

REDBUD FINANCIAL ALTERNATIVES

HARLAN COUNTY, KENTUCKY

is perhaps best known as a center of labor strife between coal mine owners and workers in the 20th century. But such conflict has also happened more recently. In July 2019, the Blackjewel mine went bankrupt and for several weeks refused to pay its more than 1,100 employees back pay they had earned. They eventually were paid, but in the meantime many struggled.

During that difficult period, many of the coal miners looked to Redbud Financial Alternatives, the only CDFI lender in the region that did consumer lending.

Redbud, founded in 2016 and located in the heart of Appalachia, provides affordable consumer financial products that help clients in the region achieve housing and overall financial stability.

More than a third of Redbud's target market lives in poverty and the average median household income is less than half the national average. "A lot of times a client comes in (seeking a loan) and they have a monthly income of about \$2,500 or less," said

"IT'S CHALLENGING TO HELP AND NOT BE AN EXTRA BURDEN"

Dan Helfrich



Redbud Financial Alternatives, Inc.

Dan Helfrich, director of lending for the organization. "It's challenging to help them and not be an extra burden. You try to juggle numbers as best you can and learn how a person is currently managing their expenses. Many go to payday lenders and finance companies, and eventually it gets out of hand and they have a \$2,000 payment they can't make."



Redbud makes loans with lower interest rates that can be paid off over time, said Louis Irvin, Redbud's CDFI director and the other half of the organization's two-man team. But, Irvin said, Redbud does more than just make loans. "Many clients have a lack of financial literacy," he said.

continued on page 2



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REDBUD CONTINUED ...

"IT'S HARD TO SAY IT THAT WAY, but many just don't know how to manage their money. We try to educate them on how credit works, how to manage credit and give them tools - like apps - to start to shift the way they manage their money."

Since its founding in 2016, **Redbud** has made approximately \$445,000 in loans to 115 families. Irvin and Helfrich have been running the organization since November 2019. ***They are currently facing what is probably their biggest challenge - continuing to provide help during the coronavirus pandemic. Both men are working virtually from home while their clients contend with closed businesses and unemployment.*** Most of **Redbud's** work now is serving current loans. "Interest in loans has dropped," Irvin said, "It's a challenge for people to figure out what to do. Right now they're concerned about auto loans and landlords; they're calling them, trying to get deferments." Irvin predicts that when "we get back to a new normal," there will most likely be an increase in the credit needs of the people **Redbud** serves.

In its relatively short existence, Irvin said that RCIF, which loaned Redbud \$100,000 - has played a crucial role. "Their help came at an opportune time; it recapitalized our loan fund when we were 95 percent deployed. With our exposure, it's a phenomenal thing they did to invest with us. It was amazing for them to offer an investment to a small group like us."



PORTLANDYOUTH BUILDERS

FOUR YEARS AGO, a young 19-year-old Portland woman named Angie was working at a local McDonalds, feeling unsatisfied with the job and the direction her life was taking. Then she found **PortlandYouth Builders (PYB)** - and she found a different and more fulfilling path. "Her dad was a mason," said Kathleen McCabe, Events & Communications Specialist for PYB. ***"She wanted to learn how to be a mason but had no idea where to start. Now, she is working as a mason as well as a bricklayer."***

Angie's story will be included in a special book to highlight the non-profit organization's 25th anniversary. Each year, **PortlandYouth Builders** provides education, vocational training, and leadership development services for more than 200 young people who have not completed high school and who face significant barriers to success. ***"They come to us in an effort to envision a different future and get the support they need to achieve their goals," McCabe said.***



PHOTOS: ©PYB



continued on next page

TO GAIN ADMISSION to the program, students must pass a rigorous interview process. Once accepted, they participate in a wide range of programs that includes finishing their high school education. In addition, they are put on one of two tracks for getting a good job once they graduate. One track focuses on construction work in which they are trained by journeyman level instructors. **PYB** partners with Habitat for Humanity - building houses - and the Portland Fire Department - building training structures - to offer real life experience. The other program offers IT training in the field of technology.

The students also must participate in a personal development component, which teams the young people with case managers who check in on them almost daily and help them handle some of the difficult challenges they face outside of **PYB**, such as a lack of stable housing, medical coverage, mental health services, or reliable childcare.

“STUDENTS COME, and they are supported by a number of wraparound services,” said McCabe. “But none of it works if not for the personal development part. We have really high expectations for our students. You can’t be late or miss classes; we have zero tolerance for that. We want them ready for work.”

Maintaining that close connection between students and staff at **PYB** has been a challenge in recent



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Kathleen McCabe



days as everyone deals with the coronavirus pandemic and its consequences for daily life. Teachers and case managers stay in touch via computer, text and phone calls. McCabe said many graduates who currently find themselves in difficult situations have reached out. “**We pivoted quickly,**” said McCabe. “**We’ve been able to manage the coronavirus with access to resources. We also have a response fund, and people can make an emergency donation.**”

Once students return to school, it will be at a school that is being renovated with the help of a \$75,000 loan from RCIF. Tom Del Savio, grant writer with **PYB**, who has known Sr. Corinne Florek for many years, said RCIF made the loan at a “ridiculously” low interest rate. “The ability to get incredibly low financing has allowed us to do things we couldn’t have afforded to do with commercial lenders,” Del Savio said. “When we go to foundations looking for grant money and say we are not starting from zero ... that ability to build on one source of money and attract other sources of money is huge.”



PHOTOS: ©PYB

RCIF LUNCHEON • DALLAS 2019

THE RCIF LUNCHEON FOR SPONSORS, held during the RCRI meeting in Dallas in 2019, featured Matt Hull, Executive Director of Texas Community Capital. Matt spoke about the program they developed to address predatory lending, which they offer to other CDFI's. They have made over 50,000 loans in 23 locations throughout the US, saving borrowers \$34 million in fees. A survey of borrowers found that the average CLC borrower was largely female (73%), Hispanic (38%), and between the ages of 35-44 (36%). It should also be noted that 31% of borrowers surveyed identified as African American.



Guest Speaker:
Matt Hull



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