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New TARP Initiative Supports Small Business Lending from CDFIs *ECD/HOPE Made Significant Contributions to Program Design*

On Wednesday, Treasury Secretary Tim Geithner outlined the details of a new program under the Troubled Assets Relief Program (TARP) that will provide Community Development Financial Institutions (CDFIs) with up to \$1 billion to make more loans to small businesses in some of the communities hit hardest by the economic crisis.

CDFIs are financial institutions that works in markets that are underserved by traditional financial institutions. CDFIs are certified by the Department of the Treasury's CDFI Fund, and offer a wide range of traditional and innovative financial products and services designed to help their customers access the financial system, build wealth and improve their lives and the communities in which they live.

ECD/HOPE (Enterprise Corporation of the Delta/Hope Community Credit Union) is one of the nation's leading CDFIs. Since 1994, the nonprofit has generated more than \$1 billion in financing for entrepreneurs, homebuyers, and community development projects, and directly benefitted more than 70,000 individuals in Arkansas, Louisiana, Mississippi, and Tennessee.

"ECD/HOPE has been providing financing for small businesses and other community needs for more than 15 years. During that time, we've demonstrated an ability to lend responsibly in areas that lack access to affordable financial services," said Bill Bynum, ECD/HOPE CEO. "This experience enabled us to work closely with Treasury officials to develop this program. We look forward to using these resources to stabilize businesses and stimulate economic growth in the Mid South."

Many of the large banks that received funding from TARP did not increase their lending. CDFIs have been seeking access to TARP assets with the intention of boosting their lending and addressing the critical need for financing among small businesses in economically distressed areas throughout the country.

ECD/HOPE plans to seek TARP funds to make more loans to businesses such as Open Arms After Hours Child Enrichment Center in Monroe, Louisiana. Owner Chloris Faulkner loves children and saw a significant need for a place where working families could access childcare services during extended hours. "ECD/HOPE was recommended to me by a friend who had started a business with a loan. When I went to see them, they really listened to what I was trying to do for my community" said Faulkner. "And they were very patient: we had been working on this project for several years. ECD/HOPE really made me feel like I mattered and the business was important." Construction is underway on the Open Arms facility, where there will be 12 jobs caring for as many as 63 children.

Following a meeting with Members of Congress and leaders of CDFIs to discuss ways Treasury can encourage job growth in the country's hardest-hit communities, Secretary Geithner announced the TARP initiative to provide lower-cost capital to CDFIs. The announcement fulfills a commitment made by President Obama in October to create such a program and comes after extensive consultation with small businesses and CDFIs across the country.

"This program that you're seeing us lay out today is a very powerful way to try to make sure that we're starting to open up some of the credit channels for businesses in parts of the country where it's most needed and where we think there's going to be a very, very high return," Treasury Secretary Timothy F. Geithner said during Wednesday's announcement.

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