

# Quarterly Report

JAN. - MAR. 2020

Dear Friends:

As an organization that exists to bring opportunity to people and places on the economy's edge, over the years HOPE has accomplished some of our most impactful work in response to crises. This was true after Hurricane Katrina, as it was during the Great Recession. The disparate devastation of the coronavirus pandemic on low-income families and people of color requires that HOPE once again put our mission to the test.

This quarterly report provides a lens into HOPE's initial response to the COVID-19 outbreak. This includes marshaling resources to provide nearly 1,000 Paycheck Protection Program loans to struggling employers, granting payment relief to hundreds of unemployed borrowers, and advocating for federal and state relief programs that serve our most vulnerable neighbors.

As with past crises, the extraordinary generosity of friends and partners fuels HOPE's work. Thank you, again, for stepping into the breach with us to create opportunity when, and where it is needed most.

Sincerely,

A handwritten signature in black ink, reading "Bill Bynum", followed by a long horizontal flourish line.

Bill Bynum, CEO, HOPE



**Bundles of Hope**, a nonprofit in Alabama, was one of hundreds of businesses approved for Paycheck Protection Program loans provided by HOPE.

## Hundreds of Businesses Still Open Thanks to Paycheck Protection Loans

Over the past several weeks, HOPE has been the lender small businesses relied on for assistance to keep their doors open. Through the U.S. Small Business Administration's Paycheck Protection Program, HOPE has provided 957 loans for \$61.2 million to businesses across its Deep South footprint, as well as some in other states, including Texas and Virginia. Bundles of Hope, a nonprofit in Birmingham, Ala., is one of the many businesses or nonprofits that applied, but could not receive a PPP loan from a traditional bank, and came to HOPE instead. The nonprofit provides families with essential items, such as diapers and hygiene products. Prior to COVID-19, the organization served 1,000 families a month. The pandemic led to a 100 percent increase as 2,000 families a month now seek assistance. As the need for services increased, the nonprofit's funding declined because it could not conduct fundraising activities and lost corporate sponsors. Lindsay Gray, executive director of Bundles of Hope, said the loan she needed was under \$10,000 so her primary bank would not process her application. She was introduced to HOPE through the Community Foundation of Greater Birmingham. At HOPE, her loan was swiftly approved. "HOPE came to the rescue when our regular banking partner was not a fit for this circumstance," she says.

### Paycheck Protection Program

**957 loans**

**\$61.2 million**

Median loan size <\$12,000

### Business Loans Closed in the First Quarter of 2020

**100%**

of HOPE's commercial loans were high impact loans made to women, people of color, or entrepreneurs in low-income communities.

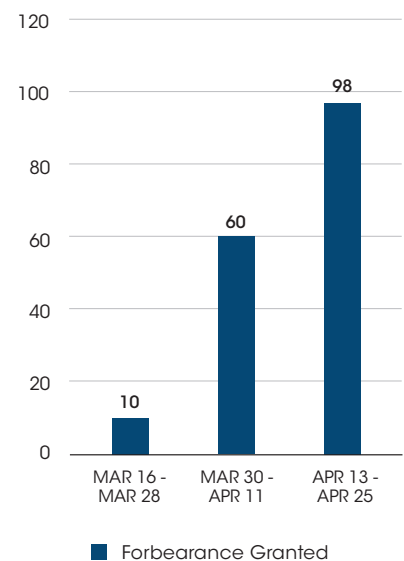




## Payment Flexibility Provides Relief to Deep South Homeowners

As job losses continue to mount across the Deep South, many HOPE borrowers have been affected. In response, HOPE has made 90 day forbearances available to its consumer, mortgage and commercial borrowers. One of HOPE's members who received a forbearance included Angela, who lives in Tyronza, Ark. Angela was laid off from her job, where she had received a promotion a few weeks before the pandemic crippled the U.S. economy. One of her first actions was to call HOPE to discuss her mortgage payments. Angela's relationship with HOPE goes beyond the mortgage loan; she also had been working to build her credit and was considering a refinance to cover home repairs. When she called HOPE to discuss her financial setback, she says a financial navigator dedicated two hours to the discussion. The forbearance has provided "a safety net" until her employment situation improves. And while stories like Angela's are on the rise, HOPE continues its work to help more people become homeowners in the first place. In the first quarter of 2020, HOPE closed 31 mortgage loans and all were high-impact, approved for first-time homebuyers, women and people of color.

