



Quarterly Report

OCT. - DEC. 2020

Dear Friends,

With new federal political leadership placing increased priority on addressing the nation's health, economic and social justice crises, cautious optimism exists that substantial progress can be made towards increasing economic mobility for historically vulnerable people and in persistently poor communities.

However, recoveries take longer in capital-starved places like the Deep South. Ensuring an equitable recovery requires an intentional, collaborative effort by the public, private and nonprofit sectors. The stories highlighted in this report, like financing storm shelters following a tornado that devastated Alabama families, underscore the power of cross-sector collaboration to advance economic inclusion.

Similar partnerships enabled an iconic woman-owned restaurant in Tennessee to avoid the fate experienced by more than 40% of other Black-owned businesses that permanently closed due to the pandemic. HOPE also provided vital data, and played a central role in organizing community development advocates, banks, and businesses to secure historic levels of federal investment for financial inclusion. This includes \$27 billion that will equip Community Development Financial Institutions to expand their impact as financial first responders in the nation's most economically distressed places.

As we look back on 2020, we are deeply grateful to you for making our work possible. During this most challenging year, not only did your unprecedented support enable HOPE to navigate the crisis and extend lifelines to thousands of Deep South families, it also positioned us to drive greater, more transformational impact in the year ahead.

Thank you on behalf of HOPE and those we serve.

Sincerely,

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



Clark Psalmonds and his wife, Sonja, in Deatsville, Alabama.

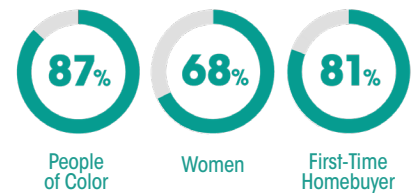
Building a Brighter Future

Finding a new home for his family was supposed to be a bright spot for Clark Psalmonds and his family during a challenging year. Unfortunately, the loan officers at several financial institutions did not see the opportunity in the same light. When he did not receive the mortgage financing needed to purchase a new house in a new neighborhood, his realtor referred him to HOPE. Clark immediately felt at home at HOPE and recalled the support from staff throughout the loan process. "I liked the interaction with actual people rather than an automated recording" says Clark. He qualified for a mortgage through HOPE's Affordable Housing Program, a mortgage that does not require a down payment or mortgage insurance and that is able to consider nontraditional forms of credit during the underwriting process. "When it seems like you can't make it, always have hope." Clark was happy to purchase a new home and looks forward to building community in their new neighborhood.

HOPE Impact

In the 4th 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





Geraldine Reese and her grandson, Melvin, in Opelika, Alabama.

Shelter from the Storm

On March 3, 2019, a tornado tore through the community of Beauregard in Opelika, Alabama. When alerted to take cover, Geraldine Reese was at home with her adult child and grandchild, both of whom were disabled. Without a storm shelter, Mrs. Reese feared for the worst. Fortunately, the storm passed, and the Reese family was unharmed, though the memory of the storm remained. Taking action, she reached out to Alabama Rural Ministry, to inquire about a wheelchair accessible storm shelter. Shelter costs were high, and public funds to support the purchase were not immediately available. In an effort to bridge the gap for the Reese family and several other people seeking shelters in the community, Alabama Rural Ministry formed a partnership with HOPE. Through the collaboration, Mrs. Reese was approved for a bridge loan to cover the cost of the shelter while waiting for federal reimbursement. The Reese family had a custom shelter built that would accommodate the whole family. "HOPE was very helpful, they made everything so easy," said Geraldine.

HOPE Impact

54.2%
Consumer loans in
economically
distressed areas.



Suga's Diner in Stanton, Tennessee.

Serving Up Good Business

Read the reviews of Suga's Diner and one quickly sees high quality food and service are hallmarks of this small town restaurant just 45 minutes outside of Memphis. Like many restaurants though, the outbreak of the coronavirus threatened to close the business for good. Owner Lesa Tard turned to a local bank for assistance through the Small Business Administration Paycheck Protection Program (PPP). The bank, however, offered no help. As a HOPE member-owner who conducted her personal finance affairs at the credit union, she realized she could also reach out for her business needs as well. "It was like serendipity, HOPE popped up in my mind" Lesa recalls. HOPE made Lesa the PPP loan that Suga's Diner needed. She appreciated the efficiency of working with HOPE "The loan process was very easy" said Lesa.

