

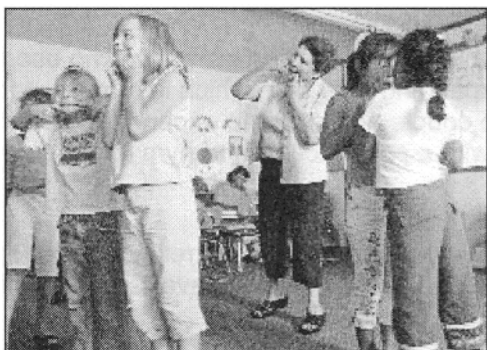
Bypassing the Banks

By PAULETTE CHU YAKIMA HERALD-REPUBLIC

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SUNNYSIDE - From the dry flatlands of central Mexico to the asparagus and cherry farms of the lower Yakima Valley, Maria Marquez spent years roughing it as a farm worker and housekeeper. But after suffering a debilitating back injury, the petite mother of four endeavored to become her own boss.

Like many aspiring business owners, Marquez needed a sizable loan. But with no income and her husband and several children in college, she couldn't find a bank willing to take the risk.



GORDON KING/Yakima Herald-Republic

Maria Marquez, center, plays "Simon Says" with the youngsters at her day care center in Sunnyside. Marquez was only able to open the center with the help of the Cascadia Revolving Fund after conventional banks turned down her financing request. Cascadia provided the funding to help Marquez start the business.

"I didn't find nothing - nothing," Marquez said, swishing her hand across the air.

Despite her hardship, Marquez, also known as "Grandma" to neighborhood residents, now owns a bustling child-care center that serves about 60 children. Within 11 years she went from running an in-home day-care center for four children to managing 10 full-time employees and opening a new center complete with infant care, a game room, outdoor playground and kitchen.

The trick was figuring out how to pay for that next step.

"I found Cascadia, and they opened the doors," said Marquez, 55, who opened the expanded Marquez Child Care Center in Sunnyside three years ago.

The Cascadia Revolving Fund, based in Seattle, is an example of what's being touted as the fastest-growing type of "socially responsible" investing in the country. As nonprofit financial firms, groups like Cascadia use private investments to make loans for fledgling entrepreneurs such as Marquez.

The concept, called "community investing," is twofold: allow investors to put their money where their values are - small rural towns, urban ghettos and environmental conservation - and help low-income entrepreneurs create jobs and services in otherwise lacking communities. Many of the business owners who benefit are women, immigrants and minorities considered "high risk" borrowers by traditional banks.

"Being a business owner is not what people think," said Alex Guzman, who helps his wife, Blanca, run the Le Gardin beauty spa in Yakima. "It takes a lot of courage and determination. The bankers don't lend to you - we couldn't find a single bank in town.

Blanca Guzman, who began the business nine years ago by offering facials in her apartment, recalled the first year they spent looking for a loan.

"That was really hell," she said. "You have to have a lot of passion when you're getting started ... If you're planning to go into business, and you don't have financial support - beware."

Getting a \$20,000 Cascadia loan allowed the Guzmans, who used to live in Cancun, Mexico, to start expanding their spa, which in turn opened doors to more traditional banks. The couple now plans to expand Le Gardin into a full-scale pampering paradise with a pool, jacuzzi and gym to add to their juice bar and beauty services.

Sara Tadlock, who co-owns with her husband, Darrell, the Pied Piper Muffler Shop in Sunnyside, said their business wouldn't have survived without a \$60,000 investment loan from Cascadia. "We'd be packed up and gone," she said.

Founded in 1985 by philanthropists in the Puget Sound area, Cascadia has since lent more than \$24 million to low-income entrepreneurs in Washington and Oregon. About 1 percent of its borrowers default to the point of losing their loans. Investors receive an average return of 0 to 2 percent. "They're not doing it for financial return, they're doing it for social return," said Cascadia loan officer Tony Skapinsky.

Some community investing programs do seek profits and can offer higher returns. Shorebank Pacific, a community investment firm based in Ilwaco, Wash., says it's the first commercial bank in the country devoted to "environmentally sustainable" development. It offers loans for businesses aiming to be more energy-efficient, reduce waste and pollution, and conserve natural resources. Its returns range from 1.5 percent for savings accounts to 3 percent for certificate of deposits.

Money flowing into such community investing has steadily climbed to about \$7.6 billion in 2001 - a 41 percent gain from 1999, according to a study by the Social Investment Forum, a national organization that promotes "socially responsible" investing.

"In current years, we've seen the stock market perform less well, and community investing is a stable, solid place to put your money," said Todd Larson, the Forum's spokesman in Washington, D.C., who recommends people put at least 1 percent of their portfolio in community funds.

Aside from stability, Larson said more investors are turning to community funds because more locally owned banks are merging with national ones. Those who prefer that their money stays local often become community investors, he said.

But not long ago, "nobody even knew what revolving loan funds were," said Luz Gutierrez, president of Rural Community Development Resources, a Yakima organization that administers loans using federal and state money.

Borrowing outside of traditional banks is especially common among immigrants, whose lack of credit and skepticism toward banks in their native country lead them to other sources, including borrowing from one another, Gutierrez said.

To ease its dependence on government money, Rural Community Development is considering ways to move toward a private-investor model like Cascadia's. "We need the community to take ownership," Gutierrez said,

About \$189,000 from Cascadia is invested in Marquez's child care center, where "Grandma" Marquez usually works from 4 a.m. to 8 p.m. Her own children are all grown, pursuing careers in science and engineering. Claudia Marquez, the youngest, is studying politics at the University of Washington. She aims to go into business law to make sure her mother's business keeps its footing.

"To go from cutting asparagus and picking vegetables, to owning your own business," she said of her mom, "it's really amazing."