



CDCI ANNUAL USE OF CAPITAL SURVEY - 2014

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Hope Federal Credit Union

Person to be contacted regarding this report:	Mary Elizabeth Evans	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	1398	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	4,520,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	24829
Date Funded (first funding):	N/A	City:	Jackson
Date Repaid ¹ :	N/A	State:	Mississippi

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Since August 2010, when the CDCI capital was first invested in HOPE, loans outstanding have increased from \$91 million. Since that time HOPE has closed 7,760 loans totaling \$153 million.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The investment of CDCI funds continued to support the growth in HOPE's residential mortgage loans including its affordable mortgage loans, its small business loans, community facilities loans and retail loans.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/> Make other investments	
<input type="checkbox"/> Increase reserves for non-performing assets	
<input type="checkbox"/> Reduce borrowings	
<input type="checkbox"/> Increase charge-offs	
<input type="checkbox"/> Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/> Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Over the last four years the CDCI funds have been a critical component to HOPE's expansion efforts in serving low- and moderate-income individuals and underserved communities throughout the states of Arkansas, Louisiana, Mississippi and western Tennessee. These areas have long suffered from poverty - in fact one quarter of the nations persistently impoverished counties are in this region. They are also becoming more isolated from financial services and turning into bank deserts.

Since HOPE received the CDCI funds in 2010, not only has HOPE originated almost 8,000 loans, primarily to low-income, minority and otherwise underserved individuals, but it has also increased its physical presence in communities that were either unbanked, or that have never been adequately served by regulated financial institutions. Two of HOPE's new locations are in Greenville and Terry, Mississippi:

When the last bank branch in Terry, Mississippi, closed, Jerry Gould, General Manager of Sundowner Trailers, lost a critical component for his business success – affordable financing for customers. With no options other than predatory lenders, his hauling trailers were not selling. Gould joined efforts to bring a HOPE branch into the community. The former bank facility reopened as a HOPE branch in early 2014. Since then, Mr. Gould has been sending all his customers to HOPE. In fact he was so impressed with the way HOPE served his customers that he decided to become a HOPE member himself.

Alexis Shead, 54 , never thought that a financial institution could serve the needs of his family or community – until he discovered HOPE. When he needed financing for home repairs, HOPE made the loan. But HOPE didn't stop there. The HOPE team at the newly opened Greenville, Mississippi branch spent time with Mr. Shead to understand his needs and connect him with other HOPE services. When his daughter needed to fix her car, he sent her to HOPE. Ever the millennial, she bypassed the branch and applied for a loan using HOPE's online application, experiencing the same great service. Since then, father and daughter continue to send friends and family to HOPE.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

HOPE understands that despite its physical expansion, it will not be able to directly serve all the communities that are currently underserved by a regulated financial institution. In order to maximize its impact in the region, HOPE has made investments in mobile and online technology so that these communities can be reached in a virtual way. In 2014 HOPE further refined its mobile app, updating the user interface and launched an online consumer loan application. Individuals can now apply for membership online and for consumer and mortgage loans. Almost all consumer transactions can be performed online and on a mobile device and checks can be deposited using a mobile device. By the end of 2014 HOPE had grown its mobile user base to almost 4,500.

HOPE is supplementing its mobile and online networking where possible with innovative locations:

The grand opening in 2014 for the HOPE micro-branch inside of Circle Foods grocery store in New Orleans celebrated another step in HOPE's investments to rebuild New Orleans after Hurricane Katrina. The micro-branch uses innovative technology to efficiently expand access to HOPE's services. A HOPE computer kiosk and an ATM supported by limited staffing hours provide members and store customers with convenient access to open HOPE accounts, transact business, and apply for loans from within Circle Foods. The micro-branch is an extension of HOPE's partnership with Circle Foods, which started when HOPE helped finance the store's reopening. The store now provides expanded access to fresh food as well as HOPE's quality financial services to the Treme community.

HOPE's presence in Utica, reported in an early survey has made a huge difference for this community. The following video details what HOPE has done in the community: <http://bit.ly/1yMlxfz>.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.