

REDBUD FINANCIAL ALTERNATIVES, INC.

Hazard, KY



OVERVIEW

Redbud Financial Alternatives, Inc. (Redbud) is a 501 (c)(3) nonprofit that provides small-dollar auto, debt consolidation, and personal loans. Our mission is to provide fair and equitable loans alongside financial education and coaching to empower people to achieve their financial goals. Redbud serves a 14-county region in the coalfields of Southeastern Kentucky that has historically been viewed as a credit desert with no national financial institutions. Our constituents have a history of being trapped in the endless debt cycle brought on by predatory lenders that market their services as fast and easy. This ease comes at the cost of high rates and hidden fees perpetuating the debt cycle many of our constituents find difficult to escape.

THREE-YEAR IMPACT

- ▶ \$1.63 million in consumer loans

CLIENT STORY

Lindsey King came to Redbud at her parents' advice because, after two years of on-time loan payments, she noticed that the balance of her car loan was not decreasing. In investigating her loan, Redbud realized she was paying an interest rate of over 22%. In addition to her high-interest rate auto loan, Lindsey had an additional loan from a finance company on which she paid over 35% interest.

Having worked with Lindsey in the past with a credit-building loan and financial counseling, her credit was to a point where we were able to combine both of her loans, lowering her interest rate to 6%, which helped reduce her debt-to-income ratio by 7.85%. A lower debt-to-income ratio made her eligible for a homeownership program with a low-income housing provider in the community.