

HOPE ENTERPRISE CORPORATION

A Private Debt Fund Available Through the Venture Impact Program



Photo courtesy of Hope Enterprise Corporation

CREATING ECONOMIC MOBILITY IN THE DEEP SOUTH THROUGH FINANCIAL INCLUSION AND SMALL BUSINESS LENDING

The Southern U.S. contains 8 out of the 10 states with the highest poverty rates in the country, and is home to 54% of the U.S.' Black population. Communities in this region have struggled to build wealth due to centuries of discriminatory policies across sectors that have led to persistent and intergenerational poverty. Jobs are hardest to come by in the Southern U.S., and access to housing, education, health and other vital contributors to human dignity and economic mobility lag behind the rest of the nation. The solutions to these challenges are multifaceted and complex, but all require access to affordable financial tools.

Hope Enterprise Corporation (HOPE) is a Black-led Community Development Financial Institution (CDFI) that has a long track record of investing in historically under-resourced people and places throughout the Deep South. From the Mississippi Delta, through the bayous and backwaters of Louisiana, and across the Black Belt of Alabama, HOPE's service area is home to a third of the counties experiencing persistent poverty in America. HOPE provides investors with the opportunity to help people in the Deep South region access non-predatory financial services and wealth-building tools. Each day, the organization serves 40,000 members, of which one-third established their first banking relationship ever with HOPE. In addition to banking services, HOPE invests in critical community services such as schools and hospitals, and provides small business loans to entrepreneurs in the Deep South.

For example, HOPE's mortgage program, designed to address disparities associated with the racial wealth gap, provides financing to households with credit scores 100 points below the national median credit score, of which 90% are households of color, 86% are first time homebuyers and 64% are women-headed households.

HOPE's business and economic development lending has supported 5,649 people in gaining access to affordable rental units, health care access for over 112,000 patients annually, improved education facilities for 22,000 students and over 36,000 jobs created/retained through HOPE lending.

ABOUT HOPE

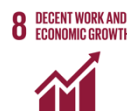
HOPE (Hope Enterprise Corporation, Hope Credit Union and Hope Policy Institute) provides financial services; aggregates resources; and engages in advocacy to mitigate the extent to which factors such as race, gender, birthplace and wealth limit one's ability to prosper. Since 1994, HOPE has generated more than \$3.9 billion in financing that has benefited nearly 2.7 million people in Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

ABOUT THE VENTURE IMPACT PROGRAM (VIP)

VIP is an innovative way for MCF donors to engage in impact investing through philanthropy. Via a partnership with ImpactAssets — a market leader in impact investing — VIP enables philanthropic dollars to be directed towards both non-profit and for-profit companies that are seeking to make positive social or environmental impact. For further information, contact Safia Kryger-Nelson at MCF, 415.464.2515 or skryger-nelson@marincf.org.

INVESTMENT SPOTLIGHT: LOUVIS SERVICES

Louis Services, Inc. is a nonprofit organization that focuses on building permanent supportive housing for the City of New Orleans' homeless population. Founder Lou Anne White, who serves as the Executive Director for [Louvis Services](#), has had years of involvement in permanent supportive housing, an evidence-based model that combines affordable housing with flexible services. "We really want to focus on moving people off the streets," said White. Partnering with local architectural companies and volunteers, Louvis constructed the first duplex house in the Lower 9th Ward. When it came time to finance the project, White went to local banks but was turned down. She then came to HOPE. "With us being a fairly new organization, no one wanted to take a chance with us... but HOPE did," said White. HOPE provided a \$150,000 loan which was used to pay off a construction loan financed by another New Orleans-based Community Development Financial Institution. Along with the housing duplex, Louvis also offers the Edible Landscape program, where tenants can learn about gardening and grow their own fruits and vegetables. Since the completion of the first duplex, Louvis has been awarded four additional duplex properties in the Lower 9th Ward through the New Orleans Redevelopment Authority. White plans to use this housing model to create more housing for individuals who are homeless living in New Orleans' under-resourced communities.



RISK RETURN MATRIX

The Risk Return Matrix is a risk calculation determined solely by ImpactAssets.

RISK LEVEL	HIGH			
	MODERATE			
	LOW	✓		
		NON-MARKET RATE	NEAR-MARKET RATE	MARKET RATE
RELATIVE RETURN				

FUND SUMMARY

ASSET CLASS	Private Debt		
FIRM AUM	\$338MM (as of September 30, 2024)		
TERM	2-5 years		
TARGET RETURN	Up to 3.5% annually, with quarterly interest payments		
GEOGRAPHY	U.S. Specifically economically distressed parts of the Deep South, including Alabama, Arkansas, Louisiana, Mississippi and Tennessee		
IMPACT AREAS	Financial inclusion, small business lending, community development, racial equity		
INVESTMENT FEES	This investment recommendation will incur an additional fee of 0.40%.		
INVESTMENT THESIS	<ul style="list-style-type: none">HOPE provides banking and credit services, invests in critical community services such as schools and hospitals, and provides small business loans to entrepreneurs in the Deep South.		
IMPACT THESIS	<ul style="list-style-type: none">The Deep South is home to 8 of the 10 poorest states in the U.S. and one-third of the country’s Persistent Poverty Counties, defined as counties where the poverty rate has exceeded 20% for three consecutive decades.Black Americans living in the South are still more likely to suffer intergenerational poverty, have a greater prevalence of underlying health conditions and live in communities with severely underfunded community services.Black-owned and led financial institutions are located in Black communities at much higher rates than White-owned financial institutions, and lend at much higher rates to Black small businesses and homeowners seeking credit. However, the number of Black-led financial institutions in the US has declined by 50% over the past 20 years.HOPE seeks to close the Black/white homeownership gap, strengthen communities, build assets, and improve lives in economically distressed areas of the Deep South by providing access to high-quality financial products and related services.		
STRENGTHS	Exemplary track record of investor repayment, net write-offs of less than .01%, demonstrated commitment to internal racial and gender diversity, resilient portfolio quality in the face of challenges of COVID-19		
RISKS	Organization is dependent upon donor support for operational sustainability. The industry is susceptible to macroeconomic shocks.		

There is no guarantee that any projection, forecast or opinion around any given investment will be realized with respect to impact, performance or liquidity. Past performance does not guarantee future results.

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Any allocation to private debt and equity investment options may result in losses and illiquidity that will be borne solely by each donor advised fund account with investment in these options, as will associated program fees. Investment minimums apply. Grant making from the principal value will not be possible until distributions are returned to the ImpactAssets Donor Advised Fund. There is no guarantee of any recovery of capital. No assurance can be given that investment objectives or targets/projected returns will be achieved. Actual target may vary and should not be considered or relied on as a performance guarantee. As applicable, Fund Managers have not approved the information contained in the respective Fund profiles, including the assignment of risk ratings contained therein. The Units may be offered solely to, and subscriptions will be accepted only from “Accredited Investors,” as defined in Rule 501(a) of Regulation D promulgated under the authority of the Act, who are also “Qualified Clients,” as defined in Rule 205-3 of the United States Investment Advisers Act of 1940, as amended.