**HOPE's Mortgage Loan Forbearance Activity**  
*March 16 – April 25*



*HOPE has granted 168 forbearance requests since the onset of the pandemic.*



## Goldman Sachs Commitment Extends a Lifeline to Employers Across the South

Buoyed by a \$50 million commitment from Goldman Sachs, as part of its *10,000 Small Businesses* initiative, HOPE is providing Paycheck Protection Program loans to hundreds of small businesses that are bearing the brunt of the economic disruption caused by COVID-19. HOPE organized a regional network of public officials, nonprofit business assistance providers, and other allies to get the word out, and help applicants navigate the application process.

On April 24, HOPE CEO Bill Bynum joined Goldman Sachs CEO and Chairman David Solomon, New Orleans Mayor LaToya Cantrell and Rhonda Findley, a graduate of the *10,000 Small Businesses* program in a webcast to announce the partnership. Ms. Findley operates gift stores in the French Quarter. Because her business was not considered essential, she had to close. A HOPE PPP loan helped ensure her employees could continue to take care of their families.

"Small businesses are the backbone of our City's economy, and now we can help our entrepreneurs to continue fueling this recovery," said New Orleans Mayor LaToya Cantrell.

In Birmingham, Ala., HOPE joined forces with Mayor Randall Woodfin and BhamStrong, a public-private partnership, to strengthen the city's response to COVID-19. "We know that these funds are competitive and that not every business will receive an SBA loan, but this partnership with BhamStrong, Hope Credit Union and Goldman Sachs puts Birmingham businesses in a better position to compete," said Mayor Woodfin.





## Quick Action Protects Member from Predatory Debt Trap

Tomeka, who lives in Memphis, Tenn., was already about to lose her home when the pandemic hit the Deep South region, and even with the foreclosure suspensions related to COVID-19, she still could not keep pace with household expenses for her and her daughter. "I felt like I was in a room with the walls closing in. I had no other outlet than predatory lenders. Desperate times call for desperate measures," she said. So when she received a text message with a link to an online predatory lender, she started the process to get a loan with a 780 percent annual percentage yield. That process, however, was interrupted by HOPE. Tomeka had financed a vehicle through HOPE in 2005, and recently opened a checking account. Still, she doubted HOPE would approve her for a loan because her credit score was around 435. In an attempt to verify Tomeka's account, the predatory lender called HOPE. Recognizing Tomeka was about to get caught in a debt cycle, a HOPE financial navigator called Tomeka to offer a sound solution to her financial problem – a HOPE share secured loan. She was approved for the loan, which has a lower interest rate and is based on what she can afford.

## Equitable Relief and Recovery at Forefront of Advocacy

HOPE continues to push for equity in the relief and recovery programs designed to respond to the economic challenges associated with the pandemic. Over the last two months, efforts have focused on ensuring Community Development Financial Institutions (CDFI) and Minority Depository Institutions (MDI) receive the resources needed to support small businesses owned and led by people of color.

**Asset Size by Leadership of CDFI Fund Awardee for FY2014 and FY2017**

CDFI Type	Total Assets		Average Asset Size	
	FY2014	FY2017	FY2014	FY2017
Minority-Led	\$5,003,778,902	\$5,686,291,895	\$71,482,556	\$71,078,648
White-Led	\$13,364,402,895	\$35,139,557,135	\$58,106,100	\$169,756,314
Owner Type Missing	\$38,138,704	\$6,184,219,412	\$19,069,352	\$475,709,185
All	\$18,406,320,501	\$47,010,068,442	\$60,948,081	\$156,700,228

**Source:** Hope Policy Institute analysis of data from U.S. Department of Treasury, "CDFI Fund Institutional Level Report FY 2014 and FY2017"

*Analysis by the Hope Policy Institute quantified the asset gap between CDFIs led by people of color and other CDFIs. The findings have been used to advocate for more equitable investment in CDFIs responding to the pandemic.*

HOPE's policy and advocacy work remains grounded in lessons learned from the delivery of its community development finance programs and steeped in data gathered and synthesized from the region. Since the outbreak, the HOPE Policy Institute has published [eight analyses](#) on topics including the job losses associated with the pandemic in the Deep South, documentation of the asset gap between CDFIs led by people of color and other CDFIs and the disproportionate effects of the outbreak on communities of color. Information from the research has been used to brief state policy partners in HOPE's five-state footprint, members of Congress, the White House and the media on the need for an approach to an equitable recovery. For updated analysis and announcements on HOPE's advocacy efforts, follow the [Hope Policy Institute](#) on [Facebook](#) and [Twitter](#).