



Kentucky Alliance of Churches Financial Empowerment Initiative



The **Kentucky Alliance of Churches Financial Empowerment Initiative** (KACFEI) is a transformative program designed to empower faith-based communities across Kentucky by enabling churches to establish **Legacy Loan Funds** in their name. These funds provide \$500 Credit Builder Loans to congregation members, helping them establish or repair their credit and achieve long-term financial stability.

This initiative is more than a financial program—it is a movement to address systemic inequities in access to credit, foster economic empowerment, and create lasting change in marginalized communities. By engaging churches as trusted community pillars, KACFEI equips faith-based organizations to directly impact their members' financial well-being and contribute to bridging the wealth gap in Kentucky.

#### WHY IT'S NEEDED:

Financial inequities have long impacted marginalized populations, with systemic barriers limiting access to affordable credit. This problem is particularly pronounced in rural Kentucky, where limited access to financial institutions and education further compounds the issue. Key groups affected include:

- **Black and Hispanic Kentuckians:** Facing lower average credit scores and limited access to credit-building tools.
- **Immigrants:** Representing 4% of Kentucky's population, many struggle to navigate U.S. financial systems.
- **College-Aged Youth (18–24):** Lack of credit history hinders access to housing, employment, and financial growth.
- **Rural Kentucky Residents:** Struggling with limited access to financial services and educational resources, many residents rely on predatory lending practices to meet short-term needs, further exacerbating financial instability.



- **Marginalized Communities:** Often relying on predatory lending, perpetuating cycles of debt and financial instability.

#### KEY STATISTICS:

- **Predatory Lending Prevalence:** In rural and underserved communities, payday lenders are disproportionately utilized, trapping residents in cycles of high-interest debt.
- **Credit Score Disparities:**
  - 43% of rural Kentuckians are considered underbanked or unbanked, making credit access a significant challenge.
  - Black and Hispanic residents in Kentucky face average credit scores that are 40-60 points lower than White residents, limiting their opportunities for economic mobility.
- **Limited Financial Education Access:** Rural areas often lack adequate resources to teach financial literacy, perpetuating generational cycles of poor credit habits.

By addressing these inequities, KACFEI provides a pathway to financial stability for underserved populations, particularly in rural Kentucky.

#### PROGRAM OVERVIEW:

The **Kentucky Alliance of Churches Financial Empowerment Initiative** enables churches to create **Legacy Loan Funds** through Noir Lending CDFI Inc., ensuring resources are directed toward credit-building and financial literacy for underserved populations and congregation members.

#### Program Objectives

1. **Strengthen Financial Health:** Provide congregation members with affordable credit-building loans to establish or repair credit.

2. **Promote Economic Empowerment:** Help members access better financial opportunities by improving creditworthiness.
3. **Foster Community Support:** Engage churches in creating lasting financial resources for their members.
4. **Encourage Legacy Giving:** Establish sustainable funds for future financial empowerment within church communities.



## PROGRAM BENEFITS

### FOR INDIVIDUALS

Improved credit scores and financial opportunities

Access to housing, transportation, and better employment options

### FOR CHURCHES

Strengthened community ties and trust

Recognition as leaders in financial empowerment

### FOR COMMUNITIES

Reduced reliance on predatory lending practices

Increased long-term financial resilience

## HOW IT WORKS:

### Legacy Loan Funds:

- Churches establish loan funds under their name, contributing tax-deductible donations to Noir Lending CDFI Inc.
- Loan repayments replenish the fund, enabling continuous community impact.

### Fund Placement:

- Donated funds are deposited into a Noir Lending CDFI Inc. **interest-bearing checking or savings account.**
- Funds are designated for approved loan recipients who meet the program's criteria.

### Loan Lifecycle:

1. **Loan Amount:** \$500 per recipient.
2. **Loan Term:** 12 months with affordable monthly payments.
3. **Credit Reporting:** Payments are reported to all three major credit bureaus.
4. **Post-Loan Opportunity:** Upon full repayment of loan, Noir Lending will alert the bank's designated representative to:
  - **Meet with Loan Recipients:** Encourage recipients to deposit the \$500 into a personal savings or checking account at the bank.
  - **Secured Credit Card Option (If Applicable):** Present a secured credit card to help recipients continue their credit-building journey.

### Financial Literacy Education:

Noir Lending CDFI Inc. will work with KACFEI to facilitate online educational sessions several times a month covering:

- Budgeting and savings strategies.
- Understanding credit reports/building credit scores.
- Avoiding predatory lending and managing debt.
- Introducing loan recipients to the facilitating bank's financial services.

Financial education sessions ensure comprehensive support for participants and create opportunities for banks to strengthen community relationships.

## MEMBERSHIP LEVELS FOR BANKS:

Participating banks can contribute at the following levels to establish their Legacy Loan Funds:

**\$25,000 Visionary Legacy Loan Fund Level:**  
Funds 50 loans annually.

**\$10,000 Empowerment Legacy Loan Fund Level:**  
Funds 20 loans annually.

**\$5,000 Champion Legacy Loan Fund Level:**  
Funds 10 loans annually.

**\$2,500 Advocate Legacy Loan Fund Level:**  
Funds 5 loans annually.

**\$1,000 Supporter Legacy Loan Fund Level:**  
Funds 2 loans annually.

A church's Legacy Loan Fund is restricted for use within the contributing church's congregation.

### Quarterly Newsletters

KACFEI members will receive **quarterly newsletters** that include:

- Updates on initiative progress.
- Success stories from participating churches and their congregants.
- Upcoming events and workshops to further financial empowerment.

### Collaborative Opportunities

Members will collaborate on the creation of an **Annual KACFEI Financial Empowerment Conference**, which will:

- Highlight initiative achievements and success stories.
- Provide expert-led workshops on financial literacy and economic empowerment.
- Foster networking among faith-based organizations across Kentucky.

## IMPLEMENTATION STEPS:

### 1. Engage Churches:

- Recruit churches to contribute \$1,000 or more to establish their Legacy Loan Funds.
- Emphasize the program's potential to empower congregants and leave a lasting legacy.

### 2. Partner with Noir Lending CDFI Inc.:

- Noir Lending oversees loan administration, credit reporting, and fund management.

### 3. Host a Press Conference:

- Highlight participating churches' commitment to financial empowerment.

### 4. Launch a Pilot Program:

- Begin with a select group of churches to demonstrate success.
- Use testimonials and data to inspire broader participation.

### 5. Expand Outreach:

- Invite additional churches to join the initiative.
- Share impact data to attract more contributor

**Take the first step today.** Establish your bank's Legacy Loan Fund and become a champion of financial inclusion.

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