concert set list, I could swap every example here with a different one and have just as many compelling stories to tell. I chose examples to convey the incredible range of people investing in America and the range of places where this is making a positive difference. I hope this allows you to draw inspiration for your own life and work.

This book is not exhaustively comprehensive. A strong case could be made to include a chapter on the need to finance a revolution in caregiving so that taking care of children and parents does not bankrupt a family or pull people, especially women, from the workforce. That chapter would highlight the work of venture capital funds like Magnify and the caregiving REIT created by Mission Driven Finance. There are also fascinating stories to tell about investors backing the revival of domestic manufacturing. Finding ways to invest in the systems, services, and products that could address the opioid crisis is another area most Americans agree needs attention. I hope others pick up where this book ends and share those stories.

This book does not focus on trading stocks and bonds and the considerations that investors make when determining what stocks and bonds to buy and sell on secondary, public markets. Investing in America is about making investment capital available directly to families, companies, community

organizations, and local governments to turn capital into services and products and homes that expand opportunity.

This book is not a contribution to the debate about ESG, DEI, or “woke capitalism.” Investing in America is bipartisan and spans both federal and local solutions. Leaders from both major political parties support much of the work described here, from the reddest and bluest places to everywhere in between. These are challenges that we can agree are worth solving, and solutions that most of us can get behind. In fact, the idea that all Americans should have access to fair financing that empowers them to invest in a better future for themselves and their families is a part of our nation’s origin story. As you will learn in the next chapter, one of our Founding Fathers set up a fund in his will to invest in America, setting a precedent others are building on now.

This book is not making a naïve argument that more lending to more people is always good. Expanding access to financing can be exploitative. There are many visible, recent examples, especially from mortgage and student loan lenders, of companies that took advantage of people locked out of mainstream solutions to foist unaffordable loans and fees that stripped their borrowers of their assets. To invest in America, as this book describes it, is not only to find ways to extend financing to those who have been locked out, but also to do so in a way that leaves your customer better off. The innovators this book highlights are building scalable solutions that also support their customers to improve their financial security. The book uses “fair financing” as shorthand for what they do to control pricing, limit hidden fees, preserve borrower flexibility, and right-size investments to customer needs. There are easier ways to make money in this market. These innovators work harder to make a better future for their customers and communities.

This book is not a critique of what is wrong with America. It is a celebration of the inspiring people working to help America live up to its founding ideals. Each chapter begins with grounding, and often sobering, facts. I share them so that we can understand why these challenges demand innovative solutions and how expanding access to fair finance can make a meaningful contribution. I also know many readers will see in these sobering facts opportunities to build solutions that will strengthen the American Dream.

A More Perfect Union

Investing in America can reconnect people around shared goals and actions. This book shows how people from different communities, perspectives, ideologies, and economic status are advancing a broad movement that helps build a country that is better for all of us. They are patriots who work hard every day to make the promise of America more real for more people. Their ability to figure out how to collaborate in service to a common purpose is an important lesson that we could usefully apply to other areas of our lives.

This book is one grateful immigrant's 250th birthday gift to the country that has given my family and me so much. At a moment when Americans are dangerously divided, we face two urgent tasks: building a fairer economy that expands opportunity and learning how to live together productively and safely. In a small but hopeful way, this book aims to help by shining a light on the people who are investing in America's future and in the possibility of a country that can work better for all of us.