CDFIs Making History Interview

Rebecca Tuccio
Consumer Portfolio Administrator, Craft3

Phebe Quattrucci, Principal, Quattrucci & Company, conducted this interview on September 26, 2014.

Phebe: So, when and how did you first discover the CDFI industry?
Rebecca: So, have you heard of ShoreBank Corporation?
Phebe: Yes.
Rebecca: Okay, so I worked for ShoreBank Pacific.
Phebe: Oh, okay.
Rebecca: And they shared an office with Craft3, and long story short, I left that position, moved away for a little while, got word that there was an open position here [at Craft3], applied for it and got it.
Phebe: Oh, wow.
Rebecca: Yeah, so it was through ShoreBank.
Phebe: Uh-huh [AFFIRMATIVE]. And was your decision to go to Craft3, was it mission driven? Sort of like, oh it's a CDFI, cool, I'd like to try that, or was it, “Hey, this is job that matches my skill set. I'm going to…” [CROSSTALK]
Rebecca: Both. It was both.
Phebe: How long have you been at Craft3 now?
Rebecca: Since 2009.
Phebe: Oh my goodness. So you're sticking around, or you've stuck around. So that's good.
Rebecca: Uh-huh (affirmative). Yeah.
Phebe: What aspect of CDFI-world, as I like to call it, has made you want to stick around and make it your career for now?

Rebecca: Because it's not driven by the bottom line profit, and because it's, it's just a totally different world than the banking world and [00:02:00] it feels like we are actually doing something and making a difference.

Phebe: Yeah. You do loan servicing, is that right?

Rebecca: I'm the consumer portfolio administrator for our energy efficiency and clean water loans.

Phebe: Oh, great.

Rebecca: So basically I handle the loans from underwriting to closing.

Phebe: Oh, okay. Good.

Rebecca: Yeah.

Phebe: So now I'm just going to ask you a question because I'm interested. Your clean water loans, are they bigger? Are they more municipal type, or are they for consumers as well?

Rebecca: We do some commercial, they are mostly for consumers who need to repair and replace their septic systems.

Phebe: Oh, okay. Wow. So is that pretty high volume?

Rebecca: No, it's not. I've been doing it for about a year and I would say, maybe about a hundred a year.

Phebe: Well, that's nothing to sneeze that!

Rebecca: No, it's not. Compared to our energy program, it's not a lot.

Phebe: Yeah. How many of the energy loans do you do a year?

Rebecca: Well, we've done over three or four thousand since 2010.

Phebe: Wow! Okay, that's high volume!

Rebecca: Yes.
Phebe: That's good volume! Wow. Are those offered throughout your territory, or are they geographically restrictive?

Rebecca: They are Washington and Oregon. We work with the Clean Energy Works for Oregon and Community Power Works in Seattle.

Phebe: Oh neat. Okay, that's great.

So looking ahead, and I'm really interested because you're in the consumer side, where do you see the future of the industry?

Rebecca: Yeah. Well I think CDFIs need to work together better. I think there is a gap in how they work together, and some of them seem to be getting competitive with each other, and that just doesn't make any sense to me.

Phebe: Right.

Rebecca: I think one of the big challenges for a lot of them are transitioning the founders, transitioning new leadership, because the founders are getting ready to leave a lot of the organizations.

Phebe: They are hitting retirement age, for sure.

Rebecca: Yes. Mm-hmm (affirmative).

Phebe: How do you think that can be accomplished? From my perspective, a lot of these men and women who founded these in the late sixties, early seventies, are very visionary, and very charismatic. From my perspective, that makes the transition hard.

Rebecca: Mm-hmm (affirmative). Right.

Phebe: Have you given that thought at all?

Rebecca: Yes. I think that...Well, you know like this program [Citi Leadership Program] is trying to do, I think there needs to be a lot of attention and investment in picking out the talent and the people who will be able to do that, and they're not going to do it the same way and they're not going to see things exactly the same way, but there has to be enough parallels to transition well. I definitely think you just can't pick somebody off the street with a good resume.
Phebe: Yes. Yes, I would agree. Many charismatic leaders would have none of that, anyway. Just from the ones that I know. [LAUGHS]

Rebecca: Mm-hmm (affirmative), for sure.

Phebe: What do you see around the energy lending? Do you think that that's a future opportunity for CDFIs? Or do you think it's sort of a nichy thing?

Rebecca: Yeah. Since our program started, I know of quite of few who have contacted us and they’ve implemented programs for themselves. That's the topic of the decade, right? Or the next three decades, so, I don't see it going away at all.

Phebe: I wonder if there's—capacity's not the right word—if the skill sets are out there yet, you know?

Rebecca: There are some, but I would say, organizations who have been doing this kind of lending for a while need to be available to assist other organizations that want to learn how to do it. We do that. People from other states have contacted us, and we've given insight in to our program and how things work and given them advice on some things that they might be able to try, you. That's part of the working together thing.

Phebe: Yes. Yes. Instead of holding it proprietorially.

Rebecca: Correct.

Phebe: Yes. Yes I understand. Any other thoughts about the industry, or where it's going, or where you hope it goes?

Rebecca: I just hope we don't turn in to bank look-a-likes. That's my hope.

Phebe: You mean with regulation and tighter underwriting and all that kind of stuff?

Rebecca: Yeah, exactly. I hope we stay true to what we started with as our missions.

Phebe: How do you think you can help assure that?
Rebecca: By transitioning into the right leadership, and making sure to take the time to invest the time and effort in hiring the right people that fit the culture, and never ever making money the top priority.