



# Quarterly Report

APR. - JUN. 2020

*Photo of Camesha taken in Indianola, Miss., prior to the pandemic.*

Dear Friends,

In the four and a half months between March 15 and August 1, HOPE's service area of Alabama, Arkansas, Louisiana, Mississippi and Tennessee had more than 3.1 million unemployment claims. To put this into perspective, during the Great Recession, these same states lost a total of 577,100 jobs over a two-year period. These losses further overwhelm families who were already struggling to cover basic expenses like housing, food and healthcare, and manage high levels of medical, student, and predatory debt. Even without the burden of COVID-19, more than half of Deep South households experience liquid asset poverty, or do not have enough savings to make ends meet for three months if their income is interrupted.

These conditions hit people of color the hardest, a devastating reality in a region with the nation's highest percentage of Black residents. For example, in Mississippi, 72% of Black households are asset poor, compared to 42% of white households. In each state HOPE serves, Black households experience liquid asset poverty at a rate 28-35% greater than white households do. Across the US, [less than half](#) of Black adults had a job as of June 2020.

Exacerbating the problem, in several cases, federal stimulus resources have failed to address adequately the hardship experienced by the country's most vulnerable families and businesses. Very small businesses and many Black-owned companies were [left behind](#) by the \$600 billion Paycheck Protection Program. Since March, the number of Black business owners has [fallen more than 40%](#).

In response to this multi-layered crisis, HOPE has responded in multiple ways, providing immediate relief to vulnerable people and places, while working to drive investment into communities that teeter on the economy's edge.

Following is an overview of some of these efforts.

**Extending a Lifeline to Our Members:** Responding to families and entrepreneurs who needed flexibility on existing loans during this critical time, HOPE granted forbearances and deferred payments for more than 500 borrowers, representing more than \$50 million in outstanding loans, and 9% of our consumer, 18% of our commercial, and 23% of our mortgage portfolios. Among the 260 homeowners for whom HOPE structured payment relief is Sylvester and his wife of Montgomery, AL. The couple had lived in their new home less than a year when she lost her job due to the pandemic and was unable to get unemployment. Facing an unexpected financial crisis, they worked with HOPE's financial navigators to structure a loan forbearance, which he says "gave him time to get his finances in order."



HOPE is also supporting those hit hardest by the economic impacts of COVID-19, by reviving the Power of HOPE program that helped thousands of people secure immediate cash assistance to stabilize their lives after Hurricane Katrina. As described in the quarterly report, this initiative assists families below the poverty line and immigrants who received little or no assistance through the CARES Act. HOPE is also making Power of HOPE loans to help very small businesses address COVID-19 related operational challenges. In addition to the financial support, loan recipients build a relationship with a financial institution dedicated to assisting them during the financial crisis and beyond.

**Filling the Gap for Small Businesses and their Essential Employees:** In a normal year, HOPE makes 40-50 business loans. Since April, we processed 7,366 PPP applications, approving 2,912 loans totaling \$85.4 million, supporting more than 30,000 employees and their families. The majority of our PPP borrowers are businesses owned or led by people of color and women, many turned away by traditional lenders. Borrowers ranged from hospitals, HBCUs, and nonprofit service providers to tiny sole proprietorships. Roughly a third were located in persistent poverty areas where the poverty rate has exceeded 20% for more than three decades. HOPE's average PPP loan size of less than \$30,000 and median amount of roughly \$11,000, were substantially lower than most PPP lenders.

In addition to nearly half of HOPE's staff, several key allies were crucial to this effort. Goldman Sachs provided vital support, most notably an \$85 million credit facility. Bank of America also provided capital. The National Urban League, Communities Unlimited, Propeller and other nonprofit allies shepherded entrepreneurs through the application process. Other partners included city leaders in New Orleans, Birmingham and Jackson.

One beneficiary of these alliances was the Boys and Girls Club of Southwest Alabama, who laid off 13 employees. In Round I, the organization put in an application with a lender who never responded to the request. The Boys and Girls Club then went to a local community bank to apply for assistance. The bank, one of only three in the community, had instituted a policy of only making PPP loans to their existing customers. HOPE welcomed the opportunity to provide financing to help this organization continue to enrich the lives of disadvantaged girls and boys.

