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From the Phoenix Business Journal:
<https://www.bizjournals.com/phoenix/news/2022/01/11/upi-loan-fund-aims-for-cdfi-in-2022.html>

UPI Loan Fund aims to become Arizona's first Black-owned CDFI lender

Jan 11, 2022, 7:50am MST

Arizona has no Black-owned banks, credit unions or lending institutions, but one Phoenix-based nonprofit is hoping to change that in 2022, a move that would provide greater access for minority communities that have historically been marginalized and exploited by the financial system.

The Unified Progress International (UPI) Loan Fund is a nonprofit organization dedicated to offering low- and no-interest loans to low income people, with a special focus on serving Arizona's Black population.

The group is an emerging Community Deposit Financial Institution, or CDFI, meaning its founders hope to earn the CDFI designation from the Treasury Department later this year.

Kerwin Brown, former banking and investment executive and past CEO of the Black Chamber of Arizona, is the executive director at the UPI Loan Fund. He said, to the best of his knowledge, the UPI Loan Fund would be the first ever Black-owned financial lending institution in the state of Arizona.

"I truly do believe that this is the time to build, especially here in Arizona," he said. "I don't know any other way to put it, but this has been a good old boys network for a lot of years. And it is past time for some of the disparities to be recognized and overcome."



UPI LOAN FUND

Kerwin Brown (left) and Frank Crump (right) of the UPI Loan Fund in Arizona granted their first loan to Kylie Chamblee in 2020.

Helping minority businesses

The murder of George Floyd in May 2020 sparked greater recognition of the social injustices inflicted on minority populations in the U.S. In turn, Brown said attention to social disparities has opened the door to greater attention on economic and financial issues as well.

The UPI Loan Fund is a separate but affiliated group with UPI Education, another Arizona nonprofit. The group launched in October 2020, mainly dispensing consumer loans for starting a small business or to help people with bills and expenses during the Covid-19 pandemic. Brown said UPI's lending standards are more forgiving than those at larger financial institutions because as a nonprofit they are focused on improving a person's well-being, not turning a profit for shareholders.

Brown said Frank Crump, the founder of UPI, originally got the idea for a Black loan fund after learning about the Jewish Free Loan, another Arizona nonprofit that provides interest-free loans to Arizona's Jewish community.

Brown and Crump borrowed that model and established the UPI Loan fund, and say they have since fielded calls from people in other states about setting up their own Black-run funds.

Fighting predatory lenders

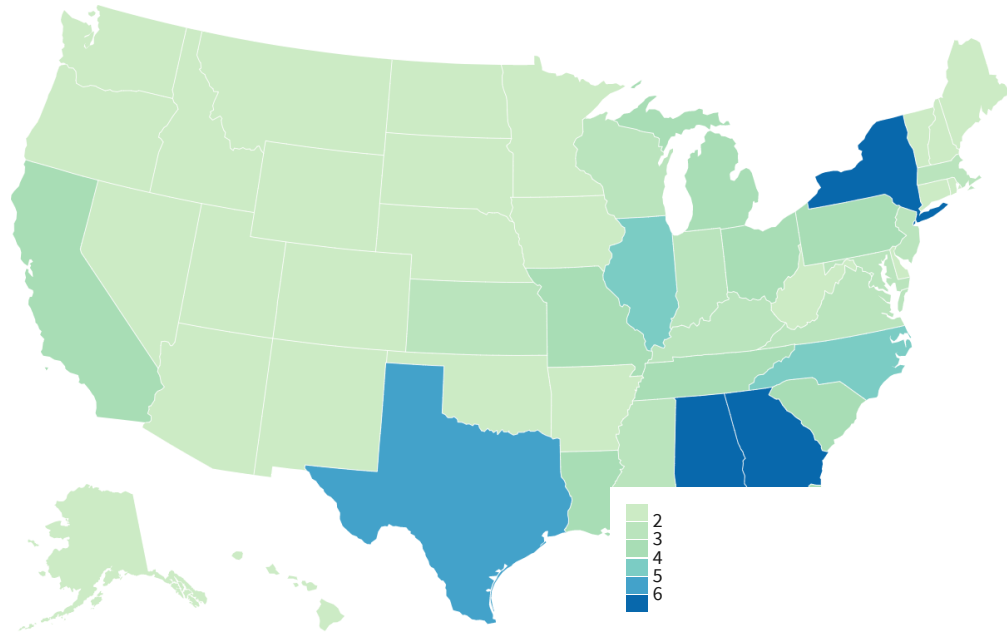
After the Civil War, freed Black Americans carved out their own place in the financial system, establishing more than 130 banks across the country in the years leading up to the Great Depression.

In the years after the Depression, as the federal government took a larger role in the mortgage industry and allowed racial discrimination to become law, Black bank ownership declined; At the end of September the FDIC tallied just 20 Black-owned Minority Deposit Institutions (MDIs) in the country.

There are no Black-owned banks in Arizona, but Boston-based OneUnited Bank, the largest Black-owned bank in the country, does service accounts in the state.

Black-Owned Banks by State

Hover over a state for the list of available financial institutions.



Source: The Federal Deposit Insurance Corporation and Blackout Coalition

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Many banks have decided against setting up more branches in minority neighborhoods. A recent Business Journal analysis found that the [bank branches in metro Phoenix are clustered in majority white neighborhoods and also in wealthy neighborhoods, leaving poor and minority communities with less access.](#)

“If they're not in your community, that means you don't have a relationship with the bank itself,” UPI’s Brown said. “So your chances of doing business with that bank is slim to none.”

Part of the UPI Loan Fund’s organizing vision is to stop predatory lending in the Black community. Brown said some businesses, such as title lending companies, come in and take advantage of low-income communities; In one case, Brown said one woman had five loans against her single car title.

“Why would anybody loan her money five times and have her dig that kind of a hole?” he said. “It's criminal, some of the stories that I hear about about some of these outfits. It drives me to make sure that people know that that's not the only option for you.”

Learning about loan options and other educational work is a key part of UPI’s mission. Brown said the fund's larger goal is not to simply help people develop their own income, but to develop wealth that can be passed on to future generations.

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