Current State of the Market Conditions & Recent Trends

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ECD/HOPE Overview

• Community Development Financial Institution
  – Loan Fund
  – Credit Union

• Community Development Intermediary

• Policy Center
  – Started in 1994
  – 75,000 individuals assisted
  – $1.4 billion in financing
  – Delta, Katrina-affected areas, distressed communities in Arkansas, Louisiana, Mississippi and Tennessee

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ECD/HOPE Overview

• **Business Lending**
  – Loans for small- & medium-sized businesses ♦ New Markets Tax Credit financing ♦ Public agency guarantees and credit enhancements ♦ Financing for nonprofits, community facilities, health care, child care and other community infrastructure ♦ Loan participations

• **Housing Finance**
  – Single family mortgages ♦ Low-Income Housing Tax Credit debt and equity ♦ Development of rental and owner-occupied housing
ECD/HOPE Overview

• **Retail Financial Services**
  – Transaction products such as checking accounts, online banking, credit cards, debit cards, ATM cards
  – Savings products including Individual Development Accounts, IRAs
  – Secured and unsecured consumer loans including payday alternative loans, automobile loans, home equity loans, affordable refund anticipation loans

• **Intermediary Services**
  – Financial counseling such as foreclosure mitigation, homebuyer education, credit building, VITA
  – Affordable housing development
  – Loan fund administration
  – Project design and management

• **Policy Analysis and Advocacy:**
  – Family Economic Self Sufficiency
  – Responsible Financial Services
  – Budget and Tax Equity

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Capital & Credit Markets

- **Demand**
  - Record consumer, home mortgage and commercial loan originations

![Chart showing loan originations and amounts from 2007 to 2009]
2009 Impact Profile

Members By Household Income
- <$36,000: 49%
- $36-$59: 33%
- >$59,000: 18%

Members By Family Type
- Unmarried with Children: 39%
- Married, with No Children: 10%
- Married with Children: 22%
- Unmarried: 29%

Members By Race
- African American: 81%
- White: 16%
- Other: 3%
2009 Impact Profile

Prior Banking Status of Members
- Previously Unbanked with Only a HOPE Account: 21%
- Previously Unbanked: 14%
- Previously Banked: 45%

Commercial Loans to Underserved Populations
- Non-Profit: 16%
- Minority and Women Owned Businesses: 41%
- Other: 43%

First Time Home Buyer
- First Time Buyer: 85%
- Other: 15%
2009 Impact Profile

Payday Loan Comparison Annual Cost

- HOPE StretchPay: $160
- Payday Loan: $1,335

HOPE Mortgage Borrowers: Reasons for Choosing HOPE

- HOPE had Grant Money: 8%
- HOPE was most accessible: 6%
- Denied Elsewhere: 26%
- HOPE's Interest Rates were lower than other institutions: 50%
- Other: 10%

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2009 Impact Profile

Percent of HOPE Mortgage Borrowers who Report Improved Quality of Life after Purchasing a Home

- Quality of Home: 63%
- Affordability of Home: 57%
- Safety of Neighborhood: 86%
- Child's Performance in School: 88%
- Recreational Opportunities for Children: 82%

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Capital & Credit Markets

• **Portfolio Performance**
  - Delinquencies: Commercial - 5%; Mortgage - 2.5%
  - Charge offs: Commercial – ECD 2%; HOPE 1%; Mortgage - < .03%

• **Liquidity & Capital Constraints**
  - Access to secondary market liquidity is limited
  - Philanthropic funding limited
  - Bank debt & equity is limited
  - Federal government is the primary option
Recommendations

• Take off blinders: Underserved markets & CDFIs = Untapped Opportunities
• Resuscitate CRA
• CDFI/Bank Partnerships: Loan participations; NMTC/LIHTC debt & equity; NMTC loan pools; Contract to originate/service LMI loans
• Support/provide Liquidity & Capital for CDFIs
• Regulatory flexibility