**Advocacy:** Longstanding vulnerabilities leave the Deep South disproportionately exposed to the health and economic consequences of the pandemic. Raising awareness of these inequities is even more necessary during debates about COVID relief efforts. Hope Policy Institute distills and communicates real-world issues to local, regional, and federal partners and policymakers through the [HOPE Policy blog](#) and through other means –

- HOPE's analysis and advocacy has helped inform [a \\$10 billion set aside](#) in the Paycheck Protection Program for CDFIs, and is cited in legislations approved by the House and a bi-partisan effort in the Senate that could invest billions in CDFIs. Importantly, both proposals prioritize funding for minority lenders, based on HOPE's analysis of [disparities in resources to minority-led CDFIs](#). In these efforts, HOPE has played a leading role, collaborating with a diverse network, including NAACP, Alliance for African American CDFI CEOs, Opportunity Finance Network, Partners for Rural Transformation, Expanding Black Business Credit Consortium, and others.

- HOPE has focused on addressing inequities in the state-level deployment of billions of dollars in CARES Act funds. In four of our five states, money is being made available to local governments on a reimbursement basis, presenting a substantial hardship for cash-strapped cities and counties, like those in the Black Belt and Delta. HOPE arranged for senior leadership from the U.S. Treasury Department to virtually hear and respond to concerns and questions from Black Belt leaders, a meeting which local leaders later described as “transformative.” Following this meeting, HOPE stepped in to address this inequity by pioneering the creation of a fund that advances cash to enable local governments to purchase PPE, supplies, staffing and make other investments that helps stabilize local economies, and protect the health of students, teachers, municipal employees and other residents and essential workers.
- In another example, each of our five states created emergency small business relief funds. While these programs could fill in the gaps left by PPP, HOPE’s analysis is finding they are often producing similarly inequitable results. For example, in Tennessee, HOPE found that the formula used to determine relief payments (based on gross sales) would inherently favor white businesses, such that Black businesses would likely not even be able to access over half of the \$200 million relief funds. HOPE worked with NAACP Legal Defense Fund to bring these disparities to the attention of the Governor and other stakeholders. In Arkansas’s \$125 million relief program, HOPE’s analysis found that only 8% of those relief dollars went to persistent poverty counties, even though 25% the counties in the state are in persistent poverty. In each example, it was HOPE that first focused attention on these disparities, highlighting the risk to the region’s economic recovery.
- HOPE is working to maintain and advance important consumer protections. We recently collaborated with 60 partners in our five-state region to bring attention to a loophole in the CARES Act that did not protect Economic Impact Payments from private debt collection, though the Act prohibited garnishment from public debtors. HOPE quickly mobilized allies around this issue, calling on state governments to close this loophole in letters to four Southern Governors and two petitions to state Supreme Courts. We shared these Deep South efforts with national coalitions so our region could be included and benefit from their advocacy campaigns.
- HOPE submitted comments with original analysis on how the South would be harmed by the OCC proposals to modify the Community Reinvestment Act. HOPE analysis supported several other coalitions in commenting on the proposals, amplifying the needs of rural communities (Partners for Rural Transformation); Black led CDFIs (Alliance for African American CEOs of CDFIs) and Black businesses (Expanding Black Business Initiative). We continue to monitor the federal government’s efforts to weaken the Fair Housing Act.

**Going Forward:** HOPE has always pushed the envelope to improve conditions for the people and places we serve. In response to the 2008 recession, this prompted our growth from seven to more than 30 locations. Last year we initiated an impact and sustainability assessment of our offices, work that accelerated with the onset of the pandemic. Based on the analysis, we are closing five branches. We will continue to serve the communities and their residents from nearby locations, and via mobile, online, telephone, shared branch network, ATMs and other means.

Since mid-March, we have all experienced things we never anticipated. For HOPE, this has included standing up new programs; serving member-owners through drive thru windows, ATMs, call centers, and via technology; and teleworking deep into the night. We understand that even when the pandemic subsides, we will not return to where we were. Instead, we will plow forward, continuously adapting, leveraging the tools, relationships and humility forged through our individual and collective crucible of COVID-19. Notwithstanding the challenges, I am confident that HOPE will emerge from this crisis as a more impactful and sustainable organization.

Thank you for your dedicated support of HOPE and those we serve during these challenging times. It has never been more important.

With regards,

A handwritten signature in black ink that reads "Bill Bynum". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Bill Bynum  
CEO, HOPE



## Door to Homeownership Remains Open in Mississippi

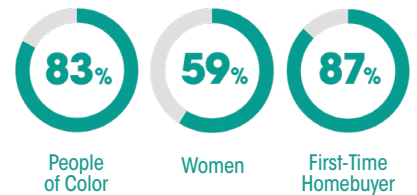
A HOPE partnership opened the door to homeownership for Camesha, a single mother who was not only a first-time homebuyer, but the first person in her family to own a home. The school teacher qualified for down-payment assistance through the NeighborhoodLIFT program, a collaboration of Wells Fargo, NeighborWorks America and HOPE. Without the grant, she says, the three-bedroom home in Indianola, Miss., would have been out of reach. Other institutions had declined her previous mortgage applications because of student loan debt so she worked to improve her credit score. Camesha moved in her home in 2019. Less than a year later, she feared she would lose it in the wake of the economic crisis brought by COVID-19. With her monthly mortgage looming and her bank account shrinking, Camesha contacted her financial navigator at HOPE to seek a payment deferral and was approved. "Thankfully, I managed to make my mortgage payment on time. But, it was good to know that HOPE was there for me, if I needed them," she said. Though Camesha did not need a deferral, 274 other HOPE mortgage borrowers did through the second quarter of 2020. Many of these forbearances were to low wealth individuals underserved by other financial institutions. Low wealth people and communities of color have been hardest hit by job losses and other economic effects of the pandemic.

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## HOPE's Impact

*In the 2nd Quarter of 2020, 100% of HOPE's new mortgage loans were High-Impact loans. These are to people of color, women, low-wealth homebuyers and first-time homebuyers.*

### Mortgage Characteristics





## PPP Loan Keeps Louisiana Business in Service

Donna Blancher knew the U.S. Small Business Administration's Paycheck Protection Program (PPP) could help her pay the staff at Ed Blancher Service Air Conditioning & Heating, but she says her bank "wasn't up to speed on the program yet." Weeks into the pandemic, business had stalled for the New Orleans company. "With the quarantine orders, people didn't want us coming into their homes," she says. Blancher's accountant recommended she contact HOPE, citing assistance the financial institution had provided to his other clients. "He didn't know how HOPE did it, but they made things happen," she says. "The team did a fantastic job for me. It was seamless and the time frame was short." The loan from HOPE allowed Blancher to retain employees and cover operating expenses. "We had maintenance agreements we had to put on hold until after the pandemic. We're finally able to start doing all the maintenance to get back to where we need to be," she said. HOPE approved more than 2,900 PPP loans through August 8. Though the PPP portfolio is diverse, the majority of HOPE's PPP borrowers are owned and led by people of color, and one-third of loans have been made in persistent poverty counties where the poverty rate has eclipsed 20 percent for more than three decades.

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**HOPE**  
*closed 2,900*  
**PPP loans totaling**  
**more than**  
**\$85 Million**

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# Power of HOPE

## Power of HOPE Loan 'The Break' Arkansas Family Needs

An immigrant family of four in Arkansas were watching their income disappear. The father is among the millions who lost jobs as a result of the pandemic, and the mother, who was expecting their third child in June, would soon be out of work. The couple was referred to HOPE for a Power of HOPE loan, a product offered in response to COVID-19 to help cover essential needs, such as food, shelter and healthcare costs. The loans are made to families, individuals and small businesses underserved by other relief efforts, including Hispanic immigrants who were not eligible for federal stimulus support. Power of HOPE loans are structured as \$1,000, 12-month loans at 2% interest with no payment required for the first three months. The loans are fully guaranteed by philanthropic resources so that, if needed, HOPE can pay down the loan for borrowers experiencing ongoing COVID-19 related economic hardship, keeping cash in hand during a critical time and protecting their credit score. The father in Arkansas described the loan as "the break from God that I had been praying for."

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# 260

Number of HOPE members  
with consumer loans granted  
payment deferment.

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## Transformational Deposit by Netflix Advances Economic Opportunity in the Deep South

Netflix recently invested \$10 million in a Hope Credit Union Transformational Deposit as part of its \$100 million initiative to advance economic opportunity in Black communities. Transformational Deposits are mission driven, federally insured deposits through which corporations, foundations, individuals and others can put their cash on deposit to work to create opportunities for more people and communities across the Deep South. Because wealth has been extracted in communities of color, capital must be imported. HOPE deploys capital in places like Drew, Miss., where it is currently working on projects to provide fresh-food options and quality, affordable housing. HOPE recently joined Netflix on a [webinar](#) offering more information about Transformational Deposits and other ways to support efforts to expand economic opportunities in Black communities.



## Delta Towns Receive \$2.2 Million in Funding for Blight Elimination

The HOPE Community Partnership, currently working with small towns across Mississippi, played a role in helping four Delta communities receive \$2.2 million in funding from the Mississippi Home Corporation's Blight Elimination Program. The funding, awarded in June, will cover expenses related to projects in Moorhead, Shaw, Drew and Yazoo City. The HOPE Community Partnership provided support through catalyst funds to pay for project management from partner Delta Design Build Workshop. Blight elimination is one of the first steps in revitalization projects. The blighted properties within communities pose safety and health risks, and also financially impact the communities through lowered property values. Learn more about the [HOPE Community Partnership](#).