HOPE Impact

2,896

PPP Loans Closed

\$85 Million

66%

People of Color

35%

Black Women

93%

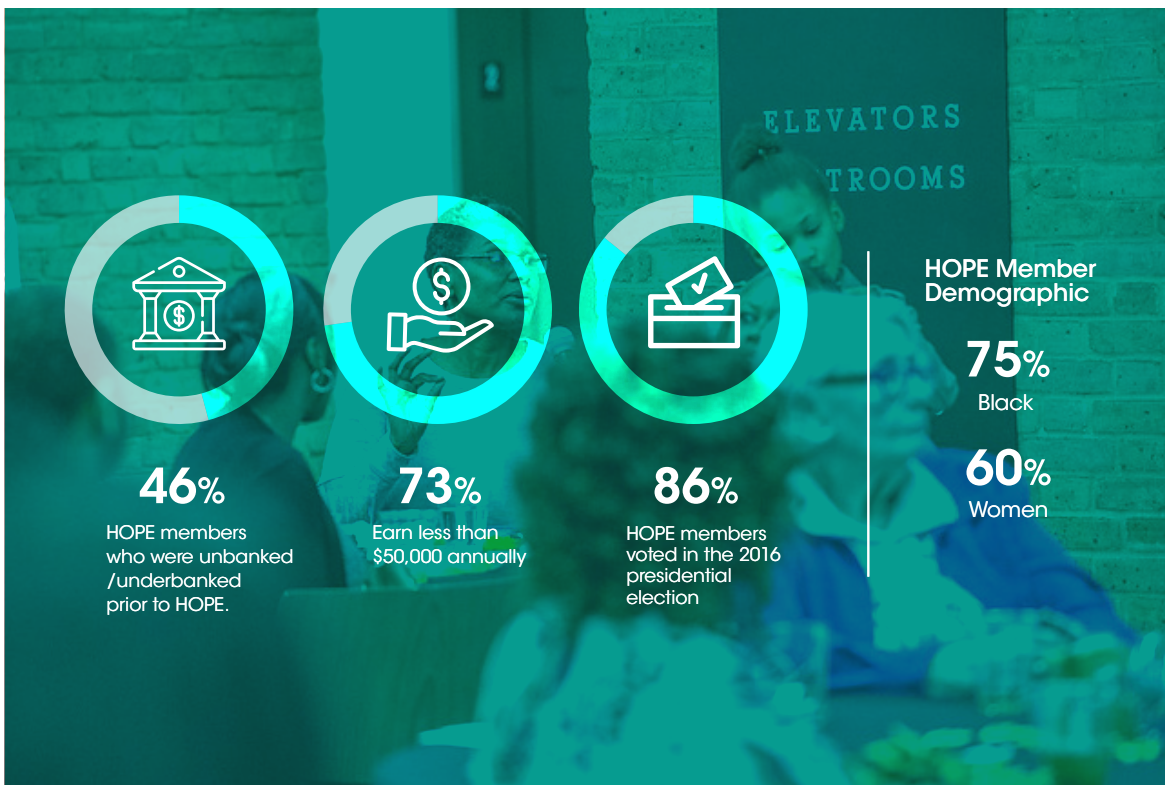
Reported HOPE PPP
Loan saved jobs



Minority CDFI Statement on COVID-19 Relief Package, December 2020.

Historic Investment in CDFIs signed into Law

In December, Congress passed and the President signed into law, unprecedented investment totaling \$27 billion for Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) to support the organizations as first responders to the devastating economic effects of COVID-19 in underserved communities. The appropriation included \$3 billion in grants, with a set-aside of \$1.75 billion for minority serving CDFIs, \$9 billion for CDFI banks and credit unions, and a \$15 billion set aside for CDFIs and MDIs in the SBA Paycheck Protection Program. The legislative victory was the culmination of advocacy and coalition building spanning several years. In 2018, HOPE initiated advocacy for a \$1 billion federal investment in CDFIs, in a paper written for the US Partnership on Mobility from Poverty, followed by a 2018 forum in Birmingham, and HOPE's Rural Places, Rural Spaces forum, where the Fed Chairman Jerome Powell in Itta Bena, MS. Calls for transformative investment in CDFIs, particularly those serving minority communities, intensified in response economic and racial justice crises. Throughout the process, HOPE played a pivotal role in organizing stakeholders and producing analysis (www.hopepolicy.org/blog).



HOPE Member Survey Reveals Impact and Engagement

Recent survey results of HOPE's membership reveal a consistent focus on impact and opportunity. In 2020, nearly half (46%) of HOPE's members were unbanked or underbanked prior to opening an account at HOPE. Seven out of 10 worry every day or nearly every day about debt, health care costs, job loss or being able to pay bills. The majority of HOPE members are women (60%) and over $\frac{3}{4}$ are Black. Seventy-three (73%) percent also earn less than \$50,000 annually. HOPE members indicated COVID-19 has also had a negative effect on their overall financial situation. Nearly half expressed having less access to financial services and more than half shared homeownership was further out of reach as a result of the pandemic. Despite the challenges, civic participation offered a bright spot – 86% of HOPE members voted in the 2016 presidential election. The high levels of engagement signify the importance of asset ownership as a critical strategy for changing inequitable systems and